

**Neinor**  
HOMES

## ABSORPTION OF QUABIT

> January 2021

IBEX MID CAP®



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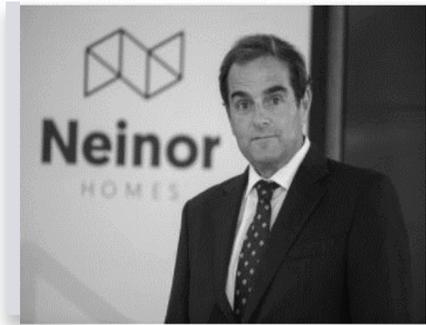
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**Borja Garcia-Egotxeaga**  
CEO



**Jordi Argemi**  
DEPUTY CEO/CFO



**José Cravo**  
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# 01

## TRANSACTION RATIONALE



# TRANSACTION RATIONALE

Once-in-a-cycle  
**Land Acquisition**

**+7,000 units** with a  
limited equity payment  
**(€62mn<sup>1</sup>)**

**Target Profit: +€200mn**  
over 5Y period – incl.  
operational, fiscal and  
financial synergies

Target **equity multiple:**  
**>3x**

**Restructured Quabit  
Debt:** Agreed haircut of  
**€45-50mn<sup>2</sup>**

Transaction and Business  
Plan are **fully funded**



1. Calculated as the 7.0% of the sum of the market caps of both companies as of 8/1/2020. 2. This assumes direct debt haircut and indirect value arising from valuation differences between GAV and Neinor's land underwriting of assets used to cancel debt.

# TRANSACTION RATIONALE

## A COMPELLING STRATEGIC RATIONALE



- 1 Land Acquisition of **+7,000** housing units at an attractive price of **c€50k/unit**
- 2 Equity efficient and accretive Land Acquisition (c75% discount to NAV<sup>1</sup>)
- 3 Highly complementary portfolio and access to affordable housing segment
- 4 Unique Synergies : i) operational; ii) fiscal; iii) financial
- 5 Self-funded Business Plan with a conservative capital structure (**20-25%<sup>2</sup> LTV Pro-Forma**)

A further step to consolidate a **leading residential platform**

1. Dec20 estimated NAV. 2.Loan-to-Value (LTV) range based on estimated GAV (Gross Asset Value) as of Dec20 and Neinor's land underwriting.

# TRANSACTION RATIONALE

## LAND BANK UNDERWRITING

### LAND BANK UNDERWRITING

Land Bank: +7,000 units  
Target Operating Cash  
Flow: €448mn

- **Fully permitted land: +4,400 units**
  - **Finished Product: 268 units (81% pre-sold) at a cost of c€1,400/sqm**
  - **WIP: 1,337 units (62% pre-sold) at a cost c€855/sqm**
  - **Fully Permitted: c2,800 units at a cost c€130/sqm**
- **Non fully permitted:** Neinor has conservatively underwritten an additional +2,600 units at **c€12/sqm**

**65% of underwriting cost** is covered by cash flow generated by finished product and WIP developments with strong pre-sale levels

# TRANSACTION RATIONALE

## KEY TRANSACTION TERMS

### KEY TERMS

- BoDs have **unanimously approved** to propose the merger with Quabit receiving a 7% stake in Neinor: implied **exchange ratio** of 25.9650
- The transaction has received the formal support through **voting undertakings** representing **26%<sup>1</sup>** of the **share capital** and **debt agreements** with the main **lenders**
- **Hard commitment** with material break-up clauses to ensure execution certainty
- **Quabit debt will be restructured** (refinancing and haircut) to achieve a **sustainable combined capital** structure
- **All treasury shares** of both companies will be **cancelled pre-merger**
- Quabit shareholders will receive **newly issued shares** as per the agreed exchange ratio

