

Audit Report on Financial Statements
issued by an Independent Auditor

AEDAS HOMES, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the three months ended
March 31, 2020



AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 24)

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

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AEDAS HOMES, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at March 31, 2020, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the three-month period then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at March 31, 2020 and of its financial performance and its consolidated cash flows, for the three-month period then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Measurement of inventories

Description	<p>At March 31, 2020, the Group carried inventories at 1,343,939,508 euros, which mainly comprise land and sites, as well as various developments in progress and completed developments that are being held for the purpose of selling the homes being built. The disclosures pertaining to these assets can be found in Note 10 to the accompanying consolidated financial statements. As detailed in note 4.3, the Group's inventories are measured at their acquisition cost, grossed up primarily by the cost of any development works, related purchase costs, construction cost, and capitalized borrowing costs, or their estimated market value, if lower.</p> <p>At each reporting date, the parent's directors test these inventories for indications of impairment. Impairment losses are recognized when their carrying amount exceeds their recoverable amount. To determine the inventories' recoverable amount, the parent's directors rely primarily on the appraisals provided by an independent expert in keeping with the valuation standards prescribed by the Royal Institution of Chartered Surveyors (RICS). The risk of the incorrect initial recognition of these assets, the incorrect capitalization of eligible costs and the possible impairment of these assets, as well as the materiality of the amounts involved, have led us to conclude that the measurement of the Group's inventories constitutes a key audit matter.</p>
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Our response	<p>In this regard, our audit procedures included the following:</p> <ul style="list-style-type: none">▶ Reviewing the purchase deeds for real estate assets and analyzing a sample of costs capitalized as an increase in inventories.▶ Reviewing, in collaboration with our valuation experts, the valuation methodology used by the independent expert for a sample of the properties appraised by the latter, which encompassed a mathematical assessment of the model, an analysis of the projected cash flows, and a review of the discount rates used.▶ Reviewing the disclosures included in the notes to the accompanying consolidated financial statements in conformity with the applicable regulatory financial reporting framework.
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Other information: consolidated management report

Other information refers exclusively to the consolidated management report of the three months ended March 31, 2020, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a. A specific level applicable to certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the consolidated management report, and if not, disclose this fact.
- b. a general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report, and that the remaining the information contained therein is consistent with that provided in the consolidated financial statements for the three months ended March 31, 2020, and their content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors and the audit and control committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on other legal and regulatory requirements

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on May 20, 2020.

Term of engagement

The ordinary general shareholders' meeting held on March 30, 2020 appointed us as auditors for the year ended March 31, 2020.

Previously, we were appointed as auditors by the Sole Shareholder for three years and we have been carrying out the audit of the financial statements continuously since December 31, 2017.

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

(signed in the original version)

Fernando González Cuervo
(Registered in the Official Register of
Auditors under No. 21268)

May 20, 2020

Aedas Homes, S.A. and subsidiaries

Consolidated financial statements for the three months ended March 31, 2020 prepared under the International Financial Reporting Standards (IFRS) adopted by the European Union, Group Management Report and Independent Auditor's Report

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

AEDAS HOMES, S.A. and subsidiaries
CONSOLIDATED BALANCE SHEET AT MARCH 31, 2020 AND DECEMBER 31, 2019

(Euros)

ASSETS	Note	March 31, 2020	December 31, 2019	EQUITY AND LIABILITIES	Note	March 31, 2020	December 31, 2019
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets	7	1,244,614	1,299,506	Capital		47,966,587	47,966,587
Software		1,170,138	1,190,620	Share capital		47,966,587	47,966,587
Other intangible assets		74,476	108,886	Share premium		500,076,721	500,076,721
Property, plant and equipment	8	3,380,923	3,625,720	Parent company reserves		(307,929,668)	(309,868,836)
Land and buildings		2,639,882	2,873,109	(Own Parent Company shares and equity holdings)		(36,940,235)	(30,603,842)
Plant and other PP&E		740,719	752,050	Retained earnings (Prior period losses)		(11,811,332)	(41,470,848)
Work in progress and prepayments		322	561	Reserves at fully-consolidated companies		(3,546,171)	(3,546,171)
Non-current investments in Group companies and associates	9	8,890,375	8,935,804	Other owner contributions		740,071,256	740,071,256
Investments in associates		2,948,367	3,018,951	Profit/(loss) for the year attributable to equity holders of the parent		3,157,875	31,571,885
Loans to associates		5,942,008	5,916,853	Other equity instruments		2,535,363	2,179,770
Non-current financial Investments	9	1,715,251	1,656,121	Non-controlling interests		2,401,732	2,497,499
Other financial assets		1,715,251	1,656,121	Total equity	13	935,982,128	938,874,021
Deferred tax assets	16	23,021,317	21,820,439	NON-CURRENT LIABILITIES:			
Total non-current assets		38,252,480	37,337,590	Non-current payables	9, 14	3,981,760	1,682,467
				Bonds and other marketable securities		2,546,915	-
				Other financial liabilities		1,434,845	1,682,467
				Total non-current liabilities		3,981,760	1,682,467
CURRENT ASSETS:				CURRENT LIABILITIES:			
Inventories	10	1,343,939,508	1,275,429,563	Current provisions		4,537,333	8,912,312
Trade and other receivables	9, 11	43,450,266	49,080,530	Borrowings classified as current due in the long term	9, 14	134,901,390	69,788,519
Trade receivables		38,776,164	43,741,543	Current borrowings	9, 14	214,287,401	239,530,130
Trade receivables from associates	19	234,556	160,321	Bonds and other marketable securities		59,522,751	78,009,410
Sundry receivables		590,377	590,401	Debt with financial institutions		150,783,796	159,278,397
Personnel		10,576	10,160	Derivatives		2,615,456	1,196,640
Current tax assets	16	1,802	1,418,455	Other financial liabilities		1,365,398	1,045,683
Other receivables from public authorities	16	3,836,791	3,159,650	Current borrowings from related companies and associates	9, 14	1,680,843	1,677,817
Current investments in Group companies and associates	9	272,593	182,941	Trade and other payables	9, 15	289,671,780	268,160,095
Loans to associates		272,593	182,941	Suppliers		103,772,527	82,738,943
Current Financial Assets	9	13,074,621	8,031,653	Payable for services received		9,899,528	8,760,829
Loans to companies		56,838	28,574	Employee benefits payable		1,045,182	2,222,749
Other current financial assets		13,017,783	8,003,079	Current tax liabilities	16	6,552,255	5,635,915
Prepayments and accrued income	9	9,939,916	9,820,467	Other payables to public authorities	16	6,716,386	13,586,969
Cash and cash equivalents	12	136,113,251	148,742,617	Customer prepayments		161,685,902	155,214,690
Total current assets		1,546,790,155	1,491,287,771	Total current liabilities		645,078,747	588,068,873
TOTAL ASSETS		1,585,042,635	1,528,625,361	TOTAL EQUITY AND LIABILITIES		1,585,042,635	1,528,625,361

The accompanying notes 1 to 23 are an integral part of the consolidated balance sheet at March 31, 2020.

AEDAS HOMES, S.A. and subsidiaries
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER
31, 2019
(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
CONTINUING OPERATIONS			
Revenue	18.a	70,146,715	311,653,621
Revenue from sales		70,040,084	311,483,243
Revenue from services rendered		106,631	170,378
Changes in inventories of finished goods and work in progress	18.b	67,947,574	212,555,189
Changes in inventories of finished goods and work in progress		67,947,574	212,532,018
Inventory impairment losses / reversals		-	23,171
Cost of sales	18.b	(118,086,294)	(422,355,332)
Consumption of goods for resale		(118,086,294)	(422,274,194)
Inventory impairment losses / reversals		-	(81,138)
Other operating income		230,058	554,119
Non-trading and other operating income		230,058	554,119
Employee benefits expense	18.c	(4,879,254)	(17,010,076)
Wages, salaries and similar		(4,033,129)	(13,877,316)
Employee benefits		(846,125)	(3,132,760)
Other operating expenses	18.d	(7,415,382)	(29,728,644)
External services		(6,923,017)	(27,323,914)
Taxes other than income tax		(417,263)	(2,096,456)
Other operating expenses		(75,102)	(308,274)
Depreciation and amortization	7 & 8	(471,648)	(1,522,759)
Impairment of and gains/(losses) on disposal of fixed assets		-	(3,059)
Impairment and write-downs		-	(3,059)
OPERATING PROFIT/(LOSS)		7,471,769	54,143,059
Finance income		117,993	192,181
Other finance income		117,993	192,181
Borrowing costs capitalized in inventories	10	1,570,841	10,973,316
Finance costs	18.e	(4,629,469)	(20,463,905)
Borrowings from Group companies and associates		(12,738)	(101,613)
Third-party borrowings		(4,616,731)	(20,362,292)
Change in fair value of financial instruments	9	(1,418,817)	(156,467)
Held-for-trading portfolio and other securities		(1,418,817)	(156,467)
Exchange gains/(losses)		(611)	(4,250)
Impairment of and gains/(losses) on disposal of financial instruments		-	(1,125)
Gains/(losses) on disposals		-	(1,125)
NET FINANCE INCOME/(COST)		(4,360,063)	(9,460,250)
Share of net profit (loss) of associates companies		(84,130)	(170,957)
PROFIT/(LOSS) BEFORE TAX		3,027,576	44,511,852
Income tax	16	284,532	(10,423,615)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		3,312,108	34,088,237
DISCONTINUED OPERATIONS		-	-
Profit/(loss) after tax for the period from discontinued operations		-	-
PROFIT/(LOSS) FOR THE YEAR		3,312,108	34,088,237
Attributable to:			
Non-controlling interests		154,233	2,516,352
Equity holders of the parent		3,157,875	31,571,885
Earnings/(loss) per share from continuing operations (in euros):			
Basic		0.07	0.66
Diluted		0.07	0.68

The accompanying notes 1 to 23 are an integral part of the consolidated income statement for the three months ended March 31, 2020.

AEDAS HOMES, S.A. and subsidiaries

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED
DECEMBER 31, 2019**

(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
PROFIT/(LOSS) FOR THE PERIOD (I)		3,312,108	34,088,237
Income and expense recognized directly in equity			
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY (II)		-	-
TOTAL AMOUNTS TRANSFERRED TO PROFIT OR LOSS (III)		-	-
TOTAL RECOGNIZED INCOME AND EXPENSE (I+II+III)		3,312,108	34,088,237
Total recognized income and expense attributable to equity holders of the Parent		3,157,875	31,571,885
Total recognized income and expense attributable to non-controlling interests		154,233	2,516,352

The accompanying notes 1 to 23 are an integral part of the consolidated statement of comprehensive income for the three months ended March 31, 2020.

AEDAS HOMES, S.A. and subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

(Euros)

	Capital (Note 13.a)	Share premium (Note 13.c)	Reserves of the Parent	(Own Parent Company shares and equity holdings)	Retained earnings (prior-period losses)	Reserves at fully- consolidated companies	Shareholder/owner contributions (Note 13.f)	Profit/(loss) for the year	Other equity instruments (Note 13.h)	Non-controlling interests	TOTAL
OPENING BALANCE AT JANUARY 1 2019	47,966,587	500,076,721	(311,281,836)	(1,127,936)	(42,319,941)	(3,542,734)	740,071,256	2,454,815	1,123,888	1,989,151	935,409,971
Total recognized income and expense	-	-	-	-	-	-	-	31,571,885	-	2,516,352	34,088,237
Distribution of prior-period profit	-	-	1,606,730	-	848,085	-	-	(2,454,815)	-	-	-
Transactions with shareholders	-	-	(193,731)	(29,475,906)	-	-	-	-	-	(2,008,004)	(31,677,641)
Transactions with own shares and equity holdings (net)	-	-	(193,731)	(29,475,906)	-	-	-	-	-	-	(29,669,637)
Distribution of dividends and repayment of equity contributions	-	-	-	-	-	-	-	-	-	(2,008,004)	(2,008,004)
Consolidation scope and other changes	-	-	1	-	1,008	(3,437)	-	-	1,055,882	-	1,053,454
CLOSING BALANCE AT DECEMBER 31, 2019	47,966,587	500,076,721	(309,868,836)	(30,603,842)	(41,470,848)	(3,546,171)	740,071,256	31,571,885	2,179,770	2,497,499	938,874,021
Total recognized income and expense	-	-	-	-	-	-	-	3,157,875	-	154,233	3,312,108
Distribution of prior-period profit	-	-	1,912,369	-	29,659,516	-	-	(31,571,885)	-	-	-
Transactions with shareholders	-	-	26,799	(6,336,393)	-	-	-	-	-	(250,000)	(6,559,594)
Transactions with own shares and equity holdings (net)	-	-	26,799	(6,336,393)	-	-	-	-	-	-	(6,309,594)
Distribution of dividends and repayment of equity contributions	-	-	-	-	-	-	-	-	-	(250,000)	(250,000)
Consolidation scope and other changes	-	-	-	-	-	-	-	-	355,593	-	355,593
CLOSING BALANCE AT MARCH 31, 2020	47,966,587	500,076,721	(307,929,668)	(36,940,235)	(11,811,332)	(3,546,171)	740,071,256	3,157,875	2,535,363	2,401,732	935,982,128

The accompanying notes 1 to 23 are an integral part of the consolidated statement of changes in equity for the three months ended March 31, 2020.

AEDAS HOMES, S.A. and subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		3,027,576	44,511,852
Adjustments to profit/(loss)		5,186,699	12,021,270
Depreciation and amortization charges	7 & 8	471,648	1,522,759
Impairment and write-downs		-	57,967
Provisions		355,590	1,055,881
Proceeds from disposals of fixed assets	10	-	3,059
Proceeds from disposals of financial instruments		-	1,125
Finance income		(117,993)	(192,181)
Finance costs	18.e	4,629,478	20,463,905
Borrowing costs capitalized in inventories	10	(1,570,841)	(10,973,316)
Changes in fair value of financial instruments		1,418,817	82,071
Other cash flows (used in)/from operating activities		(2,162,552)	(6,203,947)
Interest received		78	2,086
Interest paid		(2,187,630)	(6,190,311)
(Increase)/decrease of other non-current assets less non-current liabilities		25,000	(15,722)
Changes in working capital (excluding purchases or sales of land during the financial year)		(49,410,047)	(81,433,064)
(Increase)/decrease in inventories	10	(51,644,922)	(101,760,353)
(Increase)/decrease in trade receivables	11	5,630,259	724,798
(Increase)/(decrease) in trade payables	15	19,629,622	87,966,966
(Increase)/decrease of other current assets less current liabilities	9	(23,025,006)	(68,364,475)
Changes in working capital arising from purchases and sales of land during the financial year	10, 11 & 15	(15,251,167)	(82,871,773)
Net cash used in operating activities (1)		(58,609,491)	(113,975,662)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments disposals		(172,340)	(12,676,641)
Group companies and associates		(38,700)	(11,133,224)
Intangible assets	7	(80,121)	(1,150,037)
Property, plant and equipment	8	(53,519)	(393,380)
Net cash from/(used in) investing activities (2)		(172,340)	(12,676,641)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments		(6,309,592)	(29,669,637)
Acquisition of own equity instruments		(11,309,578)	(32,747,432)
Disposal of own equity instruments		4,999,986	3,077,795
Proceeds from and repayment of financial liabilities	14	52,462,057	202,079,972
Issue of bonds and other marketable securities		24,899,442	193,578,909
New financing obtained from banks		85,351,262	221,379,314
Issue of debt with related parties		41,404	-
Repayment of bonds and other marketable securities		(41,000,000)	(150,000,000)
Repayment of debt with financial institutions		(16,830,051)	(61,072,107)
Repayment of debt with related parties		-	(1,806,144)
Net cash from financing activities (3)		46,152,465	172,410,335
4. Effect of changes in exchange rates on cash and cash equivalents (4)		-	-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3+4)		(12,629,366)	45,758,032
Cash and cash equivalents at beginning of year	12	148,742,617	102,984,585
Cash and cash equivalents, closing balance	12	136,113,251	148,742,617

The accompanying notes 1 to 23 are an integral part of the consolidated statement of cash flows for the three months ended March 31, 2020.

Aedas Homes, S.A. and subsidiaries

Notes to the consolidated financial statements for the three months ended March 31, 2020

1. The Aedas Homes Group's business

The Aedas Homes Group comprises Aedas Homes, S.A. (the Parent or Company) and its subsidiaries.

The Parent's registered office is located in Madrid, Spain, at Paseo de la Castellana, 42. It is registered with the Madrid Companies Register.

Aedas Homes, S.A. and its subsidiaries (together, the Aedas Group or the Group) are devoted to the following business activities, pursuant to article 2 of the Company's bylaws:

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

The above-mentioned activities may be performed by the Parent or by any Group companies either directly or indirectly, as well as through ownership interests in other companies with an identical or similar corporate purpose. At present, the Parent holds equity interests in other companies. Appendix I of these notes itemizes the activities conducted by the subsidiaries of Aedas Homes, S.A.

The Parent was incorporated under the name of SPV Spain 19, S.L.U. as a result of the subscription and payment of 3,000 indivisible equity interests (*participaciones sociales*), numbered sequentially, with a unit par value of 1 euro. They were paid for in cash. Hipoteca 43 Lux, S.A.R.L. purchased 100% of these interests on July 5, 2016. The Company's name was changed to Aedas Homes Group, S.L.U. on July 18, 2016. It assumed its current name in the wake of the restructuring transaction agreed on May 23, 2017.

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

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

The deeds declaring the loss of sole-shareholder status (*sociedad unipersonal*) were placed on public record on November 23, 2017.

On March 30, 2020, the Shareholders' Meeting of the Parent Company, at the proposal of the Board of Directors, agreed to change the Company's fiscal year to the twelve-month period from April 1 to March 31 the following year, except for the first fiscal year, to which these consolidated financial statements relate, which will be from January 1, 2020 until March 31, 2020

1.1 **Business contribution**

In 2017, the Parent's then Majority Shareholder contributed its Spanish property development business, specifically contributing the entities through which it had been carrying out this business. Over the course of 2017, the Majority Shareholder contributed its Spanish real estate development business to the Company. It is important to note that Aedas Homes, S.A.U. was incorporated with the purpose of reorganizing the then Majority Shareholder's real estate development business in Spain but that neither the Company's key management personnel nor the management of the business change as a result of the reorganization; moreover, the reorganization does not result in a change of control.

The detail of said operation is included in the Financial Statements for the year ended December 31, 2017.

1.2 Corporate Restructuring Transactions

On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. ("Transferee") and 41 of its subsidiaries (the "Transferors"). The detail of said operation and the balances of on the merger are included in the Financial Statements for the year ended December 31, 2018.

1.3 Changes in the Group's composition

At March 31, 2020, the Company was the parent of a group of companies. The Group formed by the Parent and its subsidiaries has issued the accompanying consolidated financial statements for the three months ended March 31, 2020 in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

Appendix I itemizes the Group companies consolidated by the Parent and provides their salient information as at March 31, 2020, before making the corresponding standardization adjustments, as appropriate, to their separate financial statements in order to adapt them for IFRS-EU reporting purposes. The figures disclosed in Appendix I were provided by the Group entities and their equity positions are those stated in their accounting records as of the reporting date.

The description of the main changes, during the three months ended March 31, 2020, in the investments in Group companies and associates, is as follows:

- On March 4, 2020, the company changed its name from IPALA ASSET DEVELOPMENT, S.L.U., to LIVE VIRTUAL TOURS, S.L.U. in a notarised document executed on that date, also changing its corporate objects and fiscal year (to the twelve-month period from April 1 to March 31 the following year) and appointed new directors, as agreed by its sole partner SPV Reoco 1, S.L.U. The companies FALCON DESARROLLOS INMOBILIARIOS, S.L.U. and PARKER DESARROLLOS INMOBILIARIOS, S.L.U., were also incorporated in a notarised document on that date, the sole partner being SPV REOCO 1, S.L.U. in both cases.

The description of the main changes, during financial year 2019, in the investments in Group companies and associates, is as follows:

- The companies MILOS ASSET DEVELOPMENT, S.L. and TURNKEY PROJECTS DEVELOPMENT, S.L. were incorporated and publicly notarized on May 13, 2019, its sole partner being SPV REOCO 1, S.L.U.
- On 11 June 2019, SPV REOCO 1, S.L.U. formalised a 20% equity acquisition of the company Winslaro ITG, S.L.
- On July 18, 2019 a 75% equity sale of Servicios Inmobiliarios Licancabur, S.L. by SPV REOCO 1, S.L.U. was formalized.
- On July 30, 2019 a 10% equity acquisition by SPV REOCO 1, S.L.U. of the companies Urbania Lamatra I, S.L. and Urbania Lamatra II was formalized.
- On December 3, 2019 the incorporation of the companies Ipala Asset Development, S.L.U. and Egon Asset Development, S.L.U. was formalized, their sole shareholder being SPV REOCO 1, S.L.U.
- The sale of all the equity interests in MILOS ASSET DEVELOPMENT, SLU by SPV REOCO 1, S.L.U. was publicly notarized on December 20, 2019.

Given the business activities performed by the Group, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in the notes to the consolidated financial statements.

2. Basis of presentation of the consolidated financial statements

a) Basis of presentation

The consolidated financial statements of the Group comprising Aedas Homes, S.A. and its subsidiaries for the three months ended March 31, 2020 were prepared from the accounting records of the Parent and the other companies comprising the Group (refer to Appendix I) in keeping with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The consolidated financial statements were prepared under the IFRS-EU in effect on the date of their issuance. They take into consideration all of the accounting principles and standards and measurement criteria that are mandatorily applicable under IFRS-EU such that they present fairly the Group's equity and financial position as at March 31, 2020 and its financial performance, the changes in its equity and in cash flows, all on a consolidated basis, for the year then ended.

However, given that the accounting principles and measurement criteria used to prepare the Group's consolidated financial statements for the three months ended March 31, 2020 may differ from those used by certain of the Group entities, the appropriate adjustments and reclassifications have been made upon consolidation in order to standardize the various principles and criteria and bring them in line with IFRS-EU.

In order to present the different items that make up the annual consolidated financial statements on a uniform basis, the accounting policies and measurement rules used by the Parent have been applied to all of the companies consolidated.

b) Adoption of the International Financial Reporting Standards

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (IFRS-EU), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, which were effective as at March 31, 2020.

The consolidated financial statements were prepared on a historical cost basis, except for certain assets and financial instruments which have been measured at their revalued amounts or fair values at the reporting date, as explained in the accounting policies section provided further below. As a general rule, historical cost values are based on the fair value of the consideration provided in exchange for goods and services.

Unless indicated otherwise, the figures shown in the documents comprising these consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and these notes) are expressed in euros.

a) Standards and interpretations approved by the European Union and applied for the first time during the current reporting period

The accounting standards used to prepare these consolidated financial statements correspond to those used to prepare the 2019 consolidated financial statements, except the following, applicable from the 2020 financial year onwards and not previously adopted, if applicable:

- Revised Conceptual Framework for Financial Reporting
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 3 – Definition of a Business

None of the standards, interpretations or amendments that are applicable for the first time this financial period have had an impact on the Group's accounting policies.

b) Standards and interpretations issued by the IASB not yet applicable in the current reporting period

The Group intends to apply the standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union at the date of preparing the accompanying consolidated financial statements, when said standards, interpretations and amendments take effect, insofar as they apply to the Group.

On the date of preparing these Consolidated Financial Statements, the following standards, amendments to standards and interpretation had been published by the IASB but were not mandatory:

Mandatory Implementation: effective for periods beginning on or after 1 January 2022

- IFRS 17 Insurance Contracts

Although the Group is still in the process of analysing their impact, based on the analysis performed to date, it estimates that their first-time application will not have a significant impact on its consolidated financial statements.

c) Functional and presentation currency

The accompanying consolidated financial statements are presented in euros, which is the currency of the primary economic environment in which the Group operates. The Group does not currently trade abroad or in any currencies other than the euro.

d) Responsibility for the information presented and estimates made

The Group Parent's directors are responsible for the information included in these consolidated financial statements.

The Group's consolidated financial statements for the three months ended March 31, 2020 make occasional use of estimates made by the senior executives of the Group and of its consolidated companies, later ratified by their respective directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations recognized therein. Essentially, these estimates refer to:

- Evaluation of the net realizable value of the Group's inventories: the Group assessed the realizable value of its inventories at the reporting date, understanding said value to be their estimated selling price less all of the estimated costs necessary to complete their construction. The market value was determined on the basis of the valuation carried out by independent appraisers. Savills Aguirre Newman Valoraciones y Tasaciones, S.A. appraised the value of the real estate assets in the Group's asset portfolio as at December 31, 2019, adjusted by the purchases and sales of inventories during the three months ended March 31, 2020 and the variation of work in progress in the three months ended March 31, 2020, and without taking supplier prepayments or assets subject to a sale option into consideration (as the directors have assumed that there is no indication that these assets are impaired). The Management decided to use the valuation of the assets portfolio at December 31, 2019, given that only three months had elapsed since the previous external valuation carried out by the Company, and even though evaluating the impact of COVID-19 on the residential sector is currently a work of great difficulty, since there is not a sufficient large number of comparable transactions in which that impact has occurred and that could be used as the basis, an update of the appraisal has been carried out by the independent appraisers Savills Aguirre Newman Valoraciones y Tasaciones, S.A., for a sample of assets of different categories which represents 22% of net realization value of the real estate assets at March 31, 2020. In the 2019 financial year, a full valuation was made at December 31, 2019. The assets were appraised using the 'market value' assumption, in keeping with the Valuation - Professional Standards and Guidance notes published by Great Britain's Royal Institution of Chartered Surveyors (RICS) (see Note 10).
- The probability of obtaining future taxable income when recognizing deferred tax assets (refer to Note 4.9).

Although these estimates were made on the basis of the best information available at March 31, 2020 regarding the facts analysed, future events could make it necessary to revise these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with IAS 8, recognizing the effects of the change in estimates in the related consolidated income statement.

e) Basis of consolidation

In order to present the financial information on a uniform basis, the accounting policies and measurement rules used by the Parent have been applied to all of the companies consolidated.

The universe of companies included in the consolidation scope in the three months ended March 31, 2020, and the year ended December 31, 2019 is listed in Appendix I.

Subsidiaries

Subsidiaries are investees over which the Parent exercises control either directly or indirectly via other subsidiaries. The Parent controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with it and has the ability to affect those returns through its power over the investee. The Parent is deemed to have power over an investee when it has existing rights that give it the current ability to direct its relevant activities. The Parent is exposed, or has rights, to variable returns from its involvement with the investee when the returns obtained from its involvement have the potential to vary as a result of the entity's performance.

The Parent re-evaluates whether it controls an investee when events and circumstances indicate the existence of changes in one or more of the control elements itemized above. The Parent consolidates a subsidiary from when it obtains control (and deconsolidates when it ceases to have such control).

At present, all of the Group companies are consolidated using the full consolidation method, with the exception of Winslaro ITG, S.L., Servicios Inmobiliarios Licancabur, S.L., Urbania Lamatra I, S.L. and Urbania Lamatra II, S.L.

Any non-controlling interests are measured at their percentage interest in the fair values of the identifiable assets and liabilities recognized. Accordingly, any loss attributable to non-controlling interests in excess of the carrying amount of such interests is recognized with a charge against the Parent's equity. Minority interests in:

1. The equity of the Group's investees: are presented under "Non-controlling interests" in the consolidated balance sheet within Group equity.
2. Profit or loss for the year: are presented under "Profit/(loss) for the year attributable to non-controlling interests" in the consolidated income statement.

The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the acquisition date or until the date of change in control, as warranted.

Material intra-group balances and transactions among fully-consolidated investees are eliminated upon consolidation, as are the gains or losses included in the inventories deriving from purchases from other Group companies.

Given that all of the Group companies have the same financial year-end no adjustments have had to be made to ensure uniform reporting periods.

All of the assets, liabilities, equity, income, expenses and cash flows related with transactions among the Group companies are fully eliminated upon consolidation.

Investments in associates and joint ventures

Investments in an associate or, where applicable, in a joint venture, are recognized under the equity method; initially the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income.

The Parent has notified all the companies in which it has ownership interests of 10% or more, directly or indirectly through subsidiaries, of this fact, in keeping with article 155 of Spain's Corporate Enterprises Act. The list of non-Group companies that hold an equity interest in any of the fully-consolidated subsidiaries of 10% or more is provided in Appendix II.

f) First-time consolidation differences

The assets, liabilities and contingent liabilities of newly-acquired subsidiaries are stated at their acquisition-date fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired (i.e., a bargain acquisition), the gain is recognized in profit and loss in the period of the acquisition.

The Group has not recognized any such goodwill or negative differences of consolidation to date.

g) Comparative information

For comparative purposes, the information contained in the accompanying consolidated financial statements for the three months ended March 31, 2020 is presented alongside the information at December 31, 2019 in respect of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

With regard to the current fiscal year, as stated in Note 1, it should be remembered that the fiscal year of the Parent Company and the fully consolidated subsidiaries has been changed to the twelve-month period from April 1 to March 31 of the following year. Therefore the consolidated financial statements for the current period relate to a period of three months, compared with twelve months for the previous period, and this should be borne in mind for the purpose of comparison.

Any comparison should consider the changes in the Group's capital structure outlined in Notes 1.1, 1.2 and 1.3.

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

h) Going concern

The Group's consolidated financial statements have been prepared assuming the principle of a going concern that is, assuming that the Group's activity continues. However, should there be some circumstances that could pose a risk to the Group, these would be offset by other circumstances that mitigate the difficulties caused by them.

As stated in Note 14, at March 31, 2020 the Group has drawn down a corporate syndicated loan, recognized in the current liabilities of the consolidated balance sheet, for an amount of 150,184,136 euros (149,541,848 euros at December 31, 2019). Despite the maturity of said loan being August 2020, the Directors consider that their liquidity requirements are met, as explained in Note 22 of this consolidated financial statements.

3. Distribution of profit/(loss)

The distribution of profit proposed by the Parent's directors for the three months ended March 31, 2020, pending ratification at the Annual General Meeting, is as follows:

	Euros
	March 31, 2020
Basis of distribution:	
Profit for the period	4,516,890
Distribution:	
Allocation to legal reserves (art. 273 LSC)	451,689
Prior-year losses offsetting	3,581,008
Capitalization reserve (art. 25 LIS)	484,193

4. Recognition and measurement standards

The following accounting principles, policies and measurement criteria were used to draw up the Group's consolidated financial statements for the three months ended March 31, 2020:

4.1 Intangible assets

Intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or are developed by the consolidated companies. Only assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognized.

Intangible assets are initially recognized at acquisition cost and subsequently measured at cost less any accumulated amortization and impairment losses.

a) Software

The Group recognizes computer software at the amount of costs incurred to acquire and develop it; these costs include website development costs. Software maintenance costs are expensed currently. Software is amortized using the straight-line method over a five-year period.

4.2 Property, plant and equipment

The items comprising property, plant and equipment are measured initially at acquisition cost and are subsequently carried net of accumulated depreciation and any impairment losses.

Acquisition or production cost for items of property, plant and equipment that require more than one year to ready for use (qualifying assets) include borrowing costs accrued prior to readying the assets for use when such expenses have been invoiced by the supplier or correspond to specific or generic loans or other external financing directly allocable to the acquisition, manufacture or construction of the asset.

The cost of maintaining and repairing the various items making up property, plant and equipment are charged to the consolidated income statement in the year incurred. On the other hand, amounts spent to upgrade these assets that increase their productivity, capacity or efficiency or lengthen their useful lives are capitalized.

Interest and other financial charges incurred during the construction of property, plant and equipment are recognized as an increase in the cost of the construction in progress.

The work that the Group performs on its own assets is recognized at cost, which is external costs plus internal costs, determined on the basis of in-house consumption of warehouse materials, direct labour costs incurred and general manufacturing costs allocated based on throughput rates similar to those used to value inventories.

Depreciation is calculated on a straight-line basis based on the assets' cost less residual value. The land on which the Group's buildings and other structures stand is deemed to have an indefinite useful life and, therefore, is not depreciated.

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

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

Assets under construction earmarked for production or for administrative or commercial use, are recognized at cost, less any impairment losses. Cost includes professional fees. Depreciation of these assets commences when the assets are ready for their intended use.

Impairment of intangible assets and property, plant and equipment

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets for indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the asset does not generate cash flows that are independent from those of other assets, the Parent Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. To estimate value in use, the Group discounts the asset's estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in question for which the estimated future cash flows have not been adjusted.

If the estimated recoverable amount of an asset (or CGU) is lower than its carrying amount, the carrying amount of that asset (or CGU) is written down to its recoverable amount. The impairment loss is expensed in profit and loss immediately.

When an impairment loss subsequently reverts, the carrying amount of the asset (or CGU) is written up to its newly estimated recoverable amount, so long as the restated carrying amount does not exceed the carrying amount that would have been recognized had no impairment loss been recognized for the asset (or CGU) in prior years. The impairment loss is reversed in profit and loss immediately.

4.3 Inventories

This consolidated balance sheet heading includes the assets that the consolidated companies:

1. Hold for sale in the ordinary course of their businesses
2. Have in the process of production, construction or development to this end
3. Expect to consume in the production process or in the provision of services

The Parent's directors believe that the Group's inventories do not qualify as investment properties under IAS 40. As a result, the land and other properties it holds for sale are considered inventories once integrated into a real estate development.

Land and sites are measured at the lower of (i) acquisition cost plus any planning costs, costs specific to the acquisition (transfer tax, registration fees, etc.) and the borrowing costs incurred during execution of the planning work; or (ii) estimated market value.

Construction in progress refers to costs incurred in property developments, or sections thereof, whose construction is not complete at the reporting date. These costs include those corresponding to the site, urban planning, construction work, capitalized borrowing costs incurred from the start of the technical and administrative work required prior to commencing construction and during the construction period itself, and other direct costs and indirect costs that can be allocated to the developments.

The Group companies transfer the costs accumulated under "Construction in progress" to "Finished properties" when the construction of its developments or sections thereof is complete.

Sales costs, other than sales commissions conditional upon the sale going through, are expensed currently.

Costs accumulated for developments for which the forecast construction termination date is within 12 months of the reporting date are classified as "Short-cycle developments in progress".

The Group reviews its inventories for indications of impairment periodically, recognizing the required impairment provisions as warranted in keeping with the criteria described below. The cost of the land and sites and developments in progress and completed is reduced to their fair value by recognizing the appropriate impairment provision. If the fair value of the Group's inventories is above cost, however, the cost/contribution amounts are left unchanged.

The fair value of the Group's inventories is estimated based on appraisals performed by independent experts not related to the Group (Savills Aguirre Newman Valoraciones y Tasaciones, S.A.). Those appraisals calculate fair value primarily using the dynamic residual method for land and the discounted cash flow method for developments in progress and finished developments, in keeping with the Valuation and Appraisal Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain, and the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC). Said valuation was updated with effect on December 31, 2019 and its result was included in the report issued by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. in February 2020.

To calculate fair value, the Group has used the dynamic residual method and the discounted cash flow method for inventories of land and developments in progress/finished developments, respectively, as mentioned above. The methodology consists of estimating the value of the land/developments in progress/finished developments by means of the comparative or discounted cash flow method which is then reduced by the development costs still to be incurred for each property, depending on its stage of completion (such costs therefore include any planning costs, construction costs, fees, duties, sales costs, etc.), and the developer's margin in order to estimate the residual value. The sources of income and costs are spread out in time to reflect the development timelines and sales estimated by the appraiser. The discount rate used is that representing the average annual return on the project, adjusted for the property's intrinsic characteristics and risks, without factoring in external borrowings, that a developer would obtain on a development of similar characteristics to that being analysed. The discount rate is arrived at by adding the risk-free rate and the risk premium (determined by assessing the development's risk in light of the nature of the property to be developed or under development, its location, liquidity, execution timeline and the investment required).

Given the uncertainty intrinsic in any forward-looking information, actual results may well differ from the projections used to estimate the recoverable amount of the Group's inventories, which could make it necessary to change these estimates (upwards or downwards) in future years; as disclosed in Note 2.d, any such changes would be applied prospectively.

As stated in Note 2.d, all the Group's assets (except for those covered by a pre-sale agreement and prepayments to suppliers) had been valued by an independent expert and that expert's appraisal values were used as inputs in testing its inventories for impairment.

Note that the appraisals took the form of individual asset-by-asset analysis, factoring in the building standards planned for each, which in turn determine the associated contracting costs and sales price ranges. An individual assessment was also made of the average length of time expected to be needed to obtain the various planning permits and requirements and the average length of time needed to build each development as function of its nature and density.

Lastly, the appraisal exercise entailed the calculation of a discount rate for each project, which was then stressed depending on the state of progress of the various developments. The discount rates used vary depending on the state of development of the asset (untransformed land, developments under construction, developments being sold from plan and finished developments). They range between 6% and 16%, the weighted average discount rate being 11.4%.

Having made a first estimate of how much the assets are worth, the valuation methods are checked to ensure the reasonableness of certain ratios such as the percentage of land to finished product, profit over construction costs or profit as a function of sales.

Other assumptions are unchanged from one development to the next, the main ones being:

- It has been assumed that off-plan sales will not be made before construction of the developments begins.
- As a general rule, it has been assumed that approximately 70% - 75% of sales (off-plan sales under private sale-purchase agreements) take place during construction of the various developments, with the rest of the units being sold in the three to nine months following their completion.
- The estimates do not assume any increase in sales prices with respect to market prices as of the reporting date, in general. The average sale price assumed was 2,817 euros per square meter.
- As a general rule, it has been assumed that it takes between 27 and 36 months from drawing up the plans for a development and obtaining the required permits until the marketing and sale of the development is complete.

4.4. Trade receivables

Trade receivables do not accrue interest and are recognized at their face value less provisions for impairment, if any.

For the impairment calculation of trade receivables as of March 31, 2020, the Group applies the simplified approach under IFRS 9 *Financial Instruments* (loss allowance at an amount equal to lifetime expected credit losses). Although, it causes no impact in the consolidated financial statements, mainly due to the fact that the agreements signed with customers are terminable if they fail to comply with their payment commitments.

4.5. Customer prepayments

The amounts received from customers as down payments for land and/or buildings, whether in cash or trade bills, before the sale is recognized are recognized under "Customer prepayments" within current liabilities.

4.6 Financial instruments by category

4.6.1 Financial assets

Financial assets are measured at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of

the financial asset. Despite this, at initial recognition, the Group measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

The Group companies' financial assets are mainly classified as subsequently measured at amortized cost, because mainly such financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are derecognized by the different Group companies when the contractual rights over the cash flows of the financial asset expire or when substantially all the risks and benefits inherent to ownership of the financial asset are transferred.

At the end of each reporting period, the Parent's directors assess and recognize the applicable loss allowance for expected credit losses.

4.6.2 Financial liabilities and equity

An equity instrument is any contract that evidences a residual interest in the net assets of the Group.

The Group companies' financial liabilities are mainly held-to-maturity financial liabilities, which are classified as subsequently measured at amortized cost.

4.6.3 Equity instruments

The equity instruments issued by the Parent are recognized in equity at the amount received net of direct issuance costs.

4.6.4 Bank loans

Interest-bearing bank loans and overdrafts are recognized at the amount received, net of direct issuance costs. Finance costs, including premiums payable upon settlement or repayment and direct issuance costs, are recognized on an accrual basis in the consolidated income statement using the effective interest method and they are added to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they accrue.

4.6.5 Trade payables

Trade payables do not accrue interest and are recognized at face value.

4.6.6 Derivatives

Derivatives are recognized at fair value and subsequent changes in their fair value are recognized in profit and loss.

4.7 Own shares of the Parent Company

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

4.8 Provisions and contingent liabilities

In drawing up the consolidated financial statements, the Parent's directors distinguish between:

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

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

The consolidated financial statements recognize all provisions in respect of which it is considered more likely than not that a present obligation exists.

Contingent liabilities are not recognized in the financial statements, but they are disclosed in the accompanying notes to the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is deemed remote, as required under IAS 37.

Provisions (which are estimated using the best information available regarding the consequences of the event giving rise to their recognition and re-estimated at each reporting date) are used to cover the specific obligations for which they were initially recognized; they are reversed, in full or in part, when these obligations cease to exist or diminish.

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

There were no contingent liabilities, contingent assets or penalties for delays in delivering houses at either reporting date, March 31, 2020 and December 31, 2019.

4.9 Income tax

The consolidated income tax expense is recognized in the consolidated income statement, except when it relates to transactions recognized directly in consolidated equity, in which case the related tax is likewise recognized in consolidated equity.

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

Deferred tax assets and liabilities are those expected to be recoverable or payable on the differences between the carrying amounts of assets or liabilities in the financial statements and the tax bases used to calculate taxable income and are recognized using the liability method in the consolidated balance sheet. They are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled.

