metrovacesa, S.A.

Incorporated in Spain in accordance with the Spanish Companies Act (Ley de Sociedades de Capital)

METROVACESA 2023 Commercial Paper Program
Maximum outstanding balance EUR 100,000,000

INFORMATION MEMORANDUM (*DOCUMENTO BASE INFORMATIVO*) OF THE ADMISSION (*INCORPORACIÓN*) OF COMMERCIAL PAPER (*PAGARÉS*) ON THE ALTERNATIVE FIXED-INCOME MARKET (*MERCADO ALTERNATIVO DE RENTA FIJA*)

Metrovacesa, S.A. ("**Metrovacesa**", the "**Company**" or the "**Issuer**" and together with the entities of the Issuer's corporate group (the "**Group**"), a public limited company (*sociedad anónima*) incorporated under the laws of Spain, with registered address at Calle Quintanavides 13, Parque Vía Norte, 28050, Madrid, Spain, registered in the Madrid Commercial Registry in volume 34,472, page 205, section 8, sheet M-620,015, entry 690, with tax identification number A-87471264 and Legal Entity Identifier (LEI) code 959800ZQW44V5U3SEZ73, will request the admission (*incorporación*) to trading of commercial paper securities (*pagarés*) (the "**Commercial Paper**") to be issued by the Company in accordance with the provisions of this information memorandum (*Documento Base Informativo* or the "**Information Memorandum**") on the Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija* or "**MARF**") (the "**Program**").

MARF is a multilateral trading facility *(sistema multilateral de negociación* or "**MTF**") and not a regulated market, pursuant to the provisions of pursuant to the provisions of the Securities Market and Investment Services Act (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión* or the "**Securities Market Act**").This Information Memorandum is the document required by Circular 2/2018, of 4 December, issued by the MARF regarding admission and delisting of securities on the Alternative Fixed-Income Market (*Circular 2/2018, de 4 de diciembre, sobre incorporación y exclusión de valores en el Mercado Alternativo de Renta Fija* or "**Circular 2/2018**").

The Commercial Paper will be represented by book-entries *(anotaciones en cuenta*) as defined in article 7 of the Securities Market Act, at the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**Iberclear**") which, together with its participating entities, will be the entity responsible for maintaining the corresponding accounting records (*registro contable*) of the Commercial Paper.

The Issuer has been rated BB+, with a stable outlook, by Ethifinance Ratings, S.L. on 21 April 2023.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Information Memorandum is not intended to be, nor should it be considered as, a recommendation to potential investors to subscribe securities. An investment in the Commercial Paper involves certain risks. Potential investors should consider carefully and fully understand the risks set forth herein under the "Risk Factors" section, along with all other information contained in this Information Memorandum, prior to making any investment decision with respect to the Commercial Paper.

MARF has not undertaken any kind of verification or check with regard to this Information Memorandum, nor on the content of the rest of the documentation and information provided by the Issuer in compliance with the requirements set forth under Circular 2/2018.

The Commercial Paper issued under the program shall only be addressed to (i) qualified investors as defined in Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"); including (ii) eligible counterparties, as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II") and article 196 of the Securities Market Act; and (iii) professional clients, as defined in the Prospectus Regulation, MiFID II, articles 194 and 195 of the Securities Market Act and article 39 of Royal Decree 1310/2005 (*Real Decreto 1310/2005*), or any provision which may replace or supplement it in the future.

No action has been taken in any jurisdiction to permit a public offering of the Commercial Paper or permit the possession or distribution of the Information Memorandum or any other offer material where a specific action is required for said purpose. This Information Memorandum must not be distributed, directly or indirectly, in any jurisdiction in which such distribution represents a public offering of securities. This Information Memorandum is not a public offering for the sale of securities nor a solicitation for a public offering to subscribe or purchase securities, and no offering of securities shall be made in any jurisdiction in which such offering or sale would be considered in breach of the applicable legislation. The distribution of the Information Memorandum and the offering, sale or placement of the Commercial Paper may be restricted by law in certain jurisdictions. Those persons who at any time have possession of the Information Memorandum must inform themselves properly of any such potential restrictions.

This Information Memorandum does not represent a prospectus approved and registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "CNMV"). The issue of the Commercial Paper is exempt from the obligation to publish a prospectus pursuant to the Prospectus Regulation and the Commercial Paper will not be admitted to trading on a regulated market. Therefore, in accordance with articles 35 and 37 of the Securities Market Act, it is not necessary to verify, register and publish a prospectus with the CNMV.

DEALERS

Banco Sabadell, S.A. | Banco Santander, S.A. | Norbolsa S.V., S.A.

REGISTERED ADVISOR *(ASESOR REGISTRADO*)

Norbolsa S.V., S.A.

ARRANGER

Norbolsa S.V., S.A.

PAYING AGENT

Banco Santander, S.A.

LEGAL ADVISOR

Uría Menéndez Abogados, S.L.P.

The date of this Information Memorandum (*Documento Base Informativo*) is 18 October 2023

IMPORTANT NOTICE

Potential investors should not base their investment decision on information other than that contained in this Information Memorandum.

The dealers assume no liability for the content of this Information Memorandum. The dealers have signed a collaboration agreement with the Issuer for the placement of the Commercial Paper, but neither the dealers nor any other entity has undertaken any commitment to underwrite the issue without prejudice to the ability of the dealers to acquire Commercial Paper on their own name.

There is no guarantee that the price of the Commercial Paper in the MARF will be maintained. There is no assurance that the Commercial Paper will be widely distributed and actively traded on the market because at this time there is no active trading market. Nor is it possible to ensure the development or liquidity of the trading markets for the Commercial Paper.

PRODUCT GOVERNANCE RULES UNDER MiFID II. THE TARGET MARKET SHALL CONSIST EXCLUSIVELY OF ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS

Exclusively for the purposes of the process of approval of the product which is to be carried out by each manufacturer, the conclusion has been reached, having assessed the target market for the Commercial Paper, that: (i) the target market for the Commercial Paper consists solely of "eligible counterparties" and "professional clients", in accordance with the meaning attributed to each of these expressions in the MiFID II and its implementing regulations (in particular, in Spain, the Securities Market Act and its implementing regulations); and that (ii) all channels for the distribution of the Commercial Paper to eligible counterparties and professional clients are appropriate.

Any person, who following the initial placement of the Commercial Paper, offers the Commercial Paper, sells it, makes it available in any other way or recommends it (the "**Distributor**") shall be required to take into account the assessment of the target market made by the manufacturer. Any Distributor subject to the provisions of MiFID II shall nevertheless be responsible for making its own assessment of the target market for the Commercial Paper (whether by applying the target market assessment made by the manufacturer or by perfecting such assessment), and for determining the appropriate distribution channels.

PROHIBITION ON SELLING TO RETAIL INVESTORS

The Commercial Paper is not intended to be offered, sold or made available in any other way, nor should they be offered, sold or made available, to retail investors in the European Economic Area (the "**EEA**"). "Retail investor" shall be understood for these purposes to refer to any person to whom either or both of the following definitions is/are applicable: (i) "retail client" within the meaning of section (11) of article 4(1) of MiFID II; (ii) client within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016, provided that they cannot be classed as a professional client based on the definition contained in point (10) of article 4(1) of MiFID II; or (iii) a retail customer as provided for in the regulations implementing MiFID II in any EEA Member State (in particular in Spain as defined in article 204 of the Securities Market Act and its implementing legislation). For this reason, none of the key information documents required by Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the "**Regulation 1286/2014**") has been prepared for the purposes of the offering or sale of the Commercial Paper, or to make it available to retail investors in the EEA, and therefore, any of such activities could be unlawful pursuant to the provisions of Regulation 1286/2014.

In the United Kingdom, it has only been communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Commercial Paper in circumstances in which section 21(1) of the FSMA does not apply to the Issuer. Also, it has been complied and will comply with all applicable provisions of the FSMA with respect to anything done in relation to any Commercial Paper that otherwise involves the United Kingdom.

The Commercial Paper have not been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction in the United States of America. The Commercial Paper may not be offered, sold, exercised or otherwise transferred in the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States of America. There is no intention to register any Commercial Paper in the United States or to make an offer of any securities in the United States. No directed selling efforts in the United States of America as defined in Regulation S of the Securities Act will be performed. The Commercial Paper will only be offered and sold outside the United States of America in accordance with the provisions of Regulation S under the Securities Act. The terms used herein have the meanings given to them in Regulation S under the Securities Act and other relevant United States of America securities laws and regulations.

ROUNDING OF FIGURES

Certain figures in this Information Memorandum, including financial, market and certain operating information, have been rounded to make them easier to understand. Accordingly, the sum of the figures shown in a column or row of a table may not add up exactly to the total figure shown for that column or row, and the sum of some figures expressed as a percentage may not add up exactly to the total percentage shown.

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1. RISK FACTORS

An investment in the Commercial Paper is subject to a number of risks. Potential investors should carefully assess the risks described below, together with the remaining information contained in this Information Memorandum, before investing in the Commercial Paper. The Issuer believes that the following factors may affect its ability to fulfill its obligations under the Program. The list of factors is not intended to be comprehensive or exhaustive. All of these factors are contingencies which may or may not occur, and the Issuer is not in the position to express a view on the likelihood of any such contingency occurring. If any of these risks, or any others not described herein, materializes, the business, results of operations, financial condition, profitability and future prospects of the Group as well as the Issuer's ability to repay the Commercial Paper at maturity may be negatively affected and, accordingly, the market price of the Commercial Paper may decrease, resulting in a loss of all or part of any investment made in it.

The Issuer does not represent that the risk factors provided below in this section are exhaustive; it is possible that the risk factors described in this Information Memorandum may not be the only ones which the Issuer and of the companies of the Group are exposed to and there may be other risks, currently unknown or which, at this point in time, are not considered significant, which in themselves or in conjunction with others (whether identified in this Information Memorandum or not) could potentially have a material adverse effect on the Group's activity, business, financial condition and results of operations and the Issuer's capacity to make the repayments corresponding to the Commercial Paper upon maturity, in which case the market price of the Commercial Paper could decrease as a result and any investment made in it could be totally or partially lost. The order in which the risks are described does not necessarily reflect a greater probability of their materialization.

Potential investors should consider carefully and fully understand the risks set forth in this section, along with all other information contained in this Information Memorandum prior to making any investment decision and reach their own view prior to making any investment decision.

1.1 RISKS RELATING TO THE ISSUER AND THE GROUP

The Group's activity is geographically concentrated.

The Group's assets and operations are located in Spain, and are therefore dependent on the overall condition of the Spanish housing market and, in particular, on the condition of the housing market in the regions where it is focused. The housing market and the homebuilding industry are generally cyclical and are affected by changes in general economic conditions, such as employment levels and job growth, interest rates, inflation, tax laws and consumer confidence. Cycles in the industry typically unfold in four phases —recovery, expansion, hyper supply and recession— going through multiyear cycles of booms and bursts periods.

Accordingly, the Group's performance may be significantly affected by events beyond its control affecting Spain and the Spanish residential property market in particular, such as a downturn in the Spanish economy, changing demand for residential property in Spain, changing supply within a particular geographic location, the attractiveness of property relative to other investment choices, changes in domestic and/or international regulatory requirements and applicable laws and regulations (including in relation to taxation and land use), Spain's attractiveness as a foreign direct investment destination, political conditions, the condition of financial markets, the availability of credit, the financial condition of potential buyers, interest rate and inflation rate fluctuations, accounting and control expenses and other developments.

Despite the above, the Group has a notable provinces' diversification within Spain. As of 30 June 2023, the Group's assets and operations were located in Madrid —which represented approximately 25% of the Group's gross asset value ("**GAV**")—, Barcelona (which represented approximately 17% of the GAV), Málaga (which represented approximately 12% of the GAV), Seville (which represented approximately 8% of the GAV), Valencia (which represented approximately 7% of the GAV), the Balearic Islands (which represented approximately 5% of the GAV), and the rest of provinces (which represented approximately 26% of the GAV). Likewise, the Group's land bank diversification in Spain's provinces may result in lower volatility and other risks associated with diversification, and any downturn in such market could have a limited adverse effect on the Group's activity, business, financial condition and results of operations.

For more information, see "*Risks relating to general economic, political and demographic conditions – Since all of the Group's operations and assets are located in Spain, adverse developments in general political (including the Russian invasion of Ukraine or the secession movement in Catalonia), economic (including inflation and increase of Euribor) or health (including the Coronavirus pandemic) conditions in Spain, the EU or globally could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.*"

The Group may not be able to successfully implement its business strategy, and it may not be able to meet its expected growth and returns.

As of 30 June 2023, the Group has delivered 572 units, and has 7,856 active units expected to be delivered in the next years. In addition, it expects to deliver between 1,500-1,900 units in 2023. The residential development is Metrovacesa´s core activity focus, but the company also has exposure to commercial assets and its aim is to progressively reduce its exposure to commercial assets through sales, joint ventures or turnkey projects. As of 30 June 2023, 22% of the Group's gross assets are commercial units, while as of 30 June 2022 they represented 25% of its portfolio.

Metrovacesa plans to expand its business operations in the coming years. However, the Group's success and ability to implement its business strategy and meet expected growth and returns may be impacted by: (i) the Group's inability to successfully respond to a potentially increasing real estate demand; (ii) the Group's failure to make correct assumptions, estimates and judgments with respect to its properties and the number of units it can develop; (iii) the Group's inability to allocate adequate resources to monitor and administer a larger active portfolio; (iv) the supply and demand for housing and future housing prices; (v) the future value of its land bank; (vi) the Group's inability to develop commercially attractive products; (vii) the Group's inability to acquire land in attractive locations to reach the financial margins embedded in the Group's business plan; (viii) future construction and development costs; (ix) the Group's inability to manage projects efficiently; (x) the availability and cost of service providers the Group uses to develop its business; (xi) the Group's inability to obtain any necessary permits on a timely basis; (xii) future laws and regulations that apply to the Group's business; (xiii) the availability of external financing to grow its business, among others; and (xiv) the Group's inability to effectively manage its expansion.

Any of these factors may impact the success of the Group's business plans, the commercial success of its projects, its financial condition, prospects or results of operations, which could result in the Group being unable to meet its expected growth or to develop its growth strategy and meet the demands of the market. Even if the Group is able to implement some or all of the initiatives of its business strategy successfully, its operating results may not improve to the extent it anticipates, or at all.

Implementation of the Group's business strategy could also be affected by a number of external factors such as increased competition, legal developments, government regulation, general economic conditions or increased operating costs or expenses. In addition, in the event that the Group misjudged the nature and extent of industry trends or the Group's competition, the Group may have difficulty in achieving its strategic objectives. Any failure to implement its business strategy successfully may adversely affect the Group's business, results of operations, financial condition or prospects and thus its ability to service the Group's debt.

The Group depends upon its senior management team and on the expertise of its key personnel and may be unable to attract and retain a highly skilled and experienced workforce.

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

In particular, the Group has a senior management team with an extensive track record in the housing development industry in Spain. The Group's success depends, to a significant degree, on the continued contribution of its senior management, who are critical to the overall management of the Company, as well as its culture, strategic direction and operating model. The ability to retain the senior management team or to attract suitable replacements is dependent upon competition in the labor market. The unexpected loss of the services of any member of senior management, a limitation in their availability, difficulties to implement a disciplined management process and culture with local management or a failure by the Group to develop a succession plan for its senior management could have a material adverse effect on the Group's know-how and internal best practices as well as on its business, results of operations, financial condition or prospects.

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

Real estate appraisals with respect to the Group's property portfolio included in this Information Memorandum may not reflect the current market values of the Group's portfolio because determining such values is an inherently subjective process.

Valuations of property portfolios have a significant effect on the Group's financial standing on an ongoing basis and on the Group's ability to obtain further financing.

The valuation of real estate, including those contained in valuation reports, is inherently subjective and subject to uncertainty, in part because land and property valuations are made on the basis of assumptions which may not prove to be accurate, and in part because of the individual nature of each land and property, and is heavily affected by broader market conditions outside the Group's control (changes in regulatory requirements and applicable laws –including in relation to building and environmental regulations, taxation and planning–, transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes and interest and inflation rate fluctuations, also contribute to the uncertainty and potential volatility of forward-looking valuations). For example, the valuation reports include assumptions as of and prior to the date of valuation reports as to land tenure, lawful construction and the absence of land contamination or adverse site or soil conditions based in part on information provided by the Group, and which may have varied if made as of the date of this Information Memorandum. There can be no assurance that the estimated Gross Development Values ("**GDVs**") relating to the land bank and the proposed developments assessed in the valuation reports will reflect the actual sales prices achieved by any developments built on the land. Any failure to sell as many residential units as anticipated, or for the sales prices expected, could result in the Group not achieving the estimated GDVs. There can be no assurance that the valuations of land in the Group's financial statements or the GDV estimates for the Group's land bank and proposed developments reflect the actual sales prices achieved of either the land itself or any developments built thereon.

In addition, the valuations contained in the valuation reports are stated as of 31 December 2022, and there can be no assurance that these figures accurately reflect the market value of the Group's properties as of any other date. The market value of the Group's properties may decline significantly over time due to various factors. In addition, the values ascribed by the Group's appraisers should not be taken as an indication of the amounts that could be obtained by the Group upon disposal of such properties, whether in the context of the sale of individual properties or the portfolio as a whole.

The Group is dependent on information technology systems, which may fail, be inadequate to the tasks at hand, or be subject to cyber-attack, and face a risk of misappropriation of customer and employee data from its information systems.

The Group is dependent on sophisticated information technology ("**IT**") systems, including in relation to its internal reporting, the sale of its products and, generally, the implementation of working-from-home policies. IT systems are vulnerable to a number of problems such as software or hardware malfunctions, malicious hacking, physical damage to vital IT centers and computer viruses, and need regular upgrading. Failure to protect the Group's operations from cyber-attacks could result in the loss of sensitive information, which could result in reputational damage, litigation and remediation costs. Moreover, a major disruption to the Group's IT systems could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group also collects, retains, processes and, in some cases, reports large volumes of internal and customer data, including personally identifiable information during the normal course of business. The Group or any of the Group's third party service providers could fail to transmit customer information in a secure manner, the Group's security and information systems could be compromised, or the Group's employees, franchisees or vendors could breach data protection laws (and as a result, customer and employee information would be obtained by unauthorized persons or used inappropriately. If any of the foregoing occurred, the Group could be subject to liabilities and penalties, a damage to its reputation, litigation or government enforcement actions, substantial costs and a loss of consumer confidence. All of this could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Group may be unable to effectively manage its new business of built to rent.

The Group is aware of the possibility of using part of its land plots to deliver built-to-rent units, signing turnkey agreements with institutional investors, and gaining presence in a different part of the home real estate market, the rental market. Metrovacesa may be considered one of the first Spanish home developers to move into this new rental business, with its first agreement in the first quarter of 2019. As of 30 June 2023, the Group had 8 projects with a total of 750 units to develop in built-to-rent. Metrovacesa only acts as a developer of the buildings and does not have to deal with the operating activity risk of the rental agreement. However, this business operates with margins that are smaller than the built-to-sale business ones. In addition, the Group has limited experience operating a built-to-rent business line, and the expansion of its business may place significant demands on its administrative, operational and financial personnel and systems. The Group may be unable to achieve the anticipated benefits of any such growth or expansion or it may incur greater costs than expected in attempting to achieve the anticipated benefits. Growth or expansion could disrupt its ongoing operations and divert management resources that would otherwise focus on developing its existing business, in which case it may need to employ additional personnel or consultants. There can be no assurance that the Group will be able to employ or retain the necessary personnel, to successfully implement a disciplined management process and culture with local management, or that its expansion operations will be successful. Any of the above could have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

The Group's acquisition and divestiture activities may present risks not contemplated at the time of the transactions.

Prior to entering into an agreement to acquire any property, the Group performs due diligence on the proposed asset. There can be no assurance, however, that due diligence examinations carried out by the Group or third parties in connection with any properties the Group has acquired or may acquire did or will reveal all of the risks associated with that asset, or the full extent of such risks. Properties the Group acquires or invests in may be subject to hidden material defects that were not apparent at the time of acquisition.

To the extent that the Group and other third parties underestimate or fail to identify risks and liabilities associated with an asset, the Group may be subject to one or more of the following risks: defects in title; environmental liabilities or structural or operational defects or liabilities requiring remediation and/or not covered by indemnities or insurance; lack or insufficiency of permits and licenses (e.g., occupancy and activity licenses from municipal authorities); an inability to obtain permits enabling the property to be used as intended; or the acquisition of properties that are not consistent with the Group's business strategy or that fail to perform in accordance with expectations. Any of these consequences may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

1.2 RISKS RELATING TO THE ISSUER'S BUSINESS AND INDUSTRY

The Group's operating performance is subject to risks associated with the real estate and residential development industry generally.

The Group's principal activity is the development and sale of residential properties, hence land permitting process, which carries numerous inherent risks and is subject to fluctuations and cycles in value and demand that are beyond the Group's control. Population growth and the rate of new household formation, along with the general perception among consumers of the continuous increase in property prices over time, have, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. However, the financial crisis and its economic impact in Spain demonstrated that property prices and demand could fall rapidly. There is no assurance that the recent increase in demand will continue, or that any future recovery would result in a recovery of residential property prices and sales volumes to levels experienced in the past.

The residential real estate market started to recover in 2014 in some Spanish provinces, just as the Spanish economy showed signs of improvement. However, there can be no assurance that this expected growth and the general recovery of the Spanish housing market will be achieved or sustained as there continues to be uncertainties in the global, European and Spanish economic and political outlook and the further impact of the Coronavirus pandemic or the Ukraine War (as defined below) cannot be fully assessed. Other factors such as rising unemployment rates, fiscal deficit, and hiking interest rates in Spain, political instability, other geopolitical uncertainties, volatility in commodity prices or a negative market reaction to central bank policies may affect the growth of the Spanish economy and, in particular, disposable income or the cost and availability of credit and, consequently, may have a material adverse effect on the business, results of operations, financial condition and prospects. See "*Risks relating to* *general economic, political and demographic conditions – Since all of the Group's operations and assets are located in Spain, adverse developments in general political (including the Russian invasion of Ukraine or the secession movement in Catalonia), economic or health (including the Coronavirus pandemic) conditions in Spain, the EU or globally could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.*"

The Spanish real estate and residential market may generally be further adversely affected by (i) changes in short-term and long-term interest rates and the inflation rate; (ii) employment levels and cost-of-living and real income dynamics; (iii) decreases in residential property demand due to population decreases, lower levels of household formation and other demographic and social changes; (iv) foreign and intra-country immigration trends; (v) the availability and affordability of mortgage loans and other forms of credit for homebuyers; (vi) including private party and government mortgage loan programs and restrictive measures by banking authorities; (vii) consumer confidence in general and potential homebuyer confidence in particular; (viii) financial system and credit market stability; (ix) regulation, oversight and legal action regarding lending, appraisal, foreclosure and short-sale practices; (x) increases in personal income tax rates, decreases in the deduction of mortgage loan interest payments and increases in real estate taxes; (xi) the supply and prices of available new or resale residential property and general consumer interest in purchasing a home compared to choosing other housing alternatives, such as rental housing; (xii) supply chain availability or cost increases; (xiii) acquisition risks related to the Group's land plots, including due to deficiencies in the due diligence process; (xiv) changes in government and local authorities' regulation or policies, including infrastructure policies and planning and environmental regulations; and (xv) political uncertainties, among others.

Additionally, the increase in the prices of raw materials and energy has a direct impact on construction costs and the profitability of the sector since this inflationary pressure may not be fully passed on to customers. The Ukraine War has aggravated tensions over the supply and price of raw materials that had been produced since the Coronavirus pandemic, which is being translated into a decrease in the purchasing power of households and, consequently, in a greater difficulty of access to housing, both in terms of purchase and rental, which could ultimately lead to a decrease in the profitability of real estate operations.