### NEXT STEPS

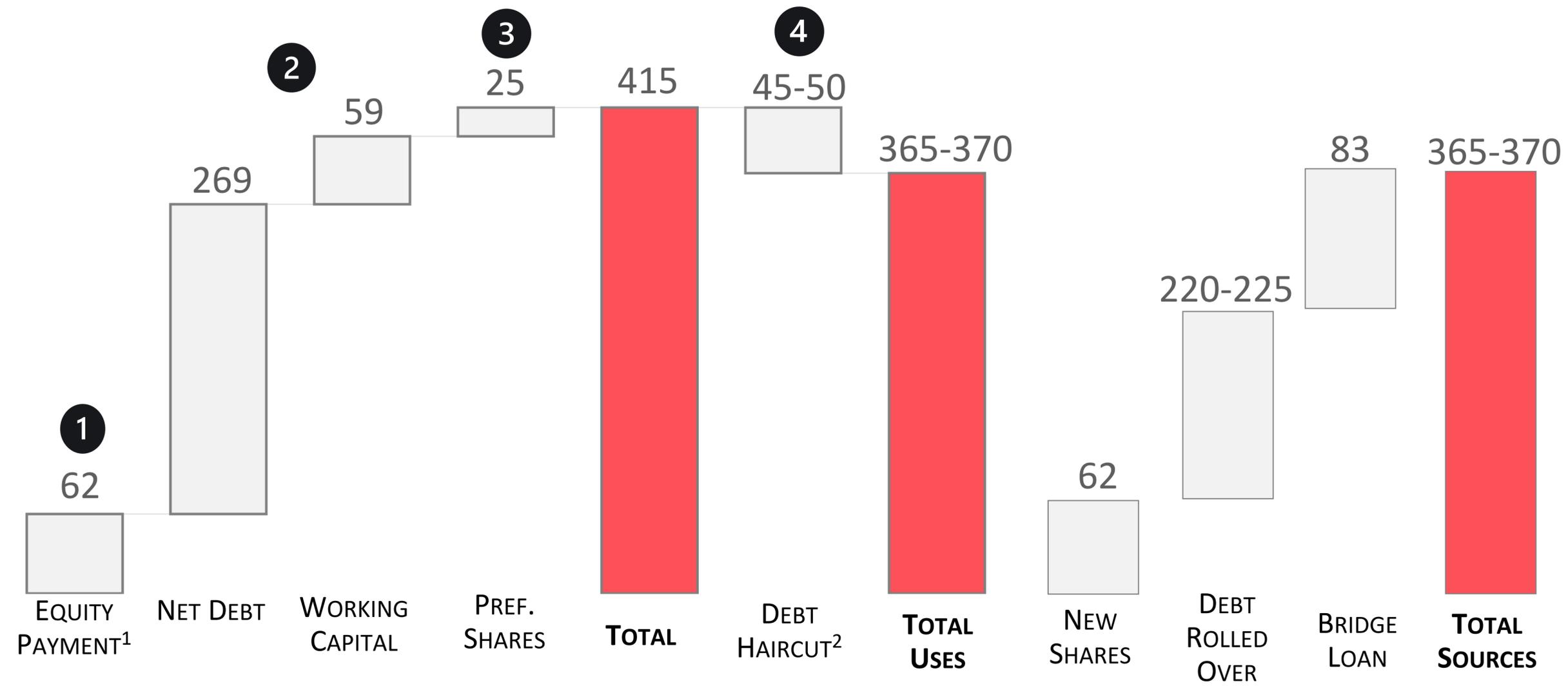
- Following issuance of commercial register independent report, **GSM** to be held by **late Mar21/ beginning Apr21**
- **Merger is conditional upon Neinor and Quabit GSMs approval**: +50% quorum in first call and simple majority required

1. Hard irrevocable commitment from Félix Abanades for 18% of share capital and commitment on additional c8% of share capital.

# TRANSACTION RATIONALE

## SOURCES & USES

> The debt haircut negotiated implies a 16-18% reduction in Quabit's gross debt



- 1 Quabit shareholders will own a 7% stake in the combined entity
- 2 Net debt and working capital figures as of Nov20
- 3 Preferred shares valued at nominal value of €25mn
- 4 Debt haircut of €45-50mn negotiated with Quabit debtholders

1. Calculated as the 7.0% of the sum of the market caps of both companies as of 8/1/2020. 2. This assumes direct debt haircut and indirect value arising from valuation differences between GAV and Neinor's land underwriting of assets used to cancel debt.