Deferred tax assets or liabilities are recognized for temporary differences originating from investments in subsidiaries and associates and interests in joint ventures unless the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

However:

1. Deferred tax assets are only recognized to the extent that it is probable that the consolidated entities will generate sufficient taxable profit in the future against which these assets can be utilized.
2. Under no circumstances are deferred taxes recognized in connection with goodwill arising in a business combination.

Recognized deferred tax assets and liabilities are reassessed at each reporting date to check that they still qualify for recognition and the appropriate adjustments are made on the basis of the outcome of the analyses performed, factoring in any applicable quantitative and/or time limits.

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

4.10 Revenue and expenses

The Group recognizes their ordinary income in a way that the transference of goods and services that are committed with their clients is recorded by the amount that reflects the compensation that the entity expects to receive in exchange to those goods or services, performing an analysis according to the following steps:

- Identification of the contract.
- Identification of the different performance obligations.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations.
- Recognition the revenue when the entity satisfies the performance obligations.

Given the characteristics of the contracts signed with clients do not differ significantly, and according to the standard, the Group applies a collective accounting treatment to them.

The Group companies recognize property development sales and the related cost when the properties are handed over and title thereto has been transferred. For these purposes, the sale of a finished residential product is understood to have occurred when the keys are handed over, which coincides with the exchange of the deeds. A sale is not deemed closed for revenue recognition purposes until this happens.

Ordinary income does not include discounts, value added tax and other sales taxes.

Expenses are recognized on an accrual basis.

Interest income is recognized using the effective interest method, by reference to the principal outstanding and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Dividend income from equity investments is recognized when the shareholders' right to receive payment is established.

Expenses are recognized in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. This means that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

An expense is recognized immediately when an expenditure produces no future economic benefits or when future economic benefits do not qualify for recognition as an asset.

Similarly, an expense is recognized when a liability is assumed and no asset is recorded, such as a liability related to extension of a guarantee.

As a general rule, commissions paid to external agents that are not specifically allocable to the developments, albeit unquestionably related thereto, incurred between the start of the development work and recognition of the related sales as revenue are accrued under "Prepayments and accrued income" on the asset side of the balance sheet and are expensed upon recognition of the related revenue so long as at each reporting date the margin deriving from the sales contracts entered into and pending recognition as revenue is higher than such expenses. If a given development does not present a positive margin, these expenses are reclassified to the consolidated income statement.

Sales costs, other than sales commissions conditional upon the sale going through, are expensed currently to the consolidated income statement.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets - assets that necessarily take a substantial period of time to ready for their intended use or sale - are capitalized within the cost of those assets until such time as the assets are substantially ready for their intended use or sale or their development is suspended. Interest income earned on the temporary investment of specific borrowings pending investment in qualifying assets is deducted from the borrowing costs eligible for capitalization.

In the case of funds obtained from generic loans, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the sum invested in the asset in question. That capitalization rate is the weighted average rate of interest borne on the loans received by the consolidated companies that were outstanding during the reporting period other than loans arranged specifically to finance certain assets. The amount of borrowing costs capitalized during the year did not exceed total interest expense incurred during the same.

4.12 Operating profit/(loss)

Operating profit or loss is presented before the Group's share of associates' earnings, income from financial investments and finance costs.

4.13 Redundancy payments

Under prevailing labour law, the Group is obliged to pay severance to employees who are discontinued under certain circumstances. Redundancy payments that can be reasonably estimated are recognized as an expense in the year in which the redundancy decision is taken.

No provision has been recognized in the accompanying consolidated financial statements in this connection at either March 31, 2020 or December 31, 2019 as no workforce restructuring is currently contemplated.

4.14 Director and key management personnel remuneration

The remuneration earned by the Parent's key management personnel (refer to Note 20) is recognized on an accrual basis such that the Group recognizes the corresponding provision at each reporting date in respect of any amounts that have not yet been paid.

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

4.15 Environmental assets and liabilities

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

Given the activities in which the Group is involved, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Environmental disclosures are accordingly not provided in these consolidated financial statements.

4.16 Related-party transactions

The Group carries out all transactions with related parties (whether financial, commercial or other in nature) at transfer prices that meet the OECD's rules governing transactions with Group companies and associates. The Group has duly met its documentation requirements in respect of these transfer prices so that the Parent's directors believe there is no significant risk of related liabilities of material amount.

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

The Group Aedas Homes conducts all related-party transactions on an arm's length basis.

4.17 Distinction between current and non-current

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

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

The breakdown of short and long-term inventories is included in Note 10.

4.18 Business combinations

Business combinations are accounted for using the acquisition method, which requires identification of the acquisition date, calculation of the cost of the combination and recognition of the identifiable assets acquired and liabilities assumed at their acquisition-date fair values.

Goodwill (or a gain on a bargain purchase) is calculated as the difference between the fair values of the net assets acquired and the cost of the business combination, all as of the acquisition date.

The cost of a business combination is the aggregate of:

- The acquisition-date fair values of the assets received, the liabilities incurred or assumed and any equity instruments issued.
- The fair value of any contingent consideration that depends on future events or delivery of pre-determined conditions.

The cost of a business combination does not include expenses related with the issuance of any equity instruments or financial liabilities delivered in exchange for the assets acquired.

In the exceptional event of a gain on a bargain purchase, the gain is recognized in the income statement.

If at the end of the reporting period in which the business combination occurs it is not possible to complete the valuation work needed to apply the acquisition method outlined above, the business combination is accounted for provisionally. The provisional amounts recognized can be adjusted within a measurement period of no more than one year from the acquisition date to reflect access to new information. The effects of any such adjustments are accounted for retroactively, modifying the comparative information as necessary.

Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss, unless the consideration has been classified in equity, in which case subsequent changes in its fair value are not recognized.

4.19 Share-based payments

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

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

4.20 Leases

The assets and liabilities arising from all leases (except for the short-term leases and leases of low-value assets) in which the Group acts as the lessee, under a contract, or part of a contract, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration are recognized in the consolidated balance sheets.

As of the date of the first application of the IFRS 16 Leases (January 1, 2019), the Group acted as a lessee on a total of 28 lease agreements of different assets, corresponding mainly to office leases, parking spaces and vehicles renting. The Group decided to adopt the modified retrospective transition method; therefore, the Group recognized the cumulative effect of initial application as an adjustment to retained earnings at the date of the initial application of IFRS 16 (January 1, 2019). The impact of the application of this standard on the Group's financial statements was the recognition on the balance sheet of right of use assets and their corresponding lease obligations for a total amount of de 2,729,508 euros at the date of its first application. Also, amortization of the right of use assets and recognition of interest costs on the lease obligation on the statements of income replace amounts recognized as lease expense under the previous lease standard. Classification of lease payments in the statement of cash flows are also affected by the requirements of this new lease standard. Additionally, the Group's Financial Statements include, in compliance of the requirements of the standard, broader disclosures with relevant information regarding lease contracts, which are detailed below.

The rights of use assets are amortized on a straight-line basis over the estimated useful life or the term of the lease, whichever is shorter.

The lease contracts of the Group do not include dismantling or restoration obligations.

The right of use assets are not presented separately in the consolidated balance sheet.

4.21 Segment information

The Group has defined neither operating nor geographical segments since its business consists exclusively of property development in Spain.

4.22 Investments in associates

Investments in an associate or, where applicable, in a joint venture, are recognized under the equity method; initially the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income.

5. Earnings/(loss) per share

a) Basic earnings/(loss) per share

Earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Parent (i.e., after tax and profit/loss attributable to non-controlling interests) by the weighted average number of shares outstanding during the reporting period.

Accordingly:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2020
Profit/(loss) for the period attributable to equity holders of the Parent	3.157.875	31,571,885
Number of shares outstanding (Note 13)	47,966,587	47,966,587
Basic earnings/(loss) per share	0.07	0.66

b) Diluted earnings/(loss) per share

Diluted earnings per share is calculated similarly to basic earnings per share; however, the weighted average number of shares outstanding is adjusted to factor in the potential dilutive effect of options over the Parent's shares, warrants and convertible debt outstanding at each year-end.

As of March 31, 2020, the Parent held 1,820,671 own shares (1,485,057 at the end of year 2019), not holding any other dilutive equity instrument, so the diluted earnings per share amounts to 0.07 euros (the diluted earnings per share was 0.68 euros at the end of year 2019).

6. Changes in the Group's composition

Changes in the group's composition are described in Notes 1.1, 1.2 and 1.3.

7. Intangible assets

The reconciliation of the movements under this heading during the three months ended March 31, 2020 and the year ended December 31, 2019 is as follows:

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

	Euros		
	Software	Advances for intangible assets	Total
Cost:			
Balance at January 1, 2019	560,017	44,819	604,836
Additions	342,055	807,981	1,150,036
Reclassifications	743,914	(743,914)	-
Balance at December 31, 2019	1,645,986	108,886	1,754,872
Accumulated amortization:			
Balance at January 1, 2019	(188,746)	-	(188,746)
Charges	(266,620)	-	(266,620)
Derecognitions	-	-	-
Total accumulated depreciation	(455,366)	-	(455,366)
Carrying amount at Dec 31, 2019	1,190,620	108,886	1,299,506

The main additions recognized in the three months ended March 31, 2020 and the financial year 2019 are related to the development of computer applications in order to accelerate and increase the efficiency and improvement of administrative and business processes. The amounts stated under "Advances for intangible assets" correspond to investments in the development of applications currently being carried out.

No items of intangible assets had been pledged as collateral at either March 31, 2020 or December 31, 2019.

As of March 31, 2020 there are fully amortized intangible assets and still in use for a total amount of 56,563 euros (43,825 euros as of December 31, 2019).

8. Property, plant and equipment

The reconciliation of the movements under this heading during the three months ended March 31, 2020 and the year ended December 31, 2019 is as follows:

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

	Euros						
	Buildings	Other plant	Furniture & fittings	Computer equipment	Other items of PP&E	Prepayments for PP&E	Total
Cost:							
Balance at January 1, 2019	344,453	41,860	223,462	466,944	68,542	-	1,145,261
Additions	55,502	21,322	61,370	64,602	10,970	179,614	393,380
Derecognitions	(16,194)	-	-	-	-	-	(16,194)
Reclassifications	175,139	-	-	3,914	-	(179,053)	-
Balance at December 31, 2019	558,900	63,182	284,832	535,460	79,512	561	1,522,447
Accumulated depreciation:							
Balance at January 1, 2019	(71,201)	(15,557)	(35,399)	(155,693)	(15,246)	-	(293,096)
Charges	(97,472)	(9,836)	(26,771)	(126,111)	(14,779)	-	(274,969)
Derecognitions	13,135	-	-	-	-	-	13,135
Total accumulated depreciation	(155,538)	(25,393)	(62,170)	(281,804)	(30,025)	-	(554,930)
Carrying amount at Dec, 31, 2019	403,362	37,789	222,662	253,656	49,487	561	967,517

The main additions recognized in the three months ended March 31, 2020 relate to the purchase of computer equipment and capital expenditure on the new office facilities. The main additions recognized in the year ended December 31, 2019 related to capital expenditure on the new office facilities. The derecognitions in the year ended December 31, 2019 related to old office facilities.

As of March 31, 2020, there are items of property, plant and equipment that are fully depreciated and still in use for a total amount of 30,720 euros (same amount as of December 31, 2019).

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

No item of property, plant and equipment had been pledged as collateral at March 31, 2020 and December 31, 2019.

The Group had no contractual commitments for the purchase of property, plant and equipment at March 31, 2020 and December 31, 2019.

Additionally, right of use assets are recognised under "Property, plant and equipment" heading for a total amount of 2,433,813 euros at March 31, 2020 (2,658,203 euros at December 31, 2019). Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right of use assets			Lease Liabilities
	Buildings	Plant and other PP&E	TOTAL	
Balance at January 1, 2019	2,556,703	172,805	2,729,508	2,729,508
Additions	296,403	58,145	354,548	354,548
Depreciation expense	(938,677)	(42,494)	(981,171)	-
Interest Expense	-	-	-	123,363
Modification to lease terms – other adjustments	555,318	-	555,318	555,318
Lease Payments	-	-	-	(1,054,478)
Balance at December 31, 2019	2,469,747	188,456	2,658,203	2,708,259
Additions	22,967	-	22,967	22,967
Depreciation expense	(249,910)	(12,798)	(262,708)	-
Interest Expense	-	-	-	27,856
Modification to lease terms – other adjustments	15,351	-	15,351	15,351
Lease Payments	-	-	-	(282,664)
Balance at March 31, 2020	2,258,155	175,658	2,433,813	2,491,769

For the three months ended March 31, 2020, the Group has recognised leases of low-value assets and short-term lease payments, for a total amount of 44,105 euros (129,813 euros for the year ended December 31, 2019).

For the lease liabilities recognized at March 31, 2020, an amount of 1,056,924 euros is due within one year, and an amount of 1,434,845 euros is due within one to five years (for the lease liabilities recognized at December 31, 2019, an amount of 1,025,792 euros was due within one year, and an amount of 1,682,467 euros was due within one to five years).

9. Current and non-current financial assets and liabilities

The breakdown of the Group's financial assets and liabilities at March 31, 2020 and December 31, 2019 is provided in the table below:

	Euros			
	Mar, 31, 2020		Dec, 31, 2019	
	Non-current	Current	Non-current	Current
Investments in associates	2,948,367	-	3,018,951	-
Loans to associates	5,942,008	272,593	5,916,853	182,941
Guarantees and deposits extended	1,715,251	-	1,656,121	-
Trade and other receivables (Note 11)	-	43,450,266	-	49,080,530
Current financial assets	-	13,074,621	-	8,031,653
Current provisions	-	(4,537,333)	-	(8,912,312)
Borrowings from related parties (Note 14)	-	(1,680,843)	-	(1,677,817)
Financial debts (Note 14)	(3,981,760)	(214,287,401)	(1,682,467)	(239,530,130)
Bank borrowings classified as current due in the long term (Note 14)	-	(134,901,390)	-	(69,788,519)
Trade and other payables (Note 15)	-	(289,671,780)	-	(268,160,095)
Prepayments and accrued income	-	9,939,916	-	9,820,467
Total	6,623,866	(578,341,351)	8,909,458	(520,953,282)

- "Current financial assets" on the accompanying consolidated balance sheet includes fixed-term deposits that mature less than one year after the reporting date. A total amount of 6,209,780 euros of those fixed-term deposits have been pledged to secure sureties and surety insurance extended to house buyers at March 31, 2020 (5,787,864 euros at year-end 2019).

- "Investments in associates" on the accompanying consolidated balance sheet includes investments in associates and joint ventures, accounted for using the equity method. Summarised financial information of the associates, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

March 31, 2020

	Euros			
	Three months ended March 31, 2020			
	WINSLARO ITG, S.L.	SERV. INMOBILIARIOS LICANCABUR, S.L.	URBANIA LAMATRA I, S.L.	URBANIA LAMATRA II, S.L.
Summarised statement of financial position of associates				
Non-current assets	95,702	133,287	169,464	297,163
Current assets	18,003,713	17,654,950	8,367,814	51,371,490
Non-current liabilities	(6,376,462)	(11,540,750)	(5,878,264)	(35,220,545)
Current liabilities	(8,703,815)	(430,084)	(199,840)	(10,405,458)
Equity	3,019,138	5,817,403	2,459,174	6,042,650
<i>Ownership interest attributable to the Parent</i>	<i>20%</i>	<i>25%</i>	<i>10%</i>	<i>10%</i>
Group's share in equity	603,827	1,454,351	245,917	604,265
Goodwill	(17,859)	20,200	28,330	9,336
Group's carrying amount of the investment	585,968	1,474,551	274,247	613,601
Other operating expenses	(9,691)	(10,571)	(33,503)	(40,690)
Finance income	-	3,175	-	-
Finance costs	(82,197)	(151,172)	(71,859)	(395,483)
Profit/(loss) before tax	(91,888)	(158,568)	(105,362)	(436,173)
Income tax	22,972	39,642	26,341	109,043
Profit/(loss) for the period from continuing operations	(68,916)	(118,926)	(79,021)	(327,130)
Group's share of profit for the period	(13,783)	(29,732)	(7,902)	(32,713)

December 31, 2019

	Euros			
	Financial year 2019			
	WINSLARO ITG, S.L.	SERV. INMOBILIARIOS LICANCABUR, S.L.	URBANIA LAMATRA I, S.L.	URBANIA LAMATRA II, S.L.
Summarised statement of financial position of associates				
Non-current assets	103,048	66,713	159,672	190,449
Current assets	18,028,307	17,775,258	7,902,232	51,940,157
Non-current liabilities	(6,415,447)	(11,540,750)	(5,616,551)	(25,718,046)
Current liabilities	(8,718,813)	(284,094)	(87,755)	(20,049,768)
Equity	2,997,095	6,017,127	2,357,598	6,362,792
<i>Ownership interest attributable to the Parent</i>	<i>20%</i>	<i>25%</i>	<i>10%</i>	<i>10%</i>
Group's share in equity	599,419	1,504,282	235,760	636,279
Goodwill	332	-	32,845	10,034
Group's carrying amount of the investment	599,751	1,504,282	268,605	646,313
Revenue	-	957,726	-	-
Cost of sales	-	(957,726)	-	-
Other operating income	-	22	-	-
Other operating expenses	(106,159)	(109,218)	(257,598)	(59,712)
Finance costs	(305,447)	(157,555)	(344,933)	(681,236)
Profit/(loss) before tax	(411,606)	(266,751)	(602,531)	(740,948)
Income tax	102,902	66,688	150,633	185,237
Profit/(loss) for the year from continuing operations	(308,704)	(200,063)	(451,898)	(555,711)
Group's share of profit for the period	(58,849)	(49,991)	(15,055)	(47,062)

- "Loans to associates" on the accompanying consolidated balance sheet includes loans to associates and joint ventures. The breakdown at March 31, 2020 and December 31, 2019 is as follows:

March 31, 2020

	Limit	Principal	Maturity date	Interest
SERV, INMOBILIARIOS LICANCABUR, S.L.	5,300,000	2,885,188	July 29, 2025	Euribor + 5,5%
URBANIA LAMATRA I, S.L.	1,000,000	551,395	December 14, 2023	Euribor + 9%
URBANIA LAMATRA II, S.L.	3,140,000	1,283,425	July 26, 2025	Euribor + 5,5%
WINSLARO ITG, S.L.	4,520,000	1,222,000	June 11, 2025	Euribor + 5,5%
Total	13,960,000	5,942,008		

December 31, 2019

	Limit	Principal	Maturity date	Interest
SERV, INMOBILIARIOS LICANCABUR, S.L.	5,300,000	2,885,188	July 29, 2025	Euribor + 3,5%
URBANIA LAMATRA I, S.L.	1,000,000	526,240	December 14, 2023	Euribor + 9%
URBANIA LAMATRA II, S.L.	3,140,000	1,283,425	July 26, 2025	Euribor + 9%
WINSLARO ITG, S.L.	4,520,000	1,222,000	June 11, 2025	Euribor + 9%
Total	13,960,000	5,916,853		

- "Prepayments and accrued income" on the accompanying consolidated balance sheet includes the marketing fees for the promotions, which are transferred to income once the sale of the property happens. As a general rule, commissions paid to external agents that are not specifically allocable to the developments, albeit unquestionably related thereto, incurred between the start of the development work and recognition of the related sales as revenue are accrued under "Prepayments and accrued income" on the asset side of the balance sheet and are expensed upon recognition of the related revenue so long as at each reporting date the margin deriving from the sales contracts entered into and pending recognition as revenue is higher than such expenses. If a given development does not present a positive margin, these expenses are reclassified to the consolidated income statement.

Variation in other current assets and liabilities during the three months ended March 31, 2020 are broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.03.2020	31.12.2019	Variation	Transfer to cash flows	Others
Current interest on loans	56,838	28,574	28,264	-	(28,264)
Current deposits	6,209,780	5,787,865	421,915	(421,915)	-
Guarantees extended	6,353,003	1,810,214	4,542,789	(4,542,789)	-
Deposits extended	455,000	405,000	50,000	(50,000)	-
Prepayments and accrued income	9,939,916	9,820,467	119,449	(119,449)	-
Total other current assets	23,014,537	17,852,120	5,162,417	(5,134,153)	(28,264)
Bonds and other marketable securities	(59,522,751)	(78,009,410)	18,486,660	156,627	(18,643,286)
Debt with financial institutions	(285,685,186)	(229,066,916)	(56,618,270)	(12,808,140)	69,426,410
Derivatives	(2,615,457)	(1,196,640)	(1,418,817)		1,418,817
Other financial liabilities	(1,365,398)	(1,045,683)	(319,715)	32,283	287,432
Current provisions	(4,537,334)	(8,912,312)	4,374,978	(5,271,621)	896,643
Total other current liabilities	(353,726,125)	(318,230,961)	(35,495,163)	(17,890,852)	53,386,015
Total other current assets less current liabilities	(330,711,588)	(300,378,841)	(30,332,746)	(23,025,004)	53,357,751

Variation in other current assets and liabilities during the financial year 2019 are broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.03.2019	31.12.2018	Variation	Transfer to cash flows	Others
Current interest on loans	28,574	-	28,574	-	(28,574)
Current deposits	5,787,865	5,364,567	423,298	(423,298)	-
Guarantees extended	1,810,214	236,492	1,573,722	(1,573,722)	-
Deposits extended	405,000	-	405,000	(405,000)	-
Prepayments and accrued income	9,820,467	8,144,515	1,675,952	(1,675,952)	-
Total other current assets	17,852,120	13,745,574	4,106,546	(4,077,972)	(28,574)
Bonds and other marketable securities	(78,009,410)	(33,953,563)	(44,055,847)	476,938	43,578,909
Debt with financial institutions	(229,066,916)	(57,654,625)	(171,412,291)	(49,789,848)	221,202,139
Derivatives	(1,196,640)	-	(1,196,640)	-	1,196,640
Other financial liabilities	(1,045,683)	(682)	(1,045,001)	14,074	1,030,927
Current provisions	(8,912,312)	(793,825)	(8,118,487)	(14,987,668)	23,106,155
Total other current liabilities	(318,230,961)	(92,402,695)	(225,828,267)	(64,286,504)	290,114,771
Total other current assets less current liabilities	(300,378,841)	(78,657,121)	(221,721,720)	(68,364,476)	290,086,197

10. Inventories

The composition and variation in the Group's inventories at March 31, 2020 and December 31, 2019 are as follows:

	Euros		
	Mar. 31, 2020	Dec. 31, 2019	Variation
Land and sites	617,511,672	619,610,481	(2,098,809)
Developments in progress (*)	626,812,052	542,290,101	84,521,951
Completed buildings	80,188,609	95,192,155	(15,003,546)
Prepayments to suppliers	19,427,175	18,336,826	1,090,349
Total	1,343,939,508	1,275,429,563	68,509,945

(*) At March 31, 2020, "Developments in progress" includes the cost of the land on which the developments are being carried out in the amount of 292,025,960 euros (282,982,597 euros at year ended December 31, 2019),

The reconciliation of the movement during the three months ended March 31, 2020 of the inventory balances is as follows:

Euros	Dec. 31, 2019	Prepayments	Land purchases	Cost of sales	Derecognitions (Note 18.b)	Capitalized borrowing costs	Impairment (Note 18.b)	March 31, 2020
Inventories	1,275,429,563	1,090,349	14,878,032	101,109,443	(50,138,720)	1,570,841	-	1,343,939,508

The reconciliation of the opening and year-end 2019 inventory balances:

Euros	Dec. 31, 2018	Prepayments	Land purchases	Cost of sales	Derecognitions (Note 18.b)	Capitalized borrowing costs	Impairment (Note 18.b)	Dec 31, 2019
Inventories	1,075,776,641	6,708,164	84,076,217	307,695,368	(209,742,176)	10,973,316	(57,967)	1,275,429,563

During the three months ended March 31, 2020 the Group completed the works at 2 housing developments

developed by subsidiaries, which implied the transfer of a balance of 34,842,378 euros from "Developments in progress" to "Completed buildings". During 2019 the Group completed the works at 21 housing developments developed by subsidiaries, which implied the transfer of a balance of 276,443,966 euros from "Developments in progress" to "Completed buildings".

Variation in inventories are broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	Variation	Transfer to Cash Flows	Transfers	Impairment	Other
Land and sites	(2,098,809)	(39,232,202)	41,331,011	-	0,00
Developments in progress	84,521,951	(77,440,822)	(6,488,633)	-	(592,496)
Completed buildings	(15,003,546)	50,150,070	(34,842,378)	-	(304,146)
Prepayments to suppliers	1,090,349	-	-	-	(1,090,349)
Total	68,509,945	(66,522,954)	-	-	(1,986,991)

In 2020, the variation in the heading 'Land and sites' relates to land purchases for the sum of 14,878,032 euros, a decrease due to reclassification the sum of 41,331,011 euros to Developments in progress and the rest to investments in work undertaken on them.

The composition and variation in the Group's inventories at December 31, 2019 and December 31, 2018 were as follows

	Euros		
	31.12.2019	31.12.2018	Variation
Land and sites	619,610,481	650,205,822	(30,595,341)
Developments in progress	542,290,101	393,456,468	148,833,633
Completed buildings	95,192,155	20,485,689	74,706,466
Prepayments to suppliers	18,336,826	11,628,662	6,708,164
Total	1,275,429,563	1,075,776,641	199,652,922

Variation in inventories during financial year 2019 are broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	Variation	Transfer to Cash Flows	Transfers	Impairment	Other
Land and sites	(30,595,341)	(101,857,024)	132,371,226	81,138	-
Developments in progress	148,833,633	(268,261,552)	142,534,075	-	(23,106,155)
Completed buildings	74,706,466	200,222,006	(274,905,301)	(23,171)	-
Prepayments to suppliers	6,708,164	-	-	-	(6,708,164)
Total	199,652,922	(169,896,570)	-	57,967	(29,814,319)

During the three months ended March 31, 2020, the Group has agreed the following land purchases:

Euros				
Three months ended March 31, 2020				
Company	Transaction date	Transaction	Purchase price	Deferred price
SPV REOCO 1, S.L.U.	February 2, 2020	Land Purchase	3,561,355	36,865
SPV REOCO 1, S.L.U.	January 21, 2020	Land Purchase	8,716,677	-
SPV REOCO 1, S.L.U.	March 12, 2020	Land Purchase	2,600,000	-
		TOTAL	14,878,032	36,865

During the three months ended March 31, 2020, no land sales were made.

During 2019, the Group agreed the following land purchases:

Euros				
2019				
Company	Transaction date	Transaction	Purchase price	Deferred price
SPV REOCO 1, S.L.U.	January 17, 2019	Land Purchase	12,000,000	-
SPV REOCO 1, S.L.U.	January 21, 2019	Land Purchase	600,000	-
SPV REOCO 1, S.L.U.	March 12, 2019	Land Purchase	1,433,333	-
SPV REOCO 1, S.L.U.	April 04, 2019	Land Purchase	106,305	-
SPV REOCO 1, S.L.U.	April 10, 2019	Land Purchase	2,233,029	-
SPV REOCO 1, S.L.U.	April 29, 2019	Land Purchase	2,000,000	36,949
SPV REOCO 1, S.L.U.,	June 27, 2019	Land Purchase	2,253,275	-
SPV REOCO 1, S.L.U.,	July 04, 2019	Land Purchase	4,903,414	-
SPV REOCO 1, S.L.U.,	July 9, 2019	Land Purchase	5,648,742	-
SPV REOCO 1, S.L.U.,	July 11, 2019	Land Purchase	15,972,060	-
SPV REOCO 1, S.L.U.,	July 20, 2019	Land Purchase	175,206	-
SPV REOCO 1, S.L.U.,	July 30, 2019	Land Purchase	14,417,444	-
SPV REOCO 1, S.L.U.,	August 29, 2019	Land Purchase	745,115	-
SPV REOCO 1, S.L.U.,	September 18, 2019	Land Purchase	5,970,419	112,787
SPV REOCO 1, S.L.U.,	October 2, 2019	Land Purchase	3,858,400	-
SPV REOCO 1, S.L.U.,	November 22, 2019	Land Purchase	3,900,000	-
SPV REOCO 1, S.L.U.,	November 27, 2019	Land Purchase	4,100,000	3,690,000
SPV REOCO 1, S.L.U.,	November 28, 2019	Land Purchase	2,459,475	-
SPV REOCO 1, S.L.U.,	December 19, 2019	Land Purchase	1,300,000	-
		TOTAL	84,076,217	3,839,736

During 2019, the Group agreed the following land sales:

Euros				
2019				
Company	Transaction date	Transaction	Sale price (Note 18,a)	Deferred price
SPV REOCO 1, S.L.U.	December 19, 2019	Land Sale	11,500,000	5,750,000
SPV REOCO 1, S.L.U.	December 30, 2019	Land Sale	4,440,000	3,552,000
		TOTAL	15,940,000	9,302,000

The outstanding amount of land acquired by the Group amounted to 3,531,601 euros at March 31, 2020 and 3,904,736 euros at December 31, 2019 (refer to Note 15).

The cash flows in 2020 arising from the purchase and sale of land in the current year and as a result of the price deferred in previous years amount to the net sum of 15,251,167 euros of net cash consumption, broken down as follows:

Purchase of land 2020	(14,878,032)
Deferred Price for Land Purchase 2020	36,865
Deferred Payment of Previous Purchases	<u>(410,000)</u>
Land Purchase Payments in 2020	(15,251,167)
 Sale of land 2020	 -
Deferred Price for Land Sales 2020	-
Deferred Receipt of Price of Previous Sales	<u>-</u>
Receipts from the Sale of Land 2020	-
 Payments less Receipts for Land Transactions	 (15,251,167)

If purchases and sales of land in 2020 are excluded, the variation in inventories and the corresponding amount shown in the cash flow statement are as follows:

	Variation	Transfer to the Cash Flow Statement
Purchase of land 2020	14,878,032	-
Sale of land 2020	-	-
Changes in working capital due to purchase and sale of land (Inventories)	14,878,032	(14,878,032)
Changes in working capital excluding purchases and sales of land (Inventories)	53,631,913	(51,644,922)
Total Inventories	68,509,945	(66,522,954)

The cash flows in 2019 arising from the purchase and sale of land in the current year and as a result of the price deferred in previous years amount to the net sum of 82,871,773 euros of net cash consumption, broken down as follows:

Purchase of land 2019	(84,076,217)
Deferred Price for Land Purchase 2019	3,839,736
Deferred Payment of Previous Purchases	(9,273,292)
Land Purchase Payments in 2019	(89,509,773)
Sale of land 2019	15,940,000
Deferred Price for Land Sales 2019	(9,302,000)
Deferred Receipt of Price of Previous Sales	-
Receipts from the Sale of Land 2019	6,638,000
Payments less Receipts for Land Transactions	(82,871,773)

If purchases and sales of land in 2019 are excluded, the variation in inventories and the corresponding amount shown in the cash flow statement are as follows:

	Variation	Transfer to the Cash Flow Statement
Purchase of land 2019	84,076,217	-
Sale of land 2019	15,940,000	-
Changes in working capital due to purchase and sale of land (Inventories)	68,136,217	(68,136,217)
Changes in working capital excluding purchases and sales of land (Inventories)	131,516,705	(101,760,353)
Total Inventories	199,652,922	(169,896,570)

In the three months ended March 31, 2020, the Group capitalized 1,570,841 euros (10,973,316 euros in year 2019) of borrowing costs in inventories (Note 4.3). The average cost of the borrowings capitalized was approximately 2.07% (2.10% in year 2019).

None of the Group's inventories are located outside of Spain. The locations of the Group's inventories, stated at their carrying amounts, without considering prepayments to suppliers, are as follows:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Madrid	457,552,739	453,797,774
Catalonia	189,897,621	179,782,593
Costa del Sol	275,832,527	269,240,266
Rest of Andalusia	152,205,297	141,271,614
Balearic Islands and Spanish east coast	249,024,149	213,000,490
Total	1,324,512,333	1,257,092,737

No inventories were derecognized or transferred in the three months ended March 31, 2020 other than the inventories sold in the amount of 70,040,084 euros (311,483,243 euros in 2019) (Note 18,a), triggering the derecognition of inventories carried at 50,138,720 euros (209,742,176 euros in 2019).

As of March 31, 2020, there are contractual commitments to the purchase of plots for an amount of 45,204,281 euros (45,749,145 in 2019), of which an amount of 11,100,000 euros have been paid, as advances (11,100,000 in 2019), and which are included as Prepayments to Suppliers under the Current Assets on the Balance Sheet. Of the total amount recognized under "Trade and other accounts payable - Customer prepayments" within Current Liabilities on the consolidated balance sheet at March 31, 2020, an amount of 161,685,902 euros (155,214,690 euros at year-end 2019) corresponds to down payments from customers for house unit reservations and private house contracts.

At March 31, 2020, and December 31, 2019, there are no sales commitments.

At March 31, 2020, "Inventories" includes assets with a gross carrying amount of 550 million euros (500 million euros at the end of the year 2019) that have been pledged as collateral to secure the development loans obtained by the Group (Note 14).

At the reporting date, the Group had insurance policies covering the inventories on which development work had begun.

The net realizable value assigned to the portfolio of inventories amounts to 2,009 million euros (1,962 million euros at December 31, 2019). Said amount does not include supplier prepayments (19,427,175 euros at March 31, 2020, and 18,336,826 euros at December 31, 2019), as the directors have assumed that there is no indication that these assets are impaired. Said value has been determined on the basis of the valuation carried by the independent appraiser Savills Aguirre Newman Valoraciones y Tasaciones, S.A. as at December 31, 2019, in its report issued in February 2020, adjusted by the purchases and sales of inventories made during the three months ended March 31, 2020 and the variation of work in progress in the three months ended March 31, 2020. The Management decided to use the valuation of the assets portfolio at December 31, 2019, given that only three months had elapsed since the previous external valuation carried out by the Company, and additionally, in view of the current difficulty of evaluating the impact of COVID-19 on the residential sector, since there is not a sufficient large number of comparable transactions in which that impact has occurred and that could be used as the basis.

On the basis of the external appraiser's methodology, the key valuation hypotheses are the discount rate and selling prices. As a result of the above, the Group recognized an impairment loss of 1,542,943 euros at March 31, 2020 (1,542,943 euros at December 31, 2019), and tacit unrecorded capital gains amounting to 671 million euros (683 million euros at December 31, 2019).

In addition, Savills Aguirre Newman Valoraciones y Tasaciones, S.A. has updated the appraisal for a sample of assets of different categories which represents 22% of net realization value of the real estate assets at March 31, 2020. The result of this analysis means that it is not necessary to record any additional amount for impairment of inventories, since there are significant tacit unrecorded capital gains.

The inventory impairment charge breaks down as follows by region:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Madrid	(815,039)	(815,039)
Costa del Sol	(474,983)	(474,983)
Rest of Andalusia	(252,921)	(252,921)
Total	(1,542,943)	(1,542,943)

The breakdown of the inventory impairment charge by inventory category:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Land and sites	(1,542,943)	(1,542,943)
Developments in progress	-	-
Completed buildings	-	-
Total	(1,542,943)	(1,542,943)

As a result of the above, the Company's directors have not carried out a sensitivity analysis of the valuations in the three months ended March 31, 2020. The sensitivity analysis performed in 2019 is as follows:

- The discount rate was varied by 100 basis points in both directions, based on the different economic scenarios forecast for the short and medium term and considering the rate of return that other developers with different profiles to that of the Group would demand.
- As for sales prices, the directors ran sensitivity analyses modelling variations of +/-1%, +/-5%, +/-10%, +/-15% and +/-20%, even though they believe it is unlikely that sales prices will differ by 10% (in either direction) with respect to the prices used for valuation purposes.

The sensitivity analysis was run keeping all other variables constant.

The above variations in the key assumptions would affect the net realizable and carrying amounts of the Group's inventories as follows:

Assumption	Thousands of euros	
	Discount rate	
	+1%	-1%
	Increase/(decrease)	
Change in carrying amount (*)	(551)	449

Assumption	Thousands of euros									
	Sale price									
	-1%	+1%	-5%	+5%	-10%	+10%	-15%	+15%	-20%	+20%
	Increase/(decrease)									
Change in carrying amount (*)	(551)	307	(8,283)	629	(42,985)	780	(102,230)	931	(191,634)	1,082

(*) The carrying amount is the lower of cost and the net realizable value. Increases in the net realizable value are not necessarily accompanied by an impact on the inventories' carrying amount.

The impact of the sensitivity analysis on the valuations compiled by the independent expert is as follows:

- A 100 basis point reduction in the discount rate would increase the valuation by 45 million euros, while a 100 basis point increase would decrease it by 44 million euros.
- A 1% decrease in sales prices would decrease the expert's valuation by 36 million euros, while a 1% increase would increase it by 36 million euros.
- A 5% decrease in sales prices would decrease the expert's valuation by 180 million euros, while a 5% increase would increase it by 177 million euros.
- A 10% decrease in sales prices would decrease the expert's valuation by 359 million euros, while a 10% increase would increase it by 355 million euros.
- A 15% decrease in sales prices would decrease the expert's valuation by 542 million euros, while a 15% increase would increase it by 535 million euros.
- A 20% decrease in sales prices would decrease the expert's valuation by 723 million euros, while a 20% increase would increase it by 714 million euros

The Group has certain assets and liabilities that are recognized within current assets or current liabilities, respectively, but are expected to be realized or settled more than 12 months from the reporting date. Specifically:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Inventories (long production cycle) before impairment	875,395,448	815,907,230
Inventories (short production cycle) before impairment	450,659,828	442,728,450
Total current assets	1,546,790,155	1,491,287,771
Borrowings secured to finance inventories (long cycle) – note 14	136,569,494	71,415,219
Total current liabilities	645,078,747	588,068,873

As of March 31, 2020, the Group has recognized current provisions for a total amount of 4,537,333 euros, corresponding to provisions for the completion of construction projects (8,912,312 euros at year-end 2019).

11. Trade and other receivables

"Trade and other receivables" broke down as follows at March 31, 2020 and December 31, 2019:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Trade receivables	38,776,164	43,741,543
Trade receivables from associates	234,556	160,321
Sundry receivables	590,377	590,401
Personnel	10,576	10,160
Current tax asset (Note 16.b)	1,802	1,418,455
Taxes payable (Note 16.b)	3,836,791	3,159,650
Total	43,450,266	49,080,530

The change in trade and other receivables during the three months ended March 31, 2020 breaks down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.03.2020	31.12.2019	Variation	Transfer to cash flows	Others
Customers for sales of land	13,775,000	13,775,000	-	-	-
Customers for sales of developments – remittances	24,956,748	29,848,979	(4,892,231)	4,892,231	-
Sundry customers	44,416	117,564	(73,148)	73,148	-
Trade receivables from associates	234,556	160,321	74,235	(74,235)	-
Sundry receivables	590,377	590,401	(24)	24	-
Personnel	10,576	10,160	416	(416)	-
Current tax asset (Note 16.b)	1,802	1,418,455	(1,416,653)	1,416,653	-
Taxes payable (Note 16.b)	3,836,791	3,159,650	677,141	(677,146)	5
Total Trade and other receivables	43,450,266	49,080,530	(5,630,264)	5,630,259	5

As can be seen in the table, the decrease of 5.6 million euros in total trade and other receivables has generated net cash of 5.6 million euros which is mainly due to the receipt of remittances from customers for sales of housing developments (4.9 million euros) and the tax rebate from the tax authorities in respect of the Tax Group's 2018 Corporate Income Tax (1.4 million euros).

The heading "Customers for sales of developments" includes the sums receivable from customers as a result of signing private sales contracts for homes, which represent between 15% and 25% of the total price of the sale, which is charged monthly in linear instalments until the estimated date of delivery of the development, during the construction phase, which lasts an average of 18 months. The cash obtained from a private sales contract is generated over the following time scale: 5% upon signing the private contract, 15%-25% in monthly instalments until the property is delivered and 80%-70% on signing the deed of sale when the customer takes physical possession of the property. The amounts received from customers prior to signing

the deed of sale are deposited in a special account that is held separately from any other type of funds belonging to the Group, and can only be used for the construction of developments (see Note 12).

The change in trade and other receivables during the financial year 2019 breaks down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.12.2019	31.12.2018	Variation	Transfer to cash flows	Others
Customers for sales of land	13,775,000	4,473,000	9,302,000	(9,302,000)	-
Customers for sales of developments – remittances	29,848,979	31,902,217	(2,053,238)	2,053,238	-
Sundry customers	117,564	328,742	(211,178)	211,178	-
Trade receivables from associates	160,321	-	160,321	(160,321)	-
Sundry receivables	590,401	19,779	570,622	(570,622)	-
Personnel	10,160	17,016	(6,856)	6,856	-
Current tax asset (Note 16.b)	1,418,455	1,418,585	(130)	130	-
Taxes payable (Note 16.b)	3,159,650	4,323,915	(1,164,265)	(815,661)	1,979,926
Total Trade and other receivables	49,080,530	42,483,254	6,597,276	(8,577,202)	1,979,926

As can be seen in the table, the increase of 6.6 million euros in total trade and other receivables implied, in financial year 2019, a consumption of 8.6 million euros in net cash, of which 9.3 million euros corresponded to land sales with deferred payment.