For internal purposes, the Group weighs its geographical presence in the real estate market in which it operates, among others, according to GAV. As of 30 June 2023, approximately 74% of the Group's GAV (c. EUR 1,862 million) was located in the top six provinces of Spain, i.e. Madrid, Barcelona, Málaga, Seville, Valencia and the Balearic Islands. As of 30 June 2023, the overall GAV of the Group amounted to approximately EUR 2,516 million, out of which EUR 1,962 million were residential units and the remaining EUR 554 million were commercial units. The provinces where the Group operates may be adversely affected by additional factors and market dynamics including, among others, attractiveness of the area where the development is located, political stability of the region and Spain, safety, relocation due to the possibility of working or studying remotely and tourism. The foregoing factors may be enhanced as a result of the measures adopted in relation to the Coronavirus pandemic (as described below).

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

Competition in the residential development market may affect the Group's ability to make appropriate acquisitions and to secure buyers at satisfactory prices.

The homebuilding industry is highly competitive. Homebuilders compete not only for homebuyers, but also for desirable land, financing, raw materials, skilled management, contractors and labor resources. Competitors include real estate developers with in-depth knowledge of local markets, as well as property portfolio companies, including funds that invest nationally and internationally, institutional investors, foreign investors, financial institutions and SAREB (*Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria*).

Competitors may have greater financial resources than the Group and/or a greater ability to borrow funds to acquire land, and may have the ability or inclination to acquire land at a higher price or on terms less favorable than those the Group may be prepared to accept or to pay higher compensation to contractors. The appearance of other players in the market has led to an increase in competition in the residential development market in general and the Spanish homebuilding market in particular. Competition could also increase as a result of consolidation in the sector. The Group also competes with sellers of existing homes, including foreclosed homes, and with rental housing. These competitive conditions can reduce the number of homes it delivers, negatively impact its selling prices, reduce its profit margins, and cause impairments in the value of its inventory or other assets. Competition can also affect the Group's ability to acquire suitable land, raw materials and skilled contractors at acceptable prices or other terms, which could decrease its margins. Any of the foregoing could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

Furthermore, the Spanish government has promoted certain measures which incentivize rental housing, the refurbishment of the existing housing park or the promotion of social housing, and which are regulated in Royal Decree 42/2022, of January 18, which regulates the Youth Rental Voucher and the National Housing Plan for 2022-2025 (*Real Decreto 42/2022, de 18 de enero, por el que se regula el Bono Alquiler Joven y el Plan Estatal para el acceso a la vivienda 2022-2025*) and Law 12/2023, of the May 24, on the right to housing (*Ley 12/2023, de 24 de mayo, por el derecho a la vivienda*) (the “**Housing Law**”), which entered into force on 26 May 2023. These measures could favor the interests of some of the Group’s competitors to its detriment or adversely affect demand for the Group’s houses, which could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

The Group's growth and profitability depend upon its ability to identify and acquire land plots suitable for its purposes.

The Group's growth and profitability depend upon its ability to successfully identify and acquire additional land plots for residential property development at commercially reasonable prices and on terms that meet its profitability targets. The Group's ability to acquire sufficient additional land plots that satisfy its investment criteria may be adversely affected by the willingness of land sellers to sell them at commercially viable prices, the availability of financing to acquire them, regulatory requirements including those in relation to zoning, housing density and the environment and other market conditions. In addition, the ongoing recovery in the real estate market in Spain and the emergence of competitors with a business model and strategy similar to ours may lead to increased competition among developers for land, which may make it more difficult to acquire suitable plots at commercially viable prices or at all and could lead to an increase in land acquisition costs. Moreover, measures taken by the Spanish Government related to access to housing could increase housing demand. If the availability of land plots that are suitable for the Group's purposes becomes limited, its ability to grow could decrease significantly, the number of homes it may be able to develop and sell could be reduced, and its costs could be substantially increased, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may be unable to develop and sell its projects successfully or within the expected time frames.

The Group's land-permitting process may be subject to delays that may limit its ability to generate positive cash flows with respect to a specific project, including delays in obtaining the relevant permits (see "*Regulatory and Legal Risks—The Group's business may be adversely affected if failing to obtain, or if there are any material delays in obtaining the required permits and approvals for their development projects.*"). Similarly, the Group's land development process typically requires substantial capital outlays during construction periods, and it may take months or years before positive cash flows, if any, can be generated. In addition, consumer protection laws may increase the period needed for the execution of each mortgage loan by customers, delaying the period to formalize sales by the Group (see "*Risks relating to general economic, political and demographic conditions— Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect the Spanish real estate market and the Group.*").

During the construction of development projects, the Group may encounter unexpected operational issues or other difficulties, including those related to technical engineering issues, regulatory changes, disputes or insolvency of third-party contractors, subcontractors and suppliers, accidents, bad weather, natural disasters (such as earthquakes, droughts, floods and fires) and changes in purchaser requirements that may require the Group to amend, delay or terminate a development project, delay home sales, increase costs and affect demand for new homes. If the Group's insurance does not fully cover business interruptions or losses resulting from these events, any of the foregoing could have a material adverse effect on the Group's business results of operations, financial condition or prospects.

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

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

The Group's business depends upon the availability, skills and performance of contractors, subcontractors and other service providers and suppliers.

The Group relies on the services of third-party contractors (which, in turn, may rely on the services of subcontractors) to develop and monitor its projects, help sell its products and provide post-construction warranty service. As of 30 June 2023, the Group had 85 development sites under construction or completed, equivalent to 4,109 units under construction or completed, with 24 different contractors. If the Group is unable to hire qualified and reliable third-party contractors for any of its projects, its ability to successfully complete projects in time or with the required quality or to sell its units within the expected time frames and price could be impaired.

Despite the contractor selection and monitoring processes that the Group has implemented, its contractors may fail to meet the Group's standards and deadlines. If its service providers fail to successfully perform the services for which they have been engaged, either as a result of their own fault or negligence, or due to the Group's failure to properly supervise any such service providers, this could have a material adverse effect on the Group's reputation, business, results of operations, financial condition and prospects. In particular, although the Group attempts to verify the compliance of contractors with health, safety and environmental regulations (the "**HSE**"), labor laws and other applicable laws and regulations, any failure by contractors to so comply could render the Group liable in respect of these obligations. Moreover, the Group generally relies on contractors to select and obtain building materials. In some cases, despite the Group's detailed specifications and quality control procedures, contractors may use improper construction processes or defective materials that do not meet the Group's specifications and quality requirements. Defective materials used by the homebuilding industry can result in the need to perform extensive repairs to large numbers of homes. The cost of complying with the Group's obligations may be significant if it is unable to recover the cost of repairs from contractors, materials suppliers and insurers.

Pursuant to Law 38/1999, of November 5, Regulating Construction (*Ley de Ordenación de la Edificación*, or "**LOE**"), the Group may be qualified as a "developer" (*promotor*), and would therefore be jointly responsible, together with the participants intervening in the building construction process, to its customers for any material damages in the Group's homes caused by any defects in the construction of these real estate assets. Unlike the case with the other construction participants, the liability that the LOE imposes is not linked to a breach of duties. The developer takes liability for the acts (and failures to act) of all other individuals/legal entities involved in the development and is a *de facto* guarantor of the obligations of third parties. As such, any damages caused by a third party involved in the construction process could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Pursuant to the Spanish Civil Code, failure by contractors to pay sub-contractors may entitle sub-contractors to seek redress from the property's owner or developer, up to an amount equivalent to the amounts owed in turn by the owner or developer against the contractor, so if the contractors breach their payment obligations, sub-contractors could claim the amounts owed to them by the contractor directly to the Group.

The Group may hire a contractor that subsequently becomes insolvent, causing cost overruns and project delays and increasing the risk that the Group will be unable to recover costs in relation to any defective work performed by such contractor, to the extent such costs are not covered by insurance or other security provided by the contractor. The insolvency or other financial distress of one or more of the Group's contractors could have a material adverse impact on its business, results of operations, financial condition or prospects.

However, the Group has implemented strict protocols for hiring contractors, including the following essential requirements: (i) financial analysis of the contractor from an independent third-party, (ii) approval of the contractor from the financial entity that will provide financing for the project, (iii) provision of a guarantee (bank guarantee (*aval*) or surety bonds) covering 10% of the contracted amount, and (iv) withholding of 5% of the amount of each completion certificate as an additional guarantee.

Significant unanticipated costs might arise in relation to the execution of the Group's projects.

The Group is subject to risks related to the cost of executing its projects. Unanticipated costs can arise due to a number of factors, including: errors, omissions and other human factors including those of senior management and key personnel; increases in costs of raw materials, such as concrete and steel; increases in costs of financing projects; labor shortages or increases in labor costs; events affecting the Group's contractors, such as their insolvency; increases in costs of subcontractors and professional services; lack of certain materials due to the Ukraine War; increases in costs of obtaining permits; unforeseen technical and ground conditions; or delays and cost overruns resulting from the land-permitting process.

Before commencing a development, the Group estimates costs based on certain assumptions, estimates and judgments, which may ultimately prove to be inaccurate. In addition, if a contractor's or supplier's cost estimates or quotes are incorrect, the Group may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays in its development projects if the estimate is incorrect by a large enough margin that the project becomes more viable by finding an alternative contractor or supplier. The Group may be unable to pass on such increases in construction costs, in whole or in part, to customers.

Any unanticipated costs arising during the execution of the Group's development projects, or a failure to manage them effectively, may result in losses or lower profits than anticipated or cause material construction delays, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects. In addition, sustained increases in construction costs may, over time, erode its margins, particularly if pricing competition or weak demand restricts its ability to pass additional costs of materials and labor on to homebuyers, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Demand for the Group's real estate assets depends on customer preferences for types of accommodation or locations of property and perceptions as to the attractiveness or quality of the Group's products as well as changes in certain laws and regulations may affect demand for the Group's homes.

Trends in customer preferences have an impact on demand for new residential properties, and any unanticipated changes in such trends, or the Group's misunderstanding of such trends, could have a material adverse effect on its business, results of operations, financial condition or prospects. For example, changes to the general consumer interest in purchasing a home compared to choosing other housing alternatives, such as rental housing, could have a material adverse effect on demand for its homes. Over the past ten years, the number of people living in rented accommodation, as opposed to purchased accommodation, has gradually increased in Spain, primarily driven by restricted access to residential mortgage lending, uncertainty regarding the evolution of residential property prices and regulatory changes in taxation.

In addition, events outside of the Group's control may occur that shift customers' perceptions of the attractiveness or quality of its products, including (i) preferences for specific neighborhoods or locations in certain regions (in particular, in regions in which the Group does not own land), (ii) macroeconomic or employment dynamics that concentrate demand in specific areas (such as the establishment of a large employer in a particular area), (iii) preferences for a specific home design type (such as multifamily condominiums, rental properties or detached houses) or (iv) the overall quality of materials and products used for the finished units. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Moreover, uncertainty regarding the evolution of residential property prices may also adversely affect demand for the Group's homes. Changes in the attractiveness of an investment in residential property could adversely affect the Group's ability to sell its homes and have a material adverse effect on its business, results of operations, financial condition and prospects.

Demand for the Group's homes may also be directly or indirectly affected by a number of laws, regulations and government policies, including regarding lending, appraisal, foreclosure and short-sale practices, leases and eviction of illegal occupants, government mortgage loan programs, down payment assistance programs and taxes. For example, increases in personal income tax rates have in the past adversely affected demand for residential properties. Additionally, certain regulations enacted by the Spanish Government as a consequence of the Coronavirus pandemic such as Royal Decree-law 11/2020, of 31 March, which adopts urgent complementary measures in the social and economic sphere to face COVID-19 (*Real Decreto-ley 11/2020, de 31 de marzo, por el que se adoptan medidas urgentes complementarias en el ámbito social y económico para hacer frente al COVID-19*), and any of the subsequent regulations which amend its terms, including Royal Decree-Law 5/2023 of 28 June, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, supporting the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union directives on structural changes in commercial companies and reconciling family and professional life for parents and carers; and implementing and enforcing European Union law (*Real Decreto-ley 5/2023, de 28 de junio, por el que se adoptan y prorrogan determinadas medidas de respuesta a las consecuencias económicas y sociales de la Guerra de Ucrania, de apoyo a la reconstrucción de la isla de La Palma y a otras situaciones de vulnerabilidad; de transposición de Directivas de la Unión Europea en materia de modificaciones estructurales de sociedades mercantiles y conciliación de la vida familiar y la vida profesional de los progenitores y los cuidadores; y de ejecución y cumplimiento del Derecho de la Unión Europea*) ("**RDL 11/2020**"), introduced measures to temporarily protect tenants with respect to their primary residence that may affect demand for the Group's homes. Until 31 December 2023, RDL 11/2020 establishes limitations to the eviction of vulnerable homes or economically vulnerable individuals. In addition, taxes and duties relating to the acquisition of real estate property (such as value-added tax incurred in the acquisition of new residential property) are an important part of the cost of acquiring or owning a home, and an increase in such taxes may have a material adverse impact on demand for residential property. It is possible that new measures impacting demand of the Group's products or its business in general are introduced in the future.

Changes in laws, regulations and government policies and increases in taxes and duties relating to the acquisition of real estate property, may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group's pre-sales may not materialize on the terms agreed to at the time the contract is signed, if at all.

Pre-sales are an essential part for the financing and execution of the Group's developments. The Group's pre-sales revenue (the expected revenue that will be generated by units that have been pre-sold) may be adjusted following the withdrawal of buyers, early cancellation of existing contracts, new contracts, or changes in the scope of projects in progress. Moreover, the Group may not be able to perform its obligations under its pre-sale contracts due to various reasons, such as an increase in costs which makes the development notviable, not being able to obtain the construction license and not reaching the level of pre-sales necessary to launch the development. As a consequence of the above, the Group may need to refund its customers for the funds that they had advanced, or the Group's customers may terminate their contracts or seek to renegotiate the terms of their contracts to obtain more favorable terms. The occurrence of any of these events could affect the Group's pre-sales and eventual revenues and have a material adverse effect on its business, results of operations, financial condition or prospects.

Nevertheless, the Group includes in all its sales agreements enough grace periods in order to mitigate, as much as possible, potential impacts due to delays in deliveries.

If the Group cannot obtain sufficient capital on acceptable terms, it may be unable to acquire land or develop its land bank portfolio or may experience increased costs and delays in the completion of its development projects.

The real estate development industry is capital-intensive and the Group requires significant up-front expenditures to acquire land plots, transform its land plots into fully permitted land and to develop its projects. Therefore, the Group may need to borrow additional funds from third parties, the availability of which, especially for development financing, may be constrained regionally or nationally, and lenders may impose several requirements to the Group for any financing to be granted and to be able to draw its funds. Lenders may also require increased amounts of equity to be invested in a project by borrowers in connection with both new loans and the extension of existing loans, higher interest rates, the completion of other milestones or other requirements. The Group's inability to meet the requirements imposed by its lenders may have a material adverse effect on its business, results of operations, financial condition and prospects.

In addition, if the Group chooses to seek additional financing to fund its operations through the capital markets, volatility in these markets may restrict the Group's access to such financing. If the Group is not successful in obtaining sufficient funding for its planned capital and other expenditures, it may be unable to acquire additional land for development or transform and develop its existing land bank. Moreover, any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays, and any such delay could result in cost increases. Any one or more of the foregoing events could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

As of 30 June 2023, the Group had a 12.87% of Loan To Value ("**LTV**"), keeping a strict policy of prudency in terms of indebtedness, being its aim to keep a LTV non-higher than 25%.

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

Land and real estate properties can be relatively illiquid, meaning that they may not be easily sold and converted into cash. As of 30 June 2023, the Group's residential GAV related to land bank under management amounts to approximately EUR 463.0 million. The Group may seek to, or be required to, sell entire land plots in certain circumstances, including due to changes in development plans, failure to obtain regulatory approvals, its decision not to proceed with the development, changes in economic or property market conditions or financial distress. In this regard, land illiquidity may affect the Group's ability to value, or dispose of or liquidate part of, its land bank in a timely fashion and at satisfactory prices when required or desirable and may incur additional costs until selling the land. This could have a material adverse effect on the Group's activity, business, financial condition and results of operations.

The Group is exposed to liability claims from third parties.

The nature of the Group's business exposes it to potential liability claims from third parties related to the development and construction of the units it delivers.

The land and homebuilding activities could rise to legal claims brought against the Group in respect of actual or alleged deficiencies in its units (including due to the construction materials used), including possible deficiencies attributable to third parties under agreements entered into with the Group, such as architects, engineers and building contractors. With respect to the construction of the Group's residential development projects, it is exposed to various risks relating to defective construction work or the use or installation of defective construction materials by third-party suppliers or contractors. The warranty, guarantee or indemnity protection set forth in its contracts with such third-party suppliers and contractors, and the arrangements with insurance providers to insure against certain risks, may prove to be insufficient or may not adequately protect the Group against relevant risks. Furthermore, the Group may not be able to enforce claims in the respective amount, or at all, due to the third-party contractor's or supplier's insolvency, or for other reasons. Significant liabilities may not be identified or may only come to light after the expiry of our warranty, guarantee or indemnity claims. Any claims relating to defects arising from or related to residential development projects may give rise to contractual or other liabilities, which can extend, depending on the relevant contractual or statutory provisions, for ten years following completion of the development project and may not be covered by claims against the Group's contractors or suppliers. Unexpected levels of expenditure attributable to such construction defects or defective construction materials arising in relation to a residential development project may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may also face liability as a result of delays and non-compliance with delivery schedules of units, non-performance with obligations to buyers of land plots or third-party contractors, and the conveyance of defective property title or property misrepresentations. In particular, real estate developers are liable for a ten-year period with respect to any damages arising from building deterioration, provided that such deterioration is caused by flaws or improper execution in the design or construction of the building. The foregoing could result in civil or criminal liability towards third parties, as well as reputational harm, especially if public safety is impacted. These liabilities may not be insurable or may exceed the insurance limits of the Group's existing insurance policies, and the Group may eventually need to divert financial and management resources from the operation of the Group's business and incur additional costs, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Moreover, pursuant to the LOE, the Group may qualify as a "developer" (*promotor*), and could be jointly responsible together with the participants intervening in the building construction process, see "*Risks relating to the issuer's business and industry–The Group's business depends upon the availability, skills and performance of contractors, subcontractors and other service providers and suppliers.*"

The Group is subject to the risks associated with joint ventures.

As of the date of this Information Memorandum, the Group is part of a joint venture arrangement with Tishman Speyer to develop up to 20,339 sqm over a land plot historically owned by Metrovacesa and suitable for building in Las Tablas in Madrid (Monteburgos), signed in 2018, through the jointly-owned company Monteburgos Holding Spain, S.L. Moreover, the Group's business plan developments in commercial land are linked to future joint venture agreements.

Joint venture arrangements, and the minority stakes the Group may have in the future, may expose the Group to the risk that: (i) business partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Group having to pay the business partner's share or risk losing its investment, (ii) business partners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to its interests and plans, which may create impasses on decisions and affect the Group's ability to implement its strategies, (iii) disputes arise between the Group and business partners, with any litigation or arbitration resulting from any such disputes increasing the Group's expenses and distracting its management from other managerial tasks, (iv) the Group is liable for the actions of business partners, and (v) a default by a business partner constitutes a default under mortgage loan financing documents relating to an investment, which could result in a foreclosure and the loss of all or a substantial portion of the Group's investment. Any of the foregoing may have a material adverse effect on the Group's activity, business, financial condition and results of operations.

There is a large stock of unsold homes in Spain, among other factors, which may exert downward pressure on new home prices.

The bursting of the housing bubble in 2007 led to a significant oversupply of new housing in Spain which resulted in the accumulation of a large stock of unsold new homes. As of 31 December 2022, there were 444,546 unsold new homes in Spain continuing the trend of declining unsold new homes that started in 2009 (source: *Ministerio de Transportes, Movilidad y Agenda Urbana*). This, together with the selling pressures being exerted on financial institutions by the bank regulation measures relating to their real estate repossessions, and the significant new players in the market with plans to ramp up the supply of new housing stock, continues to exert downward pressure on new house prices and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group may suffer uninsured losses or suffer material losses in excess of insurance proceeds.

While the Group has, and many of its contractors have, general liability, property, workers compensation and other business insurance, such insurance policies are intended to protect the Group against a portion only of its risk of loss from claims, subject to certain self-insured retentions, deductibles and coverage limits. Accordingly, it is possible that this insurance will not be adequate to address all warranty, construction defect and liability claims to which the Group may be subject. Additionally, the coverage offered and the availability of general liability insurance for construction defects are currently limited and policies that can be obtained are costly and often include exclusions based upon past losses those insurers suffered. As a result, the Group's properties or developments could suffer physical damage, resulting in losses which may not be fully compensated by insurance.

In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies. In addition, the Group could be liable to repair damage to a property or development or construction defects caused by uninsured risks out of its own funds and would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use.

Any of the foregoing could have a material adverse effect on the Group's activity, business, financial condition and results of operations.

Negative publicity could adversely affect the Issuer and the Group's reputation as well as its business and financial results.

The Group's business and growth strategy is dependent in part on the maintenance of the integrity of the Metrovacesa brand and its reputation for quality. Unfavorable media related to the Group's or Issuer's industry, company, brands, marketing, personnel, operations, business performance, or prospects may affect the performance of its business, regardless of its accuracy or inaccuracy. The Group's success in maintaining, extending and expanding its brand image depends on its ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage the Group's reputation, having a negative effect in their relationship with sellers of land and contractors and reducing the demand for their homes, which could materially adversely affect the Group's activity, business, financial condition and results of operations.

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

Soil contamination or other environmental/climate challenges affecting the Group's current land bank which the Group is not aware of could drive to a partial or total impairment of its value.

The Group's land bank is a critical asset for its activities. However, potential soil contamination and other environmental or climate-related challenges pose significant risks that may not be fully known or understood by the Group at the date of this Information Memorandum.

More specifically, the Group may encounter unexpected environmental issues such as natural disasters, including, but not limited to, fire, floods, windstorms, earthquakes and other catastrophes, all of which are events beyond its control.

Additionally, it may be affected by the discovery of contaminated soil not identified by the soil samples, analyses and investigations conducted during the planning phase or other environmental and climate challenges, such as rising sea levels or altered weather patterns. Undiscovered contamination and these challenges could lead to having less attractive properties for development, costly remediation efforts, delays in development, or even render certain parcels of land unsuitable for development.

As a result, the Group may be subject to legal and administrative proceedings which may drive to a partial or total impairment of the value of the land, all of which could have a material adverse effect on the Group´s business, financial condition and results of operations.

1.3 RISKS RELATING TO GENERAL ECONOMIC, POLITICAL AND DEMOGRAPHIC CONDITIONS

Since all of the Group's operations and assets are located in Spain, adverse developments in general political (including the Russian invasion of Ukraine or the secession movement in Catalonia), economic (including inflation and increase of Euribor) or health (including the Coronavirus pandemic) conditions in Spain, the EU or globally could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

All of the Group's operations are located in Spain. Accordingly, the Group's operating and financial performance can be influenced significantly by political and economic conditions in Spain, and to a certain extent, the European Union ("**EU**") and global financial performance. The Spanish economy experienced a period of improvement since the beginning of 2014, which has been halted by the crisis derived from the Coronavirus pandemic and the Ukraine War.

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic, and governmental authorities around the world implemented measures to reduce the spread of the Coronavirus pandemic. The measures, which included among others isolation, confinement and restriction of free movement, have adversely affected companies, workforces, customers, consumer sentiment, economies and financial markets, and have thus led to an economic downturn in the markets in which the Group operates and, in particular, that of Spain. They have also increased unemployment levels and volatility in the stock markets, have disrupted global supply chains and customer draws on lines of credit, have provoked a decline in real estate prices, and have caused uncertainty in relation to the future impact in regional and global economies in the medium and long terms.