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QUABIT'S  
OVERVIEW

ALQUERÍAS HOMES | Delivery 2020



# QUABIT'S OVERVIEW

## COMPANY SNAPSHOT

### LAND PORTFOLIO<sup>1</sup>

**+7,000**  
Housing Units

**c5.5mn sqm**  
Buildable Area

**146**  
Land Plots

**c2,500**  
Active Units

**c1,400**  
Social Housing Units

### VALUATION AND LEVERAGE<sup>1</sup>

**~€500mn**  
GAV

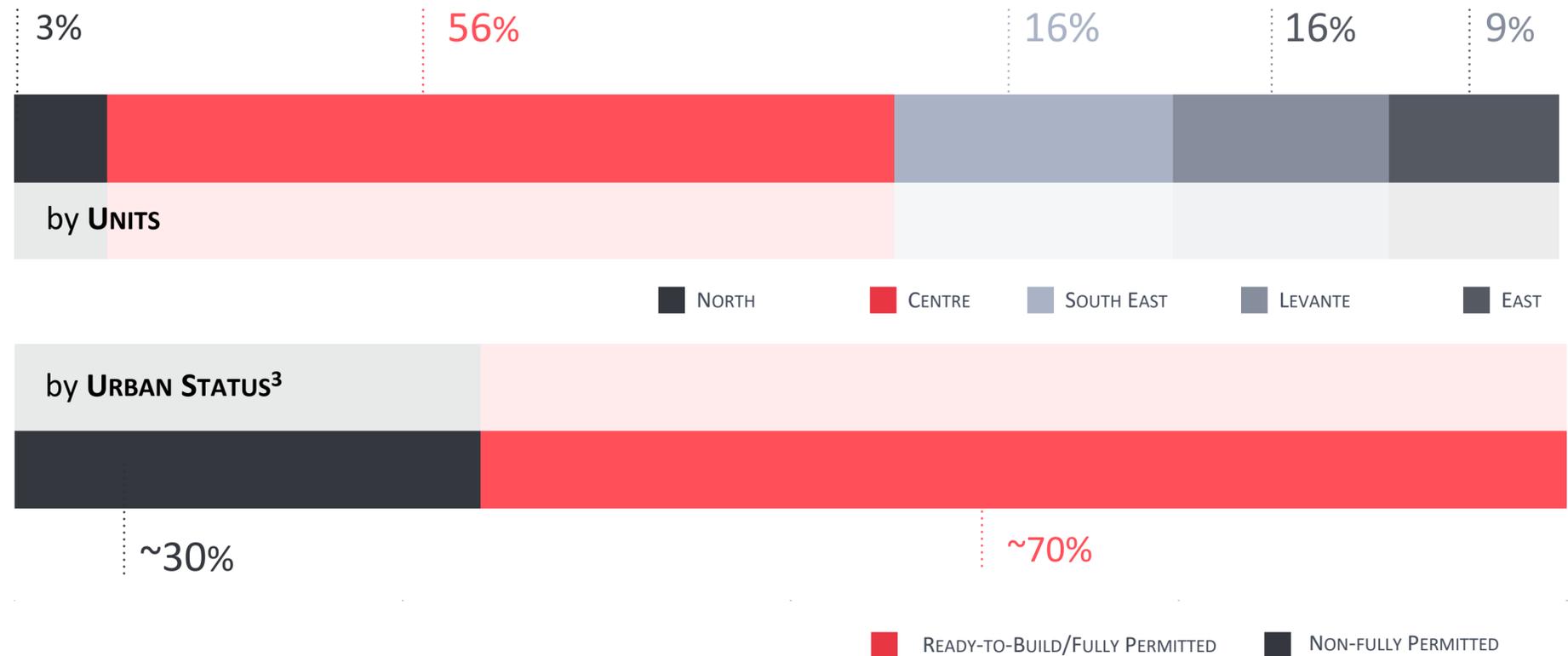
**~€200mn**  
NAV<sup>2</sup>