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

Under "Trade receivables" a balance of 24,956,748 euros (29,848,979 euros at year-end 2019) has been recognized for trade bills, which includes customer remittances falling due in the short term in the amount of 23,616,299 euros (29,150,403 euros at year-end 2019).

In order to calculate the impairment of accounts receivable at March 31, 2020 and December 31, 2019, the Group has applied the simplified approach under IFRS 9 Financial Instruments (loss allowance at an amount equal to lifetime expected credit losses). However, this has no impact on the consolidated financial statements, mainly due to the fact that the agreements signed with customers can be terminated if they fail to comply with their payment commitments.

Trade receivables do not accrue interest. The directors believe that the carrying amounts of the Company's trade and other receivables approximate their fair value.

12. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash on hand and short-term bank deposits with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Demand deposits in current accounts	136.113.251	148,742,617
Total	136.113.251	148,742,617

The amount pledged at March 31, 2020 to cover guarantees delivered to customers amounts to 1,092,366 euros (771,364 euros at December 31, 2019), to cover corporate financing costs amounts to 5,874,171

euros (6,249,756 euros at December 31, 2019) and to cover sureties amounts to 831,827 euros (731,598 euros at December 31, 2019).

There were no restrictions on the use of the Group's cash at March 31, 2020 except for the fact, as required under Spanish Law 20/2015, that down payments received in connection with residential developments must be deposited in a special account separate from the rest of the Group's funds and may only be used to cover expenses deriving from the construction of the developments. The balance subject to this restriction amounted to 43,445,157 euros at March 31, 2020 (46,322,219 at year-end 2019). The amount of cash that was restricted at March 31, 2020 accordingly totalled 50,151,155 euros (53,303,574 euros at year-end 2019).

13. Equity

a) Share capital

The Parent was incorporated on June 9, 2016 with initial share capital of 3,000 euros, represented by 3,000 indivisible, sequentially-numbered equity interests (*participaciones sociales*) with a unit par value of 1 euro, all of which were subscribed and paid for by Structured Finance Management (Spain), S.L.

On July 5, 2016, Structured Finance Management sold its equity interests in the Parent to Hipoteca 43 Lux, S.A.R.L., a company domiciled in Luxembourg with registered office at 534 Rue de Neudorf L2220, Luxembourg and tax ID number N0184886J. Accordingly, as at July 5, 2016, Hipoteca 43 Lux, S.A.R.L. was the Parent's Sole Shareholder.

On March 30, 2017, the Company received a non-monetary equity contribution from its Majority Shareholder in the amount of 314,032,337 euros. In exchange, the Company issued 31,403,231 equity interests with a unit par value of one euro, with the remainder of the contribution deemed a share premium (Note 1.1).

On June 29, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 23,140,283 euros. In exchange, the Company issued 2,314,028 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (Note 1.1).

On August 16, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 110,867,709 euros. In exchange, the Company issued 11,086,771 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (Note 1.1).

On September 12, 2017, the Company officially converted from a limited liability company to a public limited company and its share capital was thus represented by 44,807,030 ordinary shares (rather than 'equity interests') with a unit par value of one euro.

On October 19, 2017, it formalized a deed of capital increase through a cash contribution amounting to 99,999,979 euros, with waiver of the right of preferred subscription by the Majority Shareholder, through an Offer of Subscription of shares of the Company. As a result of the foregoing, the company issued 3,159,557 shares with a par value of one euro and the rest was an issue premium. These shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia on October 20, 2017. The issuance costs of this capital increase amounted to 31,301 euros.

At March 31, 2020, and December 31, 2019, the Parent's share capital accordingly consisted of 47,966,587 shares, with a par value of one euro each. The shares are fully subscribed and paid in.

None of the Parent's shares was pledged at either March 31, 2020 or December 31, 2019.

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

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

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

The breakdown of the Parent's significant shareholders (those with equity interests of 3% or more) at December 31, 2019, according to the information reported to Spain's securities market regulator, the CNMV, by the shareholders themselves was as follows:

		% Voting rights attached to shares		% Voting rights through financial instruments	
	Total shareholding %	Direct shareholding %	Indirect shareholding %	Direct shareholding %	Indirect shareholding %
HIPOTECA 43 LUX S.A.R.L. (*)	58.91	58.91	-	-	-
UBS GROUP AG	5.12	-	4.88	0.24	-
T, ROWE PRICE ASSOCIATES, INC	5.08	-	5.08	-	-
RYE BAY EUROPEAN MASTER FUND LIMITED	5.08	-	-	5.08	-
T, ROWE PRICE INTERNATIONAL FUNDS, INC.	4.09	-	4.09	-	-

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

b) Legal reserve

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

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

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

This legal reserve was not fully endowed at March 31, 2020 and December 31, 2019.

c) Share premium

There were no movements of the share premium during the three months ended March 31, 2020 and financial year 2019, amounting to 500,076,721 euros at March 31, 2020 and December 31, 2019..

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

d) Distribution of dividends

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

distributed either directly or indirectly. In the event of losses in preceding years that reduce corporate equity to less than the company's capital, profits shall be used to offset such losses.

No dividends were paid out in the three months ended March 31, 2020 and the year 2019. However, there are no restrictions on the payment of dividends at March 31, 2020, other than those provided for by the commercial legislation.

Thus, on February 25, 2020, the Board of Directors of the Parent Company approved the following: the Parent Company will pay a dividend of 1 euro per share, charged to the profit for the fiscal year 2021, ended March 31, 2021. The Company will make an interim payment of 50 cents per share in November 2020. Ordinary dividends will be paid half-yearly after publication of its results (50% in each period) for the first and second half of the year. Dividends will grow in line with the cash flow generated by the Company in the period 2020-2023. Dividend payments may be made in cash or in the Company's shares.

e) Own Shares

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

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

On 28 December 2018 the Parent put on hold the liquidity agreement as a result of having exceeding the limit of Funds as established in Circular 1/2017, of 26 April of the Spanish National Securities Market Commission (CNMV), on liquidity contracts, resuming it on January 24, 2019 once the adjustments to place the contract within the limit of resources with adjusted balances were made, as stated in Circular 1/2017 on liquidity agreements. Although, effective March 20, 2019, the Parent terminated the liquidity agreement, as its objectives were achieved. During this period, 94,178 shares were purchased at an average price of € 22.7610 / per share and 92,784 shares were sold at an average price of € 22.9339 / per share, leaving a remaining balance of 28,031 shares that were sold as a block trade on 29 March at a price of € 22.80 / per share.

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

Within the framework of operations with Parent own shares (discretionary management, Buy-Back Program and block trades), which began on August 7, 2019, a total of 1,485,057 shares were purchased until December 31, 2019, at an average price of 20.6079 euros, without having made any sales in this period.

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

During the three months ended March 31, 2020, a total of 572,020 shares were purchased at an average price of 19.6620 euros, within the framework of operations with Parent own shares.

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

f) Owner contributions

The Parent did not receive any new owner contributions during the three months ended March 31, 2020 and the financial year 2019.

At March 31, 2020 and December 31, 2019, the Parent's Majority Shareholder had contributed a total of 740,071,256 euros, 623.4 million euros of which consisted of the credit claims contributed by the Parent's Majority Shareholder on October 3, 2017.

g) Non-controlling interests

This heading presents the share of the equity of the fully-consolidated Group companies that is held by minority shareholders.

The reconciliation, by subsidiary, of the opening and closing balances of non-controlling interests in the three months ended March 31, 2020 is as follows:

	Ownership interest attributable to the Parent	Euros			
		Dec. 31, 2019	Profit/(loss) attributable to non-controlling interests	Other changes	Mar. 31, 2020
SPV REOCO 15, S.L.U	80%	347,421	(9,684)	-	337,737
SPV SPAIN 2, S.L.	87.5%	1,659,725	164,850	(250,000)	1,574,575
ESPEBE 11, S.L.	80%	365,614	(654)	-	364,960
FACORNATA SERVICIOS Y GESTIONES, S.L.	94.68%	124,739	(279)	-	124,460
Total		2,497,499	154,233	(250,000)	2,401,732

For the three months ended March 31, 2020, the company SPV Spain 2, S.L. agreed, at its Partners' Meeting held on March 25, 2020, to the distribution of an interim dividend, with 250,000 euros being payable to the minority members, which was paid in April 2020.

The reconciliation, by subsidiary, of the opening and closing balances of non-controlling interests in 2019 is as follows:

	Ownership interest attributable to the Parent	Euros			
		Dec. 31, 2018	Profit/(loss) attributable to non-controlling interests	Other changes	Dec. 31, 2019
SPV REOCO 15, S.L.U	80%	390,995	(43,574)	-	347,421
SPV SPAIN 2, S.L.	87.5%	408,908	2,500,817	(1,250,000)	1,659,725
ESPEBE 11, S.L.	80%	931,232	34,382	(600,000)	365,614
FACORNATA SERVICIOS Y GESTIONES, S.L.	94.68%	258,016	24,727	(158,004)	124,739
Total		1,989,151	2,516,352	(2,008,004)	2,497,499

During the financial year 2019, the company SPV Spain 2, S.L. paid interim dividends to minority shareholders for an amount of 1,250,000 euros, the company Espebe 11, S.L. distributed dividends to minority shareholders for an amount of 600,000 euros, and the company Facornata Servicios y Gestiones, S.L. returned minority partner contributions in an amount of 158,004 euros.

h) Other equity instruments

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

The amount recognized under "Other equity instruments" in respect of the commitment assumed under the long-term incentive plan by the Parent vis-a-vis its key management personnel stood at 2,535,363 euros (2,179,770 euros at year-end 2019).

i) Voluntary reserves

Parent company reserves

The voluntary reserve came about as a result of the difference between the fair value at which the real estate development business was contributed and the amounts at which that business was carried in the then Majority Shareholder's financial statements (Note 1.1). The movement recorded during the three months ended March 31, 2020 and the financial year 2019 corresponds to the result of purchases and sales of its own shares, as shown previously in the section e).

Reserves of fully-consolidated companies

There have been no movements during the three months ended March 31, 2020.

Movements during financial year 2019 related mainly to changes in the composition of the Group (sale of Milos Asset Development, S.L.U. and Servicios Inmobiliarios Licancabur, S.L.) and the recognition of companies' incorporation expenses (Egon Asset Development, S.L.U., Ipala Asset Development, S.L.U., Milos Asset Development, S.L.U. and Turnkey Projects Development, S.L.U.).

14. Borrowings and other financial liabilities

The Group had the following borrowings at March 31, 2020:

	Euros				
	March 31, 2020				
	Limit	Current liabilities		Non-current liabilities	Total
		Due in the long term	Due in the short-term		
Shareholder Credit Facility Agreement with External Shareholders	6,675,000	1,668,104	12,739	-	1,680,843
All borrowings from non-controlling shareholders	6,675,000	1,668,104	12,739	-	1,680,843
Mortgage loans secured by inventories	676,831,933	125,404,309	425,065	-	125,829,374
Interest on development loans	-	-	140,702	-	140,702
Total development loans	676,831,933	125,404,309	565,766	-	125,970,075

Mortgage loans secured by inventories	9,497,081	9,497,081	-	-	9,497,081
Interest on mortgages secured by inventories	-	-	33,894	-	33,894
Total loans taken over as part of land purchase	9,497,081	9,497,081	33,894	-	9,530,975
Commercial paper issued	-	-	59,522,751	2,546,914	62,069,665
Syndicated loan	150,000,000	-	150,184,136	-	150,184,136
Derivatives	-	-	2,615,456	-	2,615,456
Interest on collateral provided	-	-	3,066	-	3,066
Dividends (Note 13 g)	-	-	250,000	-	250,000
Lease liabilities	-	-	1,056,924	1,434,845	2,491,769
Other assets	-	-	55,408	-	55,408
Total other borrowings	150,000,000	-	213,687,741	3,981,760	217,669,501
Total	843,004,014	136,569,494	214,300,140	3,981,760	354,851,394

The Group had the following borrowings at December 31, 2019:

	Euros				
	Dec, 31, 2019				
	Limit	Current liabilities		Non-current liabilities	Total
		Due in the long term	Due in the short-term		
Shareholder Loan Agreement with External Shareholders	-	-	-	-	-
Shareholder Credit Facility Agreement with External Shareholders	6,675,000	1,626,701	-	-	1,626,701
Interest on Group company borrowings	-	-	51,116	-	51,116
All borrowings from non-controlling shareholders	6,675,000	1,626,701	51,116	-	1,677,817
Mortgage loans secured by inventories	627,728,934	69,788,519	33,351	-	69,821,870
Interest on development loans	-	-	200,320	-	200,320
Total development loans	627,728,934	69,788,519	233,671	-	70,022,190
Mortgage loans secured by inventories	9,497,081	-	9,497,081	-	9,497,081
Interest on mortgages secured by inventories	-	-	5,797	-	5,797
Total loans taken over as part of land purchase	9,497,081	-	9,502,878	-	9,502,878
Commercial paper issued	-	-	78,009,410	-	78,009,410
Syndicated loan	150,000,000	-	149,541,848	-	149,541,848
Derivatives	-	-	1,196,640	-	1,196,640
Interest on collateral provided	-	-	1,074	-	1,074
Lease liabilities	-	-	1,025,792	1,682,467	2,708,259
Other assets	-	-	18,817	-	18,817
Total other borrowings	150,000,000	-	229,793,581	1,682,467	231,476,048
Total	793,901,015	71,415,220	239,581,246	1,682,467	312,678,933

Loans from non-controlling shareholders

As of March 31, 2020, the breakdown of the loans granted by non-controlling shareholders is the following:

- On February 8, 2017, but with effect from December 22, 2016, a Credit Facility Agreement was arranged between SPV REOCO 15 and PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U. for the amount of 6,675,000 euros; this facility is due December 31, 2022,

This facility carries interest at an annual rate of 1M Euribor plus 3.5%. The amount drawn down at March 31, 2020 stood at 1,668,104 euros (1,626,701 euros at year-end 2019).

Development loans

At March 31, 2020, the AEDAS Group had arranged development loans in an aggregate amount of 676,831,933 euros (627,728,934 at December 31, 2019) in order to finance 51 developments in progress (48 developments in progress at December 31, 2019). These loans, measured at amortised cost, amounts to 125,829,374 euros at March 31, 2020, which is equivalent to 18.59% of the maximum available (69,821,870 euros at December 31, 2019, which was equivalent to 11.12% of the maximum available). The development loans carried interest at Euribor plus spreads ranging between 100 y 275 basis points.

Loans taken on to purchase land

On February 23, 2016, Group subsidiary SPV Spain 7, S.L.U. acquired a plot of land which it financed by assuming the mortgage which the seller had taken out over the site. That mortgage amounts to 11,500,000 euros and falls due on February 23, 2018. It was partially cancelled (in the amount of 2,002,919 euros) on February 15, 2018 and on February 22, 2018 its terms were amended to extend its maturity to February 23, 2020. During the three months ended March 31, 2020, an 18-month extension has been agreed, with the new expiration date being August 23, 2021. It carries interest at 12-month Euribor plus a spread of 3.25%.

The above loan agreement does not entail any covenants. The loan agreement does not contain any change of control clauses.

Short-term loans classified as long term

The breakdown of the due dates of the loans classified as short-term but falling due in the long term is as follows:

Year	Euros	
	Current	
	Mar. 31, 2020	Dec. 31, 2019
March 31, 2021	-	-
March 31, 2022	11.018.587	1,214,956
March 31, 2023	4.833.259	3,617,833
March 31, 2024	3.149.960	1,747,225
March 31, 2025 and subsequent	117.567.688	64,835,205
	136.569.494	71,415,219

Bonds and other marketable securities

On June 14, 2019, the Parent issued a new "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF in its Spanish acronym), to replace the commercial paper issued on June 12, 2018. It can issue up to 150,000,000 euros of paper under the program with terms of up to 24 months. The idea is to diversify the Group's sources of financing.

During the three months ended March 31, 2020, the Parent closed several issues under the program, issuing a total amount of 25 million euros, of which 41 million euros have been repaid on maturity, an amount of 62.3 million euros remaining, which falls due in several tranches, until July 2021. The effective annual cost of these issues is 0.99%.

During 2019, the Parent closed several issues under the program, issuing a total amount of 194.3 million euros, of which 150 million euros have been repaid on maturity, an amount of 78.3 million euros remaining, which falls due in several tranches, until November 2020. The effective annual cost of these issues was 0.99%.

The commercial paper is initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, the implicit interest on the paper is accrued using the effective interest rate on the transaction so that the carrying amount of these borrowings is adjusted for the interest accrued. The commercial paper issued by the Parent was carried at 62,069,665 euros at March 31, 2020, recognized by using the effective interest rate method (78,009,410 euros at December 31, 2019).

Syndicated loan

On August 6, 2018, the Parent arranged a 150,000,000 euros corporate syndicated loan which was used to finance land purchases; it had six months to draw the loan down. Said availability period was extended until August 8, 2020 with a 0.25% extension fee. It has a maturity of 24 months and carried interest of 3.5% in year one and 4.25% in year two. At March 31, 2020, the nominal balance drawn down is 150 million euros (150 million euros at December 31, 2019). The amount recognized by using the amortized cost method at March 31, 2020 is 149,067,980 euros (148,407,984 euros at December 31, 2019). The interest payable as of March 31, 2020 amounts to 1,116,156 euros (1,133,864 euros as of December 31, 2019).

As a guarantee of said corporate syndicated loan, a mortgage promise was formalized on the properties without mortgage guarantee granted by financial entities. Additionally, there are financial covenants linked to the fulfilment of the aforementioned financing agreement, as follows:

- a) Leverage ratio (Net financial debt divided by EBITDA) in respect of any Relevant Period will be no greater than 5 times.
- b) Loan to Cost (Net financial debt divided by the carrying cost of inventories) in respect of any Relevant Period will be no greater than 35%
- c) Loan to Value (Financial Debt from Senior Facility Agreement divided by the Gross Asset Value of fully permitted unencumbered inventories) in respect of any Relevant Period will be no greater than 40%.
- d) Interest cover ratio (EBITDA divided by accrued interests from debts with financial institutions) shall not be less than 4 times.

As of March 31, 2020 and December 31, 2019, the AEDAS HOMES Group is compliant with all the financial covenants linked to the aforementioned financing agreement, which breaks down as follows:

	Covenant	March 31, 2020	December 31, 2019
Leverage Ratio	<5x	4.01	3.90
Loan to Cost	<35%	19.90%	17.28%
Loan to Value	<40%	13.05%	12.74%
Interest Cover Ratio	>4x	5.42	6.86

An extension to said loan on its maturity is currently being negotiated and will have conditions similar to those in force. The Directors hope to reach an agreement in the coming weeks. Given the Group's current low level of leverage (Loan to Value of 13.05%) and the availability of additional amounts under the development loans (1,983,518 euros of recovery of land cost and 26,707,349 euros of subrogation tranches), and the financial position as at 31 March 2020, no significant variations are expected in this financing.

Derivatives

On October 17, 2017, AEDAS Homes arranged an equity swap with Goldman Sachs to hedge the exposure arising from its obligation to deliver a certain number of shares to employees of AEDAS Homes under the long-term incentive plan (LTIP) approved by the Board of Directors on September 26, 2017. As this agreement expires on December 31, 2020, during the financial year 2019 it was reclassified to short term.

Additionally, as mentioned in Note 13.e, on January 8, 2020, the PARENT arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000. Its settlement date is January 8, 2021.

As of March 31, 2020, the fair value of the derivative is 2,615,456 euros (1,196,640 euros at year-end 2019), recognized as a liability.

Financial assets and liabilities recognized at fair value are categorized by the Group in the following three levels based on the relevance of the inputs used in the fair value measurement:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: different inputs as stated in Level 1, which are directly (prices) or indirectly (derived from prices) observable.
- Level 3: inputs which are not based on observable market data (unobservable inputs).

THREE MONTHS ENDED MARCH 31, 2020	Euros		
	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	2,615,456	-	-
Total	2,615,456	-	-

YEAR 2019	Euros		
	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	1,196,640	-	-
Total	1,196,640	-	-

Changes in liabilities arising from financing activities

Information is given below on the changes in liabilities derived from financing activities during the three months ended March 31, 2020 and the year 2019, including both those that are derived from cash flows, and those which are not:

	Non-current debt with credit entities	Commercial paper non-current debt	Other non-current debts	Current debt with credit entities	Current debt with related parties	Commercial paper current debt	Other current debt	TOTAL
Balance at January 31, 2019	57,630,275	-	1,114,569	57,654,625	3,448,732	33,953,563	683	153,802,447
Changes from financing cash flows	89,288,750	-	-	71,019,139	(1,806,144)	43,578,909	(683)	202,079,971
Changes in fair values	-	-	82,071	-	-	-	-	82,071
Subrogation of development loans	-	-	-	(48,845,250)	-	-	-	(48,845,250)
Accrued interest without effect on financing cash flows	683,243	-	-	1,636,135	35,228	476,938	1,074	2,832,618
Other changes	-	-	-	-	-	-	18,817	18,817
Property, plant and equipment suppliers - Lease contracts	-	-	1,682,467	-	-	-	1,025,792	2,708,259
Other changes	(147,602,268)	-	(1,196,640)	147,602,268	-	-	1,196,640	-
Balance at December 31, 2019	-	-	1,682,467	229,066,917	1,677,816	78,009,410	2,242,323	312,678,933
Changes from financing cash flows	-	2,542,728	-	68,521,211	41,404	(18,643,286)	-	52,462,057
Changes in fair values	-	-	-	-	-	-	1,418,817	1,418,817
Subrogation of development loans	-	-	-	(11,720,399)	-	-	-	(11,720,399)
Accrued interest without effect on financing cash flows	-	4,186	-	(182,543)	(38,377)	156,627	1,990	(58,117)
Other changes	-	-	-	-	-	-	30,293	30,293
Property, plant and equipment suppliers - Lease contracts	-	-	(247,622)	-	-	-	37,432	(210,190)
Short-term transfer without effect on financing cash flows	-	-	-	-	-	-	-	-
Dividends to be paid to third parties	-	-	-	-	-	-	250,000	250,000
Balance at March 31, 2020	-	2,546,914	1,434,845	285,685,186	1,680,843	59,522,751	3,980,855	354,851,394

- (1) In 2020, the generation of net cash relating to debt with credit institutions amounted to 68,521,211 euros, and consisted of drawdowns on developer loans amounting to 85,351,262 euros and repayments of developer loans on the delivery of homes amounting to 16,830,051 euros.
- (2) In 2019, the generation of net cash relating to debt with credit institutions amounted to 160,307,206 million euros, of which 71,018,456 euros consisted of development loans (drawdowns of 132,090,564 euros and repayments of 61,072,108 euros) and 89,288,750 euros mainly to the syndicated loan.

15. **Trade and other payables**

The following table provides the breakdown of this heading at March 31, 2020 and December 31, 2019:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Suppliers	103,772,527	82,738,943
Accrued for services received	9,899,528	8,760,829
Employee benefits payable	1,045,182	2,222,749
Current tax liabilities (Note 16)	6,552,255	5,635,915
Other accounts payable to public authorities (Note 16)	6,716,386	13,586,969
Customer advances (Note 10)	161,685,902	155,214,690
Total	289,671,780	268,160,095

The variation in trade creditors and other payables during the three months ended of March 31, 2020 is broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.03.2020	31.12.2019	Variation	Transfer to cash flows	Others
Suppliers	103,772,527	82,738,943	21,033,584	18,778,386	2,255,198
Accrued for services received	9,899,528	8,760,829	1,138,699	1,138,699	-
Employee benefits payable	1,045,182	2,222,749	(1,177,567)	(1,177,567)	-
Current tax liabilities (Note 16)	6,552,255	5,635,915	916,340	916,340	-
Other accounts payable to public authorities (Note 16)	6,716,386	13,586,969	(6,870,583)	(6,870,583)	-
Customer advances (Note 10)	161,685,902	155,214,690	6,471,212	6,471,212	-
Total	289,671,780	268,160,095	21,511,685	19,256,487	2,255,198

"Trade and other payables" as of March 31, 2020, includes payments due for the land contributed and/or acquired during the reporting period in the amount of 3,531,601 euros (3,904,736 euros at the end of year 2019). This variation is due to the consumption of 373,135 euros in net cash in respect of the deferred payment of land during the three-month period of 2020 (Note 10).

The customer advances account includes the amount collected from customers before signature of the public deed, which represents around 20%-30% of the sales price of a home (see Note 11).

The variation in trade creditors and other payables during the financial year 2019 is broken down between the amount shown in the cash flow statement and other items, as follows:

	Euros				
	31.12.2019	31.12.2018	Variation	Transfer to cash flows	Others
Suppliers	82,738,943	45,070,109	37,668,834	30,034,299	7,634,535
Accrued for services received	8,760,829	2,935,546	5,825,283	5,825,283	-
Employee benefits payable	2,222,749	2,436,994	(214,245)	(214,245)	-
Current tax liabilities (Note 16)	5,635,915	-	5,635,915	-	5,635,915
Other accounts payable to public authorities (Note 16)	13,586,969	1,540,222	12,046,747	12,046,747	-
Customer advances (Note 10)	155,214,690	120,373,364	34,841,326	34,841,326	-
Total	268,160,095	172,356,235	95,803,860	82,533,410	13,270,450

"Trade and other payables" as of December 31, 2019, includes payments due for the land contributed and/or acquired during the reporting period in the amount of 3,904,736 euros (9,338,292 euros at the end of year 2019). This variation is due to the consumption of 5,433,556 euros in net cash in respect of the deferred payment of land during the financial year 2019 (Note 10).

The directors believe that the carrying amounts of the Group's trade payables approximate their fair value.

Information on late payments to suppliers under Additional Provision Three "Disclosure requirements" of Law 15/2010

Below are the disclosures required under additional provision three of Spanish Law 15/2010 (of July 5, 2010) (as amended by final provision two of Law 31/2014, of December 3, 2014), prepared in accordance with the related resolution issued by the Spanish Institute of Accountants and Auditors (ICAC) on January 29, 2016, regarding the information to be disclosed in the notes to the financial statements in relation to the average term of payment to trade suppliers.

	Three months ended March 31, 2020	Year ended December 31, 2019
	Days	Days
Average supplier payment term	46.39	56.01
Ratio of paid transactions	57.46	58.64
Ratio of outstanding transactions	32.18	39.06
	Euros	Euros
Total payments made	95,100,077	285,351,041
Total payments outstanding	74,053,411	44,249,412

In keeping with the ICAC Resolution, in calculating the average supplier payment term, the Company considered the commercial transactions relating to goods or services delivered and accrued since Law 31/2014 (of December 3, 2014) came into effect.

Exclusively for the purposes of this Resolution, suppliers are trade creditors in respect of amounts due in exchange for the goods and services supplied shown under "Trade payables" in current liabilities in the accompanying balance sheet.

"Average supplier payment term" is the period between delivery of the goods or provision of the services by the supplier and effective payment for the transaction.

The maximum legal term applicable to the Company under Law 3/2004 of December 29, 2014), establishing measures to combat supplier non-payment, and the transitional relief provided under Law 15/2010 (of July 5, 2010) and Royal Decree-Law 4/2013 (of February 22, 2013) on measures to support entrepreneurs and stimulate growth and job creation, is 60 calendar days from the date of receipt of the merchandise or performance of the service (30 days if the parties have not entered into a prior agreement in respect of payment terms).

16. Taxes payable and receivable and tax situation

a) *Applicable legislation and years open to inspection*

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. As of March 31, 2020, all the taxes to which the Parent and other Group companies are subject were open to inspection for all the years that have not become statute-barred

The Parent's directors do not anticipate the accrual of additional liabilities other than those already provided for as a result of any review by the tax authorities of the years open to inspection.

b) *Taxes payable and receivable*

The breakdown of taxes payable to and receivable from the tax authorities is as follows:

	Euros			
	March 31, 2020		December 31, 2019	
	Current	Non-current	Current	Non-current
Taxes payable:				
VAT payable	(3,826,038)	-	(11,390,379)	-
Payable in respect of withholdings	(988,965)	-	(490,397)	-
Other taxes payable to the tax authorities	(1,571,598)	-	(1,436,084)	-
Social security contributions payable	(329,785)	-	(270,109)	-
Taxes payable (Note 15)	(6,716,386)	-	(13,586,969)	-
Current tax liabilities	(6,552,255)	-	(5,635,915)	-
Taxes receivable:				
Tax rebates receivable from the tax authorities – VAT	3,036,791	-	2,359,650	-
Social security contributions receivable	800,000	-	800,000	-
Taxes receivable (Note 11)	3,836,791	-	3,159,650	-
Current tax assets (1)	1,802	-	1,418,455	-
Deferred tax assets	-	23,021,317	-	21,820,439
Deferred tax liabilities	-	-	-	-
Net deferred tax assets	(9,430,048)	23,021,317	(14,644,779)	21,820,439

(1) As of December 31, 2019, the amount of Current Tax Assets corresponded mainly to the balance of the corporation tax generated by the companies under tax consolidation in 2018. This amount was received from the AEAT on January 23 2020.

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

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

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Profit/(loss) before tax	3,027,576	44,511,852
Permanent differences	116,247	(46,855)
Temporary differences	1,698,103	(3,847,177)
Taxable income/(tax loss) before utilization of tax losses/credits	4,841,926	40,617,820
Capitalization reserve	484,193	-
Non-capitalised tax credits applied	-	425,802
Capitalised tax credits applied	692,350	9,728,653
Taxable income/(tax loss)	3,665,383	30,463,365
Tax rate	25%	25%

Tax accrued (expense)	(916,346)	(7,615,841)
Capitalised tax credits applied	(173,087)	(2,432,164)
Capitalisation (reduction) of tax credits generated in previous years	-	(3,805,609)
Capitalisation of deductible temporary differences generated in previous years	-	3,485,703
Capitalisation (application) of deductible temporary differences generated in the financial year	424,525	(961,794)
Capitalisation of outstanding financial expenses prior to 2018	-	912,778
Previous year income tax adjustment	-	(13,172)
Capitalisation of the capitalization reserve pending application	949,440	-
Other adjustments	-	6,484
Current income tax (expense)/income	(916,346)	(7,615,841)
Deferred tax (expense)/income	1,200,878	(2,807,774)

The settlement of the Income Tax is as follows:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Profit/(loss) before tax	3,027,576	44,511,852
Permanent differences	116,247	(46,855)
Temporary differences	1,698,103	(3,847,177)
Taxable income/(tax loss) before utilization of tax losses/credits	4,841,926	40,617,820
Capitalization reserve	(484,193)	
Tax credits applied (generated before the incorporation to the tax group)	-	(5,632,091)
Tax credits applied (tax group)	(692,350)	(4,522,364)
Taxable income/(tax loss)	3,665,383	30,463,365
Tax rate	25%	25%
Tax at 25 % on the Taxable Base	916,346	7,615,841
Deductions	-	-
Tax credits	-	-
Tax charge	916,346	7,615,841
Withholdings	(6)	(768)
Payments on account	-	(1,979,158)
Tax payable (+) / refundable (-)	916,340	5,635,915

d) Unrecognized deferred taxes

The breakdown of tax losses not capitalised as tax assets at March 31, 2020 and at December 31, 2019 is:

	Euros	
	Mar, 31, 2020	Dec, 31, 2019
AEDAS HOMES S.A.	-	-
Other Group companies	3,966,071	3,966,071
TOTAL	3,966,071	3,966,071

The Group has analysed the scope for applying its tax credits as a function of its business plan taking into account its application to file its taxes under the consolidated tax regime from January 1, 2018.

e) **Deferred taxes**

The breakdown of tax losses recognized as tax assets by the various Group companies at March 31, 2020 and December 31, 2019 is as follows:

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
AEDAS HOMES S.A.	2,254,531	859,514
Other Group companies	20,766,786	20,960,925
TOTAL	23,021,317	21,820,439

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

	Euros			
	Dec. 31, 2019	Changes recognized in		Mar. 31, 2020
	Opening balance	Income statement	Equity	Closing balance
Deferred tax assets				
Tax loss carryforwards	12,281,605	(173,087)	-	12,108,518
Deductible temporary differences	9,538,834	1,373,965	-	10,912,799
Total	21,820,439	1,200,878	-	23,021,317

The variation of tax credits during the three months ended March 31, 2020 corresponded mainly to an application of tax loss carryforwards corresponding to previous years amounting to 173,087 euros, an increase by the application and reversal of deductible temporary differences amounting to 424,525 euros and the activation of the capitalization reserve pending deduction in the amount of 949,440 euros.

The reconciliation of deferred tax assets at the beginning and end of 2019 is shown below:

	Euros			
	Dec. 31, 2018	Changes recognized in		Dec. 31, 2019
	Opening balance	Income statement	Equity	Closing balance
Deferred tax assets				
Tax loss carryforwards	18,532,575	(6,250,937)	(33)	12,281,605
Deductible temporary differences	6,095,671	3,443,163	-	9,538,834
Total	24,628,246	(2,807,774)	(33)	21,820,439

The variation of tax credits during 2019 corresponded mainly to an application of tax loss carryforwards corresponding to previous years amounting to 2,432,164 euros, the reduction of tax loss carryforwards corresponding to previous years previously activated for 3,805,609 euros, a decrease due to adjustment of the corporate tax of 2018 for an amount of 13,172 euros, a decrease due to the exit of the company Servicios Inmobiliarios Licancabur, S.L. from the tax group perimeter, for an amount of 33 euros, as well as the accounting recognition of the tax credit for the difference between the book value and the tax value of certain assets for a value of 3,485,703 euros, a decrease by the application and reversal of deductible temporary differences amounting to 955,318 euros, and the activation of tax credits corresponding to financial expenses pending deduction in the amount of 912,778 euros.

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

The Company's directors believe there are no indications that the deferred tax assets recognized are impaired. Their opinion is based on:

- The projections drawn up by the Group for 2020-2023; and
- The appraisal of its inventories provided by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. which indicates a gross asset value (GAV) of 2,009 million euros assuming a 100% ownership interest (Note 10).

On the basis of the foregoing, the Parent Company's directors believe that it will be able to utilize the tax assets recognized within the horizon of the business plan, i.e., by 2023, at the latest.

17. Sureties and guarantees extended to third parties and other contingent liabilities

The balance of sureties extended to customers to guarantee their down payments stood at 157,574,444 euros at March 31, 2020 (161,341,937 euros at the end of 2019). The total limit on surety lines extended stood at 398,383,095 euros at March 31, 2020 (392,788,940 euros as of December 31, 2019). In addition, surety insurance has been taken out for the same reason, the amount of which was 22,360,610 euros as of March 31, 2020 (27,574,044 euros as of December 31, 2019). The total limit of the insurance line formalized is 55,796,000 euros as of March 31, 2020 (55,796,000 euros as of December 31, 2019).

Performance bonds amounted to 14,831,525 euros at March 31, 2020 (12,311,494 euros at the end of the year 2019).

There were no contingent guarantees or liabilities at March 31, 2020 and December 31, 2019.

18. Income and expenses

a) Revenue

The breakdown of revenue in the three months ended March 31, 2020 and the year 2019 is provided below:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
By business segment		
Land sales	-	15,940,000
Development sales	70,040,084	295,543,243
Services rendered	106,631	170,378
Total	70,146,715	311,653,621

Sales of developments in the three months ended March 31, 2020 amounted to 70,040,084 euros, corresponding to the delivery of homes of the 21 developments (295,543,243 euros in 2019, corresponding to the delivery of homes of the 22 developments).

In the year 2019, the Group companies sold land for 15,940,000 euros (no land sales were made in the three months ended March 31, 2020) (see Note 10).

All reported revenue was generated in Spain.

b) Cost of sales and changes in inventories

The breakdown of "Cost of sales" and "Change in inventories" in the income statements for the three months ended March 31, 2020 and the year 2019 is shown below:

	Euros	
	Group total	
	Three months ended March 31, 2020	Year ended December 31, 2019
Changes in inventories of finished products and work in progress	67,947,574	212,532,018
Consumption of inventories	(115,987,485)	(391,771,585)
Changes in land inventories	(2,098,809)	(30,502,609)
Inventory impairment losses / reversals (Note 10)	-	(57,967)
Total	(50,138,720)	(209,800,143)

c) Employee expenses and average workforce

The breakdown of "Employee expenses" is provided below:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Wages, salaries and other		
Salaries and wages	(3,668,388)	(12,724,658)
Share-based payment transactions	(355,590)	(1,055,881)
Severance payments	(9,151)	(96,777)
	(4,033,129)	(13,877,316)
Employee benefits		
Social security	(723,414)	(2,530,721)
Other welfare expenses	(122,711)	(602,039)
	(846,125)	(3,132,760)
Total	(4,879,254)	(17,010,076)

The average number of people employed by the various Group companies in the three months ended March 31, 2020 was 226 (2019: an average of 204). The breakdown, by job category, of the headcounts at March 31, 2020 and December 31, 2019 is shown below:

	March 31, 2020			December 31, 2019		
	Women	Men	Total	Women	Men	Total
Graduates	76	78	154	70	73	143
Diploma holders	18	26	44	16	25	41
Other	21	15	36	18	15	33
Total	115	119	234	104	113	217

One employee with a disability of a severity of 33% or higher is employed by the Group at March 31, 2020 and December 31, 2019.

d) Other operating expenses

The breakdown of "Other operating expenses" in the income statements for the three months ended March 31, 2020 and the year ended December 31, 2019 is shown below:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Independent professional services	(941,125)	(3,725,996)
Insurance premiums	(28,803)	(93,780)
Banking and similar services	(49,050)	(123,430)
Rent and fees	(44,105)	(129,813)
Repairs and upkeep	(799,656)	(2,044,018)
Advertising, marketing, publicity and public relations	(4,746,572)	(20,150,693)
Utilities	(5,391)	(17,869)
Other services	(383,417)	(1,346,589)
Other taxes	(417,263)	(2,096,456)
Total	(7,415,382)	(29,728,644)

Sales and marketing expenses for developments amounted to 4,372,758 euros in the three months ended March 31, 2020 (18,185,214 euros in 2019).

e) Finance costs

Finance costs, calculated using the effective interest rate method, are broken down below:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Finance costs, borrowings from minority shareholder	(12,738)	(101,613)
Finance costs, other borrowings	(4,616,731)	(20,362,292)
Total	(4,629,469)	(20,463,905)

19. Related-party transactions

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

- Minority shareholders.
- Reoco Miradola, S.L., whose major investor is a fund managed by CastleLake L.P., which is the CastleLake Funds manager and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).
- Urbania Lamatra Holding, S.L., whose major investor is a fund managed by CastleLake L.P., which is the CastleLake Funds manager and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).
- CastleLake L.P., as manager of CastleLake Funds and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).

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

- Contracts granted by minority shareholders: loans and management and commercialization services.
- Shareholders contributions and credits granted to Winslaro ITG, S.L., Servicios Inmobiliarios Licancabur, S.L., Urbania Lamatra I, S.L. and Urbania Lamatra II, S.L.

- Monitoring contract granted by SPV Reoco 1, S.L. with Urbania Lamatra I, S.L.
- Contract for the provision of services granted by SPV Reoco 1, S.L. with Winslaro ITG, S.L. and Servicios Inmobiliarios Licancabur, S.L.

The main transactions with related parties in the year ended December 31, 2019 were the following:

- Contracts granted by minority shareholders: loans and management and commercialization services.
- Agreement to purchase shares from Reoco Miradola, S.L., representing 20% of the equity of Winslaro ITG, S.L., and sale of shares to Reoco Miradola, S.L., representing 75% of the equity of Servicios Inmobiliarios Licancabur, S.L.
- Agreement to purchase shares from Urbania Lamatra Holding, S.L., representing 10% of the equity of Urbania Lamatra I, S.L. and Urbania Lamatra II, S.L.
- Shareholders contributions and credits granted to Winslaro ITG, S.L., Servicios Inmobiliarios Licancabur, S.L., Urbania Lamatra I, S.L. and Urbania Lamatra II, S.L.
- Monitoring contract granted by SPV Reoco 1, S.L. with Urbania Lamatra I, S.L.