Additionally, during the Coronavirus pandemic, the Spanish Government enacted certain regulations with a direct impact on housing, such as RDL 11/2020 and its subsequent amendments and modifications. These developments and other consequences such as a downturn in the homebuilding and land development sectors in the Group's markets could materially adversely affect the Group's business, results of operations, and the demand for and the fair value of the Group's assets. More than three years after the outbreak of Coronavirus pandemic, the rollout of the COVID-19 vaccine has helped to mitigate the effects of the Coronavirus pandemic and reduce its impact on the economy. However, there is no guarantee that a future outbreak of this or other epidemics will not occur, or that the Spanish economy will recover, either of which could materially harm the Group's business, results of operations, and the demand for and the fair value of the Group's assets.

On 24 February 2022, Russia launched a full-scale invasion of Ukraine (the "**Ukraine War**"). As a result of the invasion, the EU, EU Member States, Canada, Japan, the United Kingdom and the United States, among others, have developed and continue to develop coordinated sanctions and export-control measure packages which affect multiple sectors, such as the financial sector, public debt, capital markets, exports and imports, air transport, shipping, trade in certain air transport, maritime transport, trade in certain products, payment systems, etc. A relevant part of these measures has a notorious impact on the European economies and, in particular, on those economic systems which were most exposed to financial difficulties and with a high debt level in the months prior to the beginning of the Russian invasion.

The uncertain nature, magnitude and duration of the Ukraine War and potential effects of it and of actions taken by Western and other states and multinational organizations in response thereto, including, amongst other things, sanctions, export-control measures, travel bans and asset seizures, as well as of any Russian retaliatory actions (including, amongst other things, restrictions on oil and gas exports and cyber-attacks), on the world economy and markets (including of the European Union and Spain), have contributed to increased market volatility and uncertainty. Economic growth is being severely affected, which may result in a worsening of the general economic situation in which the Issuer and its Group operates. Russia may escalate war further, either inside or outside of Ukrainian borders. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Group's activities, results of operation, financial condition and prospects.

In addition, both the Ukraine War and the associated sanctions are contributing to increases in the prices of raw materials, energy, oil and other commodities, and further disrupting supply chains. This is leading to a significant increase in costs that will put pressure on business margins and ultimately affect the evolution of investment. The Ukraine War has aggravated tensions over the supply and price of raw materials that had been produced since the Coronavirus pandemic, which is being translating into a decrease in the purchasing power of households and, consequently, in a greater difficulty of access to housing, both by way of the purchase as well as the rental; which could ultimately lead to a decrease in the profitability of real estate operations.

On the other hand, the increase in energy prices adds to a context of already high inflation rates, both in Spain and in most developed countries. In this situation, central banks have accelerated interest rate increases, which could trigger an environment of increased risk aversion and a tightening of financial conditions globally. Furthermore, inflationary pressures could be further increased, even for a prolonged period of time. See "*Risks relating to general economic, political and demographic conditions–Inflation may adversely affect the Group by increasing costs beyond what it can recover through price increases*." All of the above may have a material adverse impact on macroeconomic factors which affect the Group's activities, results of operation, financial condition and prospects.

According to the European Central Bank macroeconomic projections as of September 2023, the real GDP is projected to grow in the EU by 0.7% in 2023, 1.0% in 2024 and 1.5% in 2025. The Bank of Spain registered a real GDP increase in 2022 for Spain of 5.5%. The forecasts as of September 2023, as published by Bank of Spain and prepared in collaboration with the Spanish National Institute for Statistics (*Instituto Nacional de Estadística* or "**INE**"), forecast a GDP positive annual variation of 2.3% for 2023. In addition, they envisage a positive annual variation of the Spanish GDP of 1.8% for 2024 and of 2.0% for 2025.

As regards the political outlook in Spain, on 23 July 2023 the Spanish general elections took place. As broadly expected, Spain's right-wing party, the Partido Popular, won the most seats in the elections, but not enough for an outright majority, even if they tried to partner to form a government with the extreme right-wing party, Vox. On the other side, Spain’s left-wing party, the Partido Socialista Obrero Español, got enough seats to form a government, but partnering with multiple political parties among which are Sumar, an extreme left-wing party, Esquerra Republicana de Catalunya and Junts per Catalunya, political parties seeking Catalan independence, and EH Bildu, a political party pertaining to the Abertzale left seeking Basque independence.

Between 26 and 27 September, Alberto Núñez Feijoó, chair of the Partido Popular, failed to gather sufficient votes in order to be elected Prime Minister and form a government. After the failed investiture, Pedro Sánchez, Spain’s incumbent Prime Minister, who is also the Secretary-General of the Partido Socialista Obrero Español, is the second candidate to be re-elected Prime Minister and form a government, which he must achieve by 27 November. In order to succeed, he is seeking to form a government at the cost of yielding to the demands of separatist political parties in Spain. Among these demands, Carles Puigdemont —the former chair of the Catalan region and of Junts per Catalunya, who promoted an illegal referendum on the independence of Catalonia and an alleged unilateral declaration of independence in October 2017— has requested, among others, an amnesty on any alleged illegal act related to the facts occurred in October 2017 and a referendum on Catalonia’s independence. Should these candidates fail to form a government, the general elections would be held again.

Spain has a history of frequent elections, and changes in government leadership can result in shifts in economic policies and regulatory frameworks. Unpredictable election outcomes or coalition governments may introduce uncertainties that could affect the Issuer's operations and profitability.

On a different note, due to the fact that the Group pursues a part of its activity in the region of Catalonia (Spain) (approximately 17% of the GAV as of 30 June 2023), the Group’s activity, business, financial condition and the results of their operations could be adversely affected by the political uncertainty in Catalonia. The Catalonian region has experienced several social and political movements calling for the region’s secession from Spain. Activities related to these movements have had and may continue to have a material adverse effect on Spanish economic conditions and political stability. In addition, significant uncertainty exists regarding demands for independence in the region of Catalonia, which could negatively affect the residential and commercial real estate market and the demand for housing. Considerable uncertainty exists regarding the outcome of political and social tensions in Catalonia, which could result in changes in legislation, policies and other factors which could significantly impact the environment in which the Group operates in Catalonia, and Spain as a whole. Continued political uncertainty in relation to this issue could adversely affect general economic growth in the region or more broadly in Spain, which could have a material adverse effect on the Group’s business, results of operations, financial condition or prospects.

Constraints on the availability of mortgage lending and/or interest rate increases may adversely affect the Spanish real estate market and the Group's sales.

The purchase of residential property in Spain is usually facilitated through mortgage lending, and the Group's business therefore partly depends upon the ability of its customers to obtain such financing for the purchase of their homes. The Group believes that most of its clients will obtain mortgage loans to finance a substantial portion of the price of the real estate assets they purchase, but the access to the loan facilities provided by financial entities can change depending on varied number of reasons that are totally outside of the scope of control of the Group. The Group develops its residential projects using development loans, whereby customers usually get real estate asset loans for approximately 80% of the purchase price on delivery, as the Group's development loan is subrogated by real estate asset loans made to the Group's customers.

After the global financial crisis that started in 2008, access to residential mortgage lending in Spain has been restricted due to a number of factors. Tighter loan qualifications make it more difficult for a borrower to finance the purchase of a new home or the purchase of an existing dwelling from a potential "move-up" buyer who wishes to purchase one of the Group's real estate assets. Limited availability of mortgage lending may constrain growth in sales volumes and prices in the Spanish homebuilding industry. Also, consumer protection laws, which regulate certain pre-contractual and transparency obligations for financing institutions granting mortgage loans, and other autonomous regions regulation which regulate certain additional protections for consumers, may increase the period needed for the execution of each mortgage loan by customers, delaying the period to formalize sales by the Group.

Mortgage lending rates in Spain are predominantly based on floating interest rates tied to EURIBOR. According to the Bank of Spain, the average rate of the 12 months EURIBOR as of 6 October 2023 was 4.194%. In this context, and if interest rates continue to rise, this could lead to greater interest in investments with a higher yield and less interest in real estate investments, which in turn could adversely affect the demand for homes, the value of real estate portfolios and increase financing costs. Rising interest rates could adversely impact the Group in a number of other ways: the discount rate used to calculate the fair value of real estate portfolios tends to rise as the market prices paid for the units tend to decline. Rising interest rates therefore generally have a negative impact on the fair value of its real estate portfolio. Any such development would require the Group to recognize corresponding losses from the resulting fair value adjustments of its investment properties, resulting in a negative income from such adjustments.

An increase in interest rates would increase mortgage loan costs and may negatively affect the availability or attractiveness of mortgage loans as a source of financing for the purchase of residential property and, accordingly, reduce demand for the Group's homes. Prospective customers who could obtain a mortgage loan at current interest rates may be deterred by the possibility of increased interest rates in the future (and, in turn, higher monthly interest payments) and instead elect to remain in their current property. Customers who had been looking to invest in property could also be deterred by the possibility of increased interest rates, as higher interest rates could negatively affect their investment returns. An increase in interest rates would increase mortgage loan costs and may negatively affect the availability or attractiveness of mortgage loans as a source of financing for the purchase of residential property and, accordingly, reduce demand for the Group's homes.

Limited availability of mortgage lending on acceptable terms or at all may constrain growth in sales volumes and prices in the Spanish homebuilding industry. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it more difficult for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new dwelling. If the Group's potential homebuyers or the buyers of its potential homebuyers' existing dwellings cannot obtain suitable financing for any of the above reasons, it will be more difficult for the Group to sell its products. Moreover, an increase in interest rates could affect the attractiveness of an investment in residential property, which could also adversely affect the Group's ability to sell its products, and result in both a decrease in the value of its real estate portfolio and an increase in its financing costs, all of which could have a material adverse effect on the Group's activity, business, financial condition and results of operations.

All of the above could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

A future decline in land values could result in significant write-downs.

Inventory risks are inherent to the Group's business. There are risks derived from controlling, owning and developing land and, if housing demand declines, the Group may own land or home sites it acquired at costs that it will not be able to recover fully, or on which the Group cannot build and sell dwellings profitably. Also, there can be significant fluctuations in the value of the Group's owned undeveloped land, building lots and any future housing inventories as a result of changes in market conditions.

If market conditions were to deteriorate significantly in the future, the Group could be required to make significant write-downs with regard to its land inventory, which could decrease the asset values reflected on its balance sheet and adversely affect the Group's earnings and the Group's shareholders' equity. In addition, the Group may have to sell residential units or land for lower-than-anticipated profit margins, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, the Group may seek to, or be required to, sell entire land plots in certain circumstances, and land illiquidity may affect the Group's ability to value, or dispose of or liquidate part of, its land bank at satisfactory prices when required or desirable and it may incur additional costs until selling the land, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Changes in demographic patterns may adversely affect demand for the Group's real estate assets.

Long-term demand for new residential property is directly related to, *inter alia*, population growth and the rate of new homes formation. These trends, along with the general perception among consumers of the continuous increase in property prices over time, have, in the past, contributed to an increase in home ownership and demand for new residential property in Spain. Even though the population in Spain (whose growth was one of the main drivers of the real estate boom that ended in 2007) has steadily decreased since 2012, exceptionally, according to the INE forecasts, population in Spain will increase from 48 million in January 2023 to more than 51.7 million between 2036 and 2037 and more than 52 million between 2071 and 2072.

A decrease in residential property demand due to population decrease (including as a result of changes in foreign and intra-country immigration trends), lower levels of homes formation and other demographic changes in the regions where the Group operates could adversely affect demand for its real estate assets and have a material adverse effect on its business, results of operations, financial condition or prospects.

Inflation may adversely affect the Group by increasing costs beyond what it can recover through price increases.

The outlook for the Euro area activity and inflation has become very uncertain and is affected, among others, by the Ukrainian War. However, during the last few months, the European inflation rate has begun to stabilize partly as a result of the sharp rise of ECB interest rates and increased stability in the energy markets. In any case, European inflation is expected to remain high in the coming months, and is not expected to return to the 2% ECB objective over the medium term until the end of 2024 or beginning of 2025. According to the European Central Bank macroeconomic projections as of September 2023, inflation is projected to average 5.6% in 2023, and decrease to 3.2% in 2024 and 2.1% in 2025. For Spain, the forecasts as of September 2023, as published by Bank of Spain and prepared in collaboration with the INE, are projected to average 3.6% in 2023, and increase to average 4.3% in 2024 (mainly due to the reversal of the measures deployed by the authorities to tackle the energy crisis) and decrease again to average 1.8% in 2025.

Inflation can adversely affect the Group in the future by increasing the costs of land, materials and labor. Inflation on certain materials critical for homebuilding has risen to high levels since the beginning of the invasion, and that could affect the Group's operations. In addition, significant inflation is often accompanied by higher interest rates, which have a negative impact on demand for the Group's homes. In an inflationary environment, it could be difficult for the Group to raise home prices enough to keep up with the rate of inflation. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

1.4 REGULATORY AND LEGAL RISKS

The Group's business may be adversely affected if failing to obtain, or if there are any material delays in obtaining the required permits and approvals for their development projects.

As of 30 June 2023, approximately 19% of the Group's land bank portfolio in terms of GAV (approximately EUR 473 million) consisted of land plots under the land-permitting process, while the remaining 81% (approximately EUR 2,043 million) consisted of fully-permitted land plots.

Given the composition of the Group's land bank portfolio, it is subject to risks associated with the extended time period required for transforming non-urban land (*no urbanizable*) into fully permitted land, and for transforming fully permitted land into a fully completed residential or commercial development (including as a result of the type and quality of the soil). These risks could result in substantial unanticipated delays, or an increase of the Group's expenses in transforming such land and, under certain circumstances, could prevent completion of the development of the Group's projects or require the scope of planned developments to be reduced or their design to be changed, any of which could have an adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, the Group must obtain a variety of permits to develop its land and for the Group to be able to begin construction of its projects. The Group's ability to obtain these permits is dependent on the Group's ability to meet the relevant regulatory and planning requirements. Moreover, the granting of these permits is regulated at a regional and municipal level and may be subject to the relevant authorities' discretion. The time needed to obtain these permits also varies depending on the region or municipality. Any failure to obtain required permits on favorable terms, or at all, or any material delays in obtaining such permits, could have a material adverse impact on the Group's business, results of operations, financial condition or prospects. In addition, planning regulations and permits could be challenged within the relevant statutory period, which could eventually lead to delays in the delivery of the Group's units or even incompletion of a particular development on the expected terms, or at all, which could have a material adverse impact on the Group's business, results of operations, financial condition or prospects.

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

The construction of new developments involves HSE (Health, Safety and Environment) risks.

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

In addition, the Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under or in a property currently or formerly owned by it. The costs of such removal, investigation or remediation or those incurred for the Group's defense against HSE claims may be substantial, and they may not be covered by warranties and indemnities or insurance policies. They may also cause substantially increased costs or delays in developments. The presence in the Group's developments of non-HSE-compliant substances or the failure to remove such substances may also adversely affect the Group's ability to sell the relevant developments' units. Laws and regulations may impose liability for the release of certain materials into the environment, and such release may form the basis for damages, as well as potential criminal liability.

The business of the Group is subject to complex and substantial regulations of which the application, interpretation or enforcement are subject to change.

The Group is subject to extensive national, regional and local and other laws and substantial regulations and administrative requirements and policies that relate to, among other matters, urban planning, developing, building, land use, sales, fire, HSE, consumer protection, employment, anti-money laundering, anti-bribery and corruption and securities law. Additionally, applicable laws and regulations within Spain may vary from one autonomous region to another, from one municipality to another and between different assets within different regions, which limits the Group's ability to rapidly implement a business strategy and increases its monitoring costs.

For instance, the Housing Law has implemented measures to promote renting and public housing. These measures include: (a) maximum annual rent increases of 2% and 3% for agreements in force during 2023 and 2024, respectively, (b) the consideration as "major tenant" of owners of 10 or more dwellings located in the same area declared as stressed (which threshold can be reduced to 5 dwellings by Spain's autonomous regions in certain circumstances), (c) the increase of the percentage of land allocated to social housing, and (d) an increase in the portion of land to be allocated to social housing from 30% to 40% in developable land, and from 10% to 20% in unconsolidated urban land.

The laws and regulations that govern the Group's activities often provide broad discretion to the relevant authorities to impose penalties or shut down any of its development projects if it fails to comply with any of them. In addition, a material change in relevant law, regulations or policies, or the interpretation thereof, or delays in such interpretation being delivered, may delay or increase the cost of the Group's development activity or prevent it from selling residential units already developed. In particular, changes in (but not limited to) the following areas could have a significant adverse impact on its business, results of operations, financial condition or prospects: planning or urbanization requirements, laws regarding land classification building and construction regulations, insurance regulations, labor or social security laws, HSE, tax regulations, environmental and sustainability requirements or any rental market applicable regulation. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group is subject to certain liabilities for ten years following the completion of construction.

In connection with the Group's fully integrated project management, the Group acts as general contractors for certain of the Group's projects. In accordance with the provisions of the Spanish Civil Code, building contractors and architects are liable for a ten-year period in respect of any damages arising from building degradation, provided that such degradation is caused by flaws or improper execution in the design or construction of the building. The Group may not be able to obtain adequate, if any, indemnification from the Group's sub-contractors for such liabilities.

Moreover, Spanish courts have extended this liability to real estate developers, and as such the Group can be held liable even in instances where the Group did not act as the general contractor. The LOE expressly makes it mandatory for real estate developers to grant the buyers of their homes a ten-year guarantee covering certain types of construction defects. In case of construction defects, the Group may incur substantial obligations.

Although the Group makes provisions for such contingencies, amounts ultimately payable by the Group could exceed these provisions. In addition, any legislative amendments imposing further obligations on the Group would have an impact on the Group's business. If the Group has significant obligations related to these legal guarantees, this could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is subject to risks associated with its buildings' construction materials.

The Group's land and homebuilding activities have in the past and could in the future give rise to legal claims brought against it in respect of the materials used and any defects existing in the buildings sold, including possible deficiencies attributable to third parties under agreements entered into with the Group, such as architects, engineers and building contractors, or to the Group with respect to projects for which the Group employs its fully integrated project management function and acts as a general contractor. The Group may use materials which, though allowed at the time of construction, may be subsequently banned. Despite the Group's endeavors to ensure at all times that the materials used in its development projects duly comply with current regulations, any subsequent change in the regulations could lead to the use of any of these materials being banned, giving rise to claims. Although the Group has not been subject to any substantial claim in respect of the construction materials used in the Group's buildings, there can be no assurance that this will continue to be the case in the future. In order to defend itself against any such claims, the Group could incur additional costs, as well as liability for any damages, including personal injury. If the Group becomes subject to material claims in the future, it could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

1.5 RISKS RELATING TO THE GROUP'S INDEBTEDNESS

The Group is exposed to risks associated with its indebtedness.

As of 30 June 2023, the Group's current liabilities amounted to EUR 528.3 million, of which EUR 329.8 million correspond to trade and other current liabilities, and its non-current liabilities amounted to EUR 306.1 million, of which EUR 253.2 million correspond to banking debt. The Group's LTV as of 30 June 2023 was set at a 12.87%, versus a ratio of 9.65% as of 31 December 2022. This increase is due to an increase in net debt as a result of investments in projects under construction, as well as a reduction in the market value of the Group's real estate assets.

If operating cash flows and other resources are not sufficient, the Group may not be able to repay its debt when due or be forced to restructure or refinance all or a portion of its debt on or before maturity in less favorable conditions than those currently in place. The Group cannot assure that its business will generate cash flows from operations, or that future borrowings will be available to it in an amount sufficient to enable it to meet its payment obligations under its indebtedness, including the Commercial Paper, or to fund its liquidity needs. In addition, the use of leverage may increase the Group's exposure to, and reduce its flexibility to respond to, adverse economic factors, such as rising interest rates (with a corresponding negative impact on its results of operation), downturns in the economy including any downturn that results from the Coronavirus pandemic, and deterioration in the condition of its investments and/or the Spanish real estate and banking sectors, as well as adverse changes in its business and the competitive environment and the industry in which it operates (it could place the Group at a competitive disadvantage compared to competitors with lower leverage). All of these factors could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group is also party to certain financing agreements which require compliance with certain covenants limiting its ability to freely dispose of certain assets and incur additional indebtedness and which also require the Group to comply with certain financial ratios, where non-compliance could be considered a breach of contract that may accelerate the Group's repayment obligations. Furthermore, the Group's level of indebtedness may limit its ability to access additional funding on comparable or even less favorable conditions (and increasing the cost of any such borrowing), independently of its capacity to generate sufficient cash flows to cover its debt obligations, which may delay or reduce the Group's investments or cause it to forgo business transactions, which could in turn materially and adversely affect the Group's business, results of operations, financial condition or prospects. The Group's level of indebtedness may require the dedication of a substantial portion of the Group's cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditure, acquisitions, investments, joint ventures or other general corporate purposes.

Moreover, some of the Group's obligations under its financing agreements are secured by mortgages over the assets it owns, particularly its land plots. As a result, the acceleration of any of its loans secured by mortgages over its land plots may result in the liquidation of the mortgages securing those loans that could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, including the Commercial Paper. Failure to satisfy the Group's debt obligations could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group will require a significant amount of cash to service the Group's debt and to sustain the Group's operations, which the Group may not be able to generate or raise. The Group's ability to generate sufficient cash depends on many factors beyond the Group's control.

The Group's ability to make payments on and to refinance the Group's debt, and to fund working capital and capital expenditures, will depend on the Group's future operating performance and ability to generate sufficient cash.

This depends, to some extent, on the success of the Group's business strategy (including the acquisition) and on general economic, financial, competitive, market, legislative, legal, regulatory and other factors, as well as other factors discussed in these "Risk Factors", many of which are beyond the Group's control.

The Group cannot assure you that the Group's business will generate sufficient cash flows from operations, that the Group will realize revenue growth and operating improvements that the Group anticipates or that future debt and equity financing will be available to the Group in an amount sufficient to enable it to pay its debts when due, including the Commercial Paper, or to fund the Group's other liquidity needs.

If the Group's future cash flows from operations and other capital resources are insufficient to pay the Group's obligations as they mature or to fund the Group's liquidity needs, the Group may be forced to:

- reduce or delay the Group's business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of the Group's debt, including the Commercial Paper, on or before maturity.

The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot assure you that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Any failure to make payments on the Group's indebtedness, including the Commercial Paper, on a timely basis would likely result in a reduction of the Group's credit rating, which could also harm the Group's ability to incur additional indebtedness. Any refinancing of the Group's debt could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict the Group's business, results of operations or financial condition. There can be no assurance that any assets which the Group could be required to dispose of could be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be on a timely basis or in a sufficient amount. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group expects to incur additional indebtedness in the future.

The Group has historically relied on external funding to acquire land and for construction, and the Group expects to incur additional debt in the future. By way of example, the Issuer completed in 2021 a senior secured notes issuance for an amount of EUR 30 million (see section 2.3.1 of this Information Memorandum). The indebtedness that the Group has incurred, or that the Group may incur in the future, could reduce the Group's financial flexibility. If certain extraordinary or unforeseen events occur, including a breach of financial covenants, the Group's borrowings and any hedging arrangements that the Group may have entered into may be repayable prior to the date on which they are scheduled for repayment or could otherwise become subject to early termination. If the Group is required to repay borrowings early, the Group may be forced to sell assets when the Group would not otherwise choose to do so, and below the Group's expected prices, in order to make the payments; and the Group may be subject to prepayment penalties. The Group's ability to raise additional debt in the future may impact the Group's ability to engage in developments and acquire new land. The Group may find it difficult or costly to refinance indebtedness as it matures, and if interest rates are higher when the indebtedness is refinanced, the Group's costs could increase.

On 28 July 2021, Metrovacesa signed an agreement with eleven financial entities to refinance its sustainable corporate debt, initially signed on December 2017, which is increased up to EUR 260 million, with an annual initial interest of 3.35% and maturing on July 2026, which will be used for the investment in urbanization, financing the start of sustainable developments with proven commercial interest, susceptible of turnkey agreements with institutional investors or with commercial progress until the corresponding developer financing is signed, or one-off land purchases, among others.