**~€240mn**  
Net Debt<sup>2</sup>

**~48%**  
LTV

**8-16%**  
Cost of Debt

### 20YE APPRAISAL<sup>1</sup>: BREAKDOWN BY UNITS AND BY URBAN STATUS

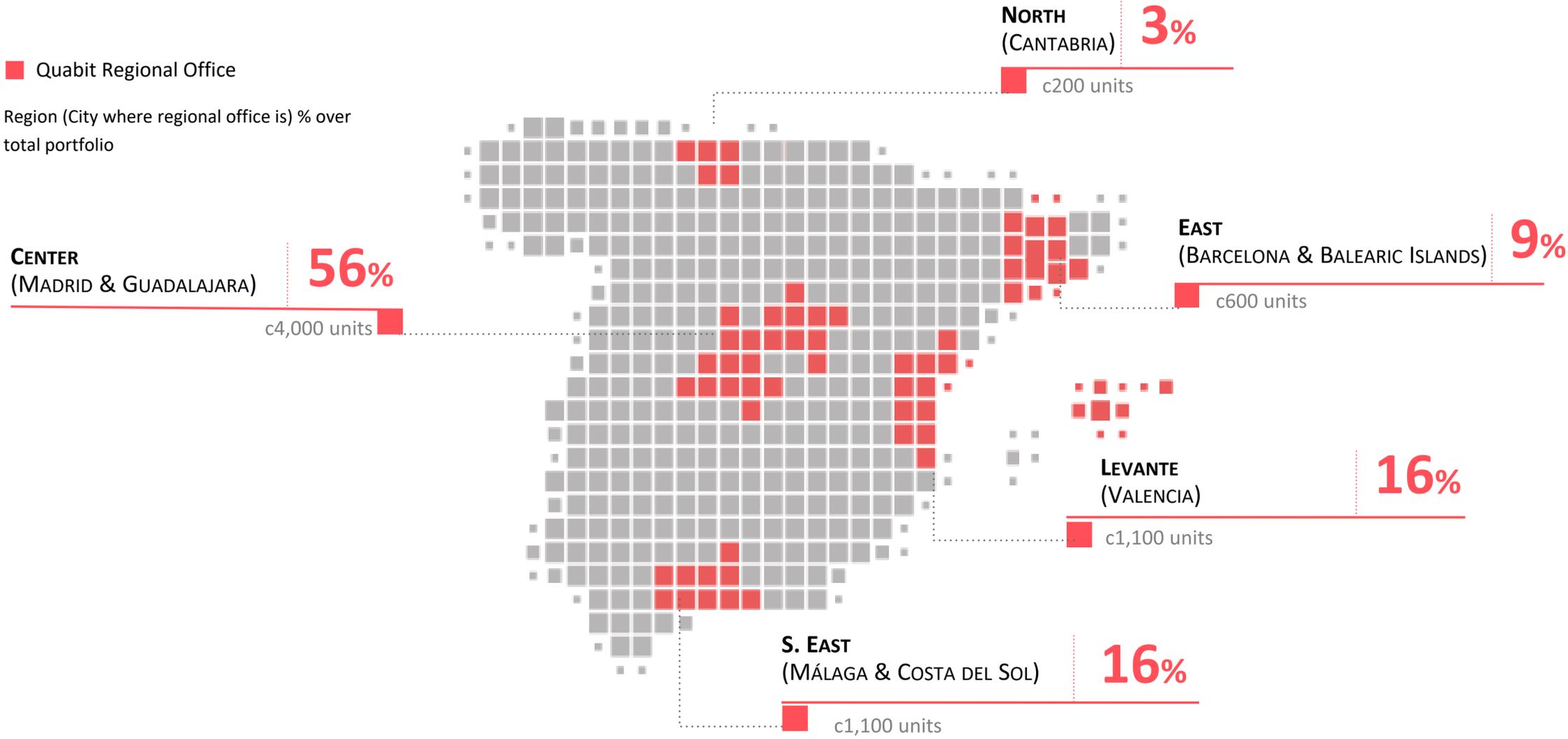


1. Estimate as of Dec20. 2. Estimate post debt haircut 3. Calculated over the buildable area from Dec19 appraisal.

# QUABIT'S OVERVIEW

## A HIGHLY COMPLEMENTARY LAND PORTFOLIO

➤ Quabit's land bank is concentrated in well communicated expansion areas of Madrid and Malaga.