The transactions in the three months ended March 31, 2020 with parties related and the balances outstanding with parties related to the Group at March 31, 2020 are shown in the tables below:

	Euros					
	Income			Expenses		
	Revenue		Finance income	Cost of sales – Supplies	External services	Finance costs
	Revenue from sales	Services rendered				
Three months ended March 31, 2020						
Minority shareholders	-	-	-	-	(85,556)	(12,738)
Winslaro ITG, S.L.	-	24,932	16,439	-	-	-
Serv. Inmobiliario Licancabur, S.L.	-	24,932	37,871	-	-	-
Urbania Lamatra I, S.L.	-	21,000	7,186	-	-	-
Urbania Lamatra II, S.L.	-	35,767	28,156	-	-	-
	-	106,631	89,651	-	(85,556)	(12,738)

	Euros					
	Trade and other receivables	Loans	Prepaid Expenses	Liabilities with Shareholders (Note 14)	Trade and other current accounts payable	Customer prepayments
March 31, 2020						
Minority Shareholders	-	-	-	(1,680,843)	(564,195)	-
Winslaro ITG, S.L.	93,162	1,299,529	-	-	-	-
Serv. Inmobiliarios Licancabur, S.L.	67,987	2,962,134	-	-	-	-
Urbania Lamatra I, S.L.	16,940	593,867	-	-	-	-
Urbania Lamatra II, S.L.	56,467	1,359,071	-	-	-	-
	234,556	6,214,601	-	(1,680,843)	(564,195)	-

The transactions in 2019 with related parties and the balances outstanding with the Group's related parties at December 31, 2019 and are shown in the tables below:

	Euros					
	Income			Expenses		
	Revenue		Finance income	Cost of sales – Supplies	External services	Finance costs
	Revenue from sales	Services rendered				
Year ended December 31, 2019						
Minority shareholders	-	-	-	(451,285)	(5,770,709)	(101,614)
Winslaro ITG, S.L.	-	56,388	61,089	-	-	-
Serv. Inmobiliario Licancabur, S.L.	-	43,056	40,328	-	-	-
Urbania Lamatra I, S.L.	-	35,467	15,365	-	-	-
Urbania Lamatra II, S.L.	-	35,467	45,991	-	-	-
	-	170,378	162,773	(451,285)	(5,770,709)	(101,614)

	Euros					
	Trade and other receivables	Loans	Prepaid Expenses	Liabilities with Shareholders (Note 14)	Trade and other current accounts payable	Customer prepayments
December 31, 2019						
Minority Shareholders	-	-	158,828	(1,677,817)	-	-
Winslaro ITG, S.L.	56,388	1,283,089	-	-	-	-
Serv. Inmobiliarios Licancabur, S.L.	43,056	2,924,264	-	-	-	-
Urbania Lamatra I, S.L.	25,410	561,526	-	-	-	-
Urbania Lamatra II, S.L.	35,467	1,330,915	-	-	-	-
	160,321	6,099,794	158,828	(1,677,817)	-	-

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

Changes to the governing bodies

The Ordinary General Shareholders' Meeting of the Parent, held on May 9, 2019, approved the appointment of Mrs. Milagros Méndez Ureña as independent director for the statutory period of three years, filling the vacancy left by the previous director Merlin Properties SOCIMI, S.A.

The Board of Directors of the Parent consists of the following members:

- Cristina Álvarez,
- Evan Andrew Carruthers
- Eduardo Edmundo D'Alessandro Cishek
- Santiago Fernandez Valbuena
- Emile K, Haddad
- Javier Lapastora Turpín
- David Martinez Montero
- Milagros Méndez Ureña
- Miguel Temboury Redondo

Disclosures regarding director conflicts of interest

Neither the current nor former directors of the Parent carried out transactions with the Parent or any of its Group companies other than in the ordinary course of business or other than on an arm's length basis during the three months ended March 31, 2020.

Nor did the members of the Parent's Board of Directors or their related parties, as defined in Spain's Corporate Enterprises Act, engage in relations with other companies whose business activities could

represent a conflict of interest for them or the Parent during the three months ended March 31, 2020 or the reporting period ended December 31, 2019 on the basis that none of the notices required under article 229 of that Act have been filed with the competent authorities. Accordingly, there are no related disclosures in these consolidated financial statements.

Director remuneration and other benefits

The remuneration accrued by the members of the Company's Board of Directors amounted to 372,616 euros in the three months ended March 31, 2020 and 1,454,325 euros in 2019.

Key management personnel remuneration and other benefits

The remuneration paid to the Parent's key management personnel and professionals performing similar executive duties during the three months ended March 31, 2020 and the year ended December 31, 2019 was as follows:

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

No, of individuals 2019	Euros			Advances	
	2019				
	Fixed and Variable remuneration	Other remuneration	Total	No,	Amount
8	1,279,179	519,089	1,798,268	-	-

The Parent has no pension obligations to its key management personnel nor has it extended these professionals any advances, loans or guarantees and there were no special incentive plans over shares of Aedas Homes, S.A. at March 31, 2020 and December 31, 2019, except the incentive described below:

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

Remuneration Committee on February 27, 2018 and was executed with the beneficiaries between March and April 2018.

Auditor fees

The fees accrued in respect of services provided by the Company's auditor, Ernst & Young, S.L. in the three months ended March 31, 2020 and the year 2019 is as follows:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Audit and related services		
Audit services and limited review	103,500	179,069
Other assurance services	21,700	19,003
Total	125,200	198,072

21. Environmental disclosures

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

22. Risk management

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

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

Credit risk:

The Group is not significantly exposed to credit risk as collection of the proceeds from the sale of its developments to customers is guaranteed by the properties sold; in addition, it places its cash surpluses with highly solvent banks in respect of which counterparty risk is not material.

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

Liquidity risk:

The Group determines its liquidity requirements by means of cash forecasts that cover the next twenty-four months. These forecasts identify the amount and timing of the funds needed, and new funding requirements are planned accordingly.

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in Note 14.

Apart from access to general credit markets, the Group has two specific mechanisms for financing construction: development loans and customer prepayments. Once the land has been purchased, these mechanisms cover all the financing needs for this period.

Development loans

As stated in Note 14, the AEDAS Group had arranged development loans for an aggregate amount of 676.8 million euros. The nominal amount drawn down at March 31, 2020 stood at 129.6 million euros, so the remainder available up to the maximum limit is 547.2 million euros.

This amount can be drawn down as two types of conditions are fulfilled: (i) When a specific volume of sales contracts is achieved in each development (a percentage that varies from case to case, but must be at least 30%), (ii) Execution and invoicing of each milestone of the project. As of March 31, 2020 the conditions were in place to draw down an additional 35.3 million euros, and if the plans for the next fiscal year are met, up to 396 million euros could be made available, which would cover 88% of the funds required.

Customer prepayments

As stated in Note 15, 161.6 million euros have been received as advances from clients to reserve homes and in respect of private sales contracts. These advances are close to 20% of the sale price of the homes concerned. Unilateral cancellation by the client is subject to a penalty of 50% of the advance paid.

Having used a significant part of the advance payments to finance construction of the homes, 43.4 million euros remains in special accounts for exclusive use in the execution of the developments concerned, as stated in Note 12.

There is a certain liquidity risk due to the possible cancellation of purchase contracts, with the subsequent reimbursement of 50% of the advance payments made. In the last 12 months, cancellations have made it necessary to reimburse 237,278 euros, of which 79,479 euros relates to the first quarter of 2020.

The Group has registered a note issuance facility on the MARF for 150 million euros, with an outstanding balance of issues as of March 31, 2020 of 62.3 million euros. The purpose of this facility is mainly to diversify the Group's sources of financing, to provide it with alternatives to bank funding with terms of up to 24 months, and to make the company better known to credit investors in order to prepare for possible access to capital markets in the longer term. To the extent that this activity introduces debt maturities of less than 12 months, the Group compares them with the sum of the immediate availability of development loans for invoices already paid and freely available cash funds. As of March 31, 2020, promissory notes maturing in less than 12 months amounted to 59.7 million euros. In comparison, as of March 31, 2020, freely available cash amounted to 86 million euros, and the immediate availability of development loans for invoices paid amounted to 35.3 million euros, so the sum (121.3 million euros) exceeds the amount of short-term promissory notes due by 61.6 million euros.

The Group has drawn down a nominal amount of 150 million euros of a corporate syndicated loan with a short-term maturity, as stated in Note 14. Its extension is currently being negotiated for a maximum term similar to the original, i.e., 2 years. Additionally, as stated in the Events after the reporting period section, the Group has arranged long-term financing, guaranteed by ICO, having already signed loans for a total of 28 million euros, with a maturity exceeding 12 months at the time of the signature of the loans and an additional unsecured loan for a total of 10 million with a maturity exceeding 12 months at the time of its signature.

Lastly, it should be said that the Group expects to generate a cash surplus as a result of its housing development and sale operations (taking into account the use of specific funding mechanisms), which should help it meet its commitments to financial institutions, suppliers and shareholders.

The Parent Company's directors are confident that these arrangements will be sufficient to meet its cash requirements and those of its subsidiaries going forward. In this regard, cash is managed at the Group level, so that the operating companies do not face liquidity shortfalls and can concentrate on completing their real estate developments, which are expected to be financed in the way described.

Market risk: interest rate risk

Although both the Group's cash balances and its borrowings expose it to interest rate risk, which could have an adverse impact on its net financial results and cash flows, the Parent's directors have not deemed it necessary to arrange interest rate hedging instruments.

Changes of 100 basis points in interest rates would have increased financial expenses by 635,539 euros in the three months ended March 31, 2020 (and by 1,490,584 euros in the fiscal year ended on December 31, 2019).

23. Events after the reporting period

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

- On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic due to its rapid spread around the world, affecting more than 150 countries. Thus, the way the business can operate has been restricted by the necessary measures taken by the Government aimed at eradicating the virus, especially since the declaration of the State of Emergency that came into effect on 14 March 2020.

As a result of the measures adopted under the State of Emergency, AEDAS HOMES closed its sales offices in mid-March, and focused its commercial activity on converting existing reservations for homes in its sales portfolio into private purchase contracts, and encouraging sales of homes via online channels, particularly the LIVE platform. In the case of building work, this has continued normally except for a stoppage due to the circumstances described, which only lasted 8 working days.

The consequences arising from COVID-19 have been evaluated and do not require an adjustment to the consolidated financial statements for the three-month period ended 31 March 2020, without prejudice to their recognition in the consolidated 2021 financial statements for the period from 1 April 2020 to 31 March 2021.

Taking into consideration the complexity of the markets due to globalisation and the absence, at the present time, of effective medical treatment for the virus, it is premature, at the date of preparing these Consolidated Annual Accounts, to reliably estimate its possible impacts. However, as far as we are aware, there have been no consequences that could be considered significant, since these will depend, to a large extent, on the evolution and extent of the pandemic in the coming months, and on the ability of all the economic agents affected to react and adapt, so they cannot at present be reliably estimated. In any case, the Directors consider that the possible impact of the pandemic on the Group could be mitigated by the various contractual mechanisms available in each case.

Finally, it should be noted that the Company's Directors and Managers are constantly monitoring the situation in order to ensure that any impact that may arise in relation to it, whether financial or otherwise, is dealt with in the most appropriate way.

In the course of 2021, the Group will assess the impact of these events on its equity and financial position in the financial year ended 31 March 2021 and on the results of its operations and cash flows in the year ended on that date.

- Aedas Homes, S.A has arranged four credit lines complementary to the development financing, three of which are guaranteed by ICO, with different financial institutions with which it has already signed development loans for a total of 38 million euros. The interest rates established are fixed (2% - 2.5% - 3.5%) and variable (EURIBOR plus a spread of 250), and all have a minimum grace period of 10 months and maturities ranging from 12 to 24 months.
- During April 2020, the AEDAS Group arranged development loans with mortgages for a total of 23,500,000 euros in order to finance 2 developments currently being built. The interest on these loans is EURIBOR plus a spread of between 250 and 275 basis points.
- On 11 May 2020, AEDAS HOMES's total treasury stock position at the close of the market was 2,101,137 shares representing 4.3804% of the capital acquired at an average price of 20.2692 euro per share. A total of 148,724 shares were acquired through Discretionary Management, representing 0.3101% of the capital at an average price of 20.3341 €/share; the total number of shares acquired through the Buyback Programme was 822,125 representing 1.7140% of the capital

at an average price of 20.2409 €/share and the total number of shares acquired on the block market was 1,130,288, representing 2.3564% of the capital at an average price of 20.2812 €/share.

24. Translation of financial statements

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

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

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

Subsidiaries included in the scope of consolidation at December 31, 2019

Company	Registered office	Business activity	Shareholding		Shareholder	Auditor	Consolidation method
			December 31, 2019				
SPV REOCO 1, S.L.U.	Madrid	Development	100%	Direct	AEDAS HOMES S.A.	ERNST & YOUNG, S.L.	Full consolidation method
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 18, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV REOCO 15, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SPV SPAIN 2, S.L.	Madrid	Development	87.50%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
ESPEBE 11, S.L.	Madrid	Development	80%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
FACORNATA SERVICIOS Y GESTIONES, S.L.	Madrid	Development	94.70%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
SERVICIOS INMOBILIARIOS LICANCABUR S.L.U.	Madrid	Development	25%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
WINSLARO ITG, S.L.	Madrid	Development	20%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
EGON ASSET DEVELOPMENT, S.L.U.	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
IPALA ASSET DEVELOPMENT, S.L.U. (NOW RE-NAMED LIVE VIRTUAL TOURS, S.L.U.)	Madrid	Development	100%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Full consolidation method
URBANIA LAMATRA I, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method
URBANIA LAMATRA II, S.L.	Madrid	Development	10%	Indirect	AEDAS HOMES, S.A., through SPV REOCO 1, S.L.U.	-	Equity method

Salient financial information about the directly and indirectly held investees is provided below:

Company	Equity at March 31, 2020 (euros) (*)							
	Capital	Share premium	Reserves	Retained earnings (prior-year losses)	Profit/(loss) for the year	Other owner contributions	(Interim dividend)	Total equity
SPV REOCO 1, S.L.U.	44,807,030	403,236,299	(321,618,002)	(4,738,831)	(62,857)	61,533,015	-	183,156,654
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	3,010	-	(353)	(4,418,627)	(344,972)	8,000,000	-	3,239,058
ESPEBE 18, S.L.U.	3,000	-	142	(1,429,894)	(1,119)	1,540,000	-	112,129
SPV REOCO 15, S.L.	3,000	-	(344)	(840,745,66)	(48,421)	2,555,125	-	1,668,614
SPV SPAIN 2, S.L.	100,000	978,848	6,885,817	-	1,318,803	4,124,175	-	13,407,643
ESPEBE 11, S.L.	3,000	-	1,126,446	-	(3,271)	-	-	1,126,175
FACORNATA SERVICIOS Y GESTIONES, S.L.	3,010	-	470,079	-	(5,242)	-	-	467,847
SERVICIOS INMOBILIARIOS LICANCABUR, S.L.U.	3,000	-	(215)	(282,206)	(118,926)	6,215,750	-	5,817,403
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	3,255,768	1,443,152	(235)	(137,774)	(219,311)	1,500	-	4,343,100
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	3,000	-	(1,264)	(725)	(2,971)	264,600	-	262,640
WINSLARO ITG, S.L.	3,000	-	(371)	(218,076)	(68,916)	3,303,500	-	3,019,137
EGON ASSET DEVELOPMENT, S.L.U.,	3,000	-	(1,405)	-	(2,037)	162,400	-	161,958
LIVE VIRTUAL TOURS, S.L.U. (FORMERLY IPALA ASSET DEVELOPMENT, S.L.U.)	3,000	-	(1,082)	-	1,341	56,000	-	59,259
URBANIA LAMATRA I, S.L.	3,000	-	(292)	(433,564)	(79,021)	2,969,050	-	2,459,173
URBANIA LAMATRA II, S.L.	3,000	-	(333)	(563,637)	(327,130)	6,930,750	-	6,042,650
FALCON DESARROLLOS INMOBILIARIOS, S.L.U.	3,000	-	-	-	-	-	-	3,000
PARKER DESARROLLOS INMOBILIARIOS, S.L.U.	3,000	-	-	-	-	-	-	3,000

Company	Equity at December 31, 2019 (euros) (*)							
	Capital	Share premium	Reserves	Retained earnings (prior-year losses)	Profit/(loss) for the year	Other owner contributions	(Interim dividend)	Total equity
SPV REOCO 1, S.L.U.	44,807,030	403,236,299	(322,926,544)	(16,515,712)	13,085,423	61,533,015	-	183,219,511
DAMALANA SERVICIOS Y GESTIONES, S.L.U.	3,010	-	(353)	(3,240,678)	(1,177,949)	8,000,000	-	3,584,031
ESPEBE 18, S.L.U.	3,000	-	142	(1,329,910)	(99,984)	1,540,000	-	113,248
SPV REOCO 15, S.L.	3,000	-	(344)	(622,875)	(217,871)	2,555,125	-	1,717,035
SPV SPAIN 2, S.L.	100,000	978,848	(405)	(1,120,318)	20,006,540	4,124,175	(10,000,000)	14,088,841
ESPEBE 11, S.L.	3,000	-	954,535	-	171,910	-	-	1,129,446
FACORNATA SERVICIOS Y GESTIONES, S.L.	3,010	-	5,291	-	464,788	-	-	473,089
SERVICIOS INMOBILIARIOS LICANCABUR, S.L.U.	3,000	-	(215)	(1,345)	(200,063)	6,215,750	-	6,017,127
SERVICIOS INMOBILIARIOS MAUNA LOA, S.L.U.	3,255,768	4,879,152	(235)	(1,304)	(136,470)	1,500	-	7,998,411
TURNKEY PROJECTS DEVELOPMENT, S.L.U.	3,000	-	(1,264)	-	(725)	264,600	-	265,611
WINSLARO ITG, S.L.	3,000	-	(442)	(257)	(308,705)	3,303,500	-	2,997,096
EGON ASSET DEVELOPMENT, S.L.U.,	3,000	-	(1,485)	-	80	162,400	-	163,996
IPALA ASSET DEVELOPMENT, S.L.U. (NOW RE-NAMED LIVE VIRTUAL TOURS, S.L.U.)	3,000	-	(1,443)	-	361	-	-	1,918
URBANIA LAMATRA I, S.L.	3,000	-	(292)	(26,813)	(451,898)	2,833,600	-	2,357,598
URBANIA LAMATRA II, S.L.	3,000	-	(333)	(14,915)	(555,711)	6,930,750	-	6,362,792

(*) Unaudited figures, with the exception of the financial statements for the three months ended March 31, 2020 and the financial year 2019 of SPV REOCO 1, S.L.U., audited by ERSNT & YOUNG, S.L.

Appendix II - List of non-Group companies that hold an equity interest in any of the fully-consolidated subsidiaries of 10% or more at March 31, 2020 and December 31, 2019

Company invested in	Shareholder	Ownership interest, %
SPV SPAIN 2, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L	12.50%
SPV REOCO 15, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.	20%
ESPEBE 11, S.L.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.	20%
WINSLARO ITG, S.L.	REOCO MIRADOLA, S.L.	80%
SERVICIOS INMOBILIARIOS LICANCABUR, S.L.	REOCO MIRADOLA, S.L.	75%
URBANIA LAMATRA I, S.L.	URBANIA LAMATRA HOLDING, S.L.	90%
URBANIA LAMATRA II, S.L.	URBANIA LAMATRA HOLDING, S.L.	90%

Torre Estronci 99
L'Hospitalet de Llobregat

2020 Consolidated Report

January 1 - March 31

AEDAS
HOMES



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This Report is a translation from the original spanish Report. In case of discrepancy in between both Reports, the Spanish Report will prevail.

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1. Executive summary

The company held its **General Meeting** on 30 March 2020, at which its shareholders ratified all of the resolutions they were asked to vote on. One of those resolutions was to **change AEDAS Homes' financial year** to the 12 months beginning on 1 April and ending on 31 March of the following year. As a result of that change, this Group management report, an integral part of the consolidated financial statements, refers to the period elapsing **from 1 January until 31 March 2020**, hereinafter referred to as **2020**.

2020 **was marked by the global transmission of Covid-19**. The company's business operations have been limited by the measures taken by the Spanish government, particularly since declaration of the **state of alarm**, which took effect on 14 March 2020.

Despite that situation, AEDAS Homes ended the reporting period **with a robust capital structure (LTV: 13.3%; unrestricted cash: €86,1m), a solid orderbook and, by extension, significant revenue visibility (€964m) and a high rate of conversion of pre-sales into sales contracts (79% of the orderbook is under sales contract)**.

In 2020, the company recognised significant revenue from home sales, having **delivered 167 units in total** (it did not sell any land during the reporting period).

Moreover, **visibility was high** at the March close **regarding AEDAS Homes' ability to meet its deliveries guidance for 2020-21, 2021-22 and 2022-23**. With respect to 2020-21, at year-end 2020, work was underway on 92% of the 1,986 deliveries targeted for the period (of all of the developments in progress, 97% were more than 60% complete), while 8% were already com-

plete. In addition, 81.4% of the delivery target has been sold: 76.7% are under sale agreement (€549m) and 4.7% have been pre-sold (€32m). As for the 2021-22 delivery target, 90% of the planned homes are under construction and 1% is finished. 42.1% of the 2021-22 target has already been sold: 30.8% are under sale agreement (€192m) and 11.2% are pre-sales (€77m). Lastly, with respect to 2022-23, 16% of the targeted deliveries are under construction; 7.8% has been sold: 0.7% are under sale agreement (€13m) and 7.2% are pre-sales (€101m).

As for launches, in 2020 the company **launched 200 units** putting the total number of houses put on the market since start-up at 6,872.

Pre-sales, meanwhile, amounted to **340 units in 2020, up 13% year-on-year**, putting the total sold since the start of operations at 4,158 houses (which is 60% of cumulative launches). Month by month, sales increased by 86% year-on-year in the month of January and by 33% year-on-year in February. In contrast, despite the strong start to the year, in compliance with the measures adopted as a result of the state of alarm declared in Spain, in March the company closed its sales offices, with the associated impact on the generation of new pre-sales that month.

Based on that sales volume, and deducting the units delivered by 31 March 2020, **the order book as of the close stood at 2,911 homes (79% under sale agreement and 21% pre-sales) worth €964m, implying very healthy visibility into revenue over the next two financial years**.

In parallel, the company **started work on 453 units** in 2020, ending the year with a total of 4,627 units under construction.

AEDAS Homes also remained an **active buyer of land** in 2020. Its investments during the period

were centred on three new projects with the scope for development **283 homes** which it acquired for €15.2m (including transaction costs); the projects are expected to require additional investment of €2m. The investments are framed by the ongoing effort to execute and deliver the company's 2017-2023 business plan in terms of new development launches.

Factoring in those investments and the deliveries made, at the March 2020 close, **the company's land bank amounted to c.15,542 housing units**, marking growth of 0.75% from year-end 2019.

As for the **statement of profit or loss**, revenue increased by 399% compared to the same period of 2019 to €70.1m (€70m of which from home sales), while the **gross margin was 28.4% up 2.5% year-on-year**. As a result, the company's **net profit amounted to €3.2m in 2020**, marking the third consecutive year in the black.

As a result of the above business dynamics, the year-end 2020 **balance sheet** evidences an **increase in inventories of €68.5m (+5.4%) from year-end 2019 to €1.34bn**. The overall increase is the net result of a decline in **land** of 0.34% to €617m due to the transfer of sites to construction in progress, reflecting newly started construction work, net of new land purchases; an increase in **construction in progress** of 15.6% to €627m shaped by the start of new construction work net of the completion of other projects; a decrease in **finished product** of 15.7% to €80m due to deliveries during the period net of the recognition of newly completed housing units; and an increase of 6% in **advances to suppliers** to €19.4m, a heading which recognises the amounts paid for land purchase rights and prepayments made in the course of the execution of certain developments.

Reflecting the company's ramp-up, **cash and**

cash equivalents at year-end 2020 stood at €136.1m, of which **€86.1m is unrestricted**. **Net debt increased slightly to €264.9m** due mainly to the drawdown of new developer loans to finance the execution of construction work in the amount of €56m. As a result, the company's **LTV ratio stood at 13.3% at the close, while its LTC ratio was 19.9%**. Note that €24.5m of the company's debt finances housing pending delivery. In addition, in April 2020, the company obtained four financing lines totaling €48m with Sabadell, BBVA, Bankinter and Santander to boost the company's already healthy liquidity position.

As for **own share transactions**, note that the total number of **shares bought back between the start of the scheme and 31 March 2020 stood at 2,057,077, equivalent to 4.3% of the total**.

2. Economic environment

Economic developments during the first quarter of 2020 were shaped by the global spread of Covid-19. At the beginning of the year, the main global economic indicators were pointing to possible stabilisation in global growth as some of the sources of uncertainty that had clouded prospects in 2019 diminished. Key to that shift in perception was execution of phase one of a trade deal between the US and China in mid-January and the British Parliament's ratification of the agreement for exiting the EU, at the end of that same month.

However, the global spread, from the end of February, of the epidemic which initially broke out in China, has since affected global economic developments.

The governments of the countries hit hardest by the coronavirus have had to take extraordinary lockdown measures, shutting down swaths of productive activity with the attendant impact on economic performance.

In the wake of the measures adopted as a result of the declaration of a state of alarm, AEDAS Homes closed its sales offices in mid-March, focusing its sales effort on converting existing pre-sales into firm sales contracts, as well as boosting the online sales effort, notably using the LIVE platform. As for the building work underway, work continued as normal except for an 8-working day stoppage imposed during a temporarily harder lockdown in the run-up to Easter.

The impact on the global economy of the measures needed to contain the pandemic should prove exceptional and transitory.

The IMF is forecasting a contraction in global growth in 2020 as a result of the health crisis. However, assuming that the pandemic wanes during the second half of 2020, it is also forecasting significant global growth in 2021 as economic activity recovers, bolstered by targeted monetary and fiscal policies.

AEDAS Homes is facing this situation from a position of financial strength and significant visibility with respect to its ability to generate cash, thanks to which it has been able to obtain additional lines of funding at very competitive costs. Only once things are back to normal will it be possible to analyse the impact of the health crisis on the homebuilding sector in which, until February, demand had been underpinned by a healthy mortgage market with low rates, low household borrowing levels and a well-capitalised financial system. This crisis is exogenous to the sector such that

its resolution is bound to be different from that of the last financial crisis, when certain indicators signalled sector overheating; today, those same indicators are at healthy levels, far from those reached during the last bubble. As for house sales prices, according to the most recent report by IMIE TINSA, prices were 30% below average 2008 sales prices.

In the financial markets, the virus's spread has driven sharp asset price variations accompanied by a pronounced spike in volatility. The developed economies' stock markets have corrected by around 30% as a result of the impact of the crisis on corporate earnings and an increase in risk aversion in the context of heightened volatility, which has also spread to the fixed income markets. The latter was evident in the widening of sovereign bond spreads in the peripheral euro economies, which has since reverted thanks to the ECB's most recent monetary policy measures, and a very significant increase in corporate bond spreads.

Against that backdrop, **AEDAS Homes continues to be the best-performing listed homebuilder in Spain**, with its share price withstanding the health crisis relatively better than its listed peers. Nevertheless, **the company's financial strength and strong business performance have not been echoed in its share price performance:** affected by the surge in volatility, its shares ended March at €17.50, down 18% year-to-date.

3. Business performance

3.1 Homes under development

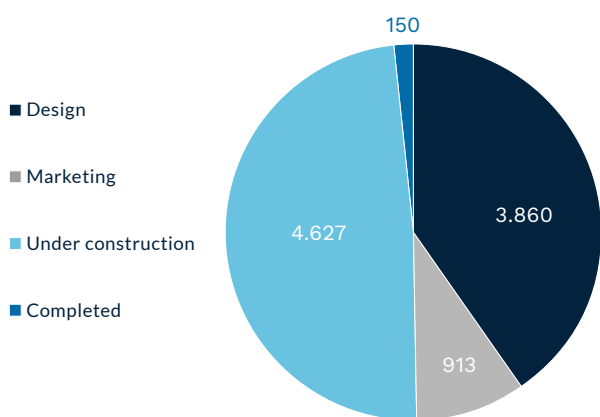
Homes are considered under development from when they enter the design phase until their delivery.

At 31 March 2020, the company had a total of **9,550 homes under development**. Of the total, **development began on 785 in the first three months of 2020**.

The breakdown of the homes under development by phase of development is as follows:

3,860 units at the design stage; 913 in the marketing phase; 4,627 under construction; and 150 finished.

ACTIVE UNITS CLASSIFICATION



3.2 Launches

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

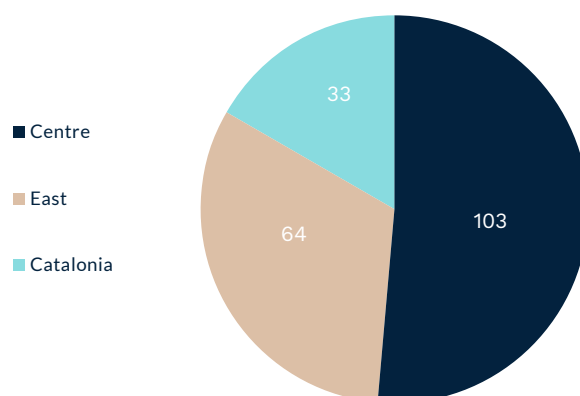
In 2020, the company launched three new developments and a new phase of an already launched development with 200 homes in total.

The goal was to launch 719 units in 2020; 28% of that target was met. The shortfall reflects the **postponement of new launches as a result of the lockdown measures taken to halt transmission of Covid-19, triggering the temporary closure of the company's sales offices in mid-March. In the current circumstances, it does not make sense to launch new sales campaigns.**

The GDV of the units launched in 2020 is €80.1m, implying an average sales price per unit launched of €400,000, subject to change over time.

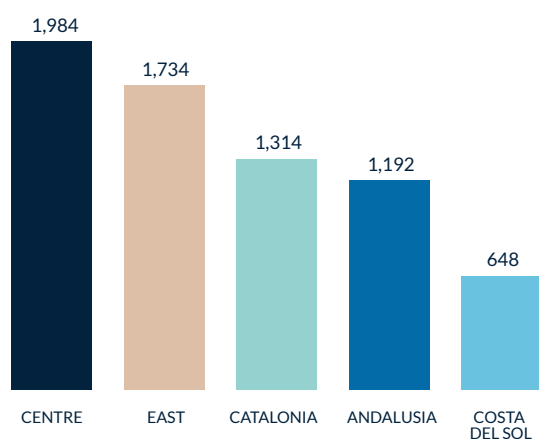
Of the 200 units launched in the first three months of 2020, the breakdown by regional branch is as follows: in the Central region, 103 units (one development and a new phase of a previously launched development) representing 51% of the total; in Catalonia, 33 units (one development) accounting for 17% of the total; and, lastly, in the Eastern region, 64 units (one development) representing 32%.

Q1 REGIONAL LAUNCHES BREAKDOWN (HOUSING UNITS)



As of 31 March 2020, the company had **launched a cumulative 109 residential developments** encompassing **6,872 housing units** with a **GDV of €2.41 billion**. The breakdown by regional branch of the units launched since the company's start-up is as follows: in the Central region, 1,984 units representing 29% of the total; in Catalonia, 1,314 units accounting for 19% of the total; in Andalusia, 1,192 units representing 18%; on the Costa del Sol, 648 units accounting for 9% of the total; and, lastly, in the Eastern region, 1,734 units representing 25%.

TOTAL ACCUMULATED LAUNCHES REGIONAL BREAKDOWN (HOUSING UNITS)



3.3 Sales

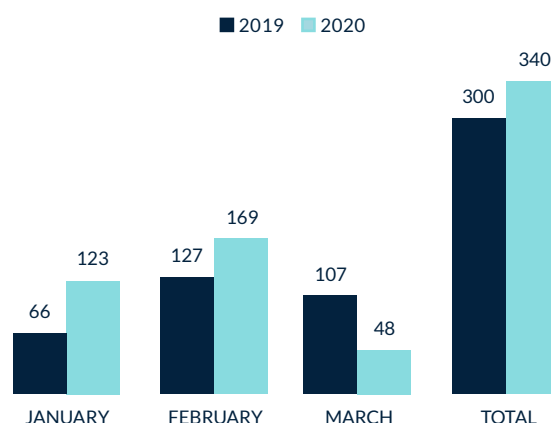
The sale of a unit begins with execution of a presale agreement. Once the company has a building permit for a pre-sold house, the customer is asked to execute a sale contract. Lastly, when the construction work is complete and the occupational licence has been obtained, the customer is asked to sign the deed of purchase, upon which the house is delivered immediately.

In **2020, pre-sales totalled 340 homes**, marking **year-on-year volume growth of 51% for the months of January and February compared with the same months in 2019**.

The value of the units pre-sold in 2020 is **€109m**, implying an average selling price (ASP) **per unit of €320,470**. **Pre-sales increased by 9% year-on-year by value**.

Looking at the trend by month, sales increased by 86% year-on-year in January and by 33% in February. In contrast, despite the strong start in the first two months of the year, in compliance with the measures adopted as a result of the state of alarm declared in Spain, in mid-March the company closed its sales offices, with an inevitable impact on the generation of new pre-sales for the rest of that month.

PRESALES Y-O-Y (# housing units)



The specific sales breakdown by month in 2020 is as follows:

In January 2020, the company pre-sold **123 units** for €40m.

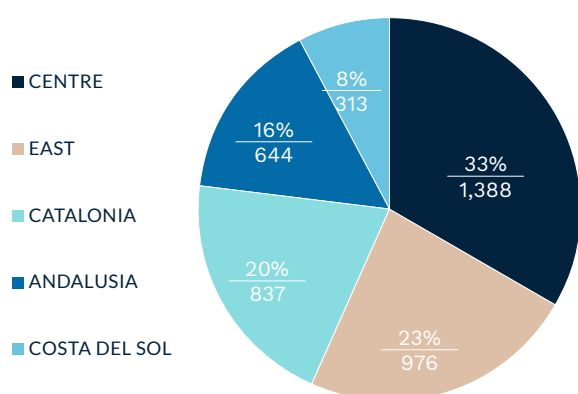
In February 2020, it pre-sold **169 units** for €51m.

In March 2020, it pre-sold **48 units** for €18m, reflecting the temporary closure of its sales offices in the wake of the lockdown measures imposed to halt the transmission of Covid-19.

At 31 March 2020, the company had sold an ac-

cumulated (in 2017, 2018, 2019 and 2020) 4,158 units representing sales revenue of €1.4bn. Of that total, 1,247 units, worth €433m, had been delivered to their buyers. As a result, **the sales pipeline at year-end 2020 amounted to 2,911 units worth €964m, 79% of which already under sale agreement.**

REGIONAL BREAKDOWN - ACCUMULATED SALES
(% / nº units)

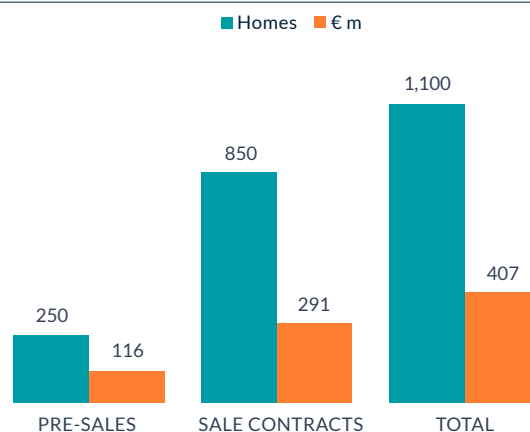


Accumulated sales in the Central region stood at 1,388 units (33% of the total), of which 250 are pre-sales, 850 are under sale contract and 288 have been delivered. Pre-sales in this region amount to €116m, sale agreements to €291m and deliveries to €111m. These average sales price for these units is €373,000 per house.

Sales to date in this region - €518m - account for 37% of the company's total accumulated sales.

As a result, the sales pipeline in the Central region as of year-end 2020, which accounts for 42% of the total orderbook, breaks down as follows:

CENTRE - ORDER BOOK

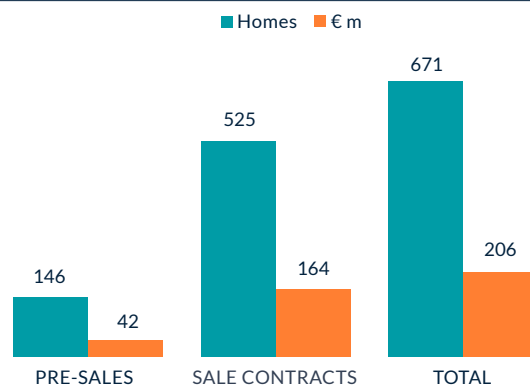


Accumulated sales in the Eastern region stood at 976 units (23% of the total), of which 146 are pre-sales, 525 are under sale contract and 305 have been delivered. Pre-sales in this region amount to €41.6m, sale agreements to €164.4m and deliveries to €159.7m. The average sales price for these units is €375,000 per house.

Sales to date in this region - €365.7m - account for 26% of total accumulated sales.

As a result, the sales pipeline in the Eastern region as of year-end 2020, which accounts for 21% of the total orderbook, breaks down as follows:

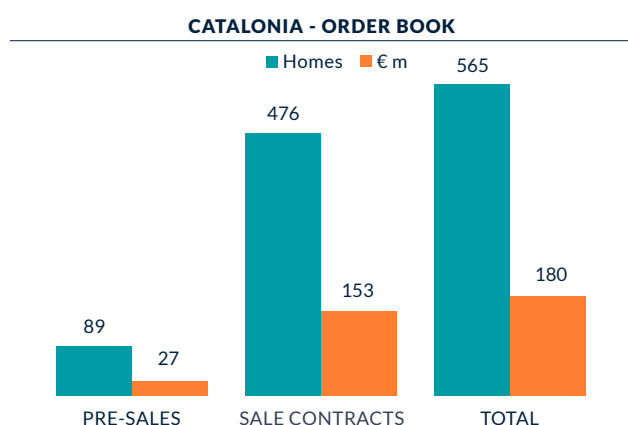
EAST - ORDER BOOK



Accumulated sales in Catalonia stood at 837 units (20% of the total), of which 89 are pre-sales, 476 are under sale contract and 272 have been delivered. The pre-sales amount to €26.9m, the contracts to €152.6m and the deliveries to €80.2m. The average sales price of those units is €310,000.

Sales to date in this region - €259.7m - account for 19% of total accumulated sales.

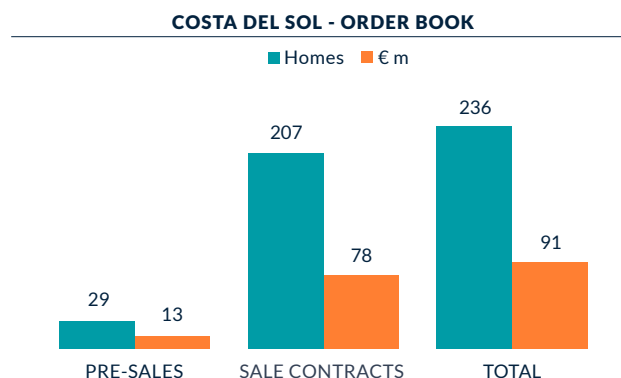
As a result, the sales pipeline in Catalonia as of year-end 2020, which accounts for 19% of the total orderbook, breaks down as follows:



Accumulated sales in the Costa del Sol region stood at 313 units (8% of the total), of which 29 are pre-sales, 207 are under sale contract and 77 have been delivered. The pre-sales amount to €13.32m, the contracts to €78.19m and the deliveries to €15.56m. The average sales price of those units is €342,000.

Sales to date in this region - €107.1m - account for 8% of total accumulated sales.

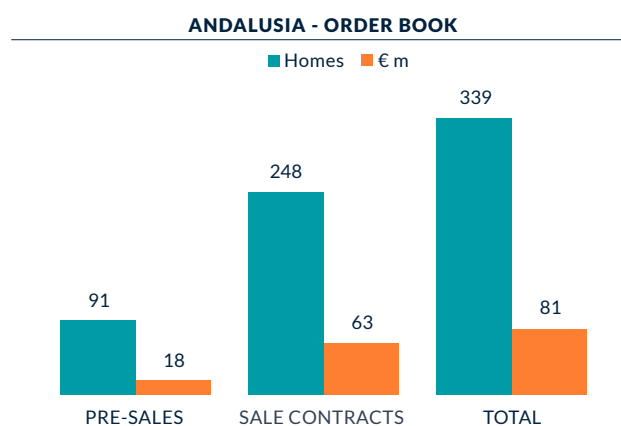
As a result, the sales pipeline on Costa del Sol as of year-end 2020, which accounts for 10% of the total orderbook, breaks down as follows:



Accumulated sales in Andalusia stood at 644 units (16% of the total), of which 91 are pre-sales, 248 are under sale contract and 305 have been delivered. The pre-sales amount to €17.61m, the contracts to €63.1m and the deliveries to €66.45m. The average sales price of those units is €228,000.

Sales to date in this region - €147.2m - account for 10% of total accumulated sales.

As a result, the sales pipeline in Andalusia as of year-end 2020, which accounts for 8% of the total orderbook, breaks down as follows:



The company, which is in the midst of ramping up its operations, **delivered a total of 167 homes** in the first quarter of 2020.