In addition, the use of leverage may increase the Group's exposure to adverse economic factors such as rising interest rates (with a corresponding negative impact in the Group's margins). As of 30 June 2023, 76% of its debt was fixed or hedged. Other adverse economic factors that affect the use of leverage may increase the Group's exposure to downturns in the economy and deterioration in the condition of the Group's investments and/or the Spanish real estate and banking sectors. All of these factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Moreover, the Group's obligations under certain of its financing agreements are secured through security interests such as mortgages over assets (in particular, as of 30 June 2023, land plots with an aggregate GAV of EUR 573.6 million were mortgaged in connection with the Group's financing agreements).

Despite the Group's current level of indebtedness, it may still be able to incur substantially more debt in the future, which will support its growth strategy but may make it difficult for the Group to service its debt, including the Commercial Paper, and impair its ability to operate its businesses.

The Group may incur substantial additional indebtedness in the future. The restrictions on the incurrence of additional indebtedness in existing financing agreements of the Group are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial.

1.6 RISKS RELATING TO THE COMMERCIAL PAPER

The Commercial Paper will not be rated.

The Commercial Paper issued under the Program will not be rated. To the extent that any credit rating agencies assign credit ratings to the Commercial Paper, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Commercial Paper. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

There is no liquid public trading market for the Commercial Paper and the ability to transfer them is limited, which may adversely affect the value of the Commercial Paper.

There is no liquid trading market for the Commercial Paper, and the Issuer cannot predict how liquid that trading market might become. Moreover, the market price of the Commercial Paper may be influenced by many factors, some of which are beyond the Issuer's control, including:

- changes in demand or pricing of real estate assets;
- general economic conditions;
- the activities of competitors;
- the issuer´s quarterly or annual earnings or those of its competitors;
- investors' perceptions of the issuer and its industry;
- the public's reaction to the issuer´s press releases or its other public announcements;
- future sales of notes; and
- other factors described under these "Risk Factors".

Therefore, there is a risk of investors not finding a counterparty for the Commercial Paper when wishing to execute their sale before maturity.

In this regard, the Issuer has not entered into any liquidity agreement, and, consequently, no institution is obliged to quote sale and purchase prices. Therefore, investors may not find any counterparty for the Commercial Paper. This may entail problems for investors who need to sell the Commercial Paper urgently.

Market risk.

The market price of the Commercial Paper could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's appraisals, operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Commercial Paper as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Commercial Paper without regard to the Issuer's operating results, financial condition or prospects.

Moreover, the Commercial Paper is a fixed-income security and its market price is subject to potential fluctuations, mainly due to the evolution in interest rates. Consequently, the Issuer cannot guarantee that the Commercial Paper will be traded at a market price that is equal to or higher than the subscription price.

Credit risk.

The Commercial Paper is subject to the risk of the Issuer defaulting on their obligations. Although the Commercial Paper is secured by the Issuer's total net worth, credit risk arises from the potential inability of the Issuer to satisfy the required payments under the Program. The risk is that of the investor and includes loss of principal and interest. The loss may be complete or partial. If the Issuer defaults, investors may not be able to receive interest and principal. The Issuer's solvency could be deteriorated as a result of an increase in borrowings or due to deterioration in its financial ratios, which would represent a decrease in the Issuer's capacity to meet its debt commitments. Additionally, the Issuer’s total net worth may vary from time to time as a result, for example, of dividend distributions or corporate reorganizations that will not require the consent of the holders of the Commercial Paper.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

Ethifinance Ratings, S.L. assigned the Issuer on 21 April 2023 a credit rating of BB+, with a stable outlook.

Ratings from rating agencies are a way to measure risk. In addition, ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Commercial Paper. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The risk of changes to the Issuer’s credit rating is that it can be revised upward or downward, suspended or even withdrawn by the rating agency. The downward revision, suspension or withdrawal of the credit rating by the rating agencies could alter the price of the Commercial Paper for the perception of the markets and hinder the Issuer’s access to debt markets and impact its ability to obtain financing. Moreover, in the market investors demand higher returns on higher risk and should assess the likelihood of a downward variation in the credit quality of the Issuer, which could lead to a loss of liquidity in the Commercial Paper purchased in the market and a loss in value.

Clearing and settlement.

The Commercial Paper will be represented in book-entry form (*anotaciones en cuenta*), and registered with Iberclear. Consequently, no physical notes will be issued. Clearing and settlement relating to the Commercial Paper, as well as redemption or adjustment of principal amounts, will be performed within Iberclear’s account-based system. Holders are therefore dependent on the functionality of Iberclear’s account-based system.

Title to the Commercial Paper will be evidenced by book entries (*anotaciones en cuenta*), and each person shown in the Spanish Central Registry (*Registro Central*) managed by Iberclear and in the registries maintained by the Iberclear members as being a holder of the Commercial Paper shall be (except as otherwise required by Spanish law) considered the holder of the principal amount of the Commercial Paper recorded therein.

The Issuer will discharge its payment obligation by making payments through Iberclear. Holders of the Commercial Paper must rely on the procedures of Iberclear and the Iberclear members to receive payments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holders of the Commercial Paper according to book entries and registries as described above. In addition, the Issuer has no responsibility for the proper performance by Iberclear or the Iberclear members of its obligations under their respective rules and operating procedures.

The issues under the Program may not be suitable for all types of qualified investors, eligible counterparties or professional clients.

Each potential qualified investor in the Commercial Paper issued under the Program should determine the appropriateness of such investment in light of their own circumstances, in particular such investors should:

- Have sufficient knowledge and experience to make a meaningful evaluation of the Commercial Paper, the benefits and risks of their investments, and the information contained in this Information Memorandum.
- Have access to and knowledge of appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Commercial Paper, and the impact that such investment will have on their portfolio.
- Have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Commercial Paper.
- Have a thorough understanding of the terms of the Commercial Paper, as well as the performance of the financial markets in which they participate.
- Evaluate possible economic scenarios, interest rate variations and other factors that may affect to the investments and the ability to take risks.

Risk relating to Spanish Insolvency Law.

In accordance with the classification and order of priority of debt claims laid down in the restated text of the Insolvency Law approved by Royal Legislative Decree 1/2020, of 5 May (*Texto refundido de la Ley Concursal*) (the "**Insolvency Law**"), in the event of insolvency (*concurso*) of the Issuer, credits held by investors as a result of the Commercial Paper shall rank behind privileged credits, but ahead of subordinated credits (except if the Commercial Paper could be classified as subordinated in accordance with article 281 of the Insolvency Law) and would not have any preference among them. For additional information, see section 11 of this Information Document.

According to article 281.1 of the Insolvency Law, the following are deemed to be subordinated credits, among others:

(i) Claims which, having been communicated late, are included by the insolvency administrators (*administradores concursales*) in the creditors' list, as well as those which, not having communicated or having done so late, are included in such list as a result of subsequent communications, or by the judge when resolving on an action contesting the list.

(ii) Claims corresponding to surcharges and interest of any kind, including late-payment interest, except for those corresponding to claims which are secured by an *in rem* guarantee, up to the amount covered by the respective guarantee.

(iii) Claims held by any of the persons especially related to the debtor, as referred to in the Insolvency Law.

1.7 RISKS RELATING TO TAXATION

Taxes have an important impact on the business of the Group, and a change in national, regional or local tax regulations may have a material impact on demand for residential property.

Given the Group's business, it is regularly involved in the exploitation and disposal of real estate assets in Spain. As a result, its real estate activity can be affected by direct and indirect taxation, particularly transfer taxes, stamp duties, real estate property taxes and value-added tax, which is subject to the interpretation and scrutiny of the corresponding Spanish tax authorities (whether national, regional (including those applicable in the Historical Regions (*comunidades o territorios forales*) of Spain) or local).

Furthermore, changes in tax regulations could affect the Company's activities. In this regard, the Housing Law has amended the Law Regulating Local Treasuries, approved by Royal Legislative Decree 2/2004 of 5 March 2004 (*Ley Reguladora de las Haciendas Locales, aprobada por el Real Decreto Legislativo 2/2004, de 5 de marzo*) so that the town halls will be able to apply the Real Estate Tax (*Impuesto sobre Bienes Inmuebles*) surcharge on properties that have been vacated for more than 2 years, provided that the owner has a minimum of 4 dwellings in this situation. The Real Estate Tax surcharge is currently 50% of the tax quota, which may reach 150%.

Although the Group believes that it is in material compliance with applicable tax laws (including in connection with the Group's real estate and financing activities), it may be subject to a reassessment by the tax authorities, and, in that event, it cannot be disregarded that the Spanish tax authorities' interpretation of such laws may differ from the Group's. As a consequence, the occurrence of any of the above may have an impact on the cash and financial position of the Company, and may materially affect its business, results of operations, financial condition or prospects.

The recoverability of the Group's deferred tax assets depends on the Group's future taxable income, which may not materialize as estimated.

As of 31 December 2022, a significant portion of the Group's deferred tax assets are tax loss carryforwards whose recoverability depends mostly on the Group's capacity to generate future taxable income. Based on the Group's current estimates, the Group expects to generate sufficient future taxable income to achieve the realization of the Group's current tax loss carryforwards, supported by the Group's historical trend of business performance. However, the Group's current and deferred income taxes may be impacted by events and transactions arising in the normal course of business as well as by special non-recurring items or changes in the applicable tax laws. Changes in the assumptions and estimates made by management may result in the Group's inability to recover the Group's deferred tax assets if the Group considers that it is not probable that taxable profit will be available against which the deductible temporary difference can be utilized. A future change in applicable tax laws could also limit the Group's ability to recover the Group's deferred tax assets. Additionally, currently ongoing or potential future tax audits may affect the recoverability of the Group's deferred tax assets.

If the Group is unable to recover the Group's deferred tax assets, it could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

2. FULL NAME OF THE ISSUER, ADDRESS AND ITS CORPORATE TAX CODE

2.1 ISSUER'S GENERAL INFORMATION

The legal name of the Issuer is Metrovacesa, S.A., and its commercial name is “Metrovacesa”.

The Issuer was incorporated as a corporation for an indefinite term under public deed executed on 18 February 2016, under the corporate name Metrovacesa Suelo y Promoción, S.A. (on 30 June 2017 the Issuer resolved to change its corporate name to Metrovacesa, S.A.).

The Issuer has its registered office at Calle Quintanavides 13, Parque Vía Norte, 28050, Madrid, Spain.

The Issuer's share capital is represented by 151,676,341 shares with a par value of EUR 7.20000001476829 each, meaning a nominal value of EUR 1,092,069,657.44. The shares are fully subscribed and paid in.

The Issuer's shares are listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges since 2018.

The Issuer holds Spanish tax identification number A-87471264. The Legal Entity Identifier (LEI) code of the Issuer is 959800ZQW44V5U3SEZ73.

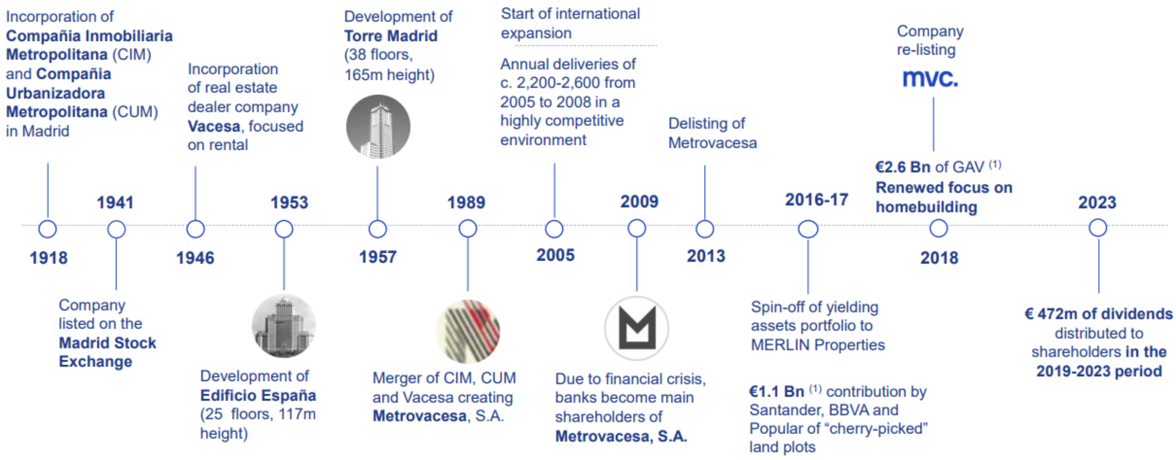
The corporate website of the Group is www.metrovacesa.com.

2.2 THE ISSUER'S CORPORATE PURPOSE AND ACTIVITY

The Issuer's main corporate purpose is (i) to build and acquire for refurbishment all kinds of properties and constructions for their subsequent sale; (ii) to develop, build and subdivide real estate assets in general; (iii) to acquire land, plots for urban developments or any kind of real rights on properties for their sale; (iv) to implement, directly or via its subsidiaries, actions in connection with (a) property management for its own benefit or for third parties; and (b) the development and management of real estate communities; (v) to restore, refurbish or equip full buildings or parts thereof; (vi) to create, form, operate and implement developments of all kinds; (vii) to provide technical advice and studies and projects relating to the real estate activities set forth generally in the preceding sections; and, in particular, to develop and implement the technical, legal and commercial urban development actions required to launch, build or in any other manner operate residential areas, car parks, elderly care homes and student halls, hotels and any other kind of community or social facility; and (viii) to participate, in the terms determined by the Board of Directors, in the capital of other companies whose corporate purpose is similar to that described above.

2.3 BRIEF DESCRIPTION OF THE ISSUER AND THE GROUP

2.3.1 History



Notes:
(1) Gross Asset Value (GAV) based on September 2017 valuation reports from Savills and CBRE.

The Issuer benefits from 100 years of established heritage, knowledge, brand name and experience of its predecessor companies. Its predecessors were Compañía Urbanizadora Metropolitana, Compañía Inmobiliaria Metropolitana (incorporated in 1918 and 1935, respectively) and Vacesa S.A., which merged in 1989 to form Inmobiliaria Metropolitana Vasco Central, S.A., later renamed as Metrovacesa, S.A. Metrovacesa was one of the leading residential developers in Spain benefiting from the industry-wide recognition of its predecessor companies.

Metrovacesa's predecessors shaped the real estate development business and the architectural landscape of various cities in Spain, having built some of the country's most iconic buildings, including Edificio España in 1953 and Torre Madrid in 1957, both of which are located in Madrid. Aside from the brand name, operational experience and recognition of its predecessor companies, the Issuer also benefits from their high standards of corporate governance, investor relations and market knowledge, as one of them, Compañía Urbanizadora Metropolitana, was listed on the Spanish Stock Exchanges from 1941 to 2013.

As a result of the effect of the 2008 global crisis and its impact on the real estate development business in Spain, in 2009 a group of Spanish banks became the main shareholders of Metrovacesa, which initiated a restructuring process to reduce and refinance its financial debt. This restructuring was completed in July 2011, and resulted in an increase of the stake of these Spanish banks in Metrovacesa through debt-to-equity swaps.

On 18 February 2016, following the spin-off (without liquidation) of the real estate development business of Metrovacesa, the Issuer was incorporated under the initial name of Metrovacesa Suelo y Promoción, S.A.

In July 2017, the Issuer received a contribution from several entities of Banco Santander, S.A. and Banco Bilbao Vizcaya Argentaria, S.A. groups, which became its main shareholders. The Banco Santander, S.A. group ("**Grupo Santander**") entities were integrated at the time by Banco Santander, S.A., Altamira Santander Real Estate, S.A., Luri 6, S.A., Banco Popular Español, S.A., Aliseda, S.A.U. and Inversiones Inmobiliarias Canvives, S.A., while the Banco Bilbao Vizcaya Argentaria, S.A. group ("**Grupo BBVA**") entities were integrated at the time by Banco Bilbao Vizcaya Argentaria, S.A., Anida Operaciones Singulares, S.A., BBVA Propiedad, S.A., Arrels CT Finsol, S.A., Arrels CT Patrimoni i Projectes, S.A., Anida Desarrollos Inmobiliarios, S.L., L'Eix Immobles, S.L., Arrahona Nexus, S.L., Unnim Sociedad para la Gestión de Activos Inmobiliarios, S.A., Gescat, Gestio de Sol, S.L. and Prov-Infi-Arrahona, S.L. Said contribution consisted of land plots worth approximately EUR 1.1 billion in GAV and 3.1 million sqm of land, with a capacity to develop approximately 24,000 residential units. These land plots were carefully selected by the Issuer after a five-month due diligence process. The strict selection criteria focused on (i) fully-permitted residential plots –that is, land plots with both urbanization and rezoning plans approved– and land plots with strategic locations under the land permitting process, (ii) the potential to develop a minimum of 40 to 50 units per land plot, (iii) land plots located in cities specifically selected and with at least 150,000 inhabitants, (iv) land plots with limited urban planning risk, and (v) land plots not tied to, or restricted by, outstanding financing.

As stated above, on 30 June 2017, the Issuer's General Shareholders' Meeting resolved to change the Issuer's corporate name to Metrovacesa, S.A. This resolution was executed on public deed on 10 November 2017 and registered with the Commercial Registry of Madrid on 29 November 2017.

In December 2017, the Group acceded to the Code of Best Tax Practices. This Code includes recommendations voluntarily followed by the tax administration and companies, with the aim of improving the application of the tax system by improving legal certainty, reciprocal co-operation based on good faith and well-placed trust between the tax administration and companies, and the application of responsible tax policies in companies with the consent of the board of directors. Main benefits are (i) enhanced transparency, good faith and co-operation with the tax administration in company's tax practice; (ii) enhanced transparency and legal certainty in the application and interpretation of tax regulations by the tax administration; and (iii) reduction of lawsuits and conflict avoidance. In Spain, less than 200 companies have acceded to this Code.

In December 2017, the Issuer became the parent company of Metrovacesa Arrendamiento through two in-kind contributions by the shareholders of Metrovacesa Arrendamiento, which were entities belonging mainly to Grupo Santander and Grupo BBVA.

On 6 February 2018, the Issuer's shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. Since then, Metrovacesa reports regularly to the market and thoroughly complies with listed companies' transparency requirements and the best corporate governance practices.

As of the date of this Information Memorandum, according to the data on significant holdings published on the CNMV's website, the entities belonging to the Grupo Santander have a combined stake in the

Issuer of 49.36%, the entities of Grupo BBVA have a combined stake of 20.85% and some companies linked with Control Empresarial de Capitales, S.A. de C.V. have a combined stake of 20.24%

In July 2018, Metrovacesa announced the closing of a joint venture agreement with Tishman Speyer for the joint development of the Monteburgos Project in Madrid, which envisages developing high quality office space in the area of Las Tablas (Madrid) over a land plot currently owned by Metrovacesa and suitable for building.

In January 2019, the Group was selected by Google as “successful case study” for its online strategy and the online strategy designed in 2018 to boost leads, conversion rates and brand positioning, segmented by type of client, project and geo-localization.

In March 2019, the Group reached an agreement with the Investment Fund Ares Management for the sale of 2 Build to Rent projects in Madrid with approximately 200 residential units. Both projects have been already delivered to the fund.

In June 2019, Metrovacesa signed a preliminary sales agreement with Sanitas Mayores for the development of a nursing home in Manresa (Barcelona). This project was delivered in November 2022.

In March 2020, the Group's parent company signed a deed of sale of a plot located in Madrid for EUR 47,676 thousand, having collected EUR 15,378 thousand at the time of the deed, and EUR 23,067 thousand was deferred to August 2020 and EUR 9,231 thousand to the approval of a detailed study. As a guarantee of the payment, a resolutive condition was included in the deed. In August 2020, the buyer could not meet his payment obligations, so the procedures for the execution of the resolutive condition began, as well as an agreed exit. The directors reversed in 2020 the sale of the plot and registered back the assets of the Parent Company. During the years 2021 and 2022, the Company has initiated the appropriate actions to recover the registered ownership of the land and the execution of the resolutive condition. As of December 31, 2022, the land is recorded in the Company's balance sheet.

On 23 April 2020, through a communication of other relevant information (*comunicación de otra información relevante*), Metrovacesa informed its shareholders that, as a result of the uncertainty caused by the Coronavirus pandemic, it had decided to postpone decisions on dividends until a moment where more certainty could be reached on the situation of the economy and Metrovacesa’s business. Due to the continuing uncertainty during financial year 2020, the Company resolved not to distribute dividends during 2020. Notwithstanding the above, the Ordinary General Shareholders’ Meeting of the Company held on 5 May 2021 approved the distribution on 20 May 2021 of a dividend equal to EUR 0.40 per share charged to freely available reserves.

On 30 April 2020, the Group signed two long term corporate financings partially backed by the State guarantee line managed by the ICO (*Préstamo ICO*) of EUR 12 million, thus increasing the liquidity of the Group.

Effective March 2020, the Group has extended the “Be Safe Insurance Policy” to most of its projects (even though the policy was already in place in 2019 for some projects). This insurance policy covers payments from clients who are affected either by a collective dismissal (*expedientes de regulación de empleo* or

ERE) or by measures to temporarily suspend employment contracts and temporarily reduce working hours (*Expediente de Regulación Temporal de Empleo* or ERTE) as a result of the Coronavirus pandemic. The current circumstances caused by the health crisis and the travel restrictions imposed under the Coronavirus pandemic have prompted Metrovacesa to work even closer to its customers than before.

In June 2020, Metrovacesa was awarded the "Equality in the Workplace" (*Igualdad en la Empresa*) seal of distinction, which is granted by the Ministry of Equality and managed by the Women's Institute. This seal recognizes the equality plan "We build Equality" promoted since 2018 in order to develop best practices and policies that promote equal treatment and opportunities between men and women.

In September 2020, Metrovacesa announced a repurchase program for the shares of its subsidiary Metrovacesa Promoción y Arrendamiento, S.A. ("**MPyA**") in order to provide a liquidity event to the minority shareholders and retail investors (more than 3,000) given that the shares of MPyA are not listed on a regulated market. Such repurchase program was settled on 20 October 2020 and, as a result, as of the date of this Information Memorandum, Metrovacesa owns 100% of MPyA.

Also in October 2020, the Company registered a Commercial Paper Program on MARF with a maximum outstanding amount of EUR 100 million and maturity periods of up to 24 months, aimed at continuing to diversify its financing sources in the capital markets.

Over the course of financial year 2020, due to the situation created by the Coronavirus pandemic and the need to finance its activities, Metrovacesa used EUR 135,000 thousand of the Group's syndicated loan arranged on 1 December 2017 and which amounted, in total, to EUR 275,000 thousand. Also, the Group signed new bank loans in order to finance the construction of residential development projects which, as of 30 June 2023, amounted to EUR 606,863 thousand.

In May 2021, the Company registered a Senior Notes Program on MARF with a maximum outstanding amount of EUR 100 million and maturity periods of up to 30 years, aimed at continuing to diversify its financing sources in the capital markets. Based on the program, Metrovacesa issued that same month secured senior notes (*bonos garantizados*) in the amount of EUR 30 million, at a 4.1% fixed rate interest rate subject to adjustments depending on the Group's corporate rating, with a five-year maturity, and secured with a first ranking mortgage. Such interest was reduced from 31 May 2022 and onwards, to a 3.9% fixed rate interest rate pursuant to the improvement of the issuance's rating of BBB- to BBB. The Board of Directors considers that the aim and purpose of the notes issued under the Senior Notes Program shall be equivalent to that of a development loan (*préstamo promotor*). The Information Memorandum on the admission of the notes (*bonos*) on MARF and the Final Terms of the issuance (*Condiciones Finales*) are publicly available at MARF's website (www.bolsasymercados.es).