**+7,000 units**  
Land Bank

**€220k/unit**  
Average Selling Price

**c5.5mn sqm**  
Buildable Area

**~70%**  
Fully Permitted

**95%**  
Multifamily

# QUABIT'S OVERVIEW

## ACTIVE LAND BANK

> ~90% of the active land bank<sup>1</sup> is located in the Centre and South East regions



- 1 c70% of the **WIP & FP** units have been pre-sold and ~56% of the total active land bank was pre-sold
- 2 +€250mn order book with an implicit **ASP** of ~€220k/unit
- 3 +70% of the order book is made of private contracts

1. As of Dec20.

# QUABIT'S OVERVIEW

## PROJECT EXAMPLES: CENTRE REGION

**TORRES DEL MAYORAZGO (135 units)** | Cañaverall, Madrid



**LAS QUINTAS DEL CAÑAVERAL (70 units)** | Cañaverall, Madrid



**DALÍ 13 (90 units)** | Valdemoro, Madrid



**STYL3 (57 units)** | Guadalajara



**EUROPA (101 units)** | Azuqueca de Henares, Guadalajara



**LOS CAPRICHOS (24 units)** | Alovera, Guadalajara

# QUABIT'S OVERVIEW

## PROJECT EXAMPLES: SOUTH EAST REGION

Quabit **RIVERSIDE** (75 UNITS) | Benahavis, Málaga



Quabit **Royal CASARES** (75 UNITS) | Casares, Málaga



Quabit **LOS PEDREGALES** (35 UNITS) | Estepona, Málaga



QUABIT **ATRIA** (24 UNITS) | Málaga, Málaga



Quabit **NOVA** (64 UNITS) | Málaga, Málaga



Quabit **AUDITORIUM** (112 UNITS) | Estepona, Málaga



Quabit **ADHARA** (61 UNITS) | Málaga, Málaga



Quabit **EL LAGAR** (79 UNITS) | Torremolinos, Málaga