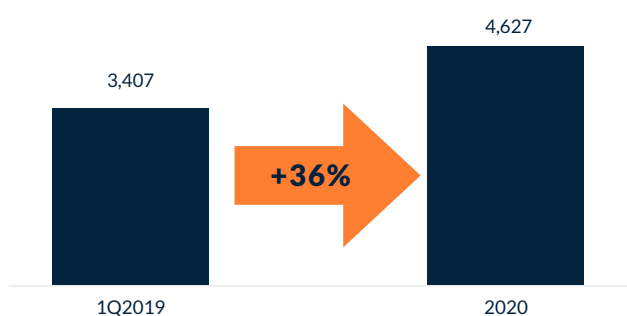
The **revenue received in exchange for those deliveries amounted to €70m**. Including the 2020 deliveries, the total number of houses delivered to date stands at 1,247, with the company receiving €433m in exchange.

3.4 Construction

In 2020, **the company began construction on 453 homes**, marking a decline of 13% over the 520 on which building started in the first three months of 2019. The drop reflects the postponement of the start of new building work due to the impact of the lockdown measures imposed to halt the transmission of Covid-19.

At 31 March 2020, the company had a total of 4,627 units under construction, growth of 36% with respect to the number under construction a year earlier; 150 have been finished and 1,247 already delivered, so that it has **begun work on a total of 6,024 units since start-up**.

UNITS UNDER CONSTRUCTION END OF PERIOD



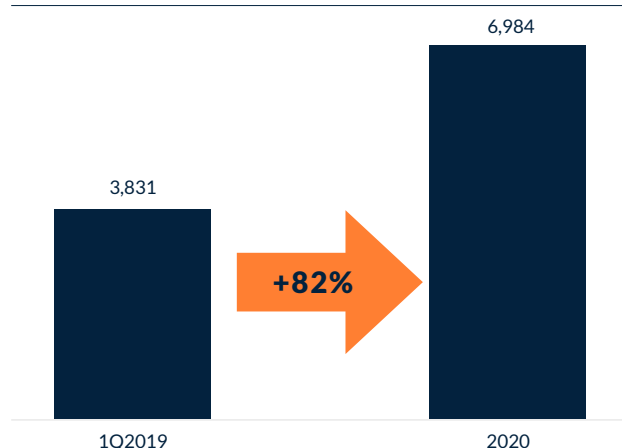
With the aim of safeguarding its liquidity, the company analysed the status of the works and plans for which the milestones for obtaining developer loans had not been reached, slowing seven developments as a result. As a result, as of 24 April 2020, the company had a total of 67 building sites encompassing 4,609 homes at which work was ongoing at 65.

3.5 Building permits

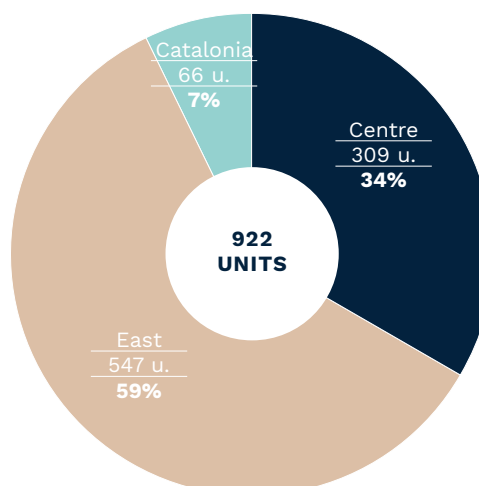
Building permits are awarded by the municipal authorities. Permit applications include the architectural plans which must necessarily comply with municipal planning and zoning requirements. Municipal authorities are obliged to grant building permits to the extent the plans meet those requirements. The permitting period depends on each authority's responsiveness.

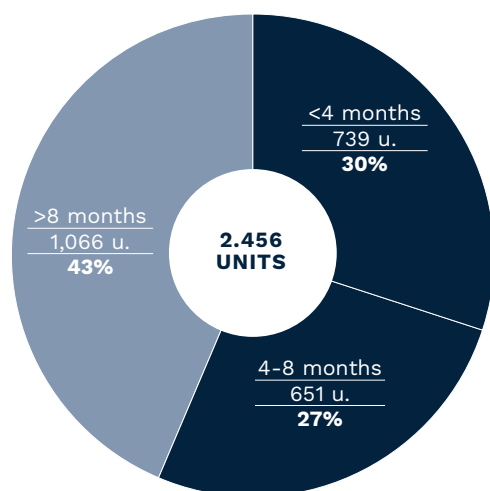
During the first three months of 2020, the **company obtained a total of 922 building permits**, growth of 2% over the 904 obtained in 1Q19. That means that the company has obtained building permits for **6,984 homes in total**.

BUILDING PERMITS GRANTING EVOLUTION

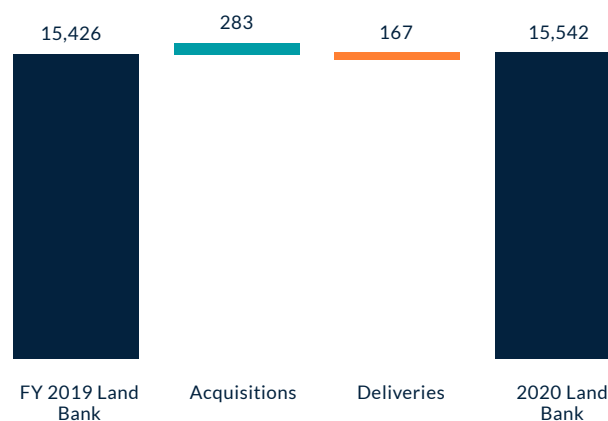


PERMITS GRANTED REGIONAL BREAKDOWN



PERMITS REQUEST MATURITY


The company did not sell any land during the reporting period.

LAND BANK EVOLUTION


4. Investment

In 2020, the **company has purchased land for €15.2m (including sundry acquisition costs) where it will develop a total of 283 homes**. Specifically, it acquired three new sites. One, located in Valladolid, is classified as Ready-to-Build (RTB) land and the other two, in Alicante and Murcia, are Fully Permitted. **The capex needed to bring the two Fully Permitted sites to RTB status is estimated at €2m, which would imply total investment of an estimated €17.2m.** In short, the average acquisition cost per housing unit once all of this land is brought to RTB permitting status is estimated at €60,812/unit.

In addition, the company holds rights for the acquisition of land for the development of 616 units under its framework agreement with Castlelake, L.P. ("Project Land"). It did not execute any purchases under the scope of that agreement in 2020.

Region	Location	No. of homes
Eastern Region	Alicante	42
Eastern Region	Murcia	190
Central Region	Valladolid	51

5. Financial information

5.1 Statement of profit or loss

The 2020 statement of profit or loss clearly evidences the ramp-up phase in which the company is immersed: **revenue** increased by 399% year-on-year to **€70m**, generated by the sale of houses; the company did not sell any land during the reporting period.

Gross margin from house sales was €19.9m, implying a margin of **28.4%**, up 2.5% in comparison with the same period of 2019.

Direct costs, at €4.5m, registered year-on-year growth of 195% due to the increase in development launches (+2,336 homes) and the higher number of deliveries (+110 homes vs. 1Q19), growth which once again evidences the ramp-up being staged by the company; **the fastest-growing expense heading was sales commissions** (+580%). It is also worth noting that **this heading also recognises the marketing costs associated with all of the developments**

launched by the close irrespective of whether or not they were actually delivered during the reporting period.

General expenses were 29% higher year-on-year at €6.8m, shaped once again by company's stage of development, as it is now close to having the full staff (234 professionals at the March 2020 close) it needs to execute its business plan.

Note the year-on-year increase in finance expenses of 158% due to the additional drawdown of the corporate loan and new commercial paper issues. In addition, the loss recognised as a result of the change in the fair value of the equity swap the company is party to as part of its share buyback programme increased to €1.4m, due to the sharp impact on AEDAS Homes' share price, particularly during the second half of March 2020, of the volatility caused by the global health crisis.

Net profit was €3.2m in 2020, growth of €6.6m from 1Q19, driven by the strong growth in business volumes.

(€m)	2020	Q1 2019	Change (€m)	Change (%)
Revenue from the sale of homes	70.0	14.0	56.0	399%
Revenue from the sale of land	-	-	-	
REVENUE	70.0	14.0	56.0	399%
Cost of goods sold	(50.1)	(10.1)	(40.0)	394%
GROSS MARGIN	19.9	3.9	16.0	411%
% Gross margin	28.4%	27.7%		68 bps
Sales and marketing costs	(4.5)	(1.5)	(3.0)	195%
Other operating expenses	(0.9)	(0.3)	(0.6)	207%
NET MARGIN	14.5	2.1	12.4	597%
% Net margin	20.7%	14.9%		589 bps
Overheads	(6.8)	(5.3)	(1.5)	29%
Other income and expenses	0.3	0.1	0.1	90%
Impairment losses and other gains/losses	-	-	-	
EBITDA	7.9	(3.1)	11.0	
% EBITDA margin	11.3%	-22.0%		3,331 bps
Depreciation and amortization	(0.5)	(0.3)	(0.1)	41%
Net finance income	(4.4)	(1.2)	(3.2)	275%
Share of profit/(loss) of associates	(0.1)	-	(0.1)	
PROFIT/(LOSS) BEFORE TAX	3.0	(4.6)	7.6	
Income tax	0.3	1.1	(0.9)	(75%)
PROFIT/(LOSS) FOR THE PERIOD	3.3	(3.4)	6.8	
% Net margin	4.7%	-24.5%		2,925 bps
Non-controlling interests	0.2	-	0.1	
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	3.2	(3.5)	6.6	

5.2 Balance sheet, own shares, statement of cash flows and average supplier payment term

5.2.a Balance sheet

At the March 2020 close, the health of the company's capital structure stands out: the LTV ratio stood at 13.3% while cash and cash equivalents amounted to €136.1m.

It is also worth highlighting the 3.7% increase in current assets from 31 December 2019 to €1.55bn.

That growth was driven mainly by the 5.4% increase in inventories¹ to €1.34bn, broken down between land (46%), construction in progress (47%), finished product (6%) and advances to suppliers (1%).

The growth in inventories, of €68.5m, was financed primarily by the following balance sheet items, among others:

1. At 31 March 2020, the net realisation value of the company's inventories amounted to €2.01bn (year-end 2019: €1.96bn). That figure does not include prepayments to suppliers (€19.43m at 31 March 2020 and €18.34m at 31 December 2019) for which the directors believe there are no indications of impairment. That amount was determined on the basis of appraisals performed by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. as of 31 December 2019, in a report issued in February 2020, adjusted for the inventories purchased and sold in the first quarter of 2020 and the movement under construction in progress during the reporting period. The directors have decided to use the asset portfolio valuation as of 31 December 2019, as only three months have elapsed since the last external appraisal and in light of the present difficulty of assessing the potential impact of Covid-19 on the home-building sector due to a lack of sufficient comparable transactions completed since the onset of the health crisis on which the base an updated valuation.

In light of the appraiser's methodology, the key valuation hypotheses are the discount rate and sales prices modelled. As a result of the above, at 31 March 2020 the directors have recognized an inventory impairment loss in the consolidated financial statements of €1.54m (€1.54m at 31 December 2019) and unrealized gains of €671m (31 December 2019: €683m).

In addition, Savills has reviewed its appraisal of a series of assets whose valuation represents 22% of total net realisable value at 31 March 2020. The conclusion drawn that re-assessment is that it is not necessary to recognise any additional impairment losses against inventories.

As a result, the company's directors have not conducted any sensitivity analysis with respect to its property assessments for the first three months of 2020.

On the liability side:

€22m from trade and other accounts payable, which increased from €268.2m at the end of 2019 to €289.7m at the March 2020 close. The following movements stand out:

- €6.5m stemmed from the increase in customer down payments to €161.7m.
- €20.7m originated from the increase in trade payables to €103.7m.

€56m came from current bank borrowings, which increased mainly due to developer loans, drawdown of which increased to €135.3m, to fund progress on building work (€24.5m corresponds to finished housing pending delivery).

On the asset side:

Cash and current prepayments decreased by €12.5m from the end of 2019 to €146m; €136.1m of the total is **cash** (of which €86.1m is unrestricted).

Elsewhere, the company's diversified borrowing profile enables it to finance itself on very attractive price and maturity terms: notably, it had a corporate loan with a face value of €150m, €135.3m of drawn developer loans and €62m of outstanding commercial paper issues at the March 2020 close (€2.5m of which was classified within non-current borrowings as they fall due in more than 12 months). For further details about the company's borrowings, refer to section 5.3 below.

As for the share buybacks initiated in 3Q19, they are recognised as a reduction in equity of €36.9m (under *Own shares and own equity instruments*); the equity swap drawn down is recognised separately, also in own shares, at

(€m)	31/03/2020	31/12/2019	Change (€m)	Change (%)
Intangible assets	1.2	1.3	(0.1)	-3.9%
Property, plant & equipment	3.4	3.6	(0.2)	-6.6%
Other non-current assets	33.6	32.4	1.3	4.0%
NON-CURRENT ASSETS	38.3	37.3	1.0	2.7%
Inventories	1,343.9	1,275.4	68.5	5.4%
Trade and other receivables	43.5	49.1	(5.6)	-11.5%
Short-term investments	23.3	18.1	5.2	28.7%
Cash and cash equivalents	136.1	148.7	(12.6)	-8.5%
CURRENT ASSETS	1,546.8	1,491.3	55.5	3.7%
TOTAL ASSETS	1,585.0	1,528.6	56.4	3.7%
EQUITY	936.0	938.9	(2.9)	-0.3%
<i>of which Own shares</i>	(36.9)	(30.6)	(6.3)	20.7%
Long-Term borrowings	-	-	-	
Other Long-Term borrowings	4.0	1.7	2.3	136.7%
NON-CURRENT LIABILITIES	4.0	1.7	2.3	136.7%
Provisions	4.5	8.9	(4.4)	-49.1%
Short-term borrowings	349.2	309.3	39.9	12.9%
Other current liabilities	1.7	1.7	0.0	0.2%
Trade and other payables	289.7	268.2	21.5	8.0%
CURRENT LIABILITIES	645.1	588.1	57.0	9.7%
TOTAL EQUITY AND LIABILITIES	1,585.0	1,528.6	56.4	3.7%

€4.9m.

5.2.b Own shares

On 25 February 2020, the Board of Directors agreed to increase the size of the company's buyback programme from €50m to €150m, without changing any of the other terms and conditions it has approved on 25 September 2019, chief among which the following:

Any shares acquired under the discretionary

programme may be cancelled, sold or used in potential M&A or business deals.

All of the shares bought back under the Repurchase Programme will be subsequently cancelled.

Any shares acquired via block trades may be cancelled, sold or used in potential M&A or business deals.

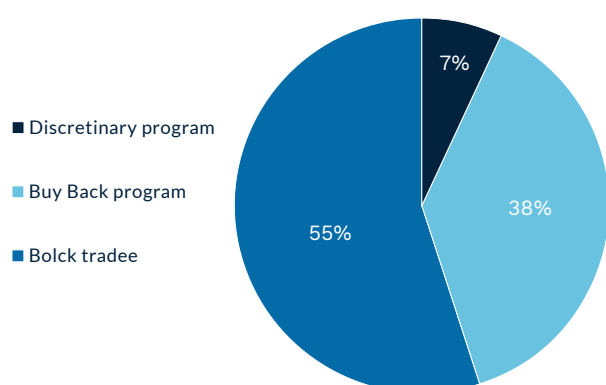
The number of shares bought back between the

start of the repurchases on 7 August 2019 and 31 March 2020 totals 2,057,077, which is equivalent to 4.29% of the company's capital; the shares have been bought back for €41,881,502.81, i.e., at an average price of €20.35/share.

Total treasury stock 2020	Shares	% capital
Discretionary program	148.724	0,31%
Buy Back program	778.065	1,62%
Bolck trade	1.130.288	2,36%
TOTAL	2.057.077	4,29%

On 8 January 2020, the company drew down an equity swap line arranged with Goldman Sachs in the amount of €4.9m, corresponding to 236,406 shares, which are included in the total number of own shares.

TREASURY STOCK ACQUISITION BREAKDOWN



5.2.c Statement of cash flows

Cash and cash equivalents decreased from €148.7m at the start of 2020 to €136.1m at 31 March 2020, a decline of €12.6m.

That decrease is the result of net cash outflows from operating activities of €58.6m, net cash outflows from investing activities of €0.17m and net proceeds from financing activities of €46.1m.

The net outflow from **operating activities** was mainly driven by the **movement in inventories**. **The €68.5m increase in inventories** comprised **an increase in land due to site purchases of €15.3m** offset by a **€17.4m decrease** due to the start of new construction work - transfers to construction in progress - so that overall **land** decreased by 0.34% to €617m; an increase in **construction in progress** of 15.6% to €627m, shaped by the start of new construction work net of the completion of other projects; a decrease in **finished product** of 15.77% to €80m, shaped by the recognition of newly completed housing units net of the units delivered during the period; and a decrease of 6% in **advances to suppliers** - the heading which recognises the amounts paid for land purchase rights and pre-payments made in the course of the execution of certain developments - to €19.4m. Trade and other payables decreased by €5.6m and trade and other receivables increased by €21.6m.

Meanwhile, the company's **capital expenditure** outlay amounted to €0.17m.

As for the net inflow of cash from **financing activities** of €46.1m, it is worth highlighting (i) an increase in commercial paper and bank borrowings of €110m (€24.9m of new issues and €85.3m of loan drawdowns); offset by (ii) repayments of notes and other marketable securities and bank borrowings of €57.8m (made up of the repayment of €41m of commercial paper and €16.8m of bank borrowings). This heading also reflects an outflow of €11m for the buy-back of own shares and an inflow of €4.9m from the sale of own shares under the equity

(€m)	2020	2019	Change (€m)
Profit before taxes	3.0	44.5	(41.5)
Adjustments for finance income/costs	4.4	9.5	(5.1)
Net finance costs	4.5	20.3	(15.8)
Borrowing costs capitalized in inventories	(1.6)	(11.0)	9.4
Change in fair value of financial instruments and exchange differences	1.4	0.2	1.3
Share of profit/(loss) of associates	0.1	0.2	(0.1)
Net Operating Profit (EBIT)	7.5	54.1	(46.7)
Depreciation, amortisation and impairment charges	0.5	1.6	(1.1)
Gross Operating Profit (EBITDA)	7.9	55.7	(47.8)
Other adjustments to profit	0.3	0.8	(0.5)
Other cash flows used in operating activities	(2.2)	(6.2)	4.0
Change in working capital excluding land purchases/sales	(49.4)	(81.4)	32.0
Change in working capital derived from land purchases/sales	(15.3)	(82.9)	67.6
(A) Net cash used in operating activities	(58.6)	(114.0)	55.4
Investment in group companies and associates	0.0	(11.1)	11.1
Investment in other assets	(0.1)	(1.5)	1.4
(B) Net cash used in investing activities	(0.2)	(12.7)	12.5
Repurchase/(sale) of own shares	(6.3)	(9.7)	23.4
Proceeds/(repayment) of financial liabilities	52.5	202.1	(149.6)
(C) Net cash from financing activities	46.1	172.4	(126.3)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(12.6)	45.8	(58.4)

swap agreement.

5.2.d Average supplier payment term

In 2020, suppliers were paid at **46.39 days** on average. The average term decreased by 10 days due mainly to the recognition for accounting purposes of all progress billings at the end of the month, which had the effect of reducing the outstanding transactions ratio.

AVERAGE SUPPLIER PAYMENT TERM	2020	2019	2018
	Days		
Average supplier payment term	46,39	56,01	43,77
Paid transactions ratio	57,46	58,64	46,38
Outstanding transactions ratio	32,18	39,06	22,04

5.3 Borrowings

At 31 March 2020, **the company's gross borrowings stood at €35.5m**: €135.3m (amortised cost) of bank loans (mortgages used to finance work in progress; note that €24.5m finances developments that are ready for delivery); €218.2m of corporate loans (€149.1m from the syndicated loan; €62.1m of commercial paper issues; and €7m of other corporate debt).

The face value of the limit on the borrowings arranged by the company stands at €900 m², €676.8m of which consists of developer loans.

As a result, the company's **net debt at the March 2020 close stood at €267.4m, up 25% from December 2019**.

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

Table of bank financing, excluding commercial paper, the syndicated loan and other corporate debt. The total amount of the developer's loan includes the subrogation tranche amounting to €87 m.

2. Maximum debt calculated as €900 m = €676.8 m developer loans excluding subrogation tranche + €9.4 m secured land loan + €62.1 m commercial paper + €150 m syndicated loan nominal value + €1.7 m corporate loan

Bank	Formalized			Disposed		
	Secured developer loan	Secured land loan	Total	Secured developer loan	Secured land loan	Total
Sabadell	150,1		150,1	37,1		37,1
BBVA	125,5		125,5	18,6		18,6
Abanca	27,1		27,1	1,0		1,0
Caixa	55,2		55,2	2,6		2,6
Santander	89,3	9,5	98,8	20,0	9,5	29,5
Kutxabank	57,6		57,6	9,0		9,0
Targobank	36,1		36,1	4,8		4,8
Liberbank	18,8		18,8	3,9		3,9
Bankinter	32,1		32,1	8,8		8,8
Bankia	158,5		158,5	23,5		23,5
Ibercaja	13,5		13,5	0,2		0,2
Total	763,9	9,5	773,4	129,6	9,5	139,1

At the March 2020 close, the **company's average borrowing cost was 2.87%**. If the company were to draw down the entire limit, its borrowing cost would be 2.39% and the average cost of its developer loans would be 2.08%.

The 12.25% increase in gross borrowings from December 2019 is attributable to the acceleration in business volumes as the company ramps up its operations. Despite that increase, when factoring in the balance of unrestricted cash of €86.1m, thanks to which the company does not have to draw down more heavily, the key leverage ratios at year-end 2020 were favourable: a LTV ratio of 13.3% and a LTC ratio of 19.9%.

(€m)	31 March 2020	31 Dec. 2019	Change (€m)
(A) Developer loans	135.3	79.3	56.0
(B) Corporate debt	218.2	233.4	(15.2)
Syndicated loan	149.1	148.4	0.7
Commercial paper (MARF programme)	62.1	78.0	(15.9)
Other corporate debt	7.0	6.9	0.1
Gross Financial Debt (A+B)	353.5	312.7	40.8
(C) Unrestricted cash	86.1	95.4	(9.4)
Net Financial Debt (A + B - C)	267.4	217.2	50.2
(D) Cash tied to developments	50.1	53.3	(3.3)
TOTAL CASH (C+D)	136.1	148.7	(12.6)

Note additionally that the main lines of financing are currently under analysis with a focus on extending the €150m syndicated loan³ due August 2020. Specifically, in April 2020, the company obtained four financing lines totalling €48m with Sabadell, BBVA, Bankinter and Santander in order to boost the company's already healthy liquidity position.

5.4 Alternative performance measures

The company presents certain alternative performance measures (APMs) in order to provide additional information designed to enhance the comparability and comprehension of its financial information, while also facilitating its ability to take decisions and monitor its performance. Financial information users should treat the APMs as complementary to the measures presented for accounting purposes.

The most significant APMs are the following:

Gross Development Margin

Definition: Revenue from sales – Change in inventories – Cost of sales (without factoring in provisions for the impairment of inventories).

Rationale for usage: the company's directors use the Gross Development Margin to measure its performance as this yardstick provides information about how its development projects are performing by starting from third-party sales

3. The company is currently negotiating the extension of that loan upon maturity on similar terms to those currently prevailing. The directors expect to be able to confirm the outcome of that effort in the coming weeks. Given the company's low leverage (LTV ratio: 13.05% including restricted cash) and the availability of undrawn development finance (€1.98m against the cost of land and €26.7m against the subrogation tranches), coupled with the financial position at 31 March 2020, the terms of this financing are not expected to change significantly.

and subtracting the costs incurred to make such sales. Calculation of this APM factors in the impairment charges applied to real estate assets sold during the reporting period. Note that the Gross Development Margin does not include any gains realised on the sale of land.

Gross Margin

Definition: Revenue from sales – Change in inventories – Cost of sales.

Rationale for usage: used in the company's financial statements; differs from the Gross Development Margin by factoring in land sales.

Net Development Margin

Definition: Gross Development Margin – Sales & marketing expenses (included within Other operating expenses in the statement of profit or loss).

Rationale for its usage: the Net Development Margin is used by the company's directors as a yardstick for its performance as it provides information about the net margin generated on the developments that generated sales revenue during the reporting period. The Net Development Margin is calculated based on the Gross Development Margin, net of certain expenses associated with the marketing effort. Note that the Net Development Margin does not include any gains realised on the sale of land.

Net Margin

Definition: Gross Profit – Sales and marketing expenses (included in other operating expenses in the statement of profit or loss).

Rationale for usage: used in the company's financial statements; differs from the Net Development Margin by factoring in land sales.

EBITDA

Definition: Net Development Margin – Impairment of inventories + Revenue from services + Other operating income – Employee benefits expense – Other operating expenses other than sales & marketing expenses.

Rationale for usage: the company's directors use EBITDA to measure its performance as it provides information for analysing profitability (before interest, tax, depreciation and amortisation) by approximating the operating flows that generate cash. It is also a measure that is widely used by the investment community in appraising companies' performance; it is further used by the rating agencies and creditor community to evaluate leverage and interest coverage by comparing EBITDA with an entity's net debt and debt service obligations.

Adjusted EBITDA

Definition: EBITDA + Inventory impairment

Rationale for usage: the parent company's directors use Adjusted EBITDA to measure its performance as it provides information for analysing profitability net of inventory impairment charges, which do not represent cash flows.

Borrowings

Definition: Borrowings and other financial liabilities – the Shareholder Master Credit Facility Agreement.

Rationale for usage: Borrowings is a measure used by the company's directors to track its performance as it measures the company's net financial position and is necessary to calculate the leverage ratios typically used in the market.

Net Debt

Definition: Borrowings – Deferred payments due on the acquisition of inventories – Cash and cash equivalents (excluding the sum that is restricted in respect of down payments on developments, which must be deposited in a special account and may only be used to service expenses derived from construction of the developments) and the cash pledged to cover debt service obligations under mortgages.

Rationale for usage: Net Debt measures an enterprise's net financial position. It is also a metric that is widely used by investors to analyse companies' net leverage and by rating agencies and creditors to assess net debt.

Leverage

Definition: Borrowings / Total assets

Rationale for usage: Leverage provides a measure of the company's indebtedness. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.

Loan to Value (LTV)

Definition: $\text{Net Debt} / (\text{Cash} + (\text{Market value of appraised assets (GAV)} + \text{Sale options over inventories}))$

Rationale for usage: LTV provides a measure of the company's indebtedness relative to the market value of its properties. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.

Loan to Cost (LTC)

Definition: $\text{Net Debt} / (\text{Cash} + (\text{Inventories} - \text{Pre-payments to suppliers}))$

Rationale for usage: LTC provides a measure of the company's indebtedness. It is widely used by investors to analyse real estate companies' leverage and by rating agencies and creditors to assess their net debt.

Gross Asset Value (GAV)

The value of the company's assets, and, by extension, its GAV, is calculated by an independent appraiser, specifically Savills. That appraiser uses the RICS methodology to calculate the market value of properties. The RICS defines market value as the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Net Asset Value (NAV)

Definition: The market value of the company's equity or net worth, i.e., the total value of its assets minus the total value of its liabilities.

Gross Development Value (GDV)

Definition: A measure of what the company's assets are expected to be worth on the open market once all development work has been completed.

Average Borrowing Cost

Definition: Weighted average cost of the company's borrowings on a given date.

6. ESG

6.1 Risks and sources of uncertainty

AEDAS Homes has an enterprise risk management system which is regulated by its Risk Management Policy. That policy was approved by the Board of Directors on 17 October 2017.

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

The risk management model is articulated around the following phases:

- Identification: the risks of relevance to AEDAS Homes are duly identified.
- Assessment: the inherent probability, the inherent impact and the robustness of the control environment are assessed for each of the relevant risks. AEDAS Homes' risk map contemplates three categories of risk: "critical", "under surveillance" and "under monitoring".
- Management: the risks classified as "critical" and "under surveillance" are included in the management mechanism, which means taking measures such as identification of the material risk events, tracking their development by following key indicators and analysis of response/control protocols, among other measures.
- Reporting: a report on how well the risk model is working is sent to the Management Committee and the Audit and Control Committee six-monthly.
- Update: the model is reviewed and updated annually.

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

- Board of Directors: Its duty is to define, update and approve AEDAS Homes' Risk Control and Management Policy and establish prevailing risk tolerance levels.
- Audit and Control Committee: Its task is to supervise the internal control and risk management systems, making sure that the key risks are identified, managed and maintained within the planned levels.
- Management Committee: Its work involves allocating responsibilities for risk management, analysing the results of the risk assessments to determine their level of severity and approve attendant responses and initiatives.
- Risk and Compliance Department: The Compliance Department helps the Audit and Control Committee and the Management Committee fulfil their mandates, mainly by coordinating the activities defined in the Risk Management and Control Policy, ensuring that the risk management system works correctly and compiling relevant reports.
- Officers and other risk owners: They identify and assess the risks that fall within their purviews. In addition, they recommend and report indicators for monitoring them, as well as proposing and implementing risk mitigation plans and reporting on their effectiveness.

AEDAS Homes' risk management model groups its risks into the following categories:

Strategic risks

- Real estate market
- Land bank

- Expertise
- Availability of financing
- Reputation
- Securities markets

Operational risks

- Purchase of land
- Transformation of land
- Development
- Sales
- Talent management
- Technology
- Cybersecurity
- Workplace safety
- Property security

Financial risks

- Interest rates
- Liquidity⁴
- Credit risk
- Asset valuations
- Reliability of the financial information

Compliance risks

- Anti-money laundering legislation
- Criminal law (including risks related with the failure to comply with anti-corruption legislation)
- Securities market law
- Tax law
- Environmental regulations

In 2020, AEDAS Homes continued to monitor

and manage the risks deemed critical based on the assessment conducted by the members of its Management Committee. The following risks are deemed critical:

- Real estate market
- Securities markets
- Land bank
- Development
- Expertise
- Workplace safety
- Reliability of the financial information
- Cybersecurity

In 2020 it also began to monitor the following risks:

- Reputation
- Transformation of land
- Availability of financing
- Sales

The model stipulates that the above-listed risks be monitored quarterly. The results of the risk monitoring reports received by the managers are compiled into a global report by the Risk and Compliance Manager. That report is sent to the Management Committee and Audit and Control Committee on a regular basis.

As for the materialisation of risks, towards the end of 2020, Spain was affected by an outbreak of Covid-19, which has obliged the institutions to take measures to halt its transmission. Among other things, the Spanish government declared a state of alarm on 14 March 2020. Construction was one of the activities halted by the government, a development which could influence home delivery schedules.

Moreover, the measures taken by the government to halt the spread of the epidemic could have a significant impact on some of the other

4. The Group determines its liquidity requirements by means of cash forecasts spanning the following 24 months. These forecasts pinpoint when the Group will need funds and how much and new funding initiatives are planned accordingly. In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in note 14 of its annual financial statements. In addition to tapping the general credit markets, the Group has two sector-specific mechanisms for raising financing for its building work: developer loans and customer down-payments. After it acquires its sites, those mechanisms cover all of its financing needs during the construction period.

risks included in AEDAS Homes' corporate risk model. However, at present it is hard to determine the impact accurately as the lockdown and mitigation measures remain in effect. It is worth highlighting, however, that the company is monitoring developments constantly and taking all of the appropriate measures to guarantee the health and safety of its employees, customers and suppliers, as well as its business continuity to the extent allowed. Indeed, the company has a business continuity plan, which has been activated so as to be able to continue to conduct its activities remotely.

It has also defined action plans to respond to the risks that have surpassed its defined tolerance levels during the reporting period. Those action plans have been agreed with the heads of risk and presented to the Audit and Control Committee. Moreover, the status of their implementation is reviewed periodically. In relation to the Covid-19 crisis, the company has been gradually taking appropriate measures for mitigating the impact of the health crisis and its consequences on the company's ability to deliver its strategic targets.

6.2 Organisational structure

Article 2 of AEDAS Homes' Bylaws states that the company's core object is to acquire, permit, manage, market and develop properties of any kind for holding, use, management, sale or lease.

The company conducts its business across five regional branches: Catalonia (Barcelona, Tarragona and Zaragoza); the Central region (Madrid, Valladolid, Vigo and Navarre); Andalusia (Seville and Granada); Costa del Sol (Malaga); and the Eastern region (Valencia, Alicante, Murcia and

Mallorca). **At the March 2020 close it had a total of 234 employees.**

The **general meeting** is the company's highest decision-making and control body in respect of the matters within the shareholders' purview and it is the vehicle around which the shareholders' right to intervene in the company's decision-making is articulated.

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

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

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

The Audit and Control Committee, made up of three directors, two of whom independent (one of whom chairs this committee) and the third, proprietary. Article 14 of the Board Regulations

regulates the Audit and Control Committee, its composition, its powers and its modus operandi.

The Appointments and Remuneration Committee, made up of three directors, two of whom are independent (one of whom chairs this committee) and the third, proprietary. Article 15 of the Board Regulations regulates the Appointments and Remuneration Committee, its composition, its powers and its modus operandi.

The Innovation, Technology and Cybersecurity Committee, made up of three directors, one of whom (the committee chairperson) is independent, one proprietary, and one executive. Another two company executives also sit on this committee. There are specific regulations addressing the composition, powers and rules of operation of this committee.

In addition, the company has a **Management Committee**, a **Business Committee**, an **Investment Committee**, a **Strategy Committee** and a **Technology Committee** made up of AEDAS Homes executives. Each is governed by its own set of rules that are approved by the company's CEO and address their make-up, powers and rules of operation.

There is also a **Compliance Committee** made up of the heads of the Corporate Resources, Legal Advisory and the Risk and Compliance Departments whose composition, powers and rules of operation are set down in the board-approved Compliance Policy and Manual. Lastly, there is an Internal Control Body which oversees anti-money laundering and counter terrorism financing (AML/CTF) matters whose composition, powers and rules of operation are set down in the AML/CTF Manual approved by the Internal Control Body itself.

Executive Committee



DAVID MARTÍNEZ
Chief Executive Officer

A civil engineering graduate from Madrid's Polytechnic University, David also holds an Executive MBA from IESE. He boasts over 20 years' experience in the real estate sector, having worked at Ferrovial, Bovis Lend Lease and Valdebebas. He has headed up landmark real estate transactions such as Madrid's four new skyscrapers (the Cuatro Torres) and the Chamartín development, similarly in Madrid. He is a member of the Spanish Council of the Urban Land Institute and he teaches at IE Business School. He has been spearheading the incorporation and creation of AEDAS from the outset in 2016.



SERGIO GÁLVEZ
Managing Director of Strategy,
Investment and Alternative Developments

An industrial engineering graduate from ICAI. Sergio has more than 19 years' experience in real estate in Spain, having worked at firms such as Crevare and Hansa Urbana. He began his career

in strategic consulting, specifically in Arthur Andersen's real estate division. He joined AEDAS Homes as Director of Business Development in 2016 and in 2017 he was named Chief Investment Officer. In 2019, he was named Director of Strategy, Investment and Alternative Developments.



MARÍA JOSÉ LEAL
Chief Financial Officer

A business administration graduate from CUNEF, María José has also completed IESE's executive management program. She has extensive experience at fast-growing, listed multinational enterprises. Most recently, she has worked as Deputy CFO at the high-profile listed companies AENA and PROSEGUR. She was named CFO of AEDAS Homes in November 2018.



ALBERTO DELGADO
Managing Director of Business

A civil engineering graduate from Madrid's Polytechnic University. Alberto has over 17 years' experience in the real estate sector. He began his career in ACS's residential construction division. He was then hired by Vallehermoso, where he worked in the operations and finance departments in Catalonia and Madrid for over a decade. In 2015, he founded Socebi, a company specialised in real estate services that worked

with Castlelake on its real estate strategy in Spain. He joined AEDAS Homes in 2016 and has been its COO since 2017. In 2019 he was named Managing Director of Business.



JAVIER SÁNCHEZ
Director of Innovation and Branding

A dual-degree business and law graduate from ICADE. Javier has built his career in the technology, marketing, communication and innovation areas. He participated in the development of telecommunications and internet companies such as Vodafone and Orange and has founded a number of technology and audiovisual communication firms, including Vértice 360. Before joining AEDAS Homes, Javier worked as Director of Marketing and Innovation at Dospuntos, a property developer. Javier stands out for his expertise in real estate brand-building, digital marketing and customer journeys.



ESTHER DUARTE
Director of Corporate Resources

Esther's academic qualifications include a diploma in educational sciences, Garrigues' executive programme in labour relations and ESADE's executive development programme in human resource management. She boasts more than 20 years' experience in human re-

source management at multinationals such as Ferrovial Inmobiliaria and Grupo Aldesa. Esther joined AEDAS Homes in 2017.



CORO MORALES
Director of Legal Advisory

A law graduate from Madrid's Complutense University, Coro also holds an LLM in European law from the Free University of Brussels. She boasts over 25 years' experience as in-house counsel at companies such as Cintra Infraestructuras, ING Real Estate and Salsa Inmobiliaria. She has served as board secretary at several of those firms. She joined AEDAS Homes in 2017 as chief legal officer and has been serving as vice-secretary of the company's board since 2017.

Regional Directors



PABLO ALONSO
Director of Central Region

A law graduate from León University, Pablo also holds an LLM in Business Law from Navarra University. He has been working in the sector for 23 years. Before joining AEDAS Homes, he worked at sector players such as Testa, Vallehermoso and Grupo Prosacyr Ocio



DAVID GÓMEZ
Director of Catalonia and Aragon

A civil engineering graduate from the Catalan Polytechnic University, David also holds an MBA from ESADE. He has been working in the real estate sector for more than 20 years. He has held executive positions in the residential development segment at different Spanish companies including Banco Sabadell, Solvia and Vallehermoso.



DIEGO CHACÓN
Director of Andalusia

A civil engineering graduate from Granada University, Diego also holds an MBA from EOI. He has been working in the sector for 17 years. Before joining AEDAS Homes, he worked at Hansa Urbana.



JUAN LÓPEZ
Director of East and Balearics

A technical architect (Alicante University), Juan also holds a Master's in Workplace Safety from

Fundesem Business School. Juan has extensive experience in real estate, having worked at Solvia and Hansa Urbana prior to joining AEDAS Homes.



JOSÉ IGANCIO FERNÁNDEZ

Director of Costa del Sol

A law graduate from Seville University. He also holds an MBA from the San Telmo International Institute in Seville, a Master's in Town Planning and Management from Madrid's Carlos III University and a Master's in Town Planning and Design from the Seville School of Architecture, where he is currently pursuing a PhD in Town Planning. He brings 19 years' experience at firms such as Martinsa-Fadesa and Galia Grupo Inmobiliario and has also worked in the town planning department of Seville's City Hall.

6.3 Corporate governance

6.3.a Board of Directors

The following key items were addressed during the Board meetings held in 2020:

- Business update
- Financial information
- Annual General Meeting (call, resolutions, reports)
- Reports from the chairs of the Audit and Compliance Committee, Appointments and Remuneration Committee and Innovation, Technology and Cybersecurity Committee on the items discussed at

their respective meetings

- Risk indicators
- Business plan, management targets and budget
- Financing
- Change of financial year
- Shareholder remuneration policy
- Increased size of the own share buyback programme
- Director remuneration

6.3.b 2020 Annual General Meeting

The company held its 2020 Annual General Meeting on 30 March 2020, at which it submitted the following motions for shareholder ratification:

- Approval of the 2019 separate and consolidated financial statements
- Approval of the management reports accompanying the separate and consolidated 2019 financial statements
- Grant of discharge to management and the Board of Directors for their performance in 2019
- Approval of the proposed distribution of profit for 2019
- Agreement to amend article 4 of the Bylaws: Article 4 (Duration of the Company, start of operations and financial year) and introduction of a transitional arrangement two
- Re-election of Ernst and Young, S.L. as the auditor for the company and its group for 2020
- The grant of authorisation to the Board of Directors to carry out the derivative acquisition of own shares, directly or through group companies, pursuant to the limits and requirements stipulated in the Corporate Enterprises Act, expressly including the power to sell any shares bought back or to reduce share

capital, as warranted, on one or more occasions, in order to cancel own shares bought back. Delegation of powers in the Board to execute the resolution.

- Authorisation to shorten the call notice requirement for Extraordinary General Meetings such that they can be called with prior notice of at least 15 days, in

keeping with the provisions of article 515 of Spain's Corporate Enterprises Act

- Delegation of powers for the formalisation, placement on public record and execution of the above resolutions
- Advisory vote on the annual report on director remuneration for 2019.