The General Shareholders' Meeting held on 5 May 2021, approved the implementation of a New Long-Term Incentive Plan, aimed at Executive Directors, members of the Management Committee, Department Directors, Territorial Directors and key employees. The maximum amount approved is EUR 7,300 thousand and will be paid in shares upon approval of the annual accounts for 2023, subject to the fulfilment of some objectives.

On 28 July 2021, Metrovacesa signed an agreement with eleven financial entities to refinance its sustainable corporate debt, initially signed on December 2017, which is increased up to EUR 260 million, with an annual initial interest of 3.35% and maturing on July 2026, which will be used for the investment in urbanization, financing the start of sustainable developments with proven commercial interest, susceptible of turnkey agreements with institutional investors or with commercial progress until the corresponding developer financing is signed, or one-off land purchases, among others. One of the agreements reached with financial entities is the transformation of the senior syndicated loan into a sustainable loan, and for this purpose the Company has undertaken to comply with certain Key Performance Indicators ("**KPIs**") linked to: (i) percentage of projects with energy rating A or B; (ii) number of working days executed by workers hired in the projects by local companies; and (iii) hours of training for employees of the Metrovacesa Group.

In October 2021, the Company registered renewed its Commercial Paper Program on MARF with a maximum outstanding amount of EUR 100 million and maturity periods of up to 24 months, with the same aim as the previous Commercial Paper Program. The Information Memorandum on the admission of such commercial paper on MARF is publicly available at MARF's website (www.bolsasymercados.es). Based on the program, as of 30 June 2023, Metrovacesa has issued commercial paper in the amount of EUR 15,000 thousand and has repaid EUR 8,800 thousand.

On 30 November 2021, the Extraordinary General Shareholders' Meeting of the Company approved the distribution on 16 December 2021 of a dividend equal to EUR 0.3955 per share charged to freely available reserves. On 3 May 2022, the Ordinary General Shareholders' Meeting of the Company approved the distribution on 20 May 2022 of a dividend equal to EUR 0.60 per share charged to freely available reserves.

On 23 March 2022, FCyC, S.A., a company of the FCC group, announced their intention to formulate a voluntary partial takeover bid, addressed to all shareholders (except for the controlling shareholder of the offeror, which held shares representing 5.41% of the share capital of the Company through SOINMOB Inmobiliaria Española, S.A.U.) to acquire a maximum of 36,402,322 shares of Metrovacesa, representing 24% of its share capital, at a price of EUR 7.20 per Share (following the adjustment of the initial price of EUR 7.80 per share as a result of the dividend paid by the Company on 20 May 2022). Such takeover bid was authorized by the CNMV on 26 May 2022. The partial takeover bid was accepted by 17,397,696 shares, representing 11.47% of the share capital of Metrovacesa. As of the date of this Information Memorandum, Control Empresarial de Capitales, S.A. de C.V., currently holds (directly and indirectly through its controlled entities FCyC, S.A., and SOINMOB Inmobiliaria Española, S.A.U.) 17.23% of the share capital of the Company.

On 29 November 2022, the Extraordinary General Shareholders' Meeting of Metrovacesa approved the distribution of an elective dividend, which could be received at the discretion of each shareholder either in shares or in cash, in a gross amount of EUR 1.05 per share. A total amount of 3,338,506 shares were distributed as dividend in kind, and the remainder was distributed in cash. The dividend was paid on 22 December 2022.

On 20 December 2022, the equity swap executed between the Company and Goldman Sachs was terminated.

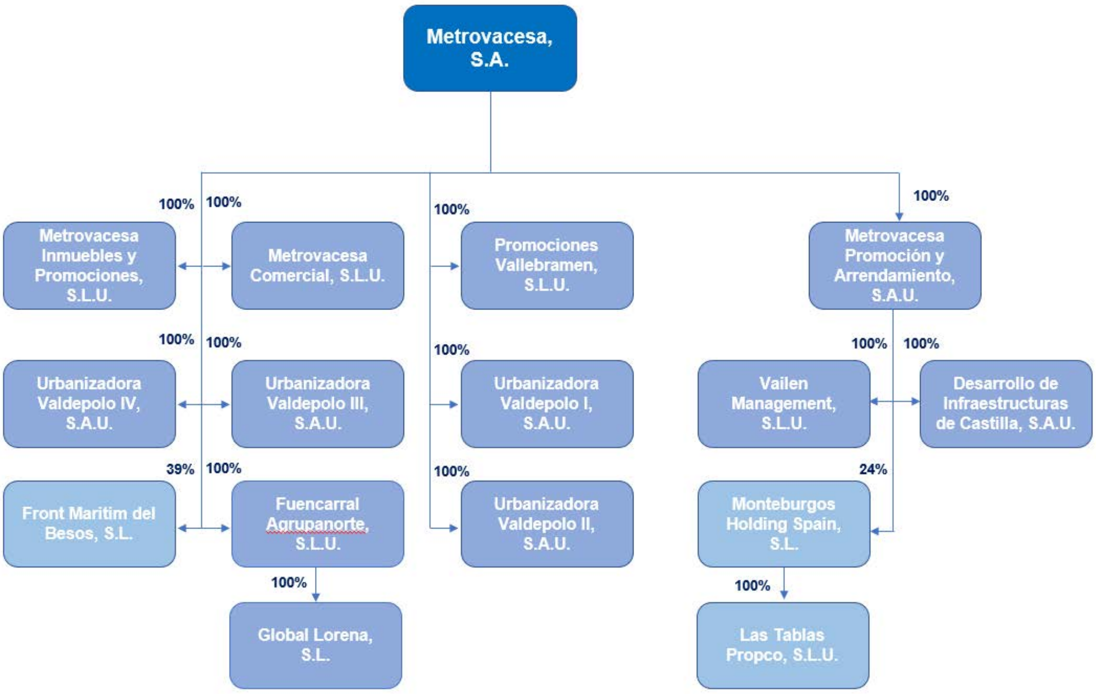
On 24 January 2023, the liquidity agreement between Metrovacesa and Banco de Sabadell, S.A., was terminated. On the dame day, the Company executed a liquidity agreement with JB Capital Markets SV, S.A., which became effective on 25 January 2023.

On 25 April 2023, the Ordinary General Shareholders' Meeting approved the distribution of a dividend in the amount of EUR 0.33 per share charged to freely available reserves. The dividend was paid on 19 May 2023.

2.3.2 Corporate structure

The Issuer heads up a group of entities and carries out its business activities either directly or through investments in other companies with an identical or similar corporate object.

The corporate structure of the Group comprising the Issuer and its subsidiaries as of the date of this Information Memorandum is the following:



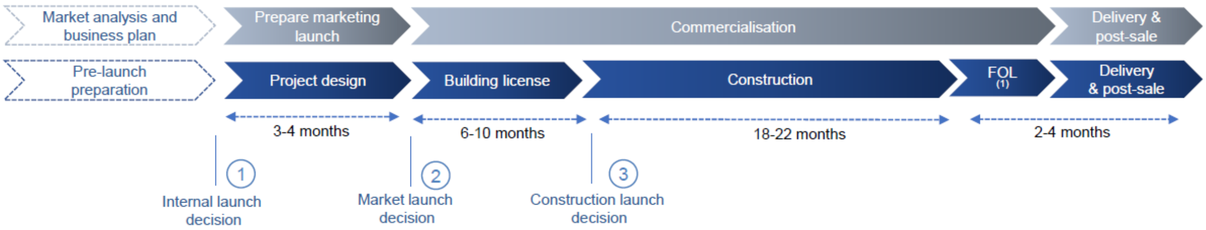
Notes: Metrovacesa, S.A. owns 38.63% of the company Front Maritim del Besos, S.L.

2.3.3 Strategy

The Issuer has three business lines, i.e. residential development, commercial development and land bank management, with a main focus on the first one, where it has consolidated its position as the national homebuilding industry leader with premium and sustainable margins.

The diagram below provides a general overview of the Issuer's project cycles which vary depending on the sub-category (residential development and commercial development):

Project life cycle: a range of 30-40 months



Notes:

(1) First Occupancy License.

(A) Residential development

A brief description of the phases comprising the residential development process —the Issuer's main business line— is presented below:

Pre-launch

The process begins with the examination of opportunities through a thorough market analysis in order to produce a business plan. At this stage, the Issuer relies on the regional offices where the land plot is located in order to benefit from their first-hand local knowledge. They are supported by departments that analyze financial figures and cross-check business plans, while providing the relevant input on prices, sales, marketing, selling strategies and operating margins. The Issuer thus obtains a competitive advantage in identifying and assessing land opportunities and is able to produce market studies that will be used by the development manager to define the initial product.

Once the business plan is completed, the relevant regional manager, in consultation with the operations department, the chief operating officer and with the approval of the management committee, appoints the architect. They are appointed mainly based on reputation, experience and knowledge of the development area, on a case-by-case basis. Architects prepare the basic project (*proyecto básico*) which contains information required for compliance with urbanistic regulations and which is added to the business plan. Once analyzed by the operations department and the regional manager, it is submitted to the Issuer's management committee for approval.

Prior to approval, a variety of factors are reviewed, including, among others: (i) market conditions in the area where the land plot will be developed; (ii) overall timing; (iii) estimated financial data; (iv) experience of the architect and the commercialization agency; or (v) potential downside and risks. The management committee follows a multi-faceted analysis with a financial focus, a SWOT focus (strengths, weaknesses, opportunities and threats of each project), and a commercial focus, among others. If the business plan is approved, the development is launched and the agreement with the pre-selected architect is executed.

In addition, the Group seeks advice from various external brokers with a deep local market knowledge, which enables the Group define more accurately the product mix to be developed, as well as the price range potential clients would be willing to pay.

Project design

Then, the Issuer requests the building permit from the relevant city council, and the architect commences the preparation of an execution plan for the project, following the business plan. As per the technical aspects of the project, the Issuer has the competitive advantage of being able to offer tailored specifications, materials and type of products for the design of each project, while exerting the minimum intervention over the land. In addition, the Issuer uses construction materials that aim to reduce its carbon footprint and combines excellence in business practices with a thorough awareness of the environment. Metrovacesa relies on BIM (Building Information Modeling) and Blockchain tools to verify and certify that the design and choice of materials are in line with the standards of the climate change objectives. In parallel with the above, the commercialization department begins planning the commercialization and marketing strategy.

Commercialization

In this phase, the Issuer:

(i) Appoints a broker based on experience, service quality, selling capacity, customers' familiarity with them and customer service. The Issuer's competitive advantage lies in the fact that it preserves flexibility to select the best broker available for the specific project with local market and target client expertise, instead of having framework agreements with specific brokers.

(ii) Initiates its marketing plan, launched by its marketing department in coordination with the regional manager and the development manager. The Issuer also relies on third-party advertisement agencies, which allows it to keep abreast of the latest sales and commercialization techniques.

(iii) Commences its pre-sales process, which is essential for the financing of the development and is closely monitored by the regional manager and management committee.

(iv) Obtains the building permit from the corresponding city council.

(v) Obtains the financing required for the applicable development, once the above steps are partly fulfilled in order to show capability to fulfil its business plan from an early stage.

(vi) Selects the third-party contractors after several bidding rounds to homogenize proposals, the last of which involves face-to-face meetings with the remaining contractors to analyze their respective proposals in detail.

When most of the above has been fulfilled, the management committee decides on whether or not to approve the construction of the development.

Construction

Construction is outsourced, but continuously supervised on site to ensure that the works meet the Issuer's quality standards and avoid cost overruns. Ongoing monitoring systems are established to be updated on the progress of the works, and incentives for being ahead the estimates are put in place by the Issuer. In parallel with construction works, the Issuer executes private sale and purchase agreements with customers for the acquisition of individual units and provide them bank guarantees (or similar) for the amounts prepaid.

First Occupancy License (FOL), delivery and post-sale

Upon completion of the construction phase, the Issuer obtains a first occupancy license and, after notarizing the description of the new building (*declaración de obra nueva*) and horizontal division (*división horizontal*), the units are delivered to customers along with a welcome package. The Issuer's customer service representatives accompany customers in the delivery process and provide them with information and advice with respect to their new homes.

(B) Commercial development

Although the Issuer's core activities focus on residential development, it also holds a sizable portfolio of around EUR 543.2 million (comprising approximately 22% of its total GAV as of 30 June 2023) of high quality liquid commercial land plots in strategic locations, 82% of which are fully-permitted.

With this business line, Metrovacesa counts with one-off attractive opportunities that differentiates it from its competitors and provides further business diversification and optionality.

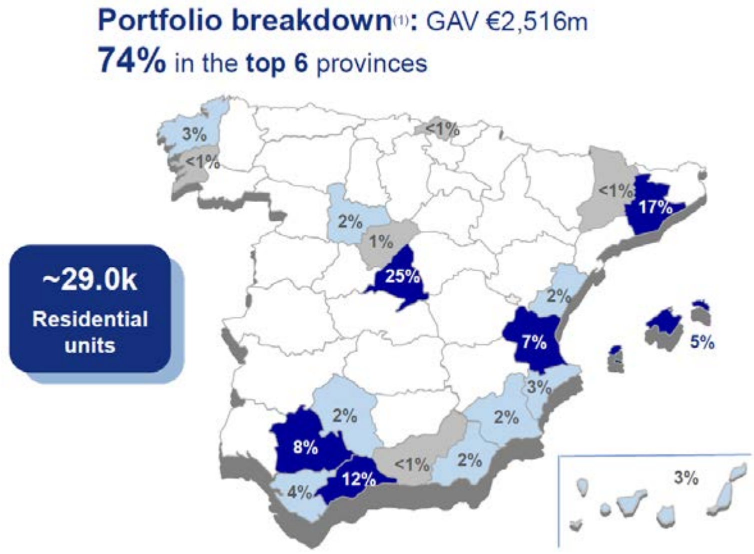
(C) Land bank management

Lastly, the Issuer also partially targets its business plan towards land bank management, which is aimed at creating value through the development of fully-permitted land. With this third business line, the Issuer enjoys the option to develop or, depending on market conditions, to sell a portion of its land bank portfolio, accelerating sales and profitability. Such a competitive advantage gives it flexibility to adapt to cycles and to market demand.

2.3.4 Portfolio

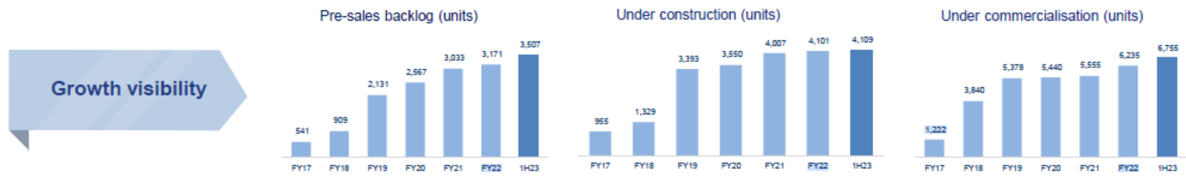
The Issuer structures its portfolio according to the geographical areas where it conducts its business. Its portfolio is divided into the following sections: Catalonia (Catalonia and the north of Balearic Islands), North-Central (Center, including Madrid, and North zone, except Catalonia, and including Canary Islands), Western Andalusia (north and west Andalusia), Costa del Sol (south and east Andalusia) and Levante (Valencia, Murcia and the south of the Balearic Islands).

The map below shows the geographical presence of the Issuer, measured as a percentage of GAV, as of 30 June 2023:



Notes:
(1) Map excludes provinces with a reduced presence, i.e. below EUR 10 million in GAV.

Below is a detail of the growth that Metrovacesa's projects, per units, have experienced until 30 June 2023:



Firstly, as per the pre-sales backlog, it should be noted that the Issuer expects a future revenue of EUR 1.1 billion, with an average selling price of EUR 320 thousand per unit. This is mainly due to the high quality level of the projects. Secondly, Metrovacesa's units under construction indicate potential deliveries within the following 24 months and, thirdly, its units under commercialisation indicate potential deliveries within the next 36 months, as well as potential revenues of more than EUR 2.2 billion.

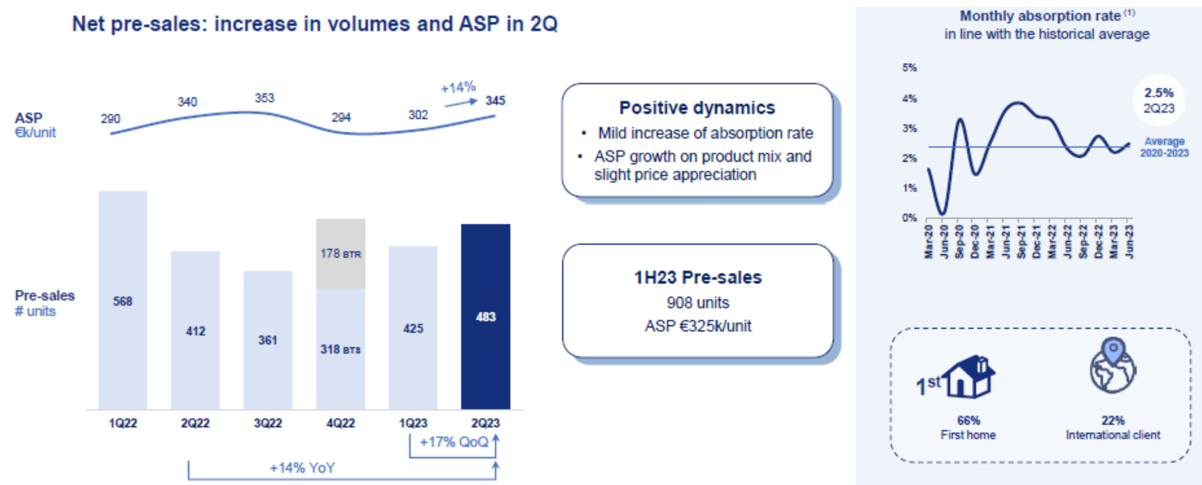
The Group has presence in the most dynamic locations. It holds a major number of fully-permitted residential real estate units in the provinces of Madrid, Barcelona, Málaga, Seville, Valencia, and the Balearic Islands, which constitute the vast majority of its total GAV. As of 30 June 2023, such geographical areas represented approximately 74% of the Group's GAV (c. EUR 2,516 million).

With respect to the Issuer's land by location, measured as a percentage over the GAV of the assets, as of 30 June 2023, 25% of the Group's portfolio is located the province of Madrid, 17% is located in the province of Barcelona, 12% is in the province of Malaga, 8% is in the province of Seville, 7% is in the province of Valencia, 5% is in the Balearic Islands, and a lesser percentage of the portfolio is located in elsewhere, including Cádiz, the Canary Islands, Alicante and other locations in Spain.

Below is a detail of Metrovacesa's key operational data as of 30 June 2023, which shows information on Metrovacesa's projects by type of acquisition, units, price and financial information:

Notes:
(1) Defined as cumulative pre-sales (reservations + contracts) minus deliveries.
(2) ASP = Average Selling Price.
(3) Includes units with construction works completed.
(4) Pre-sales in the period, net of cancellations.

Metrovacesa's mission is creating homes to improve its clients' lives. One of Metrovacesa's competitive strength is its operational flexibility, since it is capable of fulfilling the clients' demands even though they are very varied and have different segment profiles. This strength is reflected, among others, on the Issuer's net pre-sales, which are shown below:



Notes:
(1) Calculated as monthly net presales divided by average number of units in commercialisation, including both sold and unsold units.

Further, it should be noted that 32% of Metrovacesa's clients formalise their acquisitions of residential assets with no mortgage, while those who acquire them with a mortgage (c. 68%) have a 72% LTV. The average affordability ratio for these assets, calculated as the purchase price divided by the annual gross household income (median ratio) is equal to 4.3 years.

2.3.5 Organisational structure

Given its widespread capillarity in Spain, the Issuer operates its business through five established regional offices (as stated above, the geographical areas include North-Central, Western Andalusia, Costa del Sol, Levante and Catalonia). Although its management is centralized, the Issuer's development activities are run to a great extent from its regional offices, which operate in the main regions where its business is focused.

(A) Board of Directors

The Issuer's Board of Directors is responsible for the management of Metrovacesa and, among other functions, establishes its strategic, accounting, organizational and financing policies. Currently, the Board of Directors consists of the following 12 members, of which 33% are women and 42% are independent or external:

Board of Directors	Category	Member of Board of Directors since
Mr. Ignacio Moreno Martínez	Other External(1)	20/10/2016
Mr. Jorge Pérez de Leza Eguiguren	Executive	22/11/2016
Mr. Mariano Olmeda Sarrión	Proprietary(2)	27/04/2017
Mr. Javier García-Carranza Benjumea	Proprietary	06/04/2016
Mr. Carlos Manzano Cuesta	Proprietary	19/09/2017
Ms. Ana Bolado Valle	Proprietary	30/06/2017
Mr. Cesáreo Rey-Baltar Oramas	Proprietary	28/03/2017
Mr. Enrique Migoya Peláez	Proprietary	30/06/2017
Ms. Beatriz Puente Ferreras	Independent	16/01/2018
Ms. Emma Fernández Alonso	Independent	16/01/2018
Mr. Vicente Moreno García-Mansilla	Independent	16/01/2018
Ms. Azucena Viñuela Hernández	Independent	20/01/2022

Notes:
(1) Non-executive Chair.

(2) Non-executive deputy Chair.

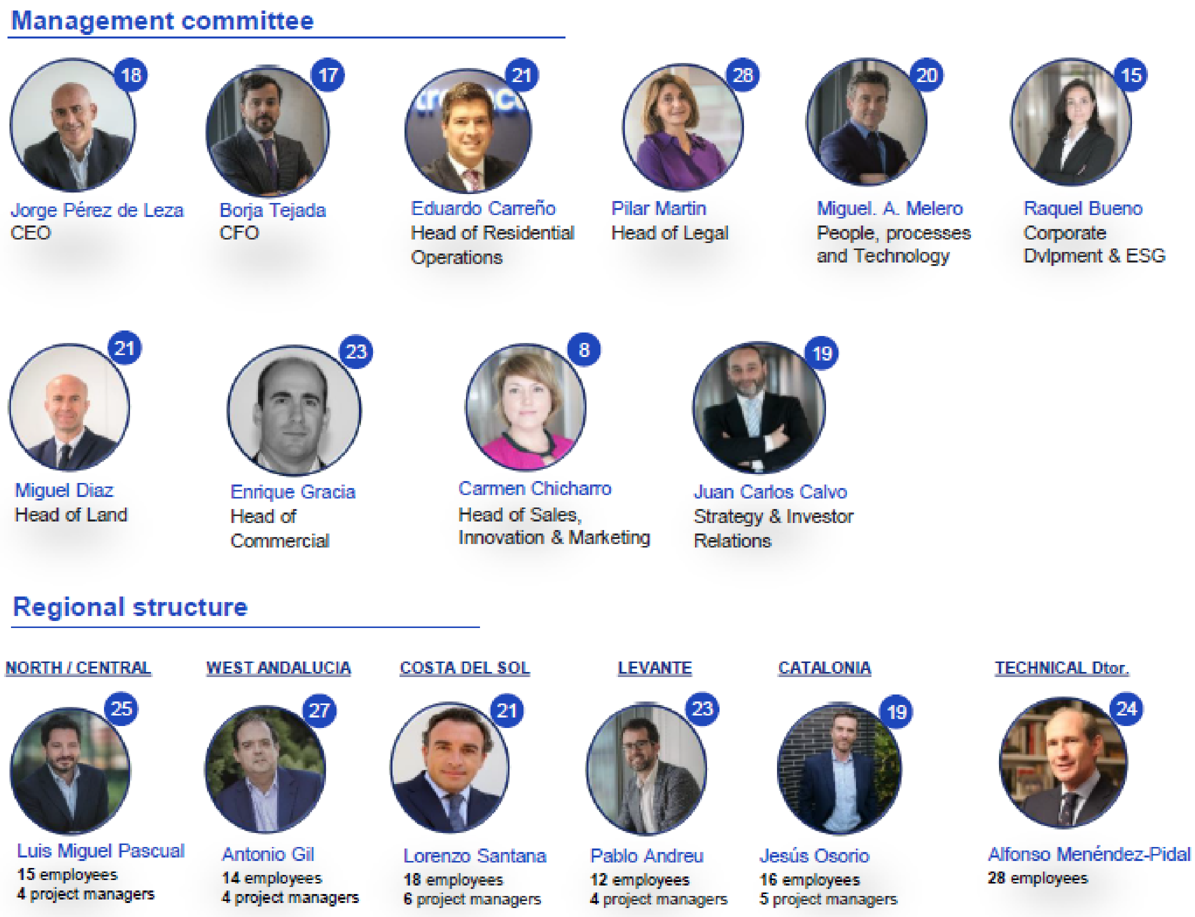
Additionally, the Board of Directors has the following two committees, which are internal reporting and consultative bodies without executive functions but with powers of reporting, advising and submitting proposals:

- The Appointments, Remuneration and Sustainability Committee, which is composed of the following four directors: Ms. Emma Fernández (also its Chair), Mr. Ignacio Moreno, Mr. Cesáreo Rey-Baltar and Mr. Vicente Moreno.
- The Audit Committee, which is composed by the following three directors: Ms. Azucena Viñuela (also its Chair), Mr. Carlos Manzano and Ms. Beatriz Puente.