# QUABIT'S OVERVIEW

## PROJECT EXAMPLES: OTHER

Quabit **NATURA SON PARC** (50 UNITS) | Menorca, Balearic Islands



Quabit **POBLA NOVA** (60 UNITS) | Pobla de Vallbona, Valencia



Quabit **PAI PORTA** (59 UNITS) | Paiporta, Valencia

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NEINOR PRO-FORMA

IRU BIDE HOMES | Delivery 2020



# NEINOR PRO-FORMA COMPANY SNAPSHOT

## DEVELOPMENT BUSINESS

**+16,000**  
Housing Units<sup>1</sup>

**c7,500**  
Under commercialization

**c6,000**  
WIP & Finished Product

**c3,500/c€1bn**  
Order Book

**75%**  
Fully Permitted Land

## RENTAL PORTFOLIO

**c1,200**  
Housing Units<sup>2</sup>

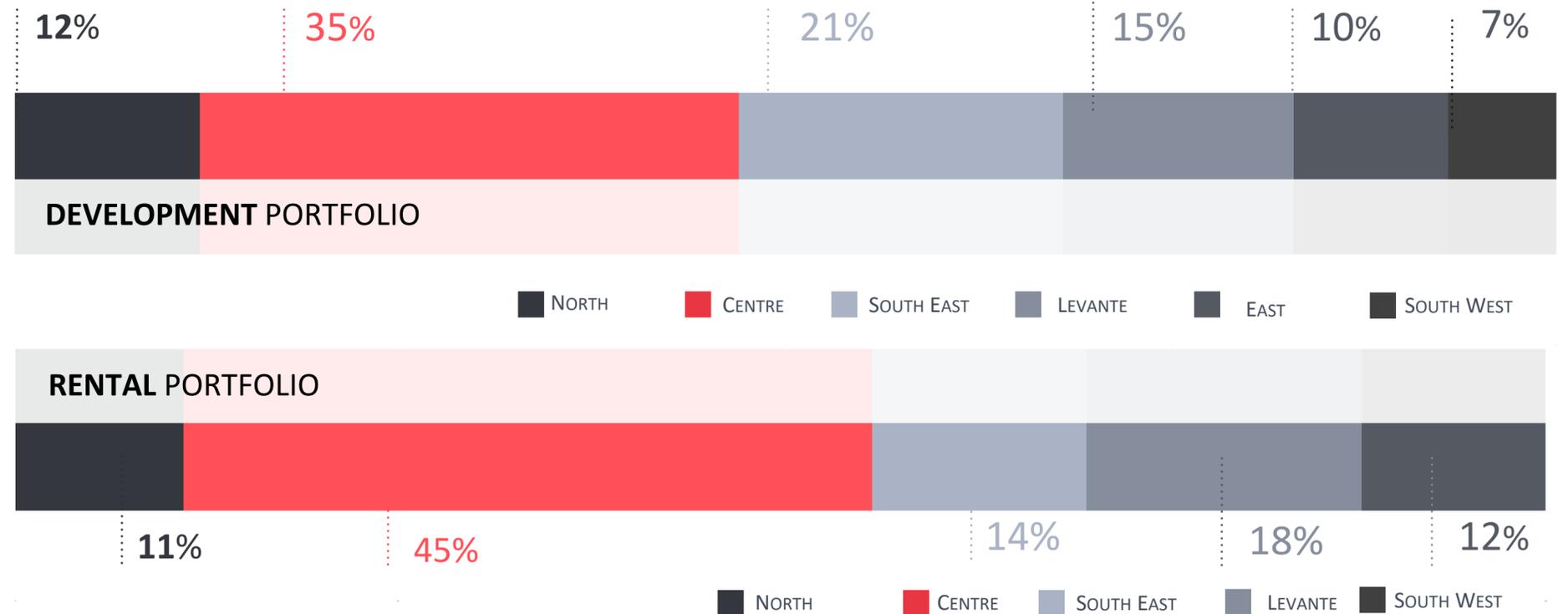
**c450**  
Units under WIP

**+€20mn**  
Gross Rental Income

**c6-7%**  
Target Yield-on-Cost

**2,500**  
Units under management  
Renta Garantizada

## GEOGRAPHIC BREAKDOWN OF DEVELOPMENT AND RENTAL PORTFOLIOS (UNITS)

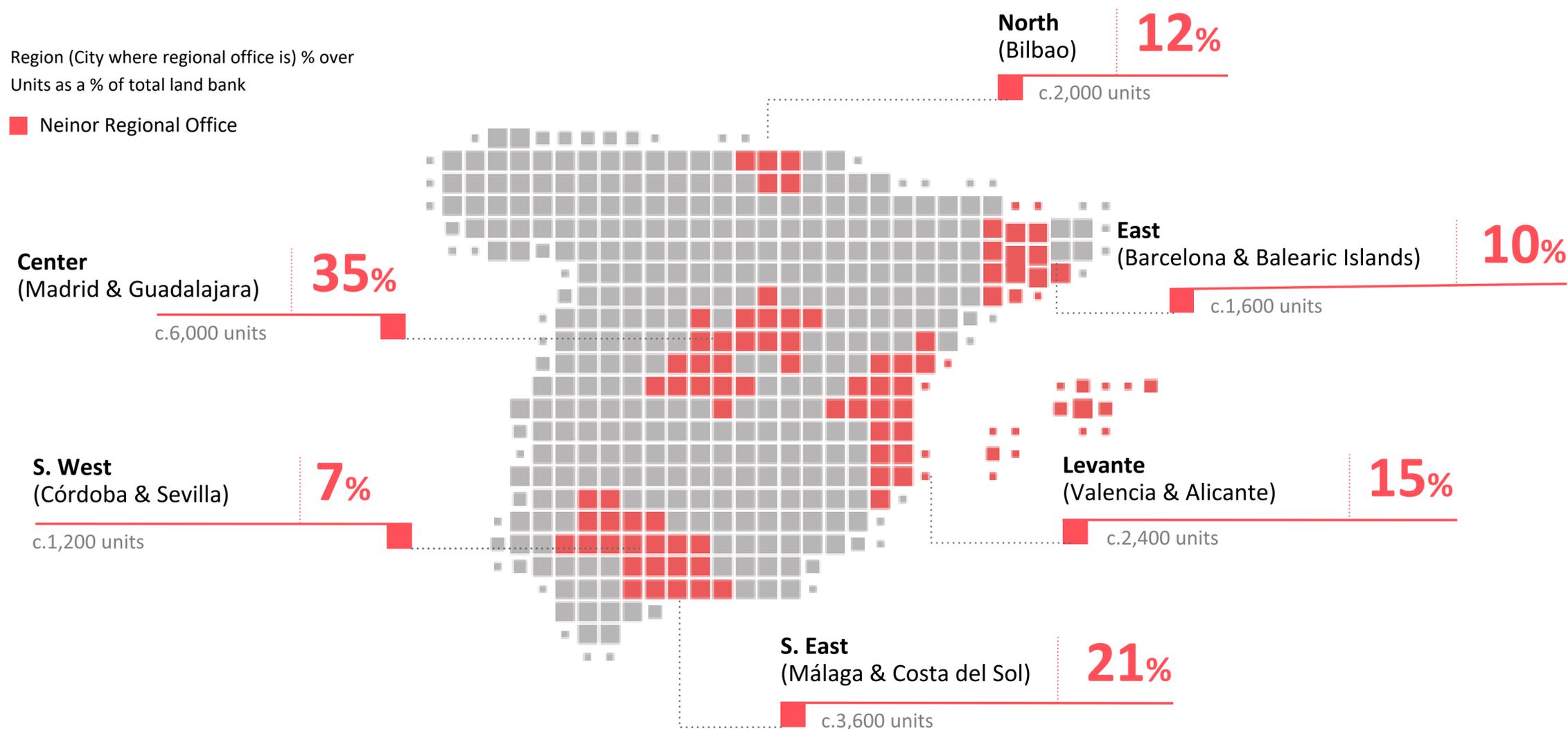


1. This land bank includes c1,200 units belonging to the rental development portfolio. 2. Potential to increase rental portfolio with an additional +1,500 units up to +2,700 units.

# NEINOR PRO-FORMA

## DEVELOPMENT BUSINESS: OPERATIONAL SNAPSHOT

> Neinor's Land Bank is concentrated in the Top 6 regions by housing demand in Spain



**+16,000 units<sup>1</sup>**

Land Bank

**c7,500 units**

under commercialization

**c6,000 units**

WIP & Finished Product

**c3,500 units**

Pre-sold (+€1bn order book)