Attendance at the Annual General Meeting was as follows:

Issue	Shares	Face value	Capital
ES0105287009	47,966,587	1.00	47,966,587.00

% Correspondence voting					
General meeting date	% Attending in person	% Attending by proxy	Votes cast electronically	Other	% of total
30/03/2020	0,000	19,487	0,003	60,870	80,360

All of the resolutions were carried, with the following votes:

Issue	Shares	Face value	Capital
ES0105287009	47,966,587	1.00	47,966,587.00
Own shares (3.76 % Capital Social)	1,801,499	1.00	1,801,499.00

Agenda item	For		Against		Abstention		Blank ballots		Total	Quorum	Share cap.
	Votes	Valid votes, %	Votes	Valid votes, %	Votes	Valid votes, %	Votes	Valid votes, %	Votes	%	%
1	38.531.291	99,962	0	0,000	14.643	0,038	0	0,000	38.545.934	100,000	80,360
2	38.531.291	99,962	0	0,000	14.643	0,038	0	0,000	38.545.934	100,000	80,360
3	38.531.291	99,962	0	0,000	14.643	0,038	0	0,000	38.545.934	100,000	80,360
4	38.545.934	100,000	0	0,000	0	0,000	0	0,000	38.545.934	100,000	80,360
5	38.545.934	100,000	0	0,000	0	0,000	0	0,000	38.545.934	100,000	80,360
6	38.545.934	100,000	0	0,000	0	0,000	0	0,000	38.545.934	100,000	80,360
7	38.539.278	99,983	0	0,000	6.656	0,017	0	0,000	38.545.934	100,000	80,360
8	38.047.703	98,707	498.231	1,293	0	0,000	0	0,000	38.545.934	100,000	80,360
9	38.545.934	100,000	0	0,000	0	0,000	0	0,000	38.545.934	100,000	80,360
10	38.538.278	99,980	6.656	0,017	1.000	0,003	0	0,000	38.545.934	100,000	80,360

(*) Agenda item eight had to be carried by votes representing two-thirds of voting shares, requiring 31,977,725 votes cast in favor

6.3.c Corporate policies and regulations

- Director Remuneration Policy
- Code of Conduct
- Anti-Corruption Policy
- Shareholder and Investor Communication Policy
- Code of Conduct for Third Parties
- Corporate Social Responsibility Policy
- Internal Securities Markets Code of Conduct
- Quality and Environmental Management Policy
- Health and Safety Policy
- Shareholder Remuneration Policy
- Tax Policy
- Board Regulations
- Appointments and Remuneration Committee Regulations
- General Meeting Regulations

6.4 ESG initiatives and indicators

The ESG initiatives and indicators are measured at every year-end. As a result, **the information provided in this report refers to 2019; it was measured over the course of the first three months of 2020, with the exception of the employee breakdown figures, which are presented as of 31 March 2020.**

6.4.a Environmental, quality and community matters

AEDAS Homes has had **ISO 9001 and ISO 14001 certified quality and environment management systems since 2017**. They cover all of AEDAS Homes' activities (home development: design management, building management and sales management). The management system is **audited regularly** with the aim of identifying areas for improvement and **reporting transparently**

and rigorously on how it manages its impact on the environment.

The company's **sustainability indicators** will be measured on the basis of the progress made on implementation of the Green Book (Appendix 1), which complies with WHO 2009 guidelines for interior air quality, so that it designs efficient buildings that offer higher levels of comfort and wellbeing to their occupants, improving their health. In addition, Directive 2010/31/EU of the European Parliament and of the Council sets the target of reducing energy consumption and emissions by 20% and having 20% of energy come from renewable sources by 31 December 2020. The key steps in the Green Book are: Identification of the sustainability measures to be implemented in a given development; installation of the Ecoliving Corner at the point of sale; drafting of the Ecoliving Report; assessment of the life cycle of the development; and the provision of the training to the development sales team.

The key sustainability indicators for AEDAS Homes' developments are:

Indicator	2019
Nº of BREEAM projects for sale	31
Nº of Green Book projects for sale	22
Nº of A Energy Certificate projects	6
Nº of B Energy Certificate projects	5
Nº of Ecoliving Corner implemented	8
Nº Ecoliving Memories	1
LCA reports	1

The company set two **environmental objectives** for 2019: (i) compilation and implementation of the **Green Book / BREEAM** at over 50% of its developments; **delivery rate of 83.08%**; and (ii) performance of **life cycle assessment** (LCA) calculations for its developments; this has been done at the **Ulloa IV development** which started up in 4Q19.

The key **environmental objectives for 2020** are: (i) 60% of the developments launched during the year to be framed by the Green Book; (ii) establishment of non-financial indicators for the measurement of environmental aspects; and (iii) revision of the Green Book in light of the updated Sustainability Strategy and New Building Code.

On the **environmental training front**, which is one of the cornerstones of the management system, in 2019 the company provided every employee with Health, Safety, Quality and Environmental (HSEQ) Induction Training. With the aim of enhancing all aspects of its quality and environmental management, the company has planned the following training initiatives: implementation of an e-learning platform for the HSEQ induction course and introduction of a systematic procedure for assessing the effectiveness of training.

In addition, the company undertakes **educational and awareness activities for employees and other stakeholders** to promote climate action.

Specifically: one sustainability course for customers and two for marketers; seven HSEQ courses for AEDAS Homes employees.

In the **quality management** arena, the company did the following in 2019: it revised its policies (Appendix 2), processes and procedures; defined the development process map; identified the

processes needed for correct development management; defined the processes identified in the development process map; and compiled and defined procedures and manuals. It also set up the Developments Portal (Appendix 3), to which 154 developments have been added. All of the planned internal audits were duly carried out.

The **quality objectives for 2020** are: (i) revision of the global process map; and (ii) extension of ISO 9001 certification to the work places in Palma, Granada, Valencia and Zaragoza.

6.4.b Human rights

AEDAS Homes supports the 10 principles enshrined in the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption and is committed to embedding those principles into its strategy, corporate culture and everyday actions and to getting involved in collaborative projects that contribute to delivery of the United Nations broad development goals, specifically its Sustainable Development Goals (SDGs).

To that end, the company **officially endorsed the Global Compact on 20 February 2019**.

Framed by those commitments, the company has joined forces with a number of entities and institutions from its sector as well as other business areas. Specifically, **AEDAS Homes has entered into agreements with 11 entities and institutions** (Appendix 4).

In addition, as part of its commitment to **supporting integration, accessibility, sustainability, culture and sport**, it shares its interests and sensitivity in these matters with a number of third-sector entities, **specifically having entered into collaboration agreements with 21** (Appendix 5).

6.4.c Employees and related company matters

AEDAS Homes has had an **ISO 45001 certified health and safety management system in place since 2017**.

Note that the **last system audit certification took place in June 2019, with a satisfactory outcome**.

With respect to 2019, it is worth highlighting the growth in the number of works, employees and business lines, which has a directly impact on the health and safety management effort. In 2019, the health and safety coordination agreements were renewed with SGS, I+P and Bureau Veritas.

It is worth highlighting that the company imparted **HSEQ induction training courses** to all employees in 2019, in keeping with article 19 of Spain's Workplace Health and Safety Act; it also set up an Employee Portal to which all of the company's policies, processes, procedures, manuals and protocols have been uploaded to facilitate employee access to related health and safety related information.

As for the map depicting the processes corresponding to each phase of a real estate development - viability study, design, permitting, construction, launch strategy, pre-sales, marketing, delivery and after-sales - (Appendix 6), compiled in 2019, note that it encompasses the company's suppliers, shareholders, customers and communities, evidencing its commitment to the health and safety of all of its stakeholders. The company also carried out the following initiatives: it assessed the workplace risks in AEDAS Homes' new offices; reviewed policies, processes and procedures; reviewed the framework health and safety coordination agreement;

implemented the e-learning platform for the HSEQ Induction Course; and set up the Developments Portal, to facilitate tighter process monitoring.

To oversee the health and safety management effort, the key performance indicators (Appendix 7) are presented to the company's Management Committee periodically. Internal audits are the key tool used to control the management system. In 2019 **a total of 47 development assessments were conducted at 30% and 70% of completion of building work; the results were far from the tolerance thresholds defined for each KPI**.

Having analysed the results of those safety audits, the company defined an action plan for 2020 with the key goals of: basic health and safety training course (60 hours) to be provided to a larger number of employees; assessment of psychosocial risk factors at each of the company's work places; review of the business activity coordination procedure; performance evaluations for the health and safety coordinators that service the company; and systematisation of the health and safety KPIs.

Turning to the **composition of the headcount**, AEDAS Homes fosters fair hiring practices in terms of gender, age, country and job qualifications.

At 31 March 2020, the company employed **234** people, one of whom presents a disability of a severity of over 33%.

The table below presents the employee breakdown by gender and qualifications at 31 March 2020:

	31.03.2020			31.12.2019		
	Women	Men	Total	Women	Men	Total
Higher degree	76	78	154	70	73	143
Medium level diploma	18	26	44	16	25	41
Others	21	15	36	18	15	33
Total	115	119	234	104	113	217

For information about the breakdown by contract type and layoffs in 2019, refer to Appendix 8.

In 2019 the company provided 51 employee training courses in total (Appendix 9).

It is also worth highlighting the **number of indirect jobs** created as a result of AEDAS Homes' activities, a figure estimated at **3,653**.

The next table provides the breakdown by geographic region, department and job category at 31 March 2020:

REGIONAL OFFICE	31.03.2020
Centre	147
Catalonia	23
East	22
Costa del Sol	21
Andalusia	21
Total	234

DEPARTMENT	31.03.2020
Business	167
Investments	9
Finance	21
Corporate	37
Total	234

PROFESSIONAL CATEGORY	31.03.2020
Management	36
Intermediate	63
Technical and administrative staff	135
Total	234

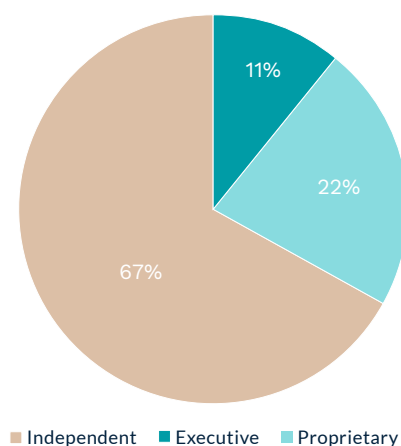
6.4.d Corporate governance

The following table depicts the composition of AEDAS Homes' Board of Directors:

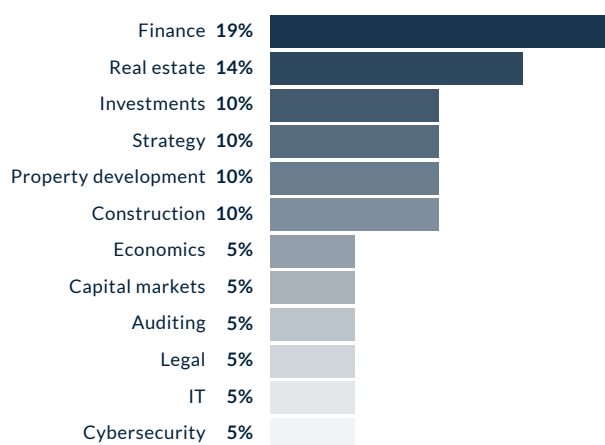
Directors		Santiago Fernández Valbuena	David Martínez Montero	Javier Lapastora Turpin	Miguel Temboury Redondo	Cristina Alvarez Alvarez	Milagros Mendez Ureña	Eduardo D'Alessandro Cishek	Evan Andrew Carruthers	Emile K.Haddad	Total
Position		Chairman	CEO	Member	Member	Member	Member	Member	Member	Member	
Board of Directors	Executive		√								1
	Proprietary							√	√		2
	Independent	√		√	√	√	√			√	6
Committees	Audit and Control	√		√ P				√			3
	Appointments and Remuneration				√ P	√					3
	Innovation, Technology and Cybersecurity		√			√ P		√			3
Shareholding	Direct, %	0,006%	0,16%	0,003%	0%	0%	0,001%	0%	0,06%	0%	0,23%
Other data	Date of appointment	27/09/17	25/05/17	27/09/17	27/09/17	07/10/2017	04/04/2019	27/09/17	27/09/17	27/09/17	
	Nationality	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish	Dominican	North American	North American	
	Directorships at other listed companies	Vice-Chairman of EBN Banco de Negocios Director of Ferrovial Director of Mapfre Brasil		Independent Director of Servicios Financieros Carrefour, EFC, S.A. (Spain) Member of the Supervisory Board & Chairman of the Audit Committee of Mostostal Warszawa S.A. (Poland) Founding Partner of Kilmore Management Services (Spain) Partner at Glendalough Investments	Independent Director in Singular Bank	Board Member in Openbank	Managing partner & Financial Advisor in Aldebaran Advisory SL	Partner At Castllake LP	CIO & Managing Partner at Castllake Director of Five Points Holding LLC Director of each of the aviation company investees of Castllake	Chairman and CEO of FivePoint	
	Age	62	49	53	51	51	59	39	41	61	

*C = the chair of any of the three committees.

Below is the boardroom composition by director type.



The next chart depicts the areas of expertise of the company's directors:



In 2020, the **Board of Directors** met on **3 occasions**: 29 January, 26 March and 30 March.

Its committees met as follows:

- The **Audit and Control Committee** sat **4 times**: 29 January, 25 February, **18 March and 27 March**.
- The **Appointments and Remuneration Committee** met **3 times**: 29 January, 25 February and 30 March (that last time without a fa-

ce-to-face meeting; the resolutions were taken in writing).

- The **Innovation, Technology and Cybersecurity Committee** met **once**: on 23 January.

6.4.e Anti-corruption and bribery matters

AEDAS Homes has devised and implemented a compliance programme with the aim of establishing a culture of ethics and compliance while guaranteeing respect for applicable legislation. The compliance programme covers the relevant areas of risk and emulates best practices in the field.

More specifically, AEDAS Homes' compliance programme encompasses measures designed to guarantee compliance with:

Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) legislation

Anti-corruption legislation, specifically addressed by the Corporate Crime Prevention Framework

Anti-money laundering

AEDAS Homes is a home developer and as such is bound by anti-money laundering and counter-terrorist financing legislation. To comply with that legislation the company has implemented the following measures:

- Internal Control Body: AEDAS Homes has a designated internal control body which is tasked with monitoring AML/CTF compliance at the company
- Risk and Compliance Department: the com-

pany's risk and compliance function is responsible for managing the AML/CFT model

- AML/CFT Manual: embodies the internal policies and procedures which need to be followed by all employees to comply with applicable legislation
- Due diligence: AEDAS Homes' Technical Unit carries out due diligence procedures for every single customer that buys one of the company's homes. Company procedures prohibit sales without that unit's clearance. If customers present higher risk profiles, the company carries out enhanced due diligence.
- External expert report: as required in applicable legislation, AEDAS Homes submits annually to review by an external AML/CTF expert. That report is presented to the Board of Directors within three months of issuance.
- Training: All employees receive AML/CFT training annually. That training was duly provided in 2020.
- Internal Audit review: the Internal Audit function analyses the effectiveness of the AML/CFT framework annually and reports its findings to the Audit and Control Committee.
- Analysis and reporting of suspicious transactions: suspicious transactions are duly analysed and reported to the AML watchdog as necessary.
- Code of Conduct: The company has a Code of Conduct which embodies its values and specifies the types of conduct it does not tolerate. It must be endorsed by all new hires.
- Code of Conduct for Third Parties: All essential suppliers that collaborate with AEDAS Homes have to sign the Code of Conduct for Third Parties before doing business with it. By doing so they commit to aligning their activities with AEDAS Homes' values and to not breaching the code rules.
- Compliance Manual and Policy: the documents which establish the ground rules for the Corporate Crime Prevention Framework.
- Anti-Corruption Policy: establishes the rules applicable to employees with respect to gifts and hospitality vis-a-vis the public and the private sectors.
- Compliance Committee: the body responsible for supervising regulatory compliance and coordinating the measures needed to that end.
- Risk and Compliance Department: the company has a risk and compliance function tasked specifically with managing the corporate crime prevention effort.
- Criminal risk map: the map is used to identify and assess the criminal risks to which the company is exposed, enabling it to identify the biggest risks and establish mitigating measures. The company currently has 125 controls in this respect.

Corporate crime prevention

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

- Risk and control matrix: the matrix encompasses all information related to the controls in place at the company for monitoring criminal risks, including the risk of corruption.

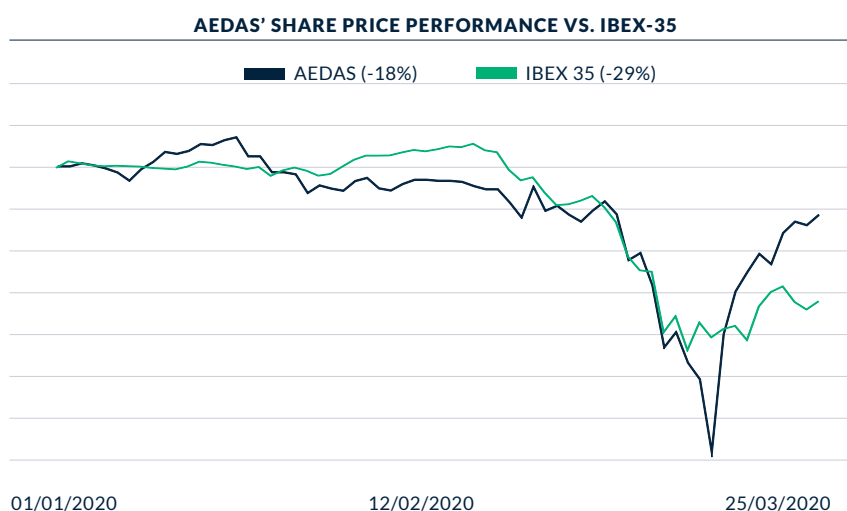
- **Whistle-Blowing Channel:** employees are obliged to report conduct that violates the company's Code of Conduct or applicable legislation using the Whistle-Blowing Channel. They may do so anonymously.
- **Annual budget:** the Risk and Compliance Department is assigned an annual budget for managing the crime prevention effort.
- **Annual controls:** the model is reviewed annually to verify its effectiveness. As part of that exercise, the effectiveness of the anti-corruption controls is also assessed. The results of the controls and the action plans devised to remedy areas in need of improvement are reported to the Audit and Control Committee
- **Training:** Employees were provided with training on the Code of Conduct, Compliance Programme and Whistle-Blowing Channel in 2020. Those courses also addressed employee obligations under the Anti-Corruption Policy.

7. Share price performance and CNMV filings

7.1 Share price performance

The global spread of the coronavirus drove a pronounced correction in asset prices in March 2020 as well as a sharp increase in volatility.

The IBEX-35 has corrected by 29% year-to-date in 2020. Against that backdrop, the sharp discount at which the Spanish homebuilding sector is trading widened further. At 31 March 2020, AEDAS Homes' share price was trading at a discount of 50% to reported NAV as of 31 December 2019. AEDAS Homes' share price started the year at €21.45/share, reaching a high for the period of €22.95/share on 24 January and marking a low of €10.58/share on 18 March. It closed at €17.50 on 31 March. In all, the company's share price has corrected by 18% so far in 2020. As for liquidity, the equivalent of 15% of total outstanding shares changed hands in the first three months of 2020.



7.2 CNMV filings

Publication date	Price-sensitive information Other relevant information Inside information	Type	Summary content	Registration no.
7/1/20	Price-sensitive information	Buy-back programmes, stabilisation and treasury stock	31 December 2019 - 6 January 2020 buy back programme and block trade report	285671
13/1/20	Price-sensitive information	Buy-back programmes, stabilisation and treasury stock	7-13 January 2020 buy back report and equity swap	285885
20/1/20	Price-sensitive information	Buy-back programmes, stabilisation and treasury stock	14-20 January buy back programme report	286025
27/1/20	Price-sensitive information	Buy-back programmes, stabilisation and treasury stock	21-27 January buy back programme report	286231
3/2/20	Price-sensitive information	Buy-back programmes, stabilisation and treasury stock	28 January - 3 February buy back programme report	286429
10/2/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	4-10 February buy back programme report	13
17/2/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	11-17 February buy back programme report	113
21/2/20	Other relevant information	Other relevant information	FY 2019 results release and webcast announcement	175
24/2/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	18-24 February buy back programme report	238
25/2/20	Other relevant information	Annual report on director remuneration	Submission of annual statement on director remuneration for 2019	289
25/2/20	Other relevant information	Annual corporate governance report	Submission of annual corporate governance report for 2019	290
25/2/20	Other relevant information	Half-yearly financial reports and audit reports/limited audit review	Submission of financial information for the second half of 2019	291
25/2/20	Other relevant information	Announcement of general shareholders' meeting	2020 GSM announcement	292
25/2/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	Modification of share buyback programme	293
25/2/20	Inside information	On P&L	Full year 2019 results presentation	37
28/2/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	Modification of share buyback programme	576
3/3/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	25 February - 2 March buy back programme and block trade report	747
10/3/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	3 - 9 March buy back programme report	882
16/3/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	10 - 16 March buy back programme report	1012
23/3/20	Other relevant information	Announcement of general shareholders' meeting	Complementary announcement in relation to the calling of the ordinary general shareholders meeting	1138
23/3/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	17 - 23 March buy back programme and block trade report	1140
30/3/20	Other relevant information	Announcement of general shareholders' meeting	2020 General Shareholders Meeting - resolutions adopted	1295
30/3/20	Other relevant information	Buy-back programmes, stabilisation and treasury stock	24 - 30 March buy back programme report	1300

8. Events after the reporting date

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

- On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic due to its rapid spread around the world, affecting more than 150 countries. Thus, the way the business can operate has been restricted by the necessary measures taken by the Government aimed at eradicating the virus, especially since the declaration of the State of Alarm that came into effect on 14 March 2020.

As a result of the measures adopted under the State of Alarm, AEDAS HOMES closed its sales offices in mid-March, and focused its commercial activity on converting existing reservations for homes in its sales portfolio into private purchase contracts, and encouraging sales of homes via online channels, particularly the LIVE platform. In the case of building work, this has continued normally except for a stoppage due to the circumstances described, which only lasted 8 working days.

The consequences arising from COVID-19 have been evaluated and do not require an adjustment to the consolidated financial statements for the three-month period ended 31 March 2020, without prejudice to their recognition in the consolidated 2021 finan-

cial statements for the period from 1 April 2020 to 31 March 2021.

Taking into consideration the complexity of the markets due to globalisation and the absence, at the present time, of effective medical treatment for the virus, it is premature, at the date of preparing these Consolidated Annual Accounts, to reliably estimate its possible impacts. However, as far as we are aware, there have been no consequences that could be considered significant, since these will depend, to a large extent, on the evolution and extent of the pandemic in the coming months, and on the ability of all the economic agents affected to react and adapt, so they cannot at present be reliably estimated. In any case, the Directors consider that the possible impact of the pandemic on the Group could be mitigated by the various contractual mechanisms available in each case.

Finally, it should be noted that the Company's Directors and Managers are constantly monitoring the situation in order to ensure that any impact that may arise in relation to it, whether financial or otherwise, is dealt with in the most appropriate way.

In the course of 2021, the Group will assess the impact of these events on its equity and financial position in the financial year ended 31 March 2021 and on the results of its operations and cash flows in the year ended on that date.

- Aedas Homes, S.A has arranged four credit lines complementary to the development financing, three of which are guaranteed by ICO, with different financial institutions with which it has already signed development loans for a total of 38 million euros. The interest rates established are fixed (2% - 2.5% - 3.5%) and

variable (EURIBOR plus a spread of 250), and all have a minimum grace period of 10 months and maturities ranging from 12 to 24 months.

- During April 2020, the AEDAS Group arranged development loans with mortgages for a total of 23,500,000 euros in order to finance 2 developments currently being built. The interest on these loans is EURIBOR plus a spread of between 250 and 275 basis points.
- On 11 May 2020, AEDAS HOMES's total treasury stock position at the close of the market was 2,101,137 shares representing 4.3804% of the capital acquired at an average price of 20.2692 euro per share. A total of 148,724 shares were acquired through Discretionary Management, representing 0.3101% of the capital at an average price of 20.3341 €/share; the total number of shares acquired through the Buyback Programme was 822,125 representing 1.7140% of the capital at an average price of 20.2409 €/share and the total number of shares acquired on the block market was 1,130,288, representing 2.3564% of the capital at an average price of 20.2812 €/share.

9. Annual Corporate Governance Report

The 2020 Corporate Governance Report is part of the Management Report. It has been available since the date of publication of the company's financial statements on the websites of the securities market regulator, the CNMV, and of AEDAS Homes itself: **www.aedashomes.com**

APPENDICES

APPENDIX 1

Green Book

AEDAS Homes aspires to spearhead the use of sustainability criteria in the homebuilding industry and set a benchmark with its developments. To that end, we have compiled a Green Book which defines minimum sustainability criteria for all of our developments and also gives the Development Managers the chance to select additional measures for their projects.

The idea is for the Green Book to serve as a flexible, customisable and open guide that helps the design teams, builders and all the parties involved in the construction process to embed sustainability measures into our developments. By extension the aim is to rationalise the use of natural resources, promote innovation and energy efficiency via new building systems, emphasise the incorporation of sustainability considerations at the design phase thanks to new technology and drive changes in professional practice.

During the initial phase of the Economic Analysis, the Development Managers are offered the possibility of filling out a Sustainability Report in conjunction with the Technical Specifications Report. In that report they can select measures from among those itemised in the nine chapters of the Green Book that they will implement in their projects: Energy; Water; Materials, Waste; Biocomfort (health and wellbeing); Landscape Integration; Community, Good Practices; Economy. Once selected, they can readily calculate the cost of the measures and check their viability with respect to the development and the expected customer returns. AEDAS Homes' Green Book seeks to streamline the use of natural resources, promote innovation and energy efficiency using modern methods of construction (MMC) and foster the use of new technology in development design.

AEDAS Homes' Green Book has been articulated to put the company's sustainability strategy into action and design and build developments that are environmentally friendly and made rational use of our natural resources.

APPENDIX 2

Policy, process and procedure review Policies revised in 2019:

DEPARTMENT	NAME	VERSION	DATE
Strategy & Investment	Investment Policy	1	3/1/19
Corporate Resources	Supplier Selection, Contracting and Assessment Policy	1	18/1/19
Legal Advisory	Legal Advisory	1	25/1/19
Operations	Operations Policy	1	31/1/19
Board of Directors	Director Remuneration Policy	3	1/2/19
Technology	ICT Security Policy	1	12/2/19
Finance	General ICFR Policy	4	8/5/19
Finance	Supplier Payment Policy	1	5/6/19
Corporate Resources	Hiring Record-Keeping and Monitoring Policy	1	19/7/19
Finance	AEDAS Homes, S.A. Treasury Share Policy	1	25/7/19
Operations	Customer Service Policy	1	17/10/19

APPENDIX 3

Development Portal

The Developments Portal was created with the aim of being able to visualise all of the developments ongoing in a given region in a single tool where users can find all of the key associated documentation. Users can access the Portal to upload and download (depending on user clearances) all the definitive documentation pertaining to the development selected and the templates to be used.

To create the Portal, the first step was to draw up the Developments Map. Next the Operating Processes needed for correct management of a development were added. Once identified, the next step was to define those processes (including the associated documentation, templates, work documents and definitive documentation).

When the Portal was considered sufficiently far along development-wise, users were provided with training to learn how to upload and download documentation as needed (both actions requiring certain user access levels).

Implementation of the Developments Portal marks a new milestone in the company's process management, delivering efficiency. In addition, documentation search options have been configured to enable quick consultation of all information related with a given development.

APPENDIX 4

List of entities and institutions with which AEDAS Homes has executed agreements

GRANADA BUILDERS AND DEVELOPERS ASSOCIATION (ACP GRANADA)

SEVILLE BUILDERS AND DEVELOPERS BUSINESS ASSOCIATION (GAESCO)

MADRID DEVELOPERS ASSOCIATION (ASPRIMA)

ALICANTE DEVELOPERS ASSOCIATION (PROVIA)

MALAGA BUILDERS AND DEVELOPERS ASSOCIATION (ACP MALAGA)

VALENCIA DEVELOPERS ASSOCIATION (APROVA)

CADIZ DEVELOPERS ASSOCIATION (ASPRICA)

BARCELONA DEVELOPERS ASSOCIATION (APROVA)

SPANISH CONFEDERATION OF BUSINESS ASSOCIATIONS (CEOE)

ASSOCIATION FOR MANAGEMENT PROGRESS (ADP)

URBAN LAND INSTITUTE (ULI)

APPENDIX 5

List of third sector organisations with which AEDAS Homes has executed agreements

Integration

- ASION
- DOWN MADRID
- COOPERACIÓN INTERNACIONAL
- PRODIS FOUNDATION
- GENERACCIONA
- CAPACIS FOUNDATION

Culture and sport

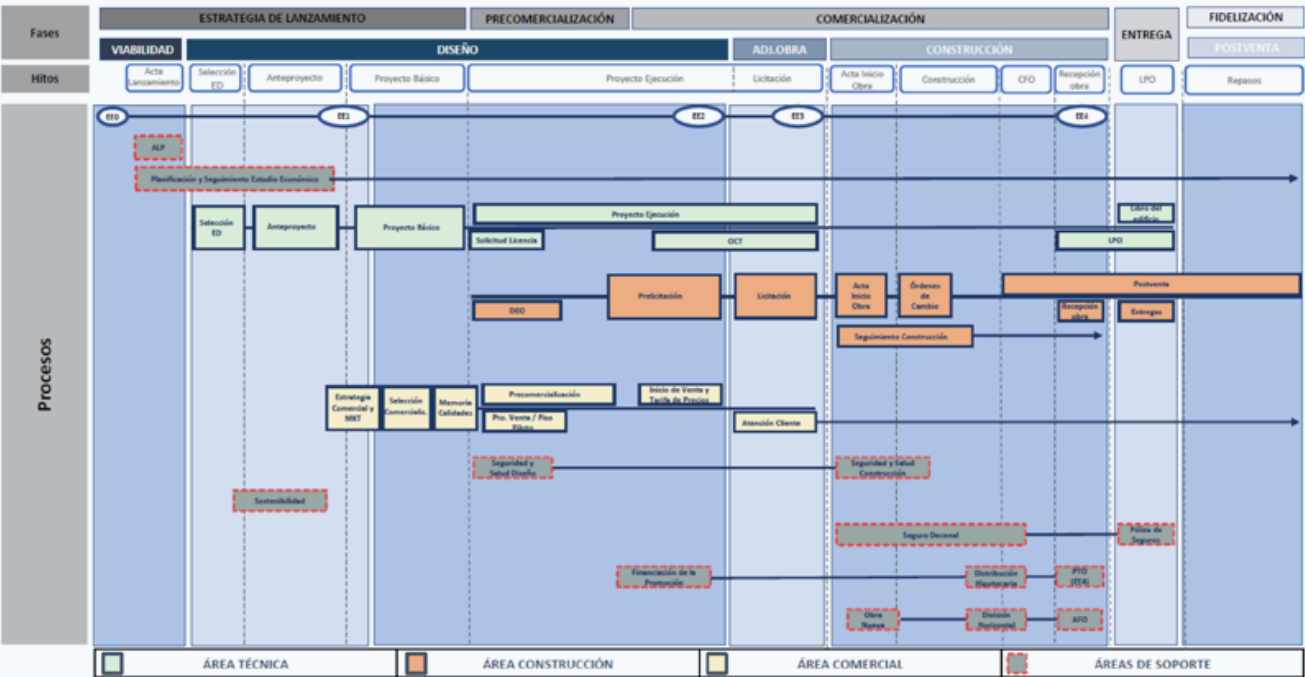
- Teatro Real: 25 November 2019
- Basketball Malaga Unicaja: 18 November 2019
- Basketball Pozuelo: 25 November 2019
- Hockey Pozuelo: 25 November 2019
- Tennis Majadahonda: 16 December 2019
- Sailing Club: September 2019
- Rugby Pozuelo: 1 October 2019
- Basketball Club Granada: 18 July 2019
- Swimming Pozuelo: 25 November 2019
- Paddle Masnou: 15 July 2019
- Betis Basketball: 7 November 2019
- Football Mallorca: 4 November 2019
- Sevilla League and Video Scoreboard: 17 October 2019
- Valladolid Rugby: 5 September 2019

Accessibility

- ANIVEL (collaboration agreement in progress)

APPENDIX 6
Process map

The image is a screenshot of the computer tool so it is only available in Spanish.



APPENDIX 7

Health and safety performance indicators

Indicator	Indicator calculation	Tolerance	Observations on tolerance	4Q19 outcome	Justification if risk threshold surpassed
Monthly trend in # of accidents.	Trend and average number of workplace accidents per month/development.	≤ 1	Calculated in monthly terms.	0,11	
Results of health & safety assessments.	Shortcomings and recommendations issued as a result of assessments (by health and safety dept. and in development audits) in keeping with occupational health and safety (OHS) procedures; assessment of compliance with OHS regulations and of the alignment of subcontractor OHS procedures (year-on-year calculation).	$\geq 50\%$	Calculated in year-on-year terms.	71%	
Injury frequency rate	No. of injuries over total hours worked.	≤ 30	Calculated in quarterly terms.	8,08	
Injury severity rate	No. of lost-time injuries over total hours worked.	≤ 3	Calculated in quarterly terms.	0,12	
Severe injuries.	Number of severe workplace injuries (defined as accidents that result in permanent worker disability).	≤ 1	Calculated in quarterly terms.	0	
Fatalities.	Number of fatal accidents.	≤ 1	Calculated in quarterly terms.	0	
Fines or penalties for breach of OHS regulations (govt. penalties).	Number of govt. fines or penalties imposed for breach of OHS regulations.	$\leq 6,250$	Calculated in quarterly terms.	0	
Fines or penalties for breach of OHS regulations (criminal offences).	Number of criminal fines or penalties imposed for breach of OHS regulations.	≤ 1	Calculated in quarterly terms.	0	
Weaknesses detected by internal audit function or external auditor	Qualifications and recommendations made by the internal audit function or the external auditor.	≤ 15	Calculated in quarterly terms.	0	

APPENDIX 8

Breakdown of the headcount by contract type and layoffs

The table below presents the employee breakdown by contract type at 31 December 2019:

Type of contract	Mujeres	Hombres
Open ended	71	91
Temporary and others	17	14
Internship	10	6
Construction	6	2

The table below breaks down the layoff in 2019:

	Women	Men	Total
Layoffs	9	2	11
Engineers and graduates			
20-29			0
30-39			0
40-49	3		3
Over 50			0
Engineering technicians, experts and qualified assistants			
20-29			0
30-39			0
40-49	1		1
Over 50		1	1
Clerical and workshop supervisors			
20-29			0
30-39			0
40-49			0
Over 50			0
Unqualified assistants			
20-29			0
30-39			0
40-49			0
Over 50			0
Clerical officers			
20-29	1		1
30-39	2		2
40-49			0
Over 50			0
Subordinates			
20-29			0
30-39			0
40-49			0
Over 50			0
Clerical assistants			
20-29			0
30-39	1		1
40-49	1	1	2
Over 50			0

APPENDIX 9

List of the training courses taken by employees in 2019

COURSE	START DATE	END DATE
POWERPOINT	09/01/2019	14/01/2019
WORKSHOP: TOWN PLANNING AND LAND MANAGEMENT	14/02/2019	14/02/2019
NEGOTIATION SKILLS	18/03/2019	19/03/2019
NEGOTIATION SKILLS	25/03/2019	26/03/2019
NEGOTIATION SKILLS	03/04/2019	04/04/2019
COACHING	25/01/2019	25/01/2019
UNIVERSITY DIPLOMA IN FINANCE	11/01/2019	01/06/2019
SENIOR MANAGEMENT PROGRAMME	01/02/2019	26/04/2019
EXECUTIVE FACILITIES MANAGEMENT PROGRAMME	15/02/2019	01/06/2019
DIRECTORSHIP PROGRAMME	26/02/2019	20/06/2019
DIRECTORSHIP PROGRAMME	26/02/2019	20/06/2019
PRACTICAL INDUCTION TRAINING FOR TECHNICAL MANAGERS	20/02/2019	21/02/2019
FINANCE SEMINAR FOR THE UNINITIATED	21/02/2019	21/02/2019
DEDICATED IFRS COURSE	05/03/2019	11/06/2019
MANAGEMENT DEVELOPMENT PROGRAMME	01/04/2019	22/07/2019
PRACTICAL INDUCTION TRAINING FOR DEVELOPERS	04/03/2018	05/03/2018
DEDICATED COURSE ON CORPORATE TRANSACTIONS AND RESTRUCTURINGS	06/03/2019	10/07/2019
PRACTICAL INDUCTION TRAINING FOR AFTER-SALES MANAGERS	01/04/2019	02/04/2019
COACHING	30/05/2019	11/07/2019
PRACTICAL INDUCTION TRAINING FOR TECHNICIANS	04/06/2019	05/06/2019
PRACTICAL INDUCTION TRAINING FOR DEVELOPMENT MANAGERS	26/06/2019	27/06/2019
PRACTICAL INDUCTION TRAINING FOR LAWYERS	19/08/2019	23/08/2019
PRACTICAL INDUCTION TRAINING FOR PRODUCT QUALITY MANAGERS	17/10/2019	18/10/2019
PRACTICAL INDUCTION TRAINING FOR TECHNICIANS	23/10/2019	24/10/2019
ARTIFICIAL INTELLIGENCE FOR EXECUTIVES	20/11/2019	21/11/2019
BIM MANAGER EXPERT	17/10/2019	17/12/2019
MBA IN REAL ESTATE MANAGEMENT	05/04/2019	21/12/2019
MBA IN REAL ESTATE MANAGEMENT	05/04/2019	21/12/2019
INTERNAL AUDITOR ANNUAL SEMINAR	20/11/2019	21/11/2019
PROPERTY REGISTER COORDINATION	05/11/2019	05/11/2019
POWER BI	17/09/2019	18/09/2019
FIRST NATIONAL INNOVATION CONFERENCE	18/09/2019	18/09/2019
SENIOR MANAGEMENT PROGRAMME	14/11/2019	03/06/2020
PASSIVE HOUSING	01/10/2019	15/10/2019
INDIVIDUAL DEVELOPMENT PROGRAMME	20/09/2019	13/03/2020
PERSONAL PRODUCTIVITY	13/03/2019	13/03/2019
PERSONAL PRODUCTIVITY	18/07/2019	18/07/2019
ENGLISH	ENERO	DICIEMBRE
SEMINAR: FINANCIAL STATEMENT PREPARATION: CORPORATE INCOME TAX	10/06/2019	10/06/2019
GREEN BOOK TRAINING	20/06/2019	20/06/2019
GREEN BOOK TRAINING	25/07/2019	25/07/2019
BASIC EXCEL	19/06/2019	20/06/2019
MID-LEVEL EXCEL	17/06/2019	18/06/2019
MID-HIGH LEVEL EXCEL	17/06/2019	18/06/2019
ADVANCED EXCEL	26/06/2019	27/06/2019
WORKSHOP: ARCHITECTURE IN RESIDENTIAL DEVELOPMENTS	16/09/2019	16/09/2019
TOWN PLANNING	29/10/2019	29/10/2019
INGENIA PLATFORM	25/10/2019	25/10/2019
REAL ESTATE FUNDAMENTALS	04/11/2019	04/11/2019
BIM	25/11/2019	25/11/2019
PRACTICAL SOLUTIONS FOR IFRS 16 & IFRS 9	26/11/2019	26/11/2019

Torre Estronci 99
L'Hospitalet de Llobregat



DILIGENCIA DE FIRMAS

Diligencia que levanta el Secretario no consejero del Consejo de Administración para hacer constar que los miembros del mencionado Consejo de Administración de la sociedad AEDAS HOMES, S.A. han procedido a suscribir las Cuentas Anuales Consolidadas, constitutivos del Balance de Situación Consolidado, la Cuenta de Pérdidas y Ganancias consolidadas, El Estado de Resultado Global Consolidado, el Estado de Cambios en el Patrimonio Neto consolidado, el Estado de Flujos de Efectivo Consolidado, la Memoria Consolidada y el Informe de Gestión, correspondientes al ejercicio de tres meses terminado el 31 de marzo de 2020, firmando todos y cada uno de los señores Consejeros de la sociedad, cuyos nombres y apellidos constan a continuación, de lo que doy fe.

20 de mayo de 2020

El Secretario no Consejero

D. Alfonso Benavides Grases

D. Eduardo Edmundo D'Alessandro Cishek

SIGNATURE DILIGENCE

Diligence raised by the non-director Secretary of the Board of Directors to record that the members of the Board of Directors of the company AEDAS HOMES, S.A. have proceeded to subscribe the Consolidated Financial Statements, constituent of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflows, the notes to the consolidated financial statements and the Consolidated Annual report for the three months ended in March 31st, 2020, signed by each and every one of the Directors of the company, whose names and surnames are listed below, That I give faith.