(B) Management

Metrovacesa has a centralized, highly skilled and well dimensioned senior management team. It is supplemented by full in-house regional teams with nationwide capillarity and first-hand knowledge of regional dynamics, local relationships and local regulations. In addition, the Issuer has project managers that handle several projects at a time while coordinating its full-time employees.

Below follows the composition of Metrovacesa's management committee and the regional directors as of the date of this Information Memorandum:



Notes:
The blue circles inform of the number of years of experience in the industry.

As of June 2023, the Issuer had an average workforce of 233 current, full-time employees, 44% of whom were women. In addition, on June 2020 Metrovacesa obtained the Equality in the Company Distinction awarded by the Ministry of Equality (*Distintivo del Ministerio de Igualdad*), making Metrovacesa one of the 157 Spanish companies that has obtained this recognition.

2.3.6 Financial information

(A) Issuer's standalone and consolidated annual accounts

Annexed to this Information Memorandum are the standalone and consolidated annual accounts of the Issuer and its subsidiaries as of, and for the financial years ended, 31 December 2021 and 31 December 2022, audited by PricewaterhouseCoopers Auditores, S.L. and unqualified.

Annual financial information relating to the Group may also be accessed on the public website of the CNMV (www.cnmv.es), and all annual accounts of the Issuer as of the date of this Information Memorandum are deposited with the Commercial Registry of Madrid.

The main variations in the amounts contained in the Issuer's consolidated annual accounts are explained below (note that the numbers shown below have been adjusted by rounding so that the totals may not coincide exactly with the information included in the consolidated annual accounts).

(B) Balance sheet

The table set out below provides the main financial aggregates for the consolidated balance sheet as of 31 December 2021 and 31 December 2022:

	As of 31/12/2022	**As of 31/12/2021**
	(*in thousands of euros*)	
ASSETS		
Non-current assets		
Property, plant and equipment and intangible assets	2,274	1,616
Investment property	240,372	417,023
Investments in associates	54,229	57,091
Receivables	30,964	16,487
Deferred tax assets	79,614	84,332
Total non-current assets	**407,453**	**576,549**
Current assets		
Inventories	1,842,927	1,844,008
Financial Assets	16,021	6,003
Other receivables from Public Administrations	25,450	18,891
Other financial assets	20,025	31,973
Cash and cash equivalents	202,014	299,554
Total current assets	**2,106,437**	**2,200,429**

Total assets	**2,513,890**	**2,776,978**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.

	As of 31/12/2022	As of 31/12/2021
	(*in thousands of euros*)	
EQUITY		
Total equity attributable to the Company's shareholders		
Share capital	1,092,070	1,092,070
Share premium	956,818	1,207,846
Legal reserve	1,848	–
Other reserves	(795)	(795)
Retained earnings	(256,238)	(230,956)
Treasury shares	(2,556)	(2,696)
Other shareholder contributions	12,881	12,881
Other equity instruments	1,522	1,288
Total equity	**1,805,550**	**2,079,638**
LIABILITIES		
Non-current liabilities		
Provisions	12,651	7,586
Financial debt	273,145	287,438
Trade and other payables	32,849	31,494
Deferred tax liabilities	7,584	7,099
Total non-current liabilities	**326,229**	**333,617**
Current liabilities		
Provisions	26,514	28,594
Financial debt	74,381	102,592
Trade and other payables	261,962	221,045
Payables to Public Administrations	19,254	11,492
Total current liabilities	**382,111**	**363,723**
Total liabilities	**708,340**	**697,340**
Total equity and liabilities	**2,513,890**	**2,776,978**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.

As per the Group's balance sheet as of year-end 2022, the following should be highlighted:

(i) Book value of real estate assets: Metrovacesa's group real estate assets have an aggregate book value of EUR 2,083,299 thousand as of 31 December 2022. Most of this figure comes from inventories, which amount to EUR 1,842,927 thousand (decreasing from EUR 1,844,008 thousand as of 31 December 2021 due to deliveries of finished products, hence land sales), while the remaining EUR 240,372 thousand is attributed to the investment properties' book value (decreasing from EUR 417,023 thousand as of 31 December 2021 due to (a) the fact that, during 2022, some real estate investments located in Madrid have been transferred from the investment properties' heading to the inventories' heading, and (b) reclassifications to land stocks whose purpose is promotion and subsequent sale).

(ii) Non-current assets: the Group's total non-current assets decreased to EUR 407,453 thousand from EUR 576,549 thousand, mainly because of the reclassifications explained in (i) above. The Group's investments in affiliated companies (associates) decreased to EUR 54,229 thousand as of 31 December 2022, from EUR 57,091 thousand as of 31 December 2021, due to contributions from partners to other subsidiaries. Additionally, financial assets increased to EUR 30,964 thousand as of 31 December 2022 from EUR 16,487 thousand as of 31 December 2021 mainly due to adjustments for accrual of assets amounting to EUR 10,030 thousand in 2022, and an increase in other financial assets and loans to associates.

(iii) Current assets: the Group's total current assets decreased to EUR 2,106,437 thousand at the end of December 2022 from EUR 2,200,429 thousand at the end of December 2021, mainly because of a decrease in available treasury due to dividend's distribution in December 2022. Other financial assets amounted to EUR 20,025 thousand as of 31 December 2022, decreasing from EUR 31,973 thousand as of 31 December 2021.

(iv) Total cash: as of 31 December 2022, total cash was equal to EUR 202,014 thousand, having decreased compared to the balance as of 31 December 2021 (which was equal to EUR 299,554 thousand). From the total cash balance as of 31 December 2022, there were restrictions on availability amounting to EUR 77,929 thousand that related to amounts received in connection with developments deposited in special accounts, separate from any other kind of funds held by the Group and that may only be used in matters related to the building of those developments. The remaining EUR 124,062 thousand was available for the Group without restrictions.

(v) Share premium: as of 31 December 2022, the share premium has decreased to EUR 956,818 thousand, from EUR 1,207,846 thousand as of 31 December 2021, mainly due to various share premium distributions during financial year 2022, amounting to EUR 90,869 thousand and EUR 159,260 thousand (plus other expenses associated with the operation for EUR 899 thousand), approved as dividend distributions by the General Shareholders' Meeting of the Company on 20 May 2022 and on 29 November 2022, respectively.

(vi) Financial debt: the Group's non-current financial debt has decreased due to a partial reclassification to current financial debt. During 2021 the Group signed a syndicated debt refinancing agreement of the syndicated loan arranged by the Group on 1 December 2017, whereby the nominal amount was increased to EUR 260,000 thousand and the maturity term was extended until 28 July 2026. The interest rate agreed is linked to the evolution of the Group's LTV. One of the agreements reached with financial entities was the transformation of the senior syndicated loan into a sustainable loan, and for this purpose the Company has undertaken to comply with certain KPIs.

As for current financial debt, it has increased due to increase of client's prepayments and increase of debt with contractors given the higher number of projects under construction. On 2022, the Group has signed bank loans related to real estate projects that are in construction and amount to EUR 321,629 thousand (EUR 240,074 thousand in 2021), of which it had available EUR 51,604 thousand (EUR 55,793 thousand in 2021). Lastly, during 2022, the Company has issued commercial paper (*pagarés*) in the overall amount of EUR 19,600 thousand (compared to EUR 10,200 thousand in 2021), which are traded on MARF.

(vii) Average supplier payment period in financial year 2022: 36 days.

(viii) Loan to Cost: being an indicator that measures a company's debt position, it is widely used by investors when assessing the financial leverage of real estate companies, as well as by rating agencies and creditors to evaluate the level of debt. The Group's loan to cost amounted to 10.89% (7.17% in 2021), having increased due to rise in Group activity during the year and cash generation from sales of land and deliveries of promotions.

(ix) Shareholders' funds: the Company's consolidated shareholders' funds have decreased from EUR 2,079,638 thousand in 31 December 2021 to EUR 1,805,550 thousand in 31 December 2022, mainly, due to share premium distributions.

(C) Income statement

The table set out below provides the main financial aggregates for the consolidated income statement for financial years ended on 31 December 2021 and 31 December 2022:

	For the year ended 31/12/2022	For the year ended 31/12/2021
	(in thousands of euros)	
CONTINUING OPERATIONS		
Income from sale of promotions	*441,473*	*472,154*
Direct cost per sale of promotions	*(347,754)*	*(367,167)*
Gross margin - promotions	***93,719***	***104,987***
% gross margin - promotions	***21.2%***	***22.2%***
Income from land sales	*77,735*	*38,590*
Direct cost of land sales	*(74,375)*	*(40,155)*

Gross margin - soils	***3,360***	***(1,565)***
% gross margin - soils	***4.3%***	***-4.1%***
Sales revenue	519,208	510,744
Direct cost of sales	(422,129)	(407,322)
GROSS MARGIN	**97,079**	**103,422**
% GROSS MARGIN	**18.7%**	**20.2%**
Marketing	(4,449)	(6,361)
Comercialization	(12,673)	(17,862)
Other direct expenses - promotions	(7,076)	(5,131)
NET MARGIN	**72,881**	**74,068**
% NET MARGIN	**14.0%**	**14.5%**
Personal expenses	(17,035)	(16,163)
External services	(10,035)	(7,214)
Other net management income	14	124
EBITDA	**45,825**	**50,816**
%EBITDA	**8.8%**	**9.9%**
Provisions and amortizations	(6,598)	5,372
Variation in inventory value	(47,133)	(23,438)
Variations in the value of investment properties	(553)	4,693
Operating results	**(8,459)**	**37,443**
Financial income	4,864	335
Financial expenses	(12,189)	(18,048)
Capitalized financial expenses	965	2,645
FINANCIAL RESULTS	**(6,360)**	**(15,068)**
Results in entities carried under the equity method	(3,456)	1,354
RESULT BEFORE TAX	**(18,275)**	**23,729**
Income tax	(5,202)	(5,266)
PROFIT / (LOSS) FOR THE PERIOD	**(23,477)**	**18,463**
Attributable to - Owners of the parent	**(23,477)**	**18,463**
Basic earnings /(loss) per share		
- Basic	**(0.1550)**	**0.1219**
- Diluted	**(0.1550)**	**0.1219**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.

In relation to the consolidated income statement for financial year 2022, the following should be highlighted:

(i) Sales: in 2022, the Group recognized revenues from sales in the amount of EUR 519,208 thousand, which derived mainly from the contribution to revenues of sales of both property developments and land (for financial year 2022, EUR 441,473 thousand and EUR 77,735 thousand, respectively). During 2022, no land was transferred and was recorded as investment properties (EUR 1,840 thousand for financial year 2021).

(ii) Gross margin: in 2022, the Company's gross margin associated with developments — understood as the difference between the income from sale developments (EUR 441,473 thousand) and direct costs per sale of promotion (EUR 347,754 thousand)— amounted to EUR 93,719 thousand. During 2021, the Company's gross margin associated with developments amounted to EUR 104,987 thousand, i.e. the difference between the income from sale developments (EUR 472,154 thousand) and direct costs per sale of developments (EUR 367,167 thousand).

(iii) Net margin: in 2022, the Group's net margin amounted to EUR 72,881 thousand compared to the EUR 74,068 thousand in 2021. Such decrease is mainly due to different product mix.

(iv) EBITDA: in 2022, the Group's EBITDA amounted to EUR 45,825 thousand compared to the EUR 50,816 thousand in 2021. Such decrease is mainly due to lower gross margin of delivered projects, hence higher overhead expenses.

(v) Operating results (EBIT): in 2022, the Group's EBIT amounted to EUR -8,459 thousand compared to the EUR 37,443 thousand in 2021. Such increase is mainly due to the impact of impairments.

(vi) Profit before and after taxes: in 2022, while the Company's profit before taxes (EBT) was equal to EUR -18,275 thousand, the net income (after taxes) was EUR -23,477 thousand (compared to EUR 23,729 thousand and EUR 18,463 thousand for financial year 2021, respectively).

(vii) Income tax expense: in 2022, Metrovacesa had an income tax expense due to corporate income tax equal to EUR 5,202 thousand.

(D) Financial structure

- Net financial debt

	As of 31/12/2022	As of 31/12/2021
	(in thousands of euros)	
Banking debt [(1)]	(291,882)	(328,586)
(+) Bond (MARF)[(2)]	(30,000)	(30,000)
(+) Commercial paper program (MARF)[(2)]	(29,000)	(35,900)
(+) Available cash	124,062	231,280
(+) Other financial assets and liabilities	-	1,120
Net financial debt	**(226,820)**	**(162,086)**

Notes:

(1) Net amount of the advance payments made at the time of arranging corporate financing for an amount of EUR 3,363 thousand as at 31 December 2022 and EUR 4,302 thousand as at 31 December 2021, as well as accrual of interest for an amount of EUR 638 thousand as of 31 December 2022 (EUR 718 thousand as of 31 December 2021).
(2) Includes the debt for MARF commercial paper as it is considered comparable to bank debt.

Source: Metrovacesa's consolidated annual accounts for 2022.

As of 31 December 2022, the Group's financial debt stood at EUR -291,882 thousand, compared to EUR -328,586 thousand as of 31 December 2021 and hence implying a decrease of EUR 36,704 thousand.

Regarding the Group's net financial debt on 31 December 2022, it amounted to EUR -226,820 thousand compared to a total of EUR -162,086 thousand as of 31 December 2021. This variation is mainly due to the decrease of available treasury.

- Loan to Value (LTV)

	As of 31/12/2022	As of 31/12/2021
	(in thousands of euros)	
(-) Net financial debt	226,820	162,086
Market value of property assets recorded in investment property	240,372	417,023
Market value of property assets recorded in inventories	2,110,373	2,108,329
LTV(1)	**9.65%**	**6.42%**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.
(1) The LTV does not include the market value of the assets owned by companies that consolidate using the equity method (EUR 71,998 thousand as of 31 December 2022 and EUR 68,242 thousand as of 31 December 2021). If included in the calculation, the LTV of 31 December 2022 would have amounted to 9.36% and that of 31 December 2021 would have amounted to 6.24%.

Metrovacesa's Group had an LTV ratio of 9.65% as at 31 December 2022 compared to a LTV ratio of 6.42% as at 31 December 2021. Such increase in the LTV is mainly due to the increase in activity in the Group during the year and cash generation.

- Loan to Cost

	As of 31/12/2022	As of 31/12/2021
	(in thousands of euros)	
(-) Net financial debt	226,820	162,086
(+) Inventories	1,842,927	1,844,008
(-) Pre-payments to suppliers	(549)	(1,096)
(+) Investments properties	240,372	417,023
LTC	**10.89%**	**7.17%**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.

The Group had a Loan to Cost of 10.89% as of 31 December 2022 compared to a ratio of 7.17% as of 31 December 2021, due to the increase in Group activity during the 2022 financial year and cash generation from sales of land and deliveries of promotions.

- Analysis by maturity of bank debt

	31 December 2022					
	(*in thousands of euros*)					
	Financial liabilities					
	2023	**2024**	**2025**	**2026**	**Subsequent years**	**Total**
Payables						
- Bank loans (*)	40,795	5,643	21,512	106,959	30,008	204,917
- Other financial liabilities	29,000	–	–	–	744	29,744
Payables to affiliated companies and related parties						
- Bank loans (*)	4,586	4,586	17,488	86,948	–	113,608
Trade and other payables:						
- Trade payables	76,160	–	–	–	32,106	108,266
- Personnel (**)	5,559	–	–	–	–	5,559
	156,100	**10,229**	**39,000**	**193,907**	**62,858**	**462,094**

(*) EUR 21,604 thousand of loans to developers are registered in the current liabilities because they are directly related to operating cycle. On the contrary, the maturity varies from 30 to 32 years. The Group will pay these loans when the financed inventories are delivered, that it is expected to be in the next 24-36 months. In July 2021, the Group refinanced the corporate debt, which has led to a change in the repayment schedule as detailed in the maturity table.
(**) As reported in the Company's Annual Remuneration Report 2022, the chairman of the group has the right to compensation in the event of termination of office for any reason amounting to EUR 500 thousand. This amount is provisioned under the heading "Personnel" on the balance sheet.

	31 December 2021					
	(*in thousands of euros*)					
	Financial liabilities					
	2022	**2023**	**2024**	**2025**	**Subsequent years**	**Total**
Payables						
- Bank loans (*)	36,752	10,538	21,075	10,538	–	208,965
- Other financial liabilities	35,900	–	–	–	1,527	37,427
Payables to affiliated companies and related parties			17,925			
- Bank loans (*)	29,940	8,963		8,963	79,375	145,165
Trade and other payables:						
- Trade payables	54,079	–	–	–	29,967	84,046
- Personnel (**)	5,126	–	–	–	–	5,126
	161,797	**19,500**	**39,000**	**19,500**	**240,932**	**480,729**

(*) EUR 55,892 thousand of loans to developers are registered in the current liabilities because they are directly related to operating cycle. On the contrary, the maturity varies from 30 to 32 months. The Group will pay these loans when the financed inventories are delivered, that it is expected to be in the next 24-36 months.
(**) As reported in the Company's Annual Remuneration Report 2021, the chairman of the group has the right to compensation in the event of termination of office for any reason amounting to EUR 500 thousand. This amount is provisioned under the heading "Personnel" on the balance sheet.

(E) Cash flow

The table set out below provides the main financial aggregates for the consolidated cash flows statements for financial years ended on 31 December 2021 and 31 December 2022:

	For the year ended 31/12/2022	For the year ended 31/12/2021
	(*in thousands of euros*)	
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year before tax	**(18,275)**	**23,729**
Adjustments to results		
Financial income	(4,864)	(335)
Financial expenses	12,189	18,048
Capitalised expenses	(965)	(2,645)
Results of entities valued by the equity method	3,456	(1,354)
Amortization and provisions	6,598	(5,372)
Impairment of inventories and investment properties	47,686	18,745
Other adjustments to results		
(Increase) / Decrease in other non-current assets minus non-current liabilities	(3,428)	30
Other cash flows operating activities		
Interests collected	–	49
Interests paid	(11,485)	(14,370)
Collected (Paid) for income tax	(4,919)	–
Changes in working capital		
(Increase) / decrease in inventories	132,165	119,415
(Increase) / decrease in receivables	(11,658)	(4,620)
Increase / (decrease) in payables	48,913	(9,632)
(Increase) / decrease in other current assets minus current liabilities	15.856	(2,718)
Total net cash flows from operating activities	**211,269**	**138,970**
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments / Divestments		
Group companies and affiliated companies	(388)	(1,198)
Tangible and intangible fixed assets	–	(757)
Investment properties	(2,119)	(1,051)
Other financial assets	(5,510)	–
Loans to associated companies	–	(842)
Total net cash flows from investing activities	**(8,017)**	(3,848)
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts and payments for financial equity instruments:		
Acquisition of own equity instruments	(21,144)	–

Receipts and payments for financial liability instruments:		
Issue		
Debt with credit institutions	79,265	192,180
Other debts	80,600	129,528
Repayment and amortisation**:**		
Debts with credit institutions	(122,129)	(287,821)
Other debts	(87,500)	(83,017)
Dividend payments and other equity instruments remunerations		
Dividends	**(229,884)**	**(120,477)**
Total net cash flows from financing activities	**(300,792)**	**(169,607)**

Notes:
Source: Metrovacesa's consolidated annual accounts for 2022.

In 2022, the net cash flow from operating activities increased with respect to 2021 due to a temporary increase of debts with suppliers.

The net cash flow from investing activities decreased with respect to 2021 due to higher cash out-flows regarding other financial assets.

The net cash flow from financing activities has decreased due to an increase dividend distributions during 2022, as described above.

As at 31 December 2022, there were restrictions on availability of cash amounting to EUR 77,929 thousand (EUR 68,274 thousand as at 31 December 2021) that relate to amounts received in connection with developments that are deposited in special accounts, separate from any other kind of funds held by the Group and that may only be used in matters related to the building of those developments.

(F) Recent events

As per the most significant events of Metrovacesa that have taken place from 1 January 2023 to this date, the following should be highlighted:

- On 24 January 2023, the liquidity agreement between Metrovacesa and Banco de Sabadell, S.A., was terminated. On the dame day, the Company executed a liquidity agreement with JB Capital Markets SV, S.A., which became effective on 25 January 2023.
- On 24 January 2023, the Tax Agency has issued an agreement to terminate the contradictory expert appraisal procedure and administrative liquidation where the liquidations of Fuencarral Agrupanorte, SL (FAN) and Metrovacesa Inmuebles y Promociones (MIP) are annulled, issuing a new settlement without fee.
- On 25 April 2023, the General Shareholders' Meeting of the Company approved the distribution of dividends charged to unrestricted reserves (share premium), amounting to EUR 0.33 per share, which was paid on 19 May 2023.

– As of 30 June 2023, the main KPIs of the Group reported to the market were:

(a) Active units: 7,856 units;

(b) Sales Backlog: 3,507 sold units representing approximately EUR 1,124 million;

(c) Deliveries: 572 units with an average sales price of EUR 285,000 per unit;

(d) Sales: 908 units pre-sold (net of cancellations) with an average sales price of EUR 325,000 per unit; and

(e) Under construction or completed: 4,109 units.

2.3.7 Litigations, claims and other proceedings

As described in the consolidated annual accounts for financial year 2022, there are currently certain legal proceedings against the Group arising from the ordinary course of its business. These proceedings have not, to date, materially impacted the Group's ability to conduct operations or meet forecasted goals. As of the date of this Information Memorandum, the Group does not have any outstanding material litigation proceedings.

Although it is difficult to accurately estimate the total amount of potential costs that the Group may incur in connection with the legal proceedings in which it is a defendant, the management of the Group considers that Company's provisions are adequate to meet probable and reasonably estimated losses in the event of unfavorable court decisions on said proceedings.

2.3.8 ESG Strategy

Metrovacesa understands Environmental, Social and Governance ("**ESG**") strategy as a strategic commitment to respect the environment, social development and economic promotion throughout its entire value chain, as an innovative and contemporary real estate company. In this sense, the Group's sustainability strategy framework is currently articulated through a Sustainability Policy and a General Sustainability Strategy, which are focused on various lines aimed to create economic, environmental and social value, in alignment with the Sustainable Development Goals, respecting and preserving the environment, social development and economic growth throughout the entire value chain, all in alignment with the Group's business model.

Metrovacesa's Sustainability Policy establishes the basic principles and the general framework for action that serve as the basis for the sustainability strategy and practices assumed by the Company, as well as the commitments assumed with its main stakeholders. The general principles governing the Group's sustainability performance are: (i) respect for the environment in the execution of all projects, from a preventive approach; (ii) continuous improvement of its processes and commitment to innovation; (iii) transparency in any relationship that Metrovacesa maintains; (iv) compliance with current legislation, internal regulations and assumed practices; (v) creation of value for shareholders and investors; (vi) promotion of the development of local communities; (vii) attraction and retention of talent, as well as ensuring their well-being and health; (viii) promoting diversity and equality; and (ix) promotion of sustainable supply chain management and implementation of sustainable criteria in selection process.