May 20th, 2020

Non-director Secretary

D. Alfonso Benavides Grases

Mr. Eduardo Edmundo D'Alessandro Cishek

D. David Martínez Montero

Mr. David Martínez Montero

D. Santiago Fernández Valbuena

Mr. Santiago Fernández Valbuena

D. Evan Andrew Carruthers

Mr. Evan Andrew Carruthers

Dña. Milagros Méndez Ureña

Ms. Milagros Méndez Ureña

D. Javier Lapastora Turpín

Mr. Javier Lapastora Turpín

D. Miguel Temboury Redondo

Mr. Miguel Temboury Redondo

Dña. Cristina Álvarez Álvarez

Ms. Cristina Álvarez Álvarez

D. Emile K. Haddad

Mr. Emile K. Haddad

DECLARACIÓN DE RESPONSABILIDAD
DE AEDAS HOMES, S.A.

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

Que, hasta donde alcanza su conocimiento, las Cuentas Anuales consolidadas de Aedas Homes, S.A. y sus sociedades dependientes, correspondientes al ejercicio de tres meses finalizado el 31 de marzo de 2020, han sido elaboradas con arreglo a los principios de contabilidad aplicables; ofrecen, tomadas en su conjunto, la imagen fiel del patrimonio, de la situación financiera y de los resultados de Aedas Homes, S.A. y sus sociedades dependientes; y el Informe de Gestión consolidado incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de Aedas Homes, S.A. y sus sociedades dependientes, junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

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

D. Santiago Fernández Valbuena
Presidente

D. David Martínez Montero
Consejero Delegado

D. Eduardo D'Alessandro Cishek
Consejero

DECLARATION OF LIABILITY OF AEDAS
HOMES, S.A.

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

That, to the best of its knowledge, the consolidated Annual Accounts of Aedas Homes, S.A. and its subsidiaries, corresponding to the first trimester ended March 31, 2020, have been prepared in accordance with applicable accounting principles; offer, taken as a whole, the true image of the Equity, the financial situation and the results of Aedas Homes, S.A. and its subsidiaries companies; and the Consolidated Management Report includes a faithful analysis of the evolution and business results and the position of Aedas Homes, S.A. and its dependent companies, together with the description of the main risks and uncertainties that they face.

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

Mr. Santiago Fernández Valbuena
Chairman

Mr. David Martínez Montero
Chief Executive Officer

Mr. Eduardo D'Alessandro Cishek
Board Member

D. Evan Andrew Carruthers
Consejero

D. Evan Andrew Carruthers
Board Member

D. Javier Lapastora Turpín
Consejero

Mr. Javier Lapastora Turpín
Board Member

D. Miguel Temboury Redondo
Consejero

Mr. Miguel Temboury Redondo
Board Member

Dña. Milagros Méndez Ureña
Consejera

Mrs. Milagros Méndez Ureña
Consejera

Dña. Cristina Álvarez Álvarez
Consejera

Mrs. Cristina Álvarez Álvarez
Board Member

D. Emile K. Haddid
Consejero

Mr. Emile K. Haddid
Board Member

20 de mayo de 2020
Madrid

May 20th, 2020
Madrid

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

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

Madrid
20 de mayo de 2020

Madrid
May 20th, 2020

D. Alfonso Benavides Grases
Secretario del Consejo de Administración

D. Alfonso Benavides Grases
Secretary of the Board of Directors

Audit Report on Financial Statements
issued by an Independent Auditor

AEDAS HOMES, S.A.
Financial Statements and Management Report
For the three months ended
March 31, 2020



AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Report on the financial statements

Opinion

We have audited the financial statements of AEDAS HOMES, S.A. (the Company), which comprise the balance sheet as at March 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the three-month period then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at March 31, 2020 and of its financial performance and its cash flows for the three-month period then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2.a to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

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

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

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

Key audit matters

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

Measurement of non-current equity instruments and loans to group companies

Description	<p>As indicated in notes 7.a and 8 to the accompanying financial statements, at March 31, 2020, the Company recognized 198,645,519 euros of non-current equity investments in and non-current and current loans to group companies amounting to 45,078,046 euros and 834,936,017 euros, respectively. Through these investees, the Company manages the acquisition of land and sites and their exploitation by means of the construction and sale of housing developments.</p> <p>At each reporting date, the Company's directors test these equity investments and loans for indications of impairment. Impairment losses are recognized when their carrying amount exceeds their recoverable amount.</p> <p>Impairment loss is calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value of the projected cash flows from the investment.</p> <p>The Company takes investee's equity into consideration, adjusted for any unrealized gains existing at the measurement date, unless better evidence of the recoverable amount of the investment is available.</p> <p>To estimate the aforementioned unrealized capital gains, the Company uses appraisals carried out by an independent expert on the investment properties owned by each of the group companies and compares them to the net book value of the related assets.</p> <p>The risk of the incorrect valuation of the movements in these assets and their possible impairment, as well as the relevance of the amounts involved, cause us to consider the valuation of the investments in group companies and non-current and current loans to group companies as a key audit matter.</p>
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Our response	<p>In this regard, our audit procedures included:</p> <ul style="list-style-type: none"> ▶ Reviewing the incorporation deeds, non-monetary contributions, capital increases, as well as loans granted and the related drawdowns recognized under "Non-current equity investments in group companies" and "Non-current and current loans to group companies." ▶ Reviewing the analysis carried out by the Company to identify indications of impairment and calculation of the recoverable amount, through the evaluation, in collaboration with our valuation experts, the valuation methodology used by the independent expert for a sample of the properties appraised by the latter, the review of which specifically encompassed a mathematical assessment of the model, an analysis of the projected cash flows and a review of the discount rates used. ▶ Reviewing the disclosures included in the notes to the accompanying financial statements in conformity with the applicable regulatory financial reporting framework.
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Other information: management report

Other information refers exclusively to the management report for the three months ended March 31, 2020, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

- a. A specific level applicable to certain information included in the Annual Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the management report, and if not, disclose this fact.
- b. a general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the management report, and that the remaining the information contained therein is consistent with that provided in the financial statements for the three months ended March 31, 2020, and their content and presentation are in conformity with applicable regulations.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other legal and regulatory requirements

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on May 20, 2020.

Term of engagement

The ordinary general shareholders' meeting held on March 30, 2020 appointed us as auditors for the year ended March 31, 2020.

Previously, we were appointed as auditors by the Sole Shareholder for three years and we have been carrying out the audit of the financial statements continuously since December 31, 2017.

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

(signed in the original version)

Fernando González Cuervo
(Registered in the Official Register of
Auditors under No. 21268)

May 20, 2020

AEDAS HOMES S.A.

**Financial statements for the three months
ended March 31, 2020**

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

AEDAS HOMES S.A.
BALANCE SHEETS AT MARCH 31, 2020 AND DECEMBER 31, 2019
(Euros)

ASSETS	Note	Mar 31, 2020	Dec 31, 2019	EQUITY AND LIABILITIES	Note	Mar 31, 2020	Dec 31, 2019
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets	5	1,244,614	1,299,507	Capital	10	47,966,587	47,966,587
Software		1,170,138	1,190,620	Issued capital		47,966,587	47,966,587
Other intangible assets		74,476	108,887	Share premium	10	500,076,721	500,076,721
Property, plant and equipment	6	947,110	967,517	Reserves	10	(307,929,669)	(309,868,836)
Land and buildings		381,727	403,362	(Own shares and equity holdings)	10	(36,940,235)	(30,603,842)
Plant and other PP&E		565,061	563,594	Retained earnings (prior-year losses)	10	(1,320,954)	(14,436,582)
Construction work in progress and prepayments		322	561	Other owner contributions	10	740,071,256	740,071,256
Non-current investments in group companies and associates		243,723,565	241,254,611	Profit/(loss) for the year	3	4,516,890	15,027,995
Equity instruments	7	198,645,519	198,645,519	Other equity instruments	10	2,535,360	2,179,769
Loans to companies	8 & 16	45,078,046	42,609,092	Total equity		948,975,956	950,413,068
Non-current financial investments		160,562	159,362				
Other non-current financial assets	8	160,562	159,362	NON-CURRENT LIABILITIES:			-
Deferred tax assets	13	2,240,042	847,000	Non-current borrowings	12	2,546,914	-
Total non-current assets		248,315,893	244,527,997	Bonds and other marketable securities		2,546,914	-
CURRENT ASSETS:				Total non-current liabilities		2,546,914	-
Trade and other receivables		64,570,246	57,131,908	CURRENT LIABILITIES:			
Trade receivables, group companies and associates	8	64,559,308	55,704,565	Current borrowings	12	212,336,452	228,753,716
Sundry receivables	8	357	382	Bonds and other marketable securities		59,522,751	78,009,410
Personnel	8	10,577	10,160	Debt with financial institutions		150,184,136	149,541,848
Current tax assets	13	-	1,416,648	Derivatives		2,615,457	1,196,640
Other receivables from public authorities	13	4	153	Other financial liabilities		14,108	5,818
Current investments in group companies and associates	8 & 16	841,557,172	885,633,047	Current borrowings from group and related companies and associates	16	1,228,800	3,570,697
Current loans to group companies and associates		834,936,017	875,440,665	Trade and other accounts payables	12	11,816,006	20,189,935
Other financial assets		6,621,155	10,192,382	Payable for services received	12	1,853,038	2,415,564
Current financial assets	8	11,192,905	6,782,905	Employee benefits payable	12	1,045,182	2,222,749
Prepayments and accrued income		356,412	213,101	Current tax liabilities	13	6,552,256	5,635,915
Cash and cash equivalents	9	10,911,500	8,638,458	Other payables to public authorities	13	2,365,530	9,915,707
Total current assets		928,588,235	958,399,419	Total current liabilities		225,381,258	252,514,348
TOTAL ASSETS		1,176,904,128	1,202,927,416	TOTAL EQUITY AND LIABILITIES		1,176,904,128	1,202,927,416

The accompanying notes 1 to 20 are an integral part of the balance sheet at March 31, 2020

AEDAS HOMES S.A.

INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
CONTINUING OPERATIONS			
Revenue	14.a	15,647,998	53,399,228
Revenue from services rendered		15,647,998	53,399,228
Other operating income		-	1,008
Non-trading and other operating income		-	1,008
Employee benefits expense	14.c	(4,879,254)	(17,010,075)
Wages, salaries and similar		(4,033,129)	(13,877,315)
Employee benefits		(846,125)	(3,132,760)
Other operating expenses		(2,103,101)	(8,877,075)
External services	14.b	(2,084,126)	(8,813,770)
Taxes other than income tax		(18,675)	(23,703)
Other operating expenses		(300)	(39,602)
Depreciation and amortization	5 & 6	(208,940)	(541,589)
Impairment of and gains/(losses) on disposal of fixed assets		-	(3,059)
Impairment and write-downs		-	(3,059)
OPERATING PROFIT/(LOSS)		8,456,703	26,968,438
Finance costs	14.d	(2,441,971)	(6,924,086)
Third-party borrowings		(2,441,971)	(6,924,086)
Change in fair value of financial instruments	12.4	(1,418,817)	(156,467)
Held-for-trading portfolio and other securities		(1,418,817)	(156,467)
Exchange gains/(losses)		(612)	(4,195)
NET FINANCE INCOME/(COST)		(3,861,400)	(7,084,748)
PROFIT/(LOSS) BEFORE TAX		4,595,303	19,883,690
Income tax		(78,413)	(4,855,695)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		4,516,890	15,027,995
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the period from discontinued operations		-	-
PROFIT/(LOSS) FOR THE YEAR		4,516,890	15,027,995

Accompanying notes 1 to 20 are an integral part of the income statement for the three months ended March 31, 2020

AEDAS HOMES S.A.**STATEMENT OF CHANGES IN EQUITY****FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019****A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE**

(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
PROFIT/(LOSS) FOR THE PERIOD (I)	3	4,516,890	15,027,995
Income and expense recognized directly in equity		-	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY (II)		-	-
TOTAL AMOUNTS TRANSFERRED TO PROFIT OR LOSS (III)		-	-
TOTAL RECOGNIZED INCOME AND EXPENSE (I+II+III)		4,516,890	15,027,995

The accompanying notes 1 to 20 are an integral part of the statement of changes in equity for the three months ended March 31, 2020

AEDAS HOMES S.A.

STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Euros)

	Issued capital (note 10.a)	Share premium (note 10.b)	Reserves (notes 10.c & 10.d)	(Own shares and equity holdings) (note 10.f)	Retained earnings (prior-period losses)	Shareholder/owner contributions (note 10.g)	Profit/(loss) for the year	Other equity instruments (note 10.h)	TOTAL
OPENING BALANCE AT JANUARY 1, 2019	47,966,587	500,076,721	(311,281,836)	(1,127,936)	(28,897,154)	740,071,256	16,067,303	1,123,887	963,998,828
Total recognized income and expense	-	-	-	-	-	-	15,027,995	-	15,027,995
Distribution of prior-period profit	-	-	1,606,731	-	14,460,572	-	(16,067,303)	-	-
Transactions with shareholders	-	-	(193,731)	(29,475,906)	-	-	-	-	(29,669,637)
Transactions with own shares and equity holdings (net)	-	-	(193,731)	(29,475,906)	-	-	-	-	(29,669,637)
Other changes in equity	-	-	-	-	-	-	-	1,055,882	1,055,882
CLOSING BALANCE AT DECEMBER 31, 2019	47,966,587	500,076,721	(309,868,836)	(30,603,842)	(14,436,582)	740,071,256	15,027,995	2,179,769	950,413,068
Total recognized income and expense	-	-	-	-	-	-	4,516,890	-	4,516,890
Distribution of prior-period profit	-	-	1,912,367	-	13,115,628	-	(15,027,995)	-	-
Transactions with shareholders	-	-	26,800	(6,336,393)	-	-	-	-	(6,309,593)
Transactions with own shares and equity holdings (net)	-	-	26,800	(6,336,393)	-	-	-	-	(6,309,593)
Other changes in equity	-	-	-	-	-	-	-	355,591	355,591
CLOSING BALANCE AT MARCH 31, 2020	47,966,587	500,076,721	(307,929,669)	(36,940,235)	(1,320,954)	740,071,256	4,516,890	2,535,360	948,975,956

The accompanying notes 1 to 20 are an integral part of the statement of changes in equity for the three months ended March 31, 2020

AEDAS HOMES S.A.

CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND THE YEAR ENDED DECEMBER 31, 2019

(Euros)

	Note	Three months ended March 31, 2020	Year ended December 31, 2019
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		4,595,303	19,883,690
Adjustments to profit/(loss):		(4,272,625)	(18,817,857)
Depreciation and amortization charges	5 & 6	208,940	541,589
Change in provisions		355,591	1,055,881
Proceeds from disposals of fixed assets		-	3,059
Finance income	14.a	(8,697,944)	(27,424,543)
Finance costs	14.d	2,441,971	6,924,086
Change in fair value of financial instruments		1,418,817	82,071
Other cash flows from operating activities		6,388,779	41,268,267
Interest received		8,022,347	45,507,112
Interest paid		(1,633,568)	(4,238,845)
Changes in working capital:		(17,412,322)	(22,308,000)
Increase/(decrease) in trade receivables		(3,570,528)	(32,429,810)
Increase/(decrease) in trade payables		(9,283,970)	10,629,571
Increase/(decrease) in other current assets and liabilities		(4,556,624)	(1,779,880)
Increase/(decrease) in other non-current assets and liabilities		(1,200)	1,272,119
Net cash used in operating activities (1)		(10,700,865)	20,026,100
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(9,033,954)	(138,301,210)
Group companies and associates		(8,900,314)	(136,757,794)
Intangible assets		(80,121)	(1,150,037)
Property, plant and equipment		(53,519)	(393,379)
Proceeds from sale of investments		45,849,812	14,051,617
Group companies and associates		45,849,812	14,051,617
Net cash from/(used in) investing activities (2)		36,815,858	(124,249,593)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments		(6,309,592)	(29,669,637)
Acquisition of own equity instruments		(11,309,579)	(32,747,432)
Disposal of own equity instruments		4,999,987	3,077,795
Proceeds from and repayment of financial liabilities		(17,532,359)	118,867,453
Issue of bonds and other marketable securities		24,899,442	193,578,909
New financing obtained from banks		-	89,288,750
Repayment of bonds and other marketable securities		(41,000,000)	(150,000,000)
Repayment of debt with group companies and associates		(1,431,801)	(14,000,206)
Net cash from financing activities (3)		(23,841,951)	89,197,816
4. Effect of changes in exchange rates on cash and cash equivalents (4)		-	-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3+4)		2,273,042	(15,025,677)
Cash and cash equivalents - opening balance		8,638,458	23,664,135
Cash and cash equivalents - ending balance		10,911,500	8,638,458

The accompanying notes 1 to 20 are an integral part of the statements of cash flows for the three months ended March 31, 2020

Aedas Homes, S.A.

Notes to the financial statements for the three months ended March 31, 2020

1. **Core business**

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

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

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

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

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

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

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

At March 31, 2020 and December 31, 2019, the Company is the parent of a group of companies (the Group). A list of the Company's subsidiaries is provided in Appendix I of these financial statements for the three months ended March 31, 2020. Aedas Homes, S.A. and the subsidiaries itemized in Appendix I have drawn up consolidated financial statements, applying the International Financial Reporting Standards adopted by the European Union (IFRS-EU), authorizing their issuance on May 20, 2020.

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

Given the activities performed by the Company, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

a) *Business Contribution*

In 2017, the Company's then Majority Shareholder contributed its Spanish property development business, specifically contributing the entities through which it had been carrying out this business. Over the course of 2017, the Majority Shareholder contributed its Spanish real estate development business to the Company. It is important to note that Aedas Homes, S.A.U. was incorporated with the purpose of reorganizing the then Majority Shareholder's real estate development business in Spain but that neither the Company's key

management personnel nor the management of the business change as a result of the reorganization; moreover, the reorganization does not result in a change of control. The detail of said operation is included in the Financial Statements for the year ended December 31, 2017.

b) Corporate Restructuring Transactions

On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. ("Transferee") and 41 of its subsidiaries (the "Transferors"). The detail of said operation and the balances of on the merger are included in the Financial Statements for the year ended December 31, 2018.

2. Basis of presentation of the financial statements

a) Financial reporting framework applicable to the Company

The accompanying financial statements for the three months ended March 31, 2020 were authorized for issue by the directors in keeping with the financial reporting regulatory framework applicable to Company, namely:

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

b) True and fair view

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

c) Functional and presentation currency

The accompanying financial statements for the three months ended March 31, 2020 are presented in euros, which is the Company's functional and presentation currency.

d) Non-mandatory accounting policies applied

The Company has not applied any non-mandatory accounting policies. Further, the Company's directors have drawn up the accompanying financial statements for three months ended March 31, 2020 in accordance with all mandatory accounting principles and rules which have a material impact thereon. All mandatory accounting policies were applied.

e) Critical issues concerning the measurement and estimation of uncertainty

In preparing the accompanying financial statements, the Company's management used estimates to measure certain of the assets, liabilities, income and expenses recognized and to provide the breakdown of contingent

liabilities. These estimates were made on the basis of the best available information at year-end. However, the uncertainty inherent in these estimates means that future events could oblige the directors to modify these estimates in the next financial year, prospectively if warranted. These estimates basically refer to:

- Assessment of the potential impairment of the Company's financial investments in Group companies and the accounts receivable from Group companies (Note 4.5).
- The probability of obtaining future taxable income when recognizing deferred tax assets (Note 4.8).

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

Impairment of the Company's financial investments in Group companies

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

The recoverable amount of the real estate properties held by the Group companies is estimated on the basis of appraisals performed by independent experts unrelated to the Group. The Group assessed the realizable value of its inventories at the reporting date, understanding said value to be their estimated selling price less all of the estimated costs necessary to complete their construction. The market value was determined on the basis of the valuation carried out by independent appraisers. Savills Aguirre Newman Valoraciones y Tasaciones, S.A. appraised the value of the real estate assets in the Group's asset portfolio as at December 31, 2019, adjusted by the purchases and sales of inventories during the three months ended March 31, 2020 and the variation of work in progress in the three months ended March 31, 2020, and without taking supplier prepayments or assets subject to a sale option into consideration (as the directors have assumed that there is no indication that these assets are impaired). The Management decided to use the valuation of the assets portfolio at December 31, 2019, given that only three months had elapsed since the previous external valuation carried out by the Company, and even though evaluating the impact of COVID-19 on the residential sector is currently a work of great difficulty, since there is not a sufficient large number of comparable transactions in which that impact has occurred and that could be used as the basis, an update of the appraisal has been carried out by the independent appraisers Savills Aguirre Newman Valoraciones y Tasaciones, S.A., for a sample of assets of different categories which represents 22% of net realization value of the real estate assets at March 31, 2020. In the 2019 financial year, a full valuation was made at December 31, 2019. The assets were appraised using the 'market value' assumption, in keeping with the Valuation - Professional Standards and Guidance notes published by Great Britain's Royal Institution of Chartered Surveyors (RICS) (see Note 7).

Deferred tax assets

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

f) Comparative information

As required under Spanish company law, to facilitate the reader's comparative analysis, the Group discloses, in addition to the figures for March 31, 2020, those corresponding to December 31, 2019 for each of the items presented in the balance sheet and those corresponding to the three months ended March 31, 2020 and year 2019 for each of the items presented in the income statement, statement of changes in equity and statement of cash flows.

Regarding the current period, as stated in Note 1, it should be considered, for comparative purposes, the change of the Company's fiscal year to the twelve-month period from April 1 to March 31 the following year,

therefore the financial statements for the current period are referred to a period of three months, compared to twelve months for the previous period.

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

g) Aggregation

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

h) Going concern

The company financial statements have been prepared assuming the principle of a going concern that is, assuming that the Company's activity continues. However, should there be some circumstances that could pose a risk to the Company, these would be offset by other circumstances that mitigate the difficulties caused by them.

As stated in Note 12, at March 31, 2020 the Company has drawn down a corporate syndicated loan, recognized in the current liabilities of the balance sheet, for an amount of 150,184,136 euros (149,541,848 euros at December 31, 2019). Despite the maturity of said loan being August 2020, the Directors consider that the liquidity requirements are met, as explained in Note 18 of this financial statements.

3. Distribution of profit (loss)

The directors propose the following distribution of the result for the three months ended March 31, 2020, a proposal expected to be ratified by the General Shareholders' Meeting:

	Euros
Basis of distribution	
Profit/(loss) for the period	4,516,890
TOTAL	4,516,890
Distribution to:	
Allocation to legal reserves	451,689
Offsetting tax loss carryforwards	3,581,008
Capitalization reserve	484,193
TOTAL	4,516,890

3.1 Limits on the distribution of dividends

Under the provisions of the Spanish Corporate Enterprise Act (article 273), dividends may only be distributed from the profits for the financial year or freely available reserves after meeting the requirements established in the law and by-laws, and if the value of the corporate equity is not, or as result of such distribution would not be, less than the company's capital. For these purposes, any profit directly allocated to total equity may not be distributed either directly or indirectly. In the event of losses in preceding years that reduce corporate equity to less than the company's capital, profits shall be used to offset such losses.

4. Recognition and measurement standards

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

4.1 Intangible assets

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

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

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

Software

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

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

4.2 Property, plant and equipment

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

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

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

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

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

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

4.3 Impairment of non-financial assets

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

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

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

4.4 Leases

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

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

4.5 Financial instruments

Financial assets

Classification-

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

- a) Trade and other receivables: (i) financial assets deriving from the rendering of services in the ordinary course of business; and (ii) financial assets that are not commercial in origin, are neither equity instruments nor derivatives, carry fixed or determinable payments and are not quoted in an active market.
- b) Equity investments in group companies, jointly-controlled entities and associates: Group companies are those controlled by the Company; associates are companies over which the Company has significant influence. Jointly-controlled entities are companies where control is contractually shared with one or more venturers.

Initial recognition-

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

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

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

Subsequent measurement-

Loans and receivables are measured at amortized cost.

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

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

The Company holds majority interests in certain companies. The accompanying financial statements for the three months ended March 31, 2020 are the Company's separate financial statements and are not presented on a consolidated basis with those of the entities in which it has a majority interest.

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

Financial liabilities

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

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

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

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

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

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

Own shares

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

4.6 Cash and cash equivalents

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

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

4.7 Provisions and contingencies

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

- a. Provisions: liabilities recognized to cover a present obligation arising from past events, of uncertain timing and/or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits.
- b. Contingent liabilities: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

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

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

4.8 Income tax

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

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

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

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

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

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

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

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

4.9 Distinction between current and non-current

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

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

4.10 Income and expenses

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

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

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

4.11 Foreign currency transactions

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

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

The Company did not transact in foreign currency during the three months ended March 31, 2020; nor did it have any resulting foreign currency balances at the reporting date (nor in the prior year), that are significant.

4.12 Business combinations

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

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

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

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

4.13 Director and key management personnel remuneration

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

4.14 Environmental assets and liabilities

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

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

4.15 Related-party transactions

The Company carries out all transactions with related parties (whether financial, commercial or other in nature) at transfer prices that meet the OECD's rules governing transactions with Group companies and associates. The Company has duly met its documentation requirements in respect of these transfer prices so that its directors believe there is no significant risk of related liabilities of material amount. Nevertheless, the accompanying financial statements for the three months ended March 31, 2020, should be interpreted in the context of the Group to which the Company belongs (Note 1).

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

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

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

- An entity is considered an associate when, without qualifying as a group company in the sense outlined above, the parent company or parent natural persons exercise significant influence over the entity.
- One party is considered related to the other when one of them exercises or has the power to exercise, directly or indirectly or by virtue of shareholder agreements, control over the other or can significantly influence the financial and operating decision-making of the other.

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

4.16 Classification of certain items of income in holding companies

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

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

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

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

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

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

4.17 Redundancy payments

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

4.18 Share-based payments

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

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

5. Intangible assets

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

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

The reconciliation of the carrying amount of intangible assets at the beginning and end of the financial year 2019 is shown below:

Year 2019	Euros		
	Software	Advances for intangible assets	Total
Cost:			
Balance at January 1, 2019	560,017	44,819	604,836
Additions	342,055	807,981	1,150,036
Reclassifications	743,914	(743,914)	-
Balance at December 31, 2019	1,645,986	108,886	1,754,872
Accumulated amortization:			
Balance at January 1, 2019	(188,746)	-	(188,746)
Charges	(266,620)	-	(266,620)
Derecognitions	-	-	-
Balance at December 31, 2019	(455,366)	-	(455,366)
Carrying amount at December 31, 2019	1,190,620	108,887	1,299,507

The main additions recognized in the three months ended March 31, 2020 and in the financial year 2019 are related to the development of computer applications in order to accelerate and increase the efficiency and improvement of administrative and business processes. The amounts stated under "Advances for intangible assets" correspond to investments in the development of applications currently being carried out.

No items of intangible assets had been pledged as collateral at either March 31, 2020 or December 31, 2019.

As of March 31, 2020 there are fully amortized intangible assets and still in use for a total amount of 56,563 euros (43,825 euros as of December 31, 2019).

6. Property, plant and equipment

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

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

The reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year 2019 is shown below:

2019	Euros						Total
	Buildings	Other plant	Furniture & fittings	Computer equipment	Other items of PP&E	Prepayments for PP&E	
Cost:							
Balance at January 1, 2019	344,453	41,860	223,462	466,944	68,542	-	1,145,261
Additions	55,502	21,322	61,370	64,602	10,970	179,614	393,380
Derecognitions	(16,194)	-	-	-	-	-	(16,194)
Reclassifications	175,139	-	-	3,914	-	(179,053)	-
Balance at December 31, 2019	558,900	63,182	284,832	535,460	79,512	561	1,522,447
Accumulated depreciation:							
Balance at January 1, 2019	(71,201)	(15,557)	(35,399)	(155,693)	(15,246)	-	(293,096)
Charges	(97,472)	(9,836)	(26,771)	(126,111)	(14,779)	-	(274,969)
Derecognitions	13,135	-	-	-	-	-	13,135
Balance at December 31, 2019	(155,538)	(25,393)	(62,170)	(281,804)	(30,025)	-	(554,930)
Carrying amount at December 31, 2019	403,362	37,789	222,662	253,656	49,487	561	967,517

The main additions recognized in the three months ended March 31, 2020 relate to the purchase of computer equipment and capital expenditure on the new office facilities. The main additions recognized in the year ended December 31, 2019 related to capital expenditure on the new office facilities. The derecognitions in the year ended December 31, 2019 related to old office facilities.

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

As of March 31, 2020, there are property, plant and equipment elements fully depreciated and still in use for a total amount of 30,720 euros (same amount as of December 31, 2019).

Operating leases

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

	Euros	
	March 31, 2020	December 31, 2019
Within one year	1,138,962	1,038,276
Between one and five years	1,477,339	1,813,418
More than five years	-	-
	2,616,301	2,851,694

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

The table below reconciles the carrying amounts of these investments at the beginning and end of the reporting period:

Three months ended March 31, 2020	Euros			
	Balance at Dec. 31, 2019	Additions	(Derecognitions)	Balance at Mar. 31, 2020
Non-current investments in Group companies and associates	198,645,519	-	-	198,645,519
Total	198,645,519	-	-	198,645,519

2019	Euros			
	Balance at Dec. 31, 2018	Additions	(Derecognitions)	Balance at Dec. 31, 2019
Non-current investments in Group companies and associates	198,645,519	-	-	198,645,519
Total	198,645,519	-	-	198,645,519

a) *Significant movements*

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

	Euros	
	March 31, 2020	December 31, 2019
Equity interest in SPV REOCO 1, S.L.U.	198,645,519	198,645,519
	198,645,519	198,645,519

During the three months ended March 31, 2020 and the year 2019 there have been no movements under this heading.

The most significant information regarding the Company's subsidiaries, jointly-controlled entities and associates at March 31, 2020 and December 31, 2019 is as follows:

Mar. 31, 2020

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

Dec. 31, 2019

		Euros								
		Figures for subsidiary as per its separate statements						Carrying amount		
Name	Ownership interest, %	Share capital	Share premium and reserves	Profit/(loss) for the period from continuing operations	Prior periods' losses	Shareholder contributions	Equity	Cost	Impairment	Net carrying amount
SPV REOCO 1, S.L.U.	100%	44,807,030	80,309,755	13,085,423	(16,515,712)	61,533,015	183,219,511	198,645,519	-	198,645,519
								198,645,519	-	198,645,519

The data pertaining to this company's equity position was taken from its audited financial statements (audited by

ERNST & YOUNG, S.L.). These financial statements are issued in accordance with local regulations. The Company carries out various transactions with its subsidiaries and associates, as itemized in this Note and in Note 16.

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

This company was not publicly listed at March 31, 2020 and December 31, 2019.

In light of the property appraisals performed by third parties and the Company's internal valuations, the existence of unrealized capital gains suggests that this investment was not impaired at March 31, 2020. Specifically, the valuation of the inventories carried out by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. as at December 31, 2019, adjusted by the purchases and sales of inventories made during the three months ended March 31, 2020 and the variation of work in progress in the three months ended March 31, 2020, reflects a Gross Asset Value amounting to 2,009 million euros, which implies a capital gain of 671 million euros at March 31, 2020 (at the end of the previous year, the valuation of inventories at said date was 1,962 million euros, implying a capital gain of 683 million euros).

The Management decided to use the valuation of the assets portfolio at December 31, 2019, given that only three months had elapsed since the previous external valuation carried out by the Company, and additionally, in view of the current difficulty of evaluating the impact of COVID-19 on the residential sector, since there is not a sufficient large number of comparable transactions in which that impact has occurred and that could be used as the basis. Said valuation report was issued in February 2020. In the 2019 financial year, this valuation was made at December 31, 2019.

In addition, Savills Aguirre Newman Valoraciones y Tasaciones, S.A. has updated the appraisal for a sample of assets of different categories which represents 22% of net realization value of the real estate assets at March 31, 2020. The result of this analysis means that it is not necessary to record any additional amount for impairment of inventories, since there are significant tacit unrecorded capital gains.

These financial statements for the three months ended March 31, 2020 are the separate financial statements of Aedas Homes, S.A. and therefore do not reflect the effects of consolidation at the Group level. The table below summarizes those statements:

Three months ended March 31, 2020

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

Year 2019

	Euros	
	Aedas Homes, S.A.	Group IFRS-EU
Non-current assets	244,527,997	37,337,590
Current assets	958,399,419	1,491,287,771
Total assets	1,202,927,416	1,528,625,361
Capital, reserves, owner contributions and other equity instruments	935,385,073	904,804,637
Profit/(loss)	15,027,995	31,571,885
Equity attributable to equity holders of the parent	950,413,068	936,376,522
Non-controlling interests	-	2,497,499
Total equity	950,413,068	938,874,021
Non-current liabilities	-	1,682,467
Current liabilities	252,514,348	588,068,873
Total equity and liabilities	1,202,927,416	1,528,625,361

8. Financial assets

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

	Euros	
	March 31, 2020	December 31, 2019
Non-current financial assets		
Loans to group companies and associates (Note 16)	45,078,046	42,609,092
Non-current financial investments	160,562	159,362
Total non-current financial assets	45,238,608	42,768,454
Current financial assets		
Trade receivables, group companies and associates (Note 16)	64,559,308	55,704,565
Sundry receivables	357	382
Personnel	10,577	10,160
Current loans to group companies and associates (Note 16)	834,936,017	875,440,665
Other financial assets, group companies and associates (Note 16)	6,621,155	10,192,382
Current financial assets	11,192,905	6,782,905
Total current financial assets	917,320,319	948,131,059

"Current financial assets" on the accompanying balance sheet corresponds mainly to fixed-term deposits that have been pledged to secure sureties and surety insurance extended to house buyers at March 31, 2020, for a total amount of 5,000,000 euros (same amount at December 31, 2019), as well as to security deposit for the "Equity Swap" described in Note 12.4, for an amount of 6.192.905 euros (1,766,072 euros at December 31, 2019).

9. Cash and cash equivalents

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

	Euros	
	March 31, 2020	December 31, 2019
Demand deposits in current accounts	10,911,500	8,638,458
Total	10,911,500	8,638,458

Current accounts earn market interest rates.

The amount pledged at March 31, 2020 to guarantee corporate financing costs amounts to 5,874,171 euros (6,249,756 euros at the end of year 2019).

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

10. **Equity – capital and reserves**

a) Issued capital

The Company was incorporated on June 9, 2016 with initial share capital of 3,000 euros, represented by 3,000 indivisible, sequentially-numbered equity interests (*participaciones sociales*) with a unit par value of 1 euro, all of which were subscribed and paid for by Structured Finance Management (Spain), S.L.

On July 5, 2016, Structured Finance Management sold its equity interests in the Company to Hipoteca 43 Lux, S.A.R.L., a company domiciled in Luxembourg with registered office at 534 Rue de Neudorf L2220, Luxembourg and tax ID number N0184886J. Accordingly, as at July 5, 2016, Hipoteca 43 Lux, S.A.R.L. was the Company's Sole Shareholder.

On March 30, 2017, the Company received a non-monetary equity contribution from its Majority Shareholder in the amount of 314,032,337 euros. In exchange, the Company issued 31,403,231 equity interests with a unit par value of one euro, with the remainder of the contribution deemed a share premium (Note 1.a).

On June 29, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 23,140,283 euros. In exchange, the Company issued 2,314,028 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (Note 1.a).

On August 16, 2017, the Company received another non-monetary equity contribution from its Majority Shareholder in the amount of 110,867,709 euros. In exchange, the Company issued 11,086,771 equity interests with a unit par value of one euro, with the remainder of the contribution recognized as a share premium (Note 1.a).

On September 12, 2017, the Company officially converted from a limited liability company to a public limited company and its share capital was thus represented by 44,807,030 ordinary shares (rather than 'equity interests') with a unit par value of one euro.

On October 19, 2017, it formalized a deed of capital increase through a cash contribution amounting to 99,999,979.05 euros, with waiver of the right of preferred subscription of the Majority Shareholder, through an Offer of Subscription of shares of the Company. As a result of the foregoing, the Company issued 3,159,557 shares with a nominal value of one euro and the rest was an issue premium. These shares were admitted to trading on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia on October 20, 2017. The issuance costs of this capital increase amounted to 31,301 euros.

At March 31, 2020 and December 31, 2019, the Company's share capital accordingly consisted of 47,966,587 shares with a par value of one euro each. The shares are fully subscribed and paid-up.

None of the Company's shares was pledged as of either March 31, 2020 or December 31, 2019.

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

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

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

The breakdown of the Company's significant shareholders (those with equity interests of 3% or more) at December 31, 2019, obtained from the information reported to Spain's securities market regulator, the CNMV, by the shareholders themselves:

		% Voting rights attached to shares		% Voting rights through financial instruments	
	Total shareholding %	Direct shareholding %	Indirect shareholding %	Direct shareholding %	Indirect shareholding %
HIPOTECA 43 LUX S.A.R.L. (*)	58.91	58.91	-	-	-
UBS GROUP AG	5.12	-	4.88	0.24	-
T. ROWE PRICE ASSOCIATES, INC	5.08	-	5.08	-	-
RYE BAY EUROPEAN MASTER FUND LIMITED	5.08	-	-	5.08	-
T. ROWE PRICE INTERNATIONAL FUNDS, INC	4.09	-	4.09	-	-

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

b) Share premium

There were no movements of the share premium during the three months ended March 31, 2020 and financial year 2019, amounting to 500,076,721 euros at March 31, 2020 and December 31, 2019..

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

c) Legal reserve

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

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

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

This legal reserve was not fully endowed at the end of either financial year, its value being 3,109,529 euros at March 31, 2020 (1.606.730 euros at December 31, 2019).

d) Voluntary reserves

The voluntary reserve came about as a result of the difference between the fair value at which the real estate development business was contributed and the amounts at which that business was carried in the then Sole Shareholder's financial statements (Note 1.a). The movement recorded during the three months ended March 31, 2020 and financial year 2019 corresponds to the result of purchases and sales of its own shares, as shown in the following f) section.

e) Distribution of dividends

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

No dividends were paid out in the three months ended March 31, 2020 and year 2019. However, there are no restrictions on the payment of dividends at March 31, 2020, other than those provided for by the commercial legislation.

Thus, on February 25, 2020, the Board of Directors approved the following: the Company will pay a dividend of 1 euro per share, charged to the profit for the fiscal year 2021, ended March 31, 2021. The Company will make an interim payment of 50 cents per share in November 2020. Ordinary dividends will be paid half-yearly after publication of its results (50% in each period) for the first and second half of the year. Dividends will grow in line with the cash flow generated by the Company in the period 2020-2023. Dividend payments may be made in cash or in the Company's shares.

f) Own shares

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

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

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

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

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

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

During the three months ended March 31, 2020, a total of 572,020 shares were purchased at an average price of 19.6620 euros, within the framework of operations with Company own shares.

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

g) Owner contributions

The Company did not receive any new owner contributions during the three months ended March 31, 2020 and the financial year 2019.

At March 31, 2020 and December 31, 2019, the Company's Majority Shareholder had contributed a total of 740.1 million euros, 623.4 million euros of which corresponded to the credit claim contributed on October 3, 2017.

h) Other equity instruments

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

The amount recognized under "Other equity instruments" in respect of the commitment assumed under the long-term incentive plan by the Parent vis-a-vis its key management personnel stood at 2,535,360 euros (2,179,769 euros at year-end 2019).

11. Provisions and contingencies

The Company did not recognize any provisions or contingencies at either March 31, 2020 or December 31, 2019.

12. Financial liabilities

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

	Euros			
	Derivatives and other		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Non-current financial liabilities				
Non-current liabilities				
Bonds and other marketable securities	2,546,914	-	2,546,914	-
	2,546,914	-	2,546,914	-
Current financial liabilities				
Current borrowings				
Bonds and other marketable securities	59,522,751	78,009,410	59,522,751	78,009,410
Debt with financial institutions	150,184,136	149,541,848	150,184,136	149,541,848
Derivatives	2,615,457	1,196,640	2,615,457	1,196,640
Other financial liabilities	14,108	5,818	14,108	5,818
Current borrowings from group companies and associates	1,228,800	3,570,697	1,228,800	3,570,697
Trade and other payables				
Accrued for services received	1,853,038	2,415,564	1,853,038	2,415,564
Employee benefits payable	1,045,182	2,222,749	1,045,182	2,222,749
	216,463,472	236,962,726	216,463,472	236,962,726
Total	219,010,386	236,962,726	219,010,386	236,962,726

There were no contingent liabilities at March 31, 2020 and December 31, 2019.

1. Debt from financial entities

On August 6, 2018, the Company arranged a 150,000,000 euros corporate syndicated loan which was used to finance land purchases; it had six months to draw the loan down. Said availability period was extended until August 8, 2020 with a 0.25% extension fee. It has a maturity of 24 months and carried interest of 3.5% in year one and 4.25% in year two. At March 31, 2020, the nominal balance drawn down is 150 million euros (150 million euros at December 31, 2019). The amount recognized by using the amortized cost method at March 31, 2020 is 149,067,980 euros (148,407,984 euros at December 31, 2019). The interest payable as of March 31, 2020 amounts to 1,116,156 euros (1,133,864 euros as of December 31, 2019).

As a guarantee of said corporate syndicated loan, a mortgage was arranged on unmortgaged properties which was granted by financial institutions. In addition, the following financial covenants are linked to the fulfilment of the aforementioned financing agreement:

- a) *Leverage ratio (Net financial debt divided by EBITDA) in respect of any Relevant Period will be no greater than 5 times.*
- b) *Loan to Cost (Net financial debt divided by the currying cost of inventories) in respect of any Relevant Period will be no greater than 35%*
- c) *Loan to Value (Financial Debt from Senior Facility Agreement divided by the Gross Asset Value of fully permitted unencumbered inventories) in respect of any Relevant Period will be no greater than 40%.*
- d) *Interest cover ratio (EBITDA divided by accrued interests from debts with financial institutions) shall not be less than 4 times.*

As of March 31, 2020 and December 31, 2019, the AEDAS HOMES Group is compliant with all the financial covenants linked to the aforementioned financing agreement, which breaks down as follows:

	Covenant	31.03.2020	31.12.2019
Leverage Ratio	<5x	4,01	3,90
Loan to Cost	<35%	19,90%	17,28%
Loan to Value	<40%	13,05%	12,74%
Interest Cover Ratio	>4x	5,42	6,86

An extension to said loan on its maturity is currently being negotiated and will have conditions similar to those in force. The Directors hope to reach an agreement in the coming weeks. Given the Group's current low level of leverage (Loan to Value of 13.05%) and the availability of additional amounts under the development loans (1,983,518 euros of recovery of land cost and 26,707,349 euros of subrogation tranches), and the financial position as at 31 March 2020, no significant variations are expected in this financing.

2. Debt from Group Companies

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

3. Bonds and other marketable securities

On June 14, 2019, the Company issued a new "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF in its Spanish) to replace the commercial paper notes program issued on June 12, 2018. It can issue up to 150,000,000 euros of paper under the program with terms of up to 24 months. The idea is to diversify the Group's sources of financing.

During the three months ended March 31, 2020, the Company closed several issues under the program, issuing a total amount of 25 million euros; of which 41 million euros have been repaid on maturity, an amount of 62.3 million euros remaining, which falls due in several tranches, until July 2021. The effective annual cost of those issues was 0.99%.

During 2019, the Company closed several issues under the program, issuing a total amount of 194.3 million euros; of which 150 million euros were repaid on maturity, an amount of 78.3 million euros remaining, which falls due in several tranches, until November 2020. The effective annual cost of those issues was 0.99%.

The commercial paper is initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, the implicit interest on the paper is accrued using the effective interest rate on the transaction so that the carrying amount of these borrowings is adjusted for the interest accrued. The commercial paper issued by the Company was carried at 62,069,665 euros at March 31, 2020, recognized by using the effective interest rate method (78,009,410 euros at December 31, 2019).

4. Derivatives

On October 17, 2017, AEDAS Homes arranged an equity swap with Goldman Sachs to hedge the exposure arising from its obligation to deliver a certain number of shares to employees of AEDAS Homes under the long-term incentive plan (LTIP) approved by the Board of Directors on September 26, 2017. As this agreement expires on December 31, 2020, during the financial year 2019 it was reclassified to short term.

As described in Note 10.f, on January 8, 2020 the Company arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000.

At March 31, 2020, the fair value of the derivative is 2,615,456 euros (1,196,640 euros at year-end 2019), recognized as a liability.

13. Tax matters

a) *Applicable legislation and years open to inspection*

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. At March 31, 2020, all the taxes to which the Company is subject were open to inspection for all the years that have not become statute-barred.

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

b) *Taxes payable and receivable*

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

	Euros			
	Mar. 31, 2020		Dec. 31, 2019	
	Taxes receivable	Taxes payable	Taxes receivable	Taxes payable
VAT receivable from the tax authorities	4	-	153	-
VAT payable to the tax authorities	-	1,091,061	-	9,188,747
Current tax assets (1)	-	-	1,416,648	-
Current tax liabilities (2)	-	6,552,256	-	5,635,915
Payable in respect of withholdings	-	944,684	-	455,268
Social Security payable	-	329,785	-	270,109
Others	-	-	-	1,583
Deferred tax assets	2,240,042	-	847,000	-
Total	2,240,046	8,917,786	2,263,801	15,551,622

(1) As of December 31, 2019, the amount of Current Tax Assets corresponds to the corporation tax generated by companies under the consolidated tax regime. The Spanish Tax Agency has paid this amount on January 23, 2020.

(2) As of March 31, 2020 the amount of Current Tax Liabilities corresponds to the corporation tax payable in 2019 and 2020 generated by companies under the consolidated tax regime (as of December 31, 2019 the amount of Current Tax Liabilities corresponded to the corporation tax payable in 2019 generated by companies under the consolidated tax regime).

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

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

	Euros	
	Mar. 31, 2020	Dec. 31, 2019
Profit/(loss) before tax	4,595,303	19,883,690
Permanent differences	300	(369,984)
Temporary differences	1,774,407	1,105,394
Taxable income/(tax loss) before utilization of tax losses/credits	6,370,010	20,619,100
Capitalization reserve	(484,193)	
Unrecognized tax credits utilized	-	(3,715,911)
Taxable income/(tax loss)	5,885,817	16,903,189
Tax rate	25%	25%
Tax accrued (current expense)	(1,471,454)	(4,225,797)
Tax credits generated during the reporting period not recognized	-	-
Certain tax assets recognised	-	-
2018 corporate tax adjustment (current expense)	-	(4,007)
Current income tax (expense)/income	(1,471,455)	(4,229,804)
Deferred tax (expense)/income	1,393,042	(625,891)

During the three months ended March 31, 2020, the Company has made adjustments for temporary differences amounting to 1,774,407 euros (1,105,394 euros in 2019), of which 355,590 euros correspond to non-deductible provisions (1,055,881 euros in 2019) and 1,418,817 euros because of changes in the fair value of the derivative (156,467 euros in 2019). Additionally, in the financial year 2019 106,954 euros were included because of the application of financial expenses corresponding to previous years.

d) Deferred taxes

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

	Euros			
	Opening balance	Income statement	Equity	Closing balance
Three months ended March 31, 2020				
Deferred tax assets				
Tax loss carryforwards	250	-	-	250
Temporary differences	846,750	1,393,042	-	2,239,792
	847,000	1,393,042	-	2,240,042
Deferred tax liabilities	-			-
Total	847,000	1,393,042	-	2,240,042
2019				
Deferred tax assets				
Tax loss carryforwards	929,228	(928,978)	-	250
Temporary differences	543,663	303,087	-	846,750
	1,472,891	(625,891)	-	847,000
Deferred tax liabilities	-	-	-	-
Total	1,472,891	(625,891)	-	847,000

In 2019 the Company fully applied the tax loss carryforwards corresponding to previous years.

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

At March 31, 2020, the deferred tax assets arising from deductible temporary differences correspond to provisions for an amount of 633,841 euros (544,942 euros at December 31, 2019), to changes in the fair value of the derivative for an amount of 656,511 euros (301,807 euros as of 31 December 2019) and the activation of the capitalization reserve pending deduction in the amount of 949,440 euros.

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

14. **Income and expenses**

a) Revenue

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

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
By business segment		
Management services and delegated development provided to the Group	6,950,054	25,974,685
Finance income	8,697,944	27,424,543
Total	15,647,998	53,399,228
By geographical market segment		
Spain	15,647,998	53,399,228
Total	15,647,998	53,399,228

b) Other operating expenses

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Leases	(314,800)	(1,184,290)
Repairs and upkeep	(293,908)	(1,147,493)
Independent professional services	(760,101)	(3,410,168)
Insurance premiums	(28,803)	(86,766)
Banking services	(11,994)	(27,606)
Advertising, publicity and public relations	(361,815)	(1,901,914)
Utilities	(5,051)	(17,869)
Other services	(307,654)	(1,037,664)
Total	(2,084,126)	(8,813,770)

c) Employee benefits expense

Employee benefits expense breaks down as follows:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Wages, salaries and similar		
Salaries and wages	(3,668,388)	(12,724,657)
Share-based payments (Note 15)	(355,590)	(1,055,881)
Termination benefits	(9,151)	(96,777)
Total	(4,033,129)	(13,877,315)
Employee benefits		
Social security	(723,414)	(2,530,721)
Other benefit expense	(122,711)	(602,039)
Total	(846,125)	(3,132,760)
Total	(4,879,254)	(17,010,075)

The average number of people employed by the Company was 226 in the three months ended March 31, 2020 (204 people in year 2019). The breakdown, by job category, of the March 31, 2020 and year-end 2019 workforce is shown below:

	March 31, 2020			Year-end 2019		
	Women	Men	Total	Women	Men	Total
Graduates	76	78	154	70	73	143
Diploma holders	18	26	44	16	25	41
Other	21	15	36	18	15	33
Total	115	119	234	104	113	217

d) Finance costs

Finance costs break down as follows:

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Third-party borrowings		
Syndicated loan interest	(2,271,454)	(6,392,026)
Interest on commercial paper notes and collateral equity swap	(167,205)	(486,911)
Commission for guarantees, surety insurance and others	(3,312)	(45,149)
	(2,441,971)	(6,924,086)

15. Share-based payment transactions

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

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Key management personnel	355,590	1,055,881
	355,590	1,055,881

At March 31, 2020, the amount recorded in Other Equity Instruments heading to meet said commitment assumed by the Company with its key employees under the long-term incentive plan, described in the Note 10.h, amounted to 2,535,360 euros (2,179,769 euros at year-end 2019).

16. Related-party transactions

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

CastleLake L.P, as CastleLake Funds manager and 100% indirect shareholder of Hipoteca Lux 43, S.A.R.L. (Majority Shareholder of Aedas Homes, S.A.).

The main transactions with related parties in the three months ended March 31, 2020 and the financial year 2019 were the following:

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

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

	Euros		
	Direct parent company	Other group companies	Total
March 31, 2020			
Non-current loans (Note 8)	-	45,078,046	45,078,046
Trade receivables (Note 8)	-	64,559,308	64,559,308
Suppliers, group companies and associates	-	(15,515)	(15,515)
Current loans (Note 8)	-	833,740,002	833,740,002
Interest on current loans (Note 8)	-	1,196,015	1,196,015
Current account with group companies (assets) (Note 8)	-	6,621,155	6,621,155
Current account with group companies (liabilities)	-	(1,228,800)	(1,228,800)
December 31, 2019			
Non-current loans (Note 8)	-	42,609,092	42,609,092
Trade receivables (Note 8)	-	55,704,565	55,704,565
Suppliers, group companies and associates	-	607	607
Current loans (Note 8)	-	873,158,454	873,158,454
Interest on current loans (Note 8)	-	2,282,211	2,282,211
Current account with group companies (assets) (Note 8)	-	10,192,382	10,192,382
Current account with group companies (liabilities)	-	(3,570,697)	(3,570,697)

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

	Euros		
	Direct parent company	Other group companies	Total
Three months ended March 31, 2020			
Revenue from services rendered	-	6,950,054	6,950,054
Finance income - interest (Note 14.a)	-	8,697,944	8,697,944
2019			
Revenue from services rendered	-	25,974,685	25,974,685
Finance income - interest (Note 14.a)	-	27,424,543	27,424,543

Loans to Group companies and associates

The movements during the three months ended March 31, 2020 and year 2019 were the following:

	Euros				
	Balance at December 31, 2019	Additions	Derecognitions	Reclassifications	Balance at March 31, 2020
Non-current loans to Group companies and associates	42,609,092	2,468,954	-	-	45,078,046
Current loans to Group companies and associates (*)	873,158,454	6,431,360	(45,849,812)	-	833,740,002
Total	915,767,546	8,900,314	(45,849,812)	-	878,818,048

	Euros				
	Balance at December 31, 2018	Additions	Derecognitions	Reclassifications	Balance at December 31, 2019
Non-current loans to Group companies and associates	793,082,789	139,600,437	(16,915,680)	(873,158,454)	42,609,092
Current loans to Group companies and associates (*)	-	-	-	873,158,454	873,158,454
Total	793,082,789	139,600,437	(16,915,680)	-	915,767,546

(*) Additionally, interests on current loans granted to Group companies and associates are recognized in the short term, in the amount of 1,196,015 euros at March 31, 2020 (2,282,211 euros at December 31, 2019).

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

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

The breakdown of loans to Group companies and associates at December 31, 2019 is as follows:

Company	Euros		Maturity date
	Limit	Principal	
Loan to SPV Reoco 1, S.L.U.	951,563,000	872,856,855	December 31, 2020
Loan to Damalana Servicios y Gestiones, S.L.	42,300,000	27,426,255	January 31, 2022
Loan to SPV Reoco 15, S.L.	26,700,000	6,584,583	December 31, 2022
Loan to Servicios Inmobiliarios Licancabur, S.L.U.	5,300,000	2,885,188	July 29, 2025
Loan to Servicios Inmobiliarios Mauna Loa, S.L.U.	2,500,000	2,190,000	December 31, 2021
Loan to Turnkey Projects Development, S.L.U.	491,400	491,400	December 31, 2021
Loan to Egon Asset Development, S.L.U.	301,600	301,600	December 17, 2020
Loan to Urbania Lamatra I, S.L.	1,000,000	526,240	December 14, 2023
Loan to Urbania Lamatra II, S.L.	3,140,000	1,283,425	July 26, 2025
Loan to Winslaro ITG, S.L.	4,520,000	1,222,000	June 11, 2025
Total	1,037,816,000	915,767,546	

During 2018, and as a consequence of the merger (Note 1.b), the Company signed a loan agreement with SPV Reoco 1, S.L.U. under which SPV Reoco 1 was subrogated to every loan granted by Aedas Homes, S.A. to the companies acquired, defining the maturity date as December 31, 2020.

All the credit facilities extended accrue interest at 1-month Euribor plus 350 basis points, except those granted to Winslaro ITG, S.L., Urbania Lamatra II, S.L., Servicios Inmobiliarios Licancabur, S.L. and Live Virtual Tours, S.L.U. (formerly Ipala Asset Development, S.L.U.), which accrue interest at 1-month Euribor plus 550 basis points and the one granted to Urbania Lamatra I, S.L. which accrue interest at Euribor 1 month plus 900 basis points.

The main movements during the three months ended March 31, 2020 and year 2019 consist of drawdowns of loans for financing the purchase of land and non-financeable project expenses. Repayments relate mainly to the repayment of loans held by companies delivering homes during the three months ended March 31, 2020 and year 2019.

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

a) Changes to the governing bodies

The Ordinary General Shareholders' Meeting of the Company, held on May 9, 2019, approved the appointment of Mrs. Milagros Méndez Ureña as independent director for the statutory period of three years, filling the vacancy left by the previous director Merlin Properties SOCIMI, S.A.

The Board of Directors consists of the following members:

- Cristina Álvarez
- Evan Andrew Carruthers
- Eduardo Edmundo D'Alessandro Cishek
- Santiago Fernandez Valbuena
- Emile K. Haddad
- Javier Lapastora Turpín
- David Martinez Montero
- Milagros Méndez Ureña
- Miguel Temboury Redondo

b) Disclosures regarding director conflicts of interest

Neither the current nor former directors of the Parent carried out transactions with the Company or any of its Group companies other than in the ordinary course of business or other than on an arm's length basis during the three months ended March 31, 2020.

Nor did the members of the Parent's Board of Directors or their related parties, as defined in Spain's Corporate Enterprises Act, engage in relations with other companies whose business activities could represent a conflict of interest for them or the Company during the three months ended March 31, 2020 on the basis that none of the notices required under article 229 of that Act have been filed with the competent authorities. Accordingly, there are no related disclosures in these financial statements.

c) Director remuneration and other benefits

The remuneration accrued by the members of the Company's Board of Directors amounted to 372,615 euros in three months ended March 31, 2020 and 1,454,325 euros in 2019, respectively.

d) Key management personnel remuneration and other benefits

The remuneration paid to the Company's key management personnel and professionals performing similar executive duties during the three months ended March 31, 2020 and THE year 2019 was as follows:

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

No. of individuals	Euros			Advances	
	Year-end 2019				
	Fixed and variable remuneration	Other remuneration	Total	No.	Amount
8	1,279,179	519,089	1,798,268	-	-

The Company has no pension obligations to its key management personnel nor has it extended these professionals any advances, loans or guarantees, at March 31, 2020 and December 31, 2019. There were no special incentive plans over shares of Aedas Homes, S.A. at March 31, 2020 and December 31, 2019, except for the one informed as follows:

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

In the three months ended March 31, 2020, the Company paid 30,709 euros of civil liability insurance premiums on behalf of its directors to cover potential damages caused in the course of carrying out their duties (27,917 euros in year 2019).

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

18. Risk management

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

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

Qualitative disclosures-

Credit risk:

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

Liquidity risk:

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

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

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

Market risk: interest rate risk

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

Quantitative disclosures-

Credit risk:

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

Liquidity risk:

On June 14, 2019, the Company issued the new program "AEDAS HOMES 2019 Commercial Paper Notes Program" on Spain's alternative fixed income market (MARF in its acronym in Spanish), in substitution of the commercial paper notes program arranged on June 12, 2018. It can issue up to 150,000,000 euros of paper under the program with terms of up to 24 months. The idea is to diversify the Group's sources of financing. During the three months ended March 31, 2020, the Company closed several issues under the program, issuing a total amount of 25 million euros; of which 41 million euros have been repaid on maturity, an amount of 62.3 million euros remaining, which falls due in several tranches, until July 2021. The effective annual cost of those issues was 0.99%.

During 2019, the Company closed several issues under the program, issuing a total amount of 194.3 million euros; of which 150 million euros were repaid on maturity, an amount of 78.3 million euros remaining, which falls due in several tranches, until November 2020. The effective annual cost of those issues was 0.99%.

On August 6, 2018, the Company arranged a 150,000,000 euros corporate syndicated loan which was used to finance land purchases; it had six months to draw the loan down. Said availability period was extended until August 8, 2020 with a 0.25% extension fee. It has a maturity of 24 months and carried interest of 3.5% in year one and 4.25% in year two. At March 31, 2020, the nominal balance drawn down is 150 million euros (150 million euros at December 31, 2019). The amount recognized by using the amortized cost method at March 31, 2020 is 149,067,980 euros (148,407,984 euros at December 31, 2019). The interest payable as of March 31, 2020 amounts to 1,116,156 euros (1,133,864 euros as of December 31, 2019). Its extension is currently being negotiated for a maximum term similar to the original, i.e., 2 years. Additionally, as stated in the Events after the reporting period section, the Group has arranged long-term financing, guaranteed by ICO, having already signed loans for a total of 28 million euros, with a maturity exceeding 12 months at the time of the signature of the loans and an additional unsecured loan for a total of 10 million with a maturity exceeding 12 months at the time of its signature.

The borrowings from Group companies were capitalized on October 3, 2017 (Note 6), thus improving the Group's capital structure.

Note that the business plan targets a maximum leverage ratio at the Group level of 35%. The Directors hope to be able to confirm the results of this financial year in the coming weeks. Given the Group's current low level of leverage (Loan to Value of 13.05%) and the availability of additional amounts under the development loans (1,983,518 euros of recovery of land cost and 26,707,349 euros of subrogation tranches), and the financial position as at 31 March 2020, no significant variations are expected in the financing.

Interest-rate risk:

A 100 basis point movement in interest rates would have increased finance costs by 396,885 euros in the three months ended March 31, 2020 (652,712 euros in the year ended 31 December, 2019).

19. Other information

a) *Workforce disclosures*

One employee with a disability of a severity of 33% or higher is employed by the Company at March 31, 2020 and year-end 2019.

The Board of Directors was made up of 9 directors at March 31, 2020 and December 31, 2019, seven of whom were men and two were women.

b) *Audit fees*

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

	Euros	
	Three months ended March 31, 2020	Year ended December 31, 2019
Audit and related services		
Audit services and limited review	87.400	156,394
Other assurance services	21.700	15.180
Total	109.100	171,574

c) *Environmental disclosures*

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

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

The disclosures regarding the average supplier payment term:

	Three months ended March 31, 2020	Year ended December 31, 2019
	Days	
Average supplier payment term	50.24	38.70
Ratio of paid transactions	49.18	38.83
Ratio of outstanding transactions	53.61	37.52
	Euros	
Total payments made	3,653,451	11,860,975
Total payments outstanding	1,154,614	1,351,663

20. Events after the reporting period

No events have taken place since the end of the reporting period that could have a material impact on the information presented in the annual financial statements authorized for issue by the directors, other than that disclosed below:

- On March 11, 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic due to its rapid spread around the world, affecting more than 150 countries. Thus, the way the business can operate has been restricted by the necessary measures taken by the Government aimed at eradicating the virus, especially since the declaration of the State of Emergency that came into effect on 14 March 2020.

As a result of the measures adopted under the State of Emergency, AEDAS HOMES closed its sales offices in mid-March, and focused its commercial activity on converting existing reservations for homes in its sales portfolio into private purchase contracts, and encouraging sales of homes via online channels, particularly the LIVE platform. In the case of building work, this has continued normally except for a stoppage due to the circumstances described, which only lasted 8 working days.

The consequences arising from COVID-19 have been evaluated and do not require an adjustment to the financial statements for the three-month period ended 31 March 2020, without prejudice to their recognition in the consolidated 2021 financial statements for the period from 1 April 2020 to 31 March 2021.

Taking into consideration the complexity of the markets due to globalisation and the absence, at the present time, of effective medical treatment for the virus, it is premature, at the date of preparing these Annual Accounts, to reliably estimate its possible impacts. However, as far as we are aware, there have been no consequences that could be considered significant, since these will depend, to a large extent, on the evolution and extent of the pandemic in the coming months, and on the ability of all the economic agents affected to react and adapt, so they cannot at present be reliably estimated. In any case, the Directors consider that the possible impact of the pandemic on the Company could be mitigated by the various contractual mechanisms available in each case.

Finally, it should be noted that the Company's Directors and Managers are constantly monitoring the situation in order to ensure that any impact that may arise in relation to it, whether financial or otherwise, is dealt with in the most appropriate way.

In the course of 2021, the Company will assess the impact of these events on its equity and financial position in the financial year ended 31 March 2021 and on the results of its operations and cash flows in the year ended on that date.

- Aedas Homes, S.A has arranged four credit lines complementary to the development financing, three of which are guaranteed by ICO, with different financial institutions with which it has already signed development loans for a total of 38 million euros. The interest rates established are fixed (2% - 2.5% - 3.5%) and variable (EURIBOR plus a spread of 250), and all have a minimum grace period of 10 months and maturities ranging from 12 to 24 months.

- On 11 May 2020, AEDAS HOMES's total treasury stock position at the close of the market was 2,101,137 shares representing 4.3804% of the capital acquired at an average price of 20.2692 euro per share. A total of 148,724 shares were acquired through Discretionary Management, representing 0.3101% of the capital at an average price of 20.3341 €/share; the total number of shares acquired through the Buyback Programme was 822,125 representing 1.7140% of the capital at an average price of 20.2409 €/share and the total number of shares acquired on the block market was 1,130,288, representing 2.3564% of the capital at an average price of 20.2812 €/share.

21. Translation of financial statements

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

MANAGEMENT REPORT

Aedas Homes, S.A.

For the three months ended March 31, 2020

1. Organizational and operating structure

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

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

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

- On March 30, 2017, the Majority Shareholder made a non-monetary equity injection into the Company in the amount of 314,032,337 euros, a transaction that materialized in the creation of 31,403,231 shares with a unit par value of one euro and an increase in the share premium account of 282,629,106 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 596,293,156 euros (stated at the Group's ownership interest therein) that were financed by a loan extended by the Majority Shareholder.
- On June 29, 2017, the Company's Majority Shareholder made another non-monetary equity injection into the Company in the amount of 23,140,283 euros, a transaction that materialized in the creation of 2,314,028 shares with a unit par value of one euro and an increase in the share premium account of 20,826,255 euros. That contribution primarily implied the first-time recognition of inventories with a net carrying amount of 43,691,035 euros (stated at the Group's ownership interest therein) that were financed by a loan extended by the Majority Shareholder.
- On August 16, 2017, the Parent's Majority Shareholder made a non-monetary equity contribution to the Company, specifically contributing its interest in Danta Investment, S.L.U.; the contribution had the effect of increasing the Company's share capital by 11,086,771 euros (issuing the same number of shares with a unit par value of one euro) and the share premium account by 99,780,938 euros. The purpose of the above contribution was to contribute a business, described in Note 1.a of the attached notes to the financial statements for the three months ended March 31, 2020, consisting of the Majority Shareholder's interest in FAB MAY, a company that had inventories at various stages of development, tax credits and cash. The balancing entry for that contribution consisted of the transfer of 95% of the shares of Danta Investment S.L.U. and a credit claim against FAB related to a loan that was cancelled on August 21, 2017. FAB MAY was subsequently liquidated on September 15, 2017, all of its liabilities were cancelled and 100% of its assets were allocated to Danta Investments, S.L.U. At the same time, Danta Investments, S.L.U. paid SAREB (the acronym of the state-owned 'bad bank' that manages the assets resulting from bank restructuring) a consideration amounting to 4,800,000 euros plus VAT.

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

The shares representing the share capital of Aedas Homes S.A. have been trading on the continuous stock markets of Madrid, Barcelona, Bilbao and Valencia since October 20, 2017, at a price of 31.65 euros per share, the Group's share capital being increased as outlined in Note 10 of the attached notes to the financial statements for the three month ended March 31, 2020.

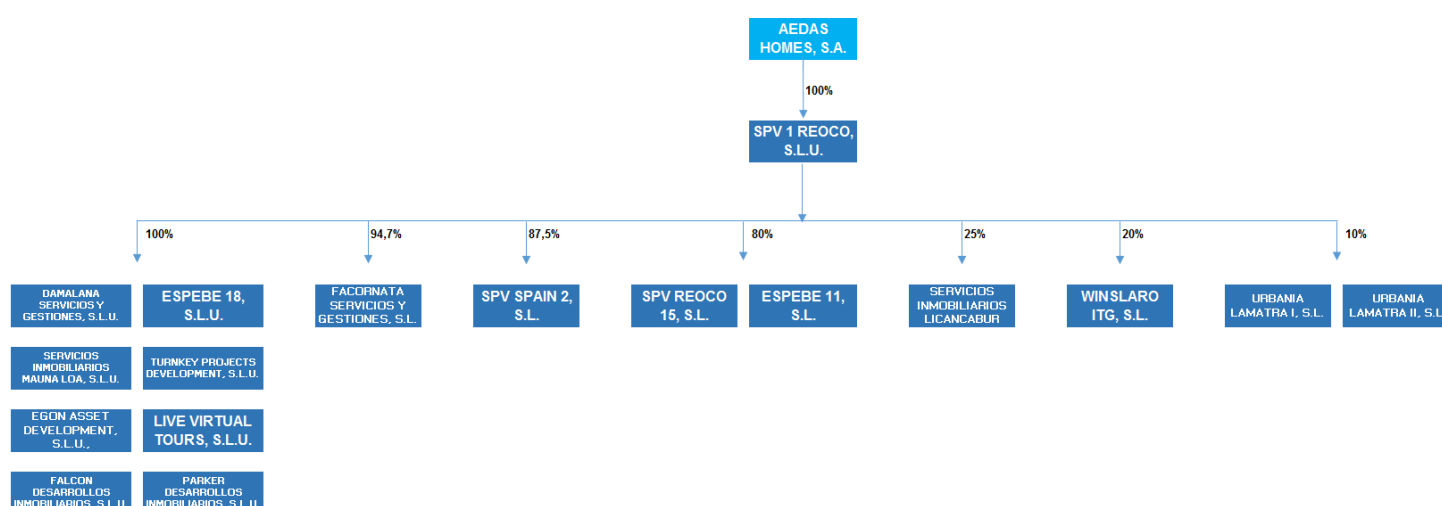
On April 2, 2018, by virtue of resolutions ratified by Aedas Homes, S.A. in its capacity as sole shareholder of SPV Reoco 1, S.L.U., it was agreed to merge SPV Reoco 1, S.L.U. ("Transferee") and 41 of its subsidiaries (ESPEBE 2, S.L.U., ESPEBE 4, S.L.U., ESPEBE 7, S.L.U., ESPEBE 12, S.L.U., ESPEBE 14, S.L.U., ESPEBE 15, S.L.U., ESPEBE 16, S.L.U., ESPEBE 17, S.L.U., ESPEBE 20, S.L.U., ESPEBE 21, S.L.U., ESPEBE 22, S.L.U., ESPEBE

23, S.L.U., ESPEBE 25, S.L.U., ESPEBE 26, S.L.U., ESPEBE 27, S.L.U., ESPEBE 28, S.L.U., ESPEBE 29, S.L.U., ESPEBE 31, S.L.U., ESPEBE 32, S.L.U., ESPEBE 34, S.L.U., ESPEBE 35, S.L.U., SPV REOCO 2, S.L.U., SPV REOCO 5, S.L.U., SPV REOCO 6, S.L.U., SPV REOCO 12, S.L.U., SPV REOCO 14, S.L.U., SPV REOCO 17, S.L.U., SPV REOCO 18, S.L.U., SPV REOCO 26, S.L.U., SPV SPAIN PROJECT 1, S.L.U., SPV SPAIN 7, S.L.U., SPV SPAIN 16, S.L.U., SPV SPAIN 17, S.L.U., CORNETALA SERVICIOS Y GESTIONES, S.L.U., DANTA INVESTMENTS, S.L.U., DELANETO SERVICIOS Y GESTIONES, S.L.U., DESARROLLO EMPRESARIAL LICANCABUR, S.L.U., EPAVENA PROMOCIONES Y SERVICIOS, S.L.U., LANDATA SERVICIOS Y GESTIONES, S.L.U., MILEN INVESTMENTS, S.L.U. and SERVICIOS INMOBILIARIOS CLEGANE, S.L.U., the "Transferors"). The merger by absorption implied: (i) the dissolution and extinction of the Transferors; (ii) the *en-bloc* transfer of all the latter companies' assets and liabilities to the Transferee, which acquired all of their rights and obligations by universal succession. The merger deeds were publicly notarized on May 4, 2018 and registered with the Madrid Companies Register.

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

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

The corporate structure of the group comprising Aedas Homes, S.A. and its subsidiaries (the Group) at March 31, 2020 is presented below:



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

- The acquisition, development and refurbishment of all manner of properties, whether for holding, use, disposal or lease.
- The acquisition, holding, usage, sale and administration of marketable Spanish or international securities and any titles or rights, such as the shares of limited-liability companies, that give it an equity interest in other companies, all of which as principal and not agent.

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

At March 31, 2020, the Group's assets totalled 1,176,904,128 euros, liabilities (current and non-current) amounted to 227,928,172 euros and equity stood at 948,975,956 euros, 623,497,318 euros of which consisted of loans extended to the Parent by the Majority Shareholder and then capitalized on October 3, 2017.

Turnover and gross margin

In the three months ended March 31, 2020, the net turnover was 15,647,998 euros, of which 6,950,054 euros related to services rendered under the provision of administration, management and delegated development services agreements entered into with the various Group companies and 8,697,944 euros related to financial income from loans granted to Group companies.

EBITDA

EBITDA amounted to a positive amount of 8,665,643 euros in the three months ended March 31, 2020.

Profit/(loss)

The Company reported a profit of 4,516,890 euros in the three months ended March 31, 2020.

Financial situation

At March 31, 2020, liabilities - current and non-current - stood at 227,928,172 euros, compared to 252,514,348 euros at December 31, 2019 (implying a decrease of 24,586,176 euros), due mainly to the repayment of the commercial paper notes described in Note 12 of the accompanying financial statements.

3. Environmental and staff matters

As stated in note 1 of the financial statements, in view of the nature of its business activities, Aedas Homes has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Nor does it have any obligations related with greenhouse gas emission allowances.

The average number of people employed by the Company was 226 in the three months ended March 31, 2020 (204 people in year 2019). The breakdown of the workforce on the reporting date by region, department and job category is provided below:

Region	31.03.20
Madrid	147
Cataluña	23
Este e Islas Baleares	22
Costa del Sol	21
Resto de Andalucía	21
Total	234

Department	31.03.20
Business	167
Investment	9
Finance	21
Corporate	37
Total	234

Employee category	31.03.20
Senior management	36
Middle management	63
Technical and administrative staff	135
Total	234

4. Liquidity and capital resources

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

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

In order to ensure ongoing liquidity and the ability to service all the payment commitments arising from its business operations, the Group holds the cash balances shown on the balance sheet as well as the credit lines and financing agreements detailed in Note 12 of the attached notes to the financial statements for the three months ended March 31, 2020.

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

5. Key risks and sources of uncertainty

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

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

Market risk

Exposure to share price risk

On October 17, 2017, AEDAS Homes arranged an equity swap with Goldman Sachs to hedge the exposure arising from its obligation to deliver a certain number of shares to employees of AEDAS Homes under the long-term incentive plan (LTIP) approved by the Board of Directors on September 26, 2017.

On January 8, 2020, the Company arranged an equity swap agreement with Goldman Sachs International (GSI) for a maximum notional amount of 50 million euros and a maximum number of shares of 2,400,000. Its settlement date is January 8, 2021.

Exposure to credit risk

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

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

Exposure to solvency risk

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

Exposure to exchange-rate risk

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

6. R&D activities

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

7. Own shares

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

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

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

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

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

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

During the three months ended March 31, 2020, a total of 572,020 shares were purchased at an average price of 19.6620 euros, within the framework of operations with Company own shares.

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

8. Significant events after the reporting date

As outlined in Note 20 of the financial statements for the three months ended March 31, 2020, no events have taken place since the end of the reporting period that might have a material impact on the information presented in the financial statements authorized for issue by the directors, or that should be highlighted because they have significant impact, except for those that are described in said note.

9. Payments to Suppliers

The information regarding the Additional Provision Three "Disclosure requirements" of Act 15/2010 of July 5, which modifies the Act 3/2004, of December 29, by which the measures for the fighting against arrear in commercial operations are established, is presented in the Note 19.d of the attached notes to the financial statements for the three months ended March 31, 2020, in compliance with the requirements of such Act.

10. Information regarding the entity's performance in the three months ended March 31, 2020

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

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

At March 31, 2020, the Group's assets totalled 1,176,904,128 euros, liabilities (current and non-current) amounted to 227,928,172 euros and equity stood at 948,975,956 euros, 623,497,318 euros of which consisted of loans extended to the Parent by the Majority Shareholder and then capitalized on October 3, 2017.

At March 31, 2020, liabilities - current and non-current - stood at 227,928,172 euros, compared to 252,514,348 euros at December 31, 2019 (implying a decrease of 24,586,176 euros), due mainly to the repayment of the commercial paper notes described in Note 12 of the accompanying financial statements.

In the three months ended March 31, 2020, the net turnover was 15,647,998 euros, of which 6,950,054 euros related to services rendered under the provision of administration, management and delegated development services agreements entered into with the various Group companies and 8,697,944 euros related to financial income from loans granted to Group companies.

EBITDA amounted to a positive amount of 8,665,643 euros in the three months ended March 31, 2020.

The Company reported a profit of 4,516,890 euros in the three months ended March 31, 2020. In keeping with article 273 of Spain's Corporate Enterprises Act, that profit will be distributed as follows: 451,689 euros to the legal reserve, 3,581,008 euros to retained earnings, offsetting losses of previous financial years and 484,193 euros to the capitalization reserve.

On February 25, 2020, the Board of Directors approved the following: the Company will pay a dividend of 1 euro per share, charged to the profit for the 2020 financial year. The Company will make an interim payment of 50 cents per share in November 2020. Ordinary dividends will be paid half-yearly after publication of its results (50% in each period) for the first and second half of the year. Dividends will grow in line with the cash flow generated by the Company in the period 2020-2023. Dividend payments may be made in cash or in the Company's shares.

11. Annual Corporate Governance Report

Aedas Homes, S.A.'s Annual Corporate Governance Report for the three months ended March 31, 2020 is part of the Management Report, and has been available since the date of publication of the annual accounts on the website of the National Securities Market Commission and on the Aedas Homes, S.A. website (www.aedashomes.com).

DILIGENCIA DE FIRMAS

SIGNATURE DILIGENCE

Diligencia que levanta el Secretario no consejero del Consejo de Administración para hacer constar que los miembros del mencionado Consejo de Administración de la sociedad AEDAS HOMES, S.A. han procedido a suscribir las Cuentas Anuales, constitutivas del Balance de Situación, la Cuenta de Pérdidas y Ganancias, el Estado de Cambios en el Patrimonio Neto, el Estado de Flujos de Efectivo, la Memoria y el Informe de Gestión, correspondientes al ejercicio de tres meses terminado el 31 de marzo de 2020, firmando todos y cada uno de los señores Consejeros de la sociedad, cuyos nombres y apellidos constan a continuación, de lo que doy fe.

Diligence raised by the non-director Secretary of the Board of Directors to record that the members of the Board of Directors of the company AEDAS HOMES, S.A. have proceeded to subscribe the Financial Statements, constituent of the Balance Sheet, the Income Statement, the Statement of Changes in Equity, the Statement of Cashflows, the notes to the Financial statements and the Management Report for the three months ended in March 31st, 2020, signed by each and every one of the Directors of the company, whose names and surnames are listed below, That I give faith.

20 de mayo de 2020

May 20th, 2020

El Secretario no Consejero

Non-director Secretary

D. Alfonso Benavides Grases

D. Alfonso Benavides Grases

D. Eduardo Edmundo D'Alessandro Cishek

Mr. Eduardo Edmundo D'Alessandro Cishek

D. David Martínez Montero

Mr. David Martínez Montero

D. Santiago Fernández Valbuena

Mr. Santiago Fernández Valbuena

D. Evan Andrew Carruthers

Mr. Evan Andrew Carruthers

Dña. Milagros Méndez Ureña

Ms. Milagros Méndez Ureña

D. Javier Lapastora Turpín

Mr. Javier Lapastora Turpín

D. Miguel Temboury Redondo

Mr. Miguel Temboury Redondo

Dña. Cristina Álvarez Álvarez

Ms. Cristina Álvarez Álvarez

D. Emile K. Haddad

Mr. Emile K. Haddad

**DECLARACIÓN DE RESPONSABILIDAD DE
AEDAS HOMES, S.A.**

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

Que, hasta donde alcanza su conocimiento, las Cuentas Anuales individuales de Aedas Homes, S.A. correspondientes al ejercicio de tres meses finalizado el 31 de marzo de 2020 han sido elaboradas con arreglo a los principios de contabilidad aplicables; ofrecen, tomadas en su conjunto, la imagen fiel del patrimonio, de la situación financiera y de los resultados de Aedas Homes, S.A.; y el Informe de Gestión individual incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de Aedas Homes, S.A., junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

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

D. Santiago Fernández Valbuena
Presidente

D. David Martínez Montero
Consejero Delegado

D. Eduardo D'Alessandro Cishek

**DECLARATION OF LIABILITY OF AEDAS
HOMES, S.A.**

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

That, as far as it is known, the individual Annual Accounts of Aedas Homes, S.A. for the trimester ended March 31, 2020 have been prepared in accordance with applicable accounting principles; They offer, taken as a whole, the true image of the Equity, the financial situation and the results of Aedas Homes, S.A.; and the Individual Management Report includes a faithful analysis of the evolution and business results and of the position of Aedas Homes, S.A., together with the description of the main risks and uncertainties that they face.

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

Mr. Santiago Fernández Valbuena
Chairman

Mr. David Martínez Montero
Chief Executive Officer

Mr. Eduardo D'Alessandro Cishek
Board Member

Consejero

D. Evan Andrew Carruthers
Consejero

D. Evan Andrew Carruthers
Board Member

D. Javier Lapastora Turpín
Consejero

Mr. Javier Lapastora Turpín
Board Member

D. Miguel Temboury Redondo
Consejero

Mr. Miguel Temboury Redondo
Board Member

Dña. Milagros Méndez Ureña
Consejera

Ms. Milagros Méndez Ureña
Consejera

Dña. Cristina Álvarez Álvarez
Consejera

Mrs. Cristina Álvarez Álvarez
Board Member

D. Emile K. Haddid
Consejero

Mr. Emile K. Haddid
Board Member

Madrid, 20 de mayo de 2020

Madrid, May 20th, 2020

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

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

Madrid, 20 de mayo de 2020

Madrid, May 20th, 2020

D. Alfonso Benavides Grases
Secretario del Consejo de Administración

D. Alfonso Benavides Grases
Secretary of the Board of Directors