Metrovacesa launched in early 2020 the Strategic Sustainability Plan (2020-2022), whose ambition is to strengthen its position in sustainability and integrate the strategy into the Company's business model. This plan seeks to promote the Company's business plan through initiatives for the business and its stakeholders. In this sense, 8 strategic lines and 33 specific actions have been defined, aimed at creating economic, environmental and social value in the short, medium and long term. In this way, Metrovacesa seeks to contribute to the improvement of the well-being of society and its stakeholders, as well as to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

In 2022, Metrovacesa updated its 2022-2024 General Sustainability Strategy ("**ESG24**"), leveraged on the significant progress made in the Strategic Sustainability Plan (2020-2022). The ESG24 defines an ambitious common action framework aligned with the Group's activity and which focuses its objective on the development of a responsible and sustainable business model. Metrovacesa's ESG24 consists of 9 strategic lines and 21 lines of action articulated in the three ESG dimensions, which are materialized through 88 specific actions with monitoring indicators (KPIs) and an estimated budget. The objective of this is to position the company at the forefront of the real estate development sector in sustainability. The lines developed in the ESG24 will contribute to the SDGs within a set period, thanks to the promotion and monitoring of those responsible.

Metrovacesa applies its ESG value proposition to each link in its value chain, with the following strategic objectives: (i) obtaining sustainable building certifications or seals in 100% of new housing developments; (ii) achieving carbon neutrality by 2040, focusing on construction, the use of homes and customer awareness; (iii) being positioned as a benchmark for customers in satisfaction and development of sustainable housing; (iv) being recognized as a reference employer and preferred company to work for; (v) ensuring responsible and sustainable behaviour of 100% of critical suppliers and contractors; (vi) promoting sustainable urban developments, support for vulnerable groups, environmental conservation and emergency response; (vii) adopting the highest practices of corporate governance and business ethics; (viii) being recognized in the top 10 of the best companies in the world in their sector in terms of ESG; and (ix) having 100% of its activities considered sustainable (EU Taxonomy).

The Group collaborates with leading sustainability and corporate social responsibility organizations.

In addition, Metrovacesa has registered nearly 50 buildings throughout Spain for evaluation and subsequent certification with the VERDE sustainability tool. Metrovacesa is thus making progress together with the Green Building Council España (GBCe) –the leading sustainable building organisation in Spain and developer of VERDE– in the implementation of sustainability in its construction projects. Metrovacesa seeks to further commit to its ESG objectives, for which purpose it is also collaborating with GBCe in order to implement a specific protocol to promote sustainability.

The Group is also analysing the life cycle of its projects through the so-called Life Cycle Assessment (LCA), a tool to assess the environmental impacts associated with the process of a real estate development throughout its life and to analyse different solutions that can reduce this impact. For this purpose, Metrovacesa has chosen the BIM (Building Information Modeling) tool integrated with blockchain technology, which the traceability of the validation and verification processes in all aspects related to the LCA of the developments.

As part of its ESG strategy, Metrovacesa has started to use certified recycled aluminium in its developments. The measure, as of the date of this Information Memorandum, involves two developments in Puerto de Sagunto, Valencia, and seeks to use a circular material like certified recycled aluminium in order to provide energy savings of up to 95%, reduce the carbon footprint of the aluminium carpentry of developments and profit from a reduction in CO2 emissions of up to 85% during its production.

Metrovacesa intends to invest the funds obtained from the Commercial Paper mainly to sustainable uses or purposes, considering the company's Sustainability Policy, the Strategic Sustainability Plan (2020-2022) and the ESG24, and in general terms to other corporate purposes.

2.3.9 Standalone and Consolidated Annual Accounts of the Issuer for the financial years ended on 31 December 2021 and 31 December 2022

The Issuer's standalone and consolidated financial statements for the financial years ended on 31 December 2021 and 31 December 2022, audited and without reservations, are included by reference to this Information Memorandum:

2021 Standalone and Consolidated Annual Accounts:

2021 Standalone (link here) and Consolidated (link here) Annual Accounts.

2022 Standalone and Consolidated Annual Accounts:

2022 Standalone (link here) and Consolidated (link here) Annual Accounts.

3. FULL NAME OF THE SECURITIES ISSUE

"METROVACESA 2023 Commercial Paper Program" or "Programa de Pagarés METROVACESA 2023".

4. PERSONS RESPONSIBLE

Mr. Jorge Pérez de Leza Eguiguren and Mr. Borja Tejada Rendón-Luna, on behalf of Metrovacesa, as CEO and CFO respectively and expressly authorized by the resolution of the Issuer's Board of Directors dated 21 September 2023, hereby assume responsibility for the content of this Information Memorandum.

Mr. Jorge Pérez de Leza Eguiguren and Mr. Borja Tejada Rendón-Luna, hereby declare that the information contained in this Information Memorandum is, to the best of their knowledge and after executing its reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect its content.

5. DUTIES OF THE REGISTERED ADVISOR (*ASESOR REGISTRADO*) OF MARF

Norbolsa S.V., S.A. is a Spanish public limited company (*sociedad anónima*) with tax identification number A-48403927, registered at the Bizkaia Commercial Registry in volume 2,205, book 1,639, page 32, sheet BI-16,034, with registered office at Bilbao, Torre Iberdrola, Planta 26, Plaza Euskadi n.º 5. Norbolsa S.V., S.A., is registered in the Registry of Registered Advisors pursuant to Operative Instruction (*Instrucción*

Operativa) 10/2014, of 23 June, in accordance with section 2 of the Circular 3/2013, of 18 July, on Registered Advisors on the Alternative Fixed-Income Market ("**Norbolsa**" or the "**Registered Advisor**").

Norbolsa has been designated as Registered Advisor of the Issuer (*asesor registrado*). Accordingly, the Registered Advisor shall enable the Issuer to comply with the obligations and responsibilities to be assumed on admitting to listing of the issued Commercial Paper on the Alternative Fixed-Income Market (MARF), acting as specialist liaison between both, the MARF and the Issuer, and as a means to ease the development of these securities under the new securities trading regime.

Therefore, Norbolsa has undertaken the compromise to cooperate with the Issuer on (i) the admission of the Commercial Paper to be issued under the METROVACESA 2023 Commercial Paper Program, (ii) compliance with any obligations and responsibilities that apply to the Issuer for its admission and participation on the MARF, (iii) the preparation and presentation of financial and business information required thereby and (iv) review of the information to ensure that it complies with applicable standards. Thus, Norbolsa will collaborate with the Issuer to ensure the latter complies with its obligations and responsibilities deriving from the incorporation of the Commercial Paper on MARF, acting as specialized interlocutor between both MARF and the Company and as a mean to facilitate its insertion and development in the new trading regime of the Commercial Paper.

Norbolsa shall provide the MARF with the periodic information required by it, and MARF, in turn, may seek any information deemed necessary in connection with the Registered Advisor's role (and obligations as Registered Advisor). MARF may take any measures in order to verify the information that has been provided.

The Issuer must have, at all times, a designated Registered Advisor listed in the "Registered Advisors Market Registry" (*Registro de Asesores Registrados de Mercado*).

As registered advisor, Norbolsa, with respect to the application for admission of the Commercial Paper to trading on MARF:

(i) has verified that the Issuer complies with the MARF's regulation requirements in order for the securities to be admitted thereto;

(ii) has assisted the Issuer in preparing the Base Information Document;

(iii) has reviewed all information provided by the Issuer to MARF in connection with the application for admission to trading of the securities on MARF; and

(iv) has verified that the information provided by the Issuer complies with the regulatory requirements and includes no omission likely to mislead potential investors.

Once the Commercial Paper is admitted to trading on MARF, Norbolsa, as registered advisor of the Issuer, will:

(i) review the information prepared by the Issuer for its filing with the MARF periodically or on an *ad hoc* basis, and verify that the content meets the requirements and time limits provided under the rules and regulations of the MARF;

(ii) advise the Issuer on any factors that may affect the Issuer's compliance with its obligations as an issuer of securities that have been admitted to trading on MARF, as well as the best way to deal with such events in order to avoid breaching such obligations;

(iii) inform MARF of any facts that may constitute a breach by the Issuer of its obligations in the event that it appreciates a potential material breach by the Issuer that had not been cured by its advice; and

(iv) manage, deal with and respond to queries and requests for information from MARF in relation to the situation of the Issuer, the evolution of its activity, the level of performance of its obligations and any other data deemed relevant.

For the above purposes, Norbolsa, as registered advisor of the Issuer, will perform the following actions:

(i) maintain necessary and regular contact with the Issuer and analyze exceptional situations which may occur in the evolution of the market price, trading volume and other relevant circumstances in the trading of the Issuer's securities;

(ii) sign such statements as may be required under the MARF's regulation as a result of the admission to trading of the securities on MARF, as well as in relation to information required to companies with securities admitted thereto; and

(iii) send to MARF, as soon as possible, any information received from the Issuer in response to enquiries and requests for information that MARF may have.

6. MAXIMUM OUTSTANDING BALANCE

The maximum amount of the Program will be one hundred million euros (EUR 100,000,000) in nominal value. This amount is understood to be the maximum balance to which the aggregate nominal value of the outstanding Commercial Paper—issued under the METROVACESA 2023 Commercial Paper Program and admitted (*incorporados*) to the MARF by virtue of this Information Memorandum—at any given time shall be limited during the term of the Program.

7. DESCRIPTION OF THE TYPE AND CLASS OF SECURITIES. NOMINAL VALUE

The Commercial Paper is a security with an implicit positive, zero or negative yield, so that its return (positive, zero or negative) results from the difference between the subscription or acquisition price and the redemption price, with no right to receive a periodic coupon. The Commercial Paper represents a debt for the Issuer and will be reimbursed at maturity at their face value.

An ISIN (International Securities Identification Number) code will be assigned to each Commercial Paper that has the same maturity period.

Each Commercial Paper will have a face value of one hundred thousand euros (EUR 100,000); therefore, the maximum number of these securities outstanding at any given time shall not exceed one thousand (1,000).

8. GOVERNING LAW OF THE SECURITIES

The Commercial Paper is issued in accordance with the Spanish legislation applicable to the Issuer and to the Commercial Paper. More specifically, the Commercial Paper will be issued in accordance with the restated text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July (*Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) and the Securities Market Act, both as amended, and their respective implementing or concordant regulations.

This Information Memorandum is that required by Circular 2/2018.

The courts and tribunals of the city of Madrid have exclusive jurisdiction to settle any disputes arising from or in connection with the Commercial Paper (including disputes regarding any non-contractual obligation arising from or in connection with the Commercial Paper).

9. REPRESENTATION OF THE SECURITIES THROUGH BOOK-ENTRIES (*ANOTACIONES EN CUENTA*)

The Commercial Paper that will be admitted on MARF, issued under this Information Memorandum, shall be represented in book-entry form (*anotaciones en cuenta*), as set out in the mechanisms for trading on MARF for which admission of securities is required.

The party in charge of the accounting records is Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), with registered office at Madrid, Plaza de la Lealtad, 1, together with its participating entities, pursuant to article 8.3 of the Securities Market Act and Royal Decree 878/2015, of 2 October, on the clearing, settlement and recording of transferable securities represented in book-entry form, on the legal regime of the central securities depositaries and central counterparties, and on the transparency requirements for issuers of securities admitted to trading in a regulated market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*).

10. CURRENCY OF THE ISSUE

The Commercial Paper to be issued under the Program will be denominated in euros.

11. CLASSIFICATION OF THE SECURITIES: ORDER OF PRIORITY

The Commercial Paper will be secured by no *in rem* guarantees (*garantías reales*) or third parties. The principal and interest of the Commercial Paper are secured on the Issuer's total net worth.

According to the classification and order of priority of debt claims laid down in the Insolvency Law, in the event of insolvency (*concurso*) of the Issuer, credits held by investors as a result of the Commercial Paper (which are not subordinated pursuant to article 281 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*). Those ordinary claims shall rank behind privileged credits (*créditos privilegiados*) but ahead of subordinated credits (*créditos subordinados*) (unless they can be classed as such under article 281 of the Insolvency Law) and would not have any preference among them.

12. DESCRIPTIONS OF THE RIGHTS INHERENT TO THE SECURITIES AND THE PROCEDURE FOR EXECUTING THESE RIGHTS. METHODS AND DEADLINES FOR PAYMENT OF THE SECURITIES AND HANDOVER OF THE SAME

In accordance with the applicable legislation, the Commercial Paper issued under the program will not grant the investors any present and/or future political rights over the Issuer.

The economic and financial rights of the investor associated to the subscription (or acquisition) and holding of the Commercial Paper will be those arising from the conditions of the nominal interest rate, yield and redemption price applicable to the issue, specified in sections 13, 14 and 16 below.

The date of disbursement of the Commercial Paper will coincide with its date of issuance, and the effective value of the Commercial Paper will be paid to the Issuer by Banco de Sabadell, S.A., Banco Santander, S.A. and Norbolsa S.V., S.A. (as dealers) or by the investors, as the case may be, through Banco Santander, S.A. (as Paying Agent), in the account specified by the Issuer on the corresponding date of issuance.

In all cases, Banco de Sabadell, S.A., Banco Santander, S.A. and Norbolsa S.V., S.A. (as dealers) or the Issuer, as appropriate, will issue a nominative and non-negotiable certificate of acquisition. This document will provisionally evidence the subscription of the Commercial Paper until the appropriate book entry (*anotación en cuenta*) is registered, which will grant its holder the right to request the relevant legitimacy certificate (*certificado de legitimación*). Furthermore, the Issuer will report the disbursement to MARF and Iberclear through the corresponding certificate.

13. ISSUE DATE. TERM OF THE PROGRAM

The term of validity of the Program is of one (1) year from the date of incorporation of this Information Memorandum with MARF.

As the Program is a continuous type, the securities may be issued and subscribed on any day during its term of validity. However, the Issuer reserves the right, at its sole discretion, to not issue new securities as it deems appropriate, pursuant to the cash needs of the Issuer or because it has found more advantageous conditions of funding.

The issue date and disbursement date of the Commercial Paper will be indicated in the complementary certificates (*certificaciones complementarias*) corresponding to each issue. The date of issue, disbursement and admission of the Commercial Paper may not fall after the expiration date of this Information Memorandum.

14. NOMINAL INTEREST RATE. INDICATION OF THE YIELD AND CALCULATION METHOD

The annual nominal interest rate for the Commercial Paper will be set in each issue.

The Commercial Paper will be issued under the Program at the nominal interest rate agreed between the Issuer and the dealers or, as the case may be, the Issuer and the investors. The yield shall be implicit in the subscription or acquisition price of the Commercial Paper, considering that they will be reimbursed on the maturity date at their face value.

The price at which the dealers transfer the Commercial Paper to third parties will be the rate freely agreed between the relevant dealer and the interested investors.

As these are securities issued at a discounted subscription price and with an implicit yield, the cash amount to be paid out by the investor (effective value) varies in accordance with the nominal interest rate and term agreed.

Therefore, the cash amount (effective value) of each Commercial Paper may be calculated by applying the following formulas:

- When securities are issued for a maximum term of 365 days:

  $E = N / [1 + (i_n * (n/365))]$

- When securities are issued for more than 365 days:

  $E = N / [(1 + i_n) ^ (n/365)]$

Where:

E = cash amount (effective value) of the Commercial Paper.

N= nominal amount of the Commercial Paper.

n = number of days from the issue date until maturity.

i_n = nominal interest rate, expressed as a decimal.

A table is included to help the investor, including the effective value scenarios for different rates of interest and redemption periods, and a column is also included showing the variation of the effective value of the Commercial Paper by increasing such period in 10 days.

EFFECTIVE VALUE OF A COMMERCIAL PAPER WITH A NOMINAL VALUE OF EUR 100,000
(Less than one year term)

	7 DAYS			14 DAYS			30 DAYS			60 DAYS		
Nominal rate (%)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.995,21	0,25	-6,85	99.990,41	0,25	-6,85	99.979,46	0,25	-6,85	99.958,92	0,25	-6,84
0,50	99.990,41	0,50	-13,69	99.980,83	0,50	-13,69	99.958,92	0,50	-13,69	99.917,88	0,50	-13,67
0,75	99.985,62	0,75	-20,54	99.971,24	0,75	-20,53	99.938,39	0,75	-20,52	99.876,86	0,75	-20,49
1,00	99.980,83	1,00	-27,38	99.961,66	1,00	-27,37	99.917,88	1,00	-27,34	99.835,89	1,00	-27,30
1,25	99.976,03	1,26	-34,22	99.952,08	1,26	-34,20	99.897,37	1,26	-34,16	99.794,94	1,26	-34,09
1,50	99.971,24	1,51	-41,06	99.942,50	1,51	-41,03	99.876,86	1,51	-40,98	99.754,03	1,51	-40,88
1,75	99.966,45	1,77	-47,89	99.932,92	1,76	-47,86	99.856,37	1,76	-47,78	99.713,15	1,76	-47,65
2,00	99.961,66	2,02	-54,72	99.923,35	2,02	-54,68	99.835,89	2,02	-54,58	99.672,31	2,02	-54,41
2,25	99.956,87	2,28	-61,55	99.913,77	2,27	-61,50	99.815,41	2,27	-61,38	99.631,50	2,27	-61,15
2,50	99.952,08	2,53	-68,38	99.904,20	2,53	-68,32	99.794,94	2,53	-68,17	99.590,72	2,53	-67,89
2,75	99.947,29	2,79	-75,21	99.894,63	2,79	-75,13	99.774,48	2,78	-74,95	99.549,98	2,78	-74,61
3,00	99.942,50	3,04	-82,03	99.885,06	3,04	-81,94	99.754,03	3,04	-81,72	99.509,27	3,04	-81,32
3,25	99.937,71	3,30	-88,85	99.875,50	3,30	-88,74	99.733,59	3,30	-88,49	99.468,59	3,29	-88,02
3,50	99.932,92	3,56	-95,67	99.865,93	3,56	-95,54	99.713,15	3,56	-95,25	99.427,95	3,55	-94,71
3,75	99.928,13	3,82	-102,49	99.856,37	3,82	-102,34	99.692,73	3,82	-102,00	99.387,34	3,81	-101,38
4,00	99.923,35	4,08	-109,30	99.846,81	4,08	-109,13	99.672,31	4,07	-108,75	99.346,76	4,07	-108,04
4,25	99.918,56	4,34	-116,11	99.837,25	4,34	-115,92	99.651,90	4,33	-115,50	99.306,22	4,33	-114,70
4,50	99.913,77	4,60	-122,92	99.827,69	4,60	-122,71	99.631,50	4,59	-122,23	99.265,71	4,59	-121,34

EFFECTIVE VALUE OF A COMMERCIAL PAPER WITH A NOMINAL VALUE OF EUR 100,000

	(Less than one year term)						(Equal to one year term)			(More than one year term)		
	90 DAYS			180 DAYS			365 DAYS			730 DAYS		
Nominal rate (%)	Subscripti on price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.938,39	0,25	-6,84	99.876,86	0,25	-6,83	99.750,62	0,25	-6,81	99.501,87	0,25	-6,81
0,50	99.876,86	0,50	-13,66	99.754,03	0,50	-13,63	99.502,49	0,50	-13,56	99.007,45	0,50	-13,53
0,75	99.815,41	0,75	-20,47	99.631,50	0,75	-20,39	99.255,58	0,75	-20,24	98.516,71	0,75	-20,17
1,00	99.754,03	1,00	-27,26	99.509,27	1,00	-27,12	99.009,90	1,00	-26,85	98.029,60	1,00	-26,72
1,25	99.692,73	1,26	-34,02	99.387,34	1,25	-33,82	98.765,43	1,25	-33,39	97.546,11	1,25	-33,19
1,50	99.631,50	1,51	-40,78	99.265,71	1,51	-40,48	98.522,17	1,50	-39,87	97.066,17	1,50	-39,59
1,75	99.570,35	1,76	-47,51	99.144,37	1,76	-47,11	98.280,10	1,75	-46,29	96.589,78	1,75	-45,90
2,00	99.509,27	2,02	-54,23	99.023,33	2,01	-53,70	98.039,22	2,00	-52,64	96.116,88	2,00	-52,13
2,25	99.448,27	2,27	-60,93	98.902,59	2,26	-60,26	97.799,51	2,25	-58,93	95.647,44	2,25	-58,29
2,50	99.387,34	2,52	-67,61	98.782,14	2,52	-66,79	97.560,98	2,50	-65,15	95.181,44	2,50	-64,37
2,75	99.326,48	2,78	-74,28	98.661,98	2,77	-73,29	97.323,60	2,75	-71,31	94.718,83	2,75	-70,37
3,00	99.265,71	3,03	-80,92	98.542,12	3,02	-79,75	97.087,38	3,00	-77,41	94.259,59	3,00	-76,30
3,25	99.205,00	3,29	-87,55	98.422,54	3,28	-86,18	96.852,30	3,25	-83,45	93.803,68	3,25	-82,16
3,50	99.144,37	3,55	-94,17	98.303,26	3,53	-92,58	96.618,36	3,50	-89,43	93.351,07	3,50	-87,94
3,75	99.083,81	3,80	-100,76	98.184,26	3,79	-98,94	96.385,54	3,75	-95,35	92.901,73	3,75	-93,65
4,00	99.023,33	4,06	-107,34	98.065,56	4,04	-105,28	96.153,85	4,00	-101,21	92.455,62	4,00	-99,29
4,25	98.962,92	4,32	-113,90	97.947,14	4,30	-111,58	95.923,26	4,25	-107,02	92.012,72	4,25	-104,86
4,50	98.902,59	4,58	-120,45	97.829,00	4,55	-117,85	95.693,78	4,50	-112,77	91.573,00	4,50	-110,37

Given the different types of issues that will be applied throughout the Program, the Group cannot predetermine the internal rate of return (IRR) for the investor. In any case, it will be determined in accordance with the formula detailed below for Commercial Paper with a term of up to 365 days:

$$IRR = [(N/E) ^ (365/d)] – 1$$

Where:

IRR= Effective annual interest rate, expressed as a decimal.

N= Nominal amount of the Commercial Paper.

E = Cash amount (effective value) at the time of subscription or acquisition.

d = Number of calendar days between the date of issue (inclusive) and the date of maturity (exclusive)

For Commercial Paper with a term of more than 365 days, the IRR will be the equivalent to the annual interest of the Commercial Paper described in this section.

In case that the Commercial Paper is originally subscribed by the dealers in order to have them transferred to the investors, the price at which the dealers may transfer the Commercial Paper will be freely agreed among them and investors, which may not be the same as the issue price.

15. DEALERS, PAYING AGENT AND DEPOSITARY ENTITIES

The initial dealers of the Program (jointly, the "**dealers**") are:

Banco de Sabadell, S.A.
Tax Identification Number: A-08000143
Address: Avenida Óscar Esplá, 37, 03007 Alicante

Banco Santander, S.A.
Tax Identification Number: A-39000013
Address: Avda. de Cantabria S/N – Edif. Encinar, Planta 0, 28660 Boadilla del Monte (Madrid)

Norbolsa S.V., S.A.
Tax Identification Number: A-48403927
Address: Plaza Euskadi, 5, planta 26 de Torre Iberdrola, 48009 Bilbao

The Issuer and each of the dealers have executed a placement agreement for the Program for the placing of the Commercial Paper, which includes the possibility to sell Commercial Paper to third parties.

The Issuer reserves the right at any time to vary or terminate the relation with any of the dealers in accordance with the corresponding collaboration agreement and to appoint other dealers. Notice of any change in the dealer syndicate shall promptly be communicated to MARF by means of the corresponding notice.

Norbolsa shall also act as arranger (the "**Arranger**"). The Issuer reserves the right at any time to vary or terminate the relation with the Arranger in accordance with the corresponding agreement and to appoint other arranger. Notice of any change of the Arranger shall promptly be communicated to MARF by means of the corresponding notice.

Banco Santander shall also act as paying agent (the "**Paying Agent**"). Acting under the paying agency agreement and in connection with the Commercial Paper, the Paying Agent acts solely as agent of the Issuer, and does not assume any obligations towards or relationship of agency or trust for or with any of the holders of the Commercial Paper. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent in accordance with the corresponding paying agency agreement and to appoint a successor agent provided, however, that the Issuer shall at all times maintain a Paying Agent. Notice of any change of the Paying Agent shall promptly be communicated to MARF by means of the corresponding notice.

Although Iberclear will be the entity entrusted with the book-keeping (*registro contable*) of the accounting records corresponding to the Commercial Paper, the Issuer has not designated a depository entity for the Commercial Paper. Each subscriber or acquirer of the Commercial Paper shall appoint, among Iberclear's participating entities, the entity which shall act as depositary of the Commercial Paper.

Holders of the Commercial Paper who do not have, directly or indirectly through their custodians, a participating account with Iberclear may participate in the Commercial Paper through bridge accounts maintained by each of Euroclear Bank, SA/NV or Clearstream Banking, Société Anonyme, Luxembourg, as appropriate.

16. REDEMPTION PRICE AND PROVISIONS REGARDING MATURITY OF THE SECURITIES. DATE AND METHODS OF REDEMPTION

The Commercial Paper to be issued under the program will be redeemed at its face value on the maturity date indicated in the terms and conditions of each issue, withholding the corresponding amount, if applicable.

The Commercial Paper issued under the Program may have a redemption period of between three (3) business days and seven hundred and thirty (730) calendar days (twenty-four (24) months).

Given that the Commercial Paper will be traded on the MARF, their redemption will take place in accordance with the operating rules of the clearance system of MARF, so that, on maturity date, the nominal amount of the securities is paid to their legitimate holder. Banco Santander, S.A., as Paying Agent, does not take any liability whatsoever regarding the investors' expected reimbursement from the Issuer on the maturity date of the Commercial Paper.

Should the reimbursement coincide with a non-business day according to the T2 calendar[1], reimbursement will be deferred to the first subsequent business day. The aforementioned case will not have any effect on the amount to be paid.

[1] T2 is the Eurosystem's new real-time gross settlement (RTGS) system, which replaces the former TARGET2 system.

17. VALID DEADLINE WITHIN WHICH REIMBURSEMENT OF THE PRINCIPAL MAY BE CLAIMED

Pursuant to the provisions set out in article 1,964 of the Spanish Civil Code, actions to request the reimbursement of the Commercial Paper's face value may be exercised during five (5) years from the date on which they become due.

18. MINIMUM AND MAXIMUM ISSUE PERIOD

As previously stated, during the validity of this Information Memorandum, the Commercial Paper may be issued with a redemption period of between three business days (3) and seven hundred and thirty calendar days (730) (that is, twenty four (24) months).

19. EARLY REDEMPTION

The Commercial Paper will not include an early redemption option either for the Issuer (call) or for the holder of the Commercial Paper (put). Notwithstanding the foregoing, the Commercial Paper may be redeemed prior to maturity if, for any reason, they are in legitimate possession of the Issuer.

20. RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE COMMERCIAL PAPER

In accordance with current legislation, there are no specific or general restrictions on the free transferability of the Commercial Paper to be issued.

21. TAXATION OF THE SECURITIES

The following summary is a general description of certain tax considerations relating to the Commercial Paper. It does not constitute tax advice and does not purport to be a complete analysis of all tax considerations relating to the Commercial Paper, as applicable, whether in Spain or elsewhere, and does not deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and under the tax laws of Spain of acquiring, holding and disposing of Commercial Paper and receiving payments of under the Commercial Paper. Furthermore, this summary does not take into account the regional special tax regimes in force in the Basque Country and Navarre, or the regulations adopted by the Spanish Autonomous Regions.

This summary is based upon the law as currently in effect and is subject to any change in law that may take effect after this date. As a result, this description is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retroactive effect.

References in this section to Noteholders include the beneficial owners of the Commercial Paper. Investors should also note that the appointment by an investor in the Commercial Paper, or any person through which an investor holds Commercial Paper, of a custodian, collection agent or similar person in relation to such Commercial Paper in any jurisdiction may have tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

- Law 35/2006, of 28 November, governing Personal Income Tax and partial amendment of the laws on Corporate Income Tax, Non-residents Income Tax and Wealth Tax (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (the "**PIT Law**"), as well as those contained in articles 74 *et seq* of Royal Decree 439/2007, of 30 March, which approves the Regulation on Personal Income Tax and modifies the Regulations on Pension Funds and Plans approved through Royal Decree 304/2004, of 20 February *(Real Decreto 439/2007, de 30 de marzo, por el que se aprueba el Reglamento del Impuesto sobre la Renta de las Personas Físicas y se modifica el Reglamento de Planes y Fondos de Pensiones, aprobado por Real Decreto 304/2004, de 20 de febrero*) (the "**PIT Regulations**").
- Law 27/2014, of 27 November, of the Corporate Income Tax Law (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the "**CIT Law**") as well as articles 60 *et seq* of the Corporate Income Tax Regulations approved through Royal Decree 634/2015, of 10 July (*Reglamento del Impuesto sobre Sociedades aprobado por el Real Decreto 634/2015, de 10 de julio*).
- Royal Legislative Decree 5/2004, of 5 March, which approves the recast text of the Non-residents Income Tax Law (*Real Decreto Legislativo 5/2004, de 5 de marzo, por el que se aprueba el texto refundido de la Ley del Impuesto sobre la Renta de no Residentes*) (the "**NRIT Law**") and those contained in Royal Decree 1776/2004, of July 30, which approves the regulations in respect of Non-residents Income Tax (*Real Decreto 1776/2004, de 30 de julio, por el que se aprueba el Reglamento del Impuesto sobre la Renta de no residentes*).
- Law 19/1991, of 6 June, on the Wealth Tax (the "**WT Law**").
- Law 38/2022, of 27 December, on the establishment of Temporary Taxes on Energy and Credit Institutions and Financial Credit Establishments and levying Temporary Solidarity Tax on Wealth and amending certain tax regulations (the "**Temporary Solidarity Tax on Wealth Law**").
- Law 29/1987, of 18 December, on the Inheritance and Gift Tax and its regulations contained in Royal Decree 1629/1991, of 8 November.

All the above, without prejudice to any regional tax regimes approved by the Autonomous Regions which may be applicable, particularly those corresponding to the historic territories of the Basque Country and the Regional Community of Navarre, or any other regimes that could be applicable due to the particular circumstances of the investor.

Furthermore, those regulations included in the First Additional Provision of Law 10/2014, of 26 June, on the organization, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de cré*dito) (the "**Law 10/2014**"), and Royal Decree 1065/2007, of 27 July, which approves the General Regulations on the actions and procedures of tax audit and tax inspection and on the development of the common rules of the procedures for the application of taxes, as amended by Royal Decree 1145/2011 of 29 July 2011 (the "**Royal Decree 1065/2007**") must also be taken into consideration. For these purposes, article 44 of Royal Decree 1065/2007 sets out the reporting procedures applicable to preference shares and debt instruments entitled to the special tax regime set forth in First Additional Provision of Law 10/2014, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to article 91.2 of PIT Regulations, commercial papers are classified as financial assets with implicit yield. As a general rule, in order to dispose of or obtain reimbursement of financial assets with implicit yield, prior acquisition of the same as well as the transaction price must be evidenced by a public notary or the financial institutions obliged to withhold.

In any case, given that this summary is not a thorough description of all the tax considerations, the Group recommends investors to consult with their own legal or tax advisors, who may render tailored advice in view of their specific circumstances. Additionally, investors and potential investors should take into consideration the changes in legislation or interpretation criteria's that may take place in the future.

Investors that are individuals with tax residency in Spain

Personal Income Tax

The net income obtained as a result of the transfer, redemption, exchange or reimbursement of the Commercial Paper will be considered as an implicit income from movable capital and will be included in the Personal Income Tax (the "**PIT**") taxable savings base for the financial year when the sale, redemption or reimbursement takes place. PIT will be paid at the rate in force from time to time for taxable savings, which is currently at 19% up to EUR 6,000.00; 21% from EUR 6,000.01 up to EUR 50,000.00; 23% from EUR 50,000.01 up to EUR 200,000.00; 27% from EUR 200,000.01 up to EUR 300,000.00 and 28% from EUR 300,000.01 upwards.

Negative income derived from the transfer of the Commercial Paper, in the event that the Noteholder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her PIT base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Commercial Paper will be deductible, excluding those pertaining to discretionary or individual portfolio management.

Generally, income derived from the Commercial Paper will be subject to withholding tax on account of PIT at the current rate of 19%. Any withheld amounts may be credited against individuals' final PIT liability.

In accordance with article 93 of PIT Regulations, such income shall be calculated by the difference between the redemption, reimbursement or transfer value and the acquisition or subscription value of the Commercial Paper (without deducting expenses).

With respect to any income derived from the transfer of the Commercial Paper, the financial institution acting on behalf of the transferring party will be obliged to apply any relevant withholding. Where the income is obtained from the reimbursement, the issuer or the financial institution responsible for the transaction will be the entity required to apply the relevant withholding.

The transfer or reimbursement of the Commercial Paper will require that its prior acquisition as well as the transaction price is evidenced by a public notary or the financial institutions obliged to apply the relevant withholding.

Wealth Tax

Individuals with tax residency in Spain will be subject to Wealth Tax (the "**WT**") which imposes a tax on their net wealth (i.e. property and rights regardless of the place where the assets are located or where the rights may be exercise) in excess of EUR 700,000.00 held on the last day of any year, provided that the Autonomous Region where the relevant Noteholder is resident for tax purposes has not established a different amount.

Spanish tax resident individuals whose net worth is above EUR 700,000.00 and who hold Commercial Paper on the last day of any year would therefore be subject to Wealth Tax for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Commercial Paper during the last quarter of such year, as published by the Spanish Ministry of Revenues and Civil Service on an annual basis.

However, those rates may vary depending on the Autonomous Region of residency of the investor. As such, prospective Noteholders should consult their tax advisers.

Temporary Solidarity Tax on Wealth

As from 2022, individual Noteholders resident in Spanish territory for tax purposes are subject to Temporary Solidarity Tax on Wealth on their total net wealth at December 31, regardless of where their assets are located or the rights may be exercise.

Taxation under this tax may be levied in accordance with the provisions of WT Law (see section above) and Temporary Solidarity Tax on Wealth Law, which, for these purposes, sets a minimum tax-free allowance of EUR 700,000.00. Furthermore, taxation will be determined according to a scale with marginal rates ranging from 0.0% to 3.5%.

The Temporary Solidarity Tax on Wealth is incorporated as complementary to the WT, levying an additional tax on the assets of individuals whose value, determined in accordance with the rules of the WT, exceeds EUR 3,000,000.00 and to the extent that they are not taxed by the WT or are taxed for an amount lower than that which would result from taxation under the Temporary Solidarity Tax on Wealth. In this sense, the net tax liability accrued for the Temporary Solidarity Tax on Wealth will be reduced, in addition to the amount of the deductions and allowances set forth in WT Law, by the amount of the net tax liability effectively paid pursuant to WT.

The Temporary Solidarity Tax on Wealth is established for an initial period of 2 years. However, the Temporary Solidarity Tax on Wealth Law incorporates a revision clause to evaluate its results at the end of the initially planned period of validity in order to assess whether it should be maintained or removed.

Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Commercial Paper by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax (the "**IGT**") in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates can range currently between 0% and 81.6% subject to any specific regional rules, depending on relevant factors (such as previous net wealth, family relationship among transferor and transferee or applicable tax laws approved by Autonomous Communities).

Investors that are entities with tax residency in Spain

Corporate Income Tax

Income derived from the transfer, redemption, exchange or reimbursement the Commercial Paper will be subject to Corporate Income Tax (the "**CIT**") at the general flat tax rate of 25% in accordance with the rules established for such tax.

Such income will be exempt from withholding tax on account of CIT providing that the Commercial Paper (i) are registered by way of book-entries (*anotaciones en cuenta*); and (ii) are traded in a Spanish regulated market of securities (such as AIAF) or in MARF.

In the event that this exemption was not applicable, this income would be subject to Spanish withholding tax at the rate currently in force of 19%. Withheld amounts may be credited against entities' final CIT liability.

However, no withholding on account of CIT will be imposed on income derived from the redemption or repayment of the Commercial Paper provided that the requirements set forth in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, including that the Iberclear Members that have the Commercial Paper registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below (see "Information about the Commercial Paper in Connection with Payments").

The transfer or reimbursement of the Commercial Paper will require that its prior acquisition as well as the transaction price is evidenced by a public notary or the financial institutions obliged to apply the relevant withholding.

Wealth Tax

Legal entities are not subject to WT.

Temporary Solidarity Tax on Wealth

Legal entities are not subject to Temporary Solidarity Tax on Wealth.

Inheritance and Gift Tax

Legal entities are not subject to IGT.

Investors that are not tax resident in Spain

Non-residents Income Tax for investors not resident in Spain acting through a permanent establishment

If the Commercial Paper form part of the assets affected to a permanent establishment in Spain of a person or legal entity that is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Commercial Paper are, generally, the same as those set forth above for Spanish CIT taxpayers.

Ownership of the Commercial Paper by investors who are not resident in Spain for tax purposes would not in itself create the existence of a permanent establishment in Spain.

Non-residents Income Tax for investors not resident in Spain not acting through permanent establishment

Income derived from the transfer, redemption or repayment of the Commercial Paper, obtained by individuals or entities who are not resident in Spain for tax purposes and who do not act, with respect to the Commercial Paper, through a permanent establishment in Spain, are exempt from Non-Residents Income Tax (the "**NRIT**") and therefore, no withholding on account of NRIT will be levied on such income provided that the requirements set forth in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, including that, in respect of payments from the Commercial Paper carried out by the Issuer, the Iberclear Members that have the Commercial Paper registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, provide the Issuer, in a timely manner, with a duly executed and completed Payment Statement, as defined below (see "Information about the Commercial Paper in Connection with Payments").

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income under the Commercial Paper, the Issuer will withhold Spanish withholding tax at the then-applicable rate (the current rate is 19%) on such payment of income on the Commercial Paper.

Noteholders not resident in Spain for tax purposes and entitled to exemption from NRIT but where Spanish withholding tax has been applicable in accordance with the procedure described in detail under "Information about the Commercial Paper in Connection with Payments" would have to apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law.

Wealth Tax

Notwithstanding the provisions included in the Double Taxation Treaties entered into by Spain, non-Spanish tax resident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above EUR 700,000.00 and who hold Commercial Paper on the last day of any year would be subject to WT for such year at marginal rates varying between 0.2% and 3.5% of the average market value of the Commercial Paper during the last quarter of such year, as published by the Spanish Ministry of Revenues and Civil Service on an annual basis. However, non-Spanish individuals will be exempt from Wealth Tax in respect of Commercial Paper which income is exempt from NRIT.

Individuals that are not resident in Spain for tax purposes may apply the rules approved by the Autonomous Region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Non-Spanish resident legal entities are not subject to WT.

Temporary Solidarity Tax on Wealth

Without prejudice to the specific provisions set forth in the Double Taxation Treaties entered into by Spain, as from 2022, non-Spanish tax resident individuals who own assets and rights that can be exercised or have to be met in Spanish territory on December 31 of each year shall be subject to Temporary Solidarity Tax on Wealth.

Taxation under this tax may be levied in accordance with the provisions of WT Law (see section above) and Temporary Solidarity Tax on Wealth Law. In this vein, please note that Temporary Solidarity Tax on Wealth Law, unlike the WT Law, does not set a minimum tax-free allowance of EUR 700,000.00 applicable to individual Noteholders not resident in Spain for tax purposes. Furthermore, taxation will be determined according to a scale with marginal rates ranging from 0.0% to 3.5%.

The Temporary Solidarity Tax on Wealth is incorporated as complementary to the WT, levying an additional tax on the assets of individuals whose value, determined in accordance with the rules of the WT, exceeds EUR 3,000,000.00 and to the extent that they are not taxed by the WT or are taxed for an amount lower than that which would result from taxation under the WT.

The Temporary Solidarity Tax on Wealth is established for an initial period of 2 years. However, the Temporary Solidarity Tax on Wealth Law incorporates a revision clause to evaluate its results at the end of the initially planned period of validity in order to assess whether it should be maintained or removed.

Finally, entities that are not resident in Spain are not subject to this tax.

Inheritance and Gift Tax

Non-Spanish tax resident individuals who acquire ownership or other rights over Commercial Paper by inheritance, gift or legacy, will be subject to IGT in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a double tax treaty in relation to IGT. In such case, the provisions of the relevant double tax treaty will apply.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to IGT in accordance with Spanish legislation. Depending on the specific case, the regulations approved by the corresponding Autonomous Region may be applicable. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Commercial Paper by inheritance, gift or legacy are not subject to the IGT. Such acquisitions will be subject to NRIT (as described above), except as provided in any applicable double tax treaty entered into by Spain. In general, double tax treaties provide for the taxation of this type of income in the country of tax residence of the Noteholder.

Indirect taxation in the acquisition and transfer of the Commercial Paper

Whatever the nature and residence of the investors, the acquisition and transfer of the Commercial Paper will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax, and article 314 of the Securities Market Act.

Information about the Commercial Paper in Connection with Payments

As described in previous sections, to the extent that the conditions set forth in Law 10/2014 and article 44 of Royal Decree 1065/2007 are met, income in respect of the Commercial Paper for the benefit of non-Spanish tax resident Noteholders, or for the benefit of Spanish CIT taxpayers, will not be subject to Spanish withholding tax, provided that the Iberclear Members that have the Commercial Paper registered in their securities account on behalf of third parties, as well as the entities that manage the clearing systems located outside Spain that have an agreement with Iberclear, if applicable, provide the Issuer, in a timely manner, with a duly executed and completed statement (a "**Payment Statement**"), containing the following information:

1. Identification of the Commercial Paper.
2. Total amount of the income paid by the Issuer.
3. Amount of the income corresponding to individuals residents in Spain that are PIT taxpayers.
4. Amount of the income that must be paid on a gross basis.

If the Iberclear Members fail or for any reason are unable to deliver a duly executed and completed Payment Statement to the Issuer in a timely manner in respect of a payment of income made by the Issuer under the Commercial Paper, such payment will be made net of Spanish withholding tax, at the current rate of 19%.

If this were to occur, affected Noteholders will receive a refund of the amount withheld, with no need for action on their part, if the Iberclear Members submit a duly executed and completed Payment Statement to the Issuer no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, Noteholders may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the NRIT Law. Investors are advised to consult their advisors on the procedure to follow, in each case, in order to request the aforementioned refund from the Spanish Treasury.

22. PUBLICATION OF THE INFORMATION MEMORANDUM

This Information Memorandum will be published on the MARF's website (https://www.bolsasymercados.es).

23. DESCRIPTION OF THE PLACEMENT SYSTEM AND, WHERE APPROPRIATE, SUBSCRIPTION OF THE ISSUE

Placement by the dealers

The dealers may act as intermediaries in the placement of the Commercial Paper, without prejudice to the dealers being able to subscribe the Commercial Paper in their own name.

For these purposes, the dealers may request the Issuer on any business day, between 10:00 and 14:00 (CET), volume quotations and nominal interest rates for potential issues of Commercial Paper in order to carry out the corresponding book building process among qualified investors (including eligible counterparties and professional clients).

The amount, nominal interest rate, dates of issuance and disbursement, maturity date and the remaining terms and conditions of each issuance so placed by the dealers shall be determined by agreement between the Issuer and the dealer(s) concerned in each specific issuance. The terms of such agreement will be confirmed once a document setting out the terms and conditions of the issue is sent by the dealers to the Issuer and, if the terms and conditions are accepted by the Issuer, after the Issuer sends back such document to the relevant dealer and the Paying Agent.

In the event that an issuance of the Commercial Paper is initially subscribed by the dealers and subsequently sold to the final investors, the price may be freely agreed between the dealers and the interested parties and might not coincide with the issue price (i.e. with the cash amount).

Issue and subscription of the Commercial Paper directly by investors

It is also possible that final investors having the status of qualified investors, eligible counterparties and/or professional clients subscribe the Commercial Paper directly from the Issuer, provided these comply with all current legal requirements.

In such cases, the amount, nominal interest rate, dates of issuance and disbursement, maturity date and the remaining terms and conditions of each issuance so arranged shall be determined by agreement between the Issuer and the final investor concerned in each specific issuance.

24. COSTS FOR LEGAL, FINANCIAL AND AUDITING SERVICES AND OTHER SERVICES PROVIDED TO THE ISSUER IN RELATION TO THE EXECUTION OF THE PROGRAM

The costs for all legal, financial and auditing services and other services provided to the Issuer in relation to the execution of the program amount to approximately eighty thousand euros (EUR 80,000) excluding taxes but including the fees of MARF and Iberclear.

25. ADMISSION (*INCORPORACIÓN*)

25.1 APPLICATION FOR ADMISSION OF THE SECURITIES TO THE MARF. DEADLINE FOR ADMISSION

The admission to trading of the securities described in the present Information Memorandum will be requested to the multilateral trading facility known as the Alternative Fixed-Income Market (MARF). The Issuer hereby undertakes to carry out all the necessary actions so that the Commercial Paper is listed on

MARF within seven (7) days from the date of the issuance of the securities. For these purposes, as stated above, the date of issuance shall coincide with the date of disbursement. The date of incorporation of the Commercial Paper must be, in any event, a date falling within the validity period of the program and under no circumstances before the maturity date of the Commercial Paper.

In the event of breach of the aforementioned deadline, the reasons for the delay will be notified to MARF and will be made public as other relevant information ("*Otra información relevante*") through MARF. This is without prejudice to any possible contractual liability that may be incurred by the Issuer.

MARF is structured as an MTF under the terms set out in the Securities Market Act.

This Information Memorandum is required by Circular 2/2018.

Neither MARF, the CNMV or the dealers have approved or carried out any verification or testing regarding the content of the Information Memorandum or the audited financial statements of the Issuer. The intervention of MARF does not represent a statement or recognition of the full, comprehensible and consistent nature of the information set out in the documentation provided by the Issuer.

It is recommended that the investor fully and carefully reads the present Information Memorandum prior to making any investment decision regarding the securities.

The Issuer hereby expressly declares that it is aware of the requirements and conditions necessary for the admission, permanence and removal of the securities on MARF, according to current legislation and the requirements of its governing body, and expressly agrees to comply with them.

The Issuer hereby expressly declares that it is aware of the requirements for registration and settlement on Iberclear. The settlement of transactions will be performed through Iberclear.

25.2 PUBLICATION OF THE ADMISSION OF THE ISSUES OF THE COMMERCIAL PAPER

The admission of the Commercial Paper will be reported on the MARF's website www.bolsasymercados.es.

26. LIQUIDITY AGREEMENT

The Issuer has not signed any liquidity agreement whatsoever with any entity regarding the Commercial Paper to be issued under the program.

In Madrid, 18 October 2023.

As the persons responsible for the Information Memorandum (*Documento Base Informativo*):

Mr. Jorge Pérez de Leza Eguiguren
Metrovacesa, S.A.

Mr. Borja Tejada Rendón-Luna
Metrovacesa, S.A.

ANNEX 1

STANDALONE AND CONSOLIDATED 2021 AND 2022 ANNUAL ACCOUNTS

2021 Standalone and Consolidated Annual Accounts:

2021 Standalone (link here) and Consolidated (link here) Annual Accounts.

2022 Standalone and Consolidated Annual Accounts:

2022 Standalone (link here) and Consolidated (link here) Annual Accounts.

ISSUER

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