**75%**

Fully Permitted

1. This land bank includes c1,200 units belonging to the rental portfolio.

# NEINOR PRO-FORMA

## KEY FINANCIAL METRICS

### NEINOR

### QUABIT

### NEINOR PRO-FORMA

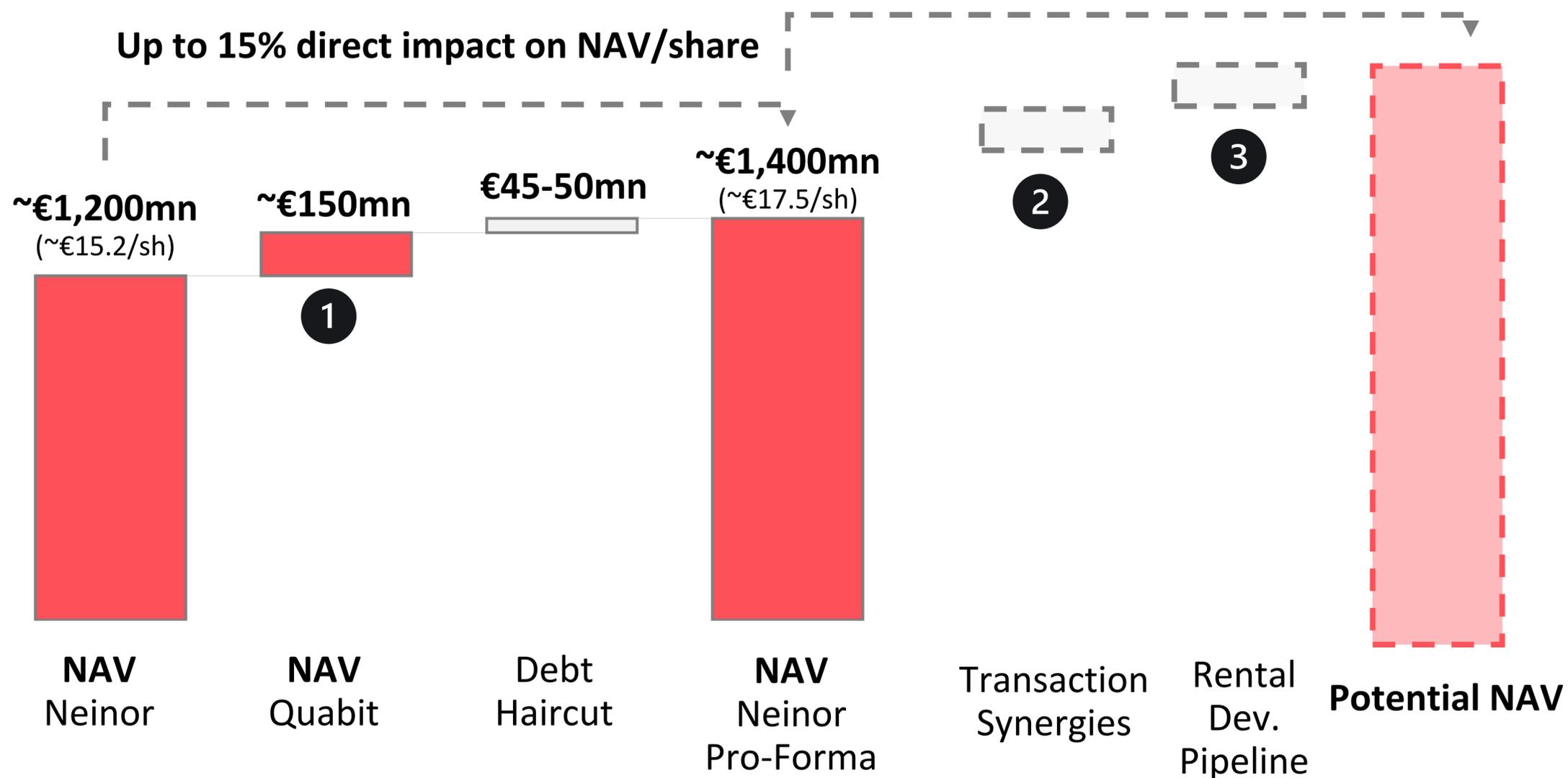
	NEINOR	QUABIT	NEINOR PRO-FORMA
<b>HOUSING UNITS (#)</b>	+9,000	+7,000	<b>+16,000</b>
<b>ASP (€k/unit)</b>	~330	~220	<b>~280</b>
<b>GDV (€mn)</b>	~3,000	~1,500	<b>~4,500</b>
<b>GAV (€mn)<sup>1</sup></b>	~1,500	~500	<b>~2,000</b>
<b>NAV (€mn)<sup>1</sup></b>	~1,200	~200 <sup>3</sup>	<b>~1,400</b>
<b>Adj. Net Debt (€mn)<sup>1</sup></b>	~160	~240 <sup>3</sup>	<b>~400</b>
<b>LTV (%)</b>	~10%	~48%	<b>20-25%<sup>2</sup></b>

1. GAV, NAV and Adjusted Net Debt estimate as of Dec20. 2. Loan-to-Value (LTV) range based on estimated GAV (Gross Asset Value) as of Dec20 and Neinor's land underwriting. 3. Calculated post debt haircut.

# NEINOR PRO-FORMA

## ILLUSTRATIVE NAV

> Both Neinor and Quabit will update their individual appraisals to Dec20 with FY20 results presentation due in late February



- 1 Based on Dec20 NAV estimate for Quabit excluding the debt haircut impact
- 2 We expect transaction synergies: operational, fiscal financial
- 3 Appraisal upside on Neinor's +2,700 rental development pipeline

# 04

## KEY TAKEAWAYS



## KEY TAKEAWAYS

Once-in-a-cycle accretive opportunity to **double land bank (+16k units)**

With unique **operational, fiscal and financial synergies**

**Own shares cancellation (5.9% - c€51mn)** and **increase shareholder remuneration**

Conservative capital structure: **20-25% LTV<sup>1</sup>**

**Fully funded Business Plan** with strong capacity to grow (**+€200mn** cash)



1. Loan-to-Value (LTV) range based on estimated GAV (Gross Asset Value) as of Dec20 and Neinor's land underwriting.

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APPENDIX



# APPENDIX

## RENTAL PORTFOLIO: DEVELOPMENT PIPELINE

> Post transaction Neinor Rental Development pipeline could reach +2,700 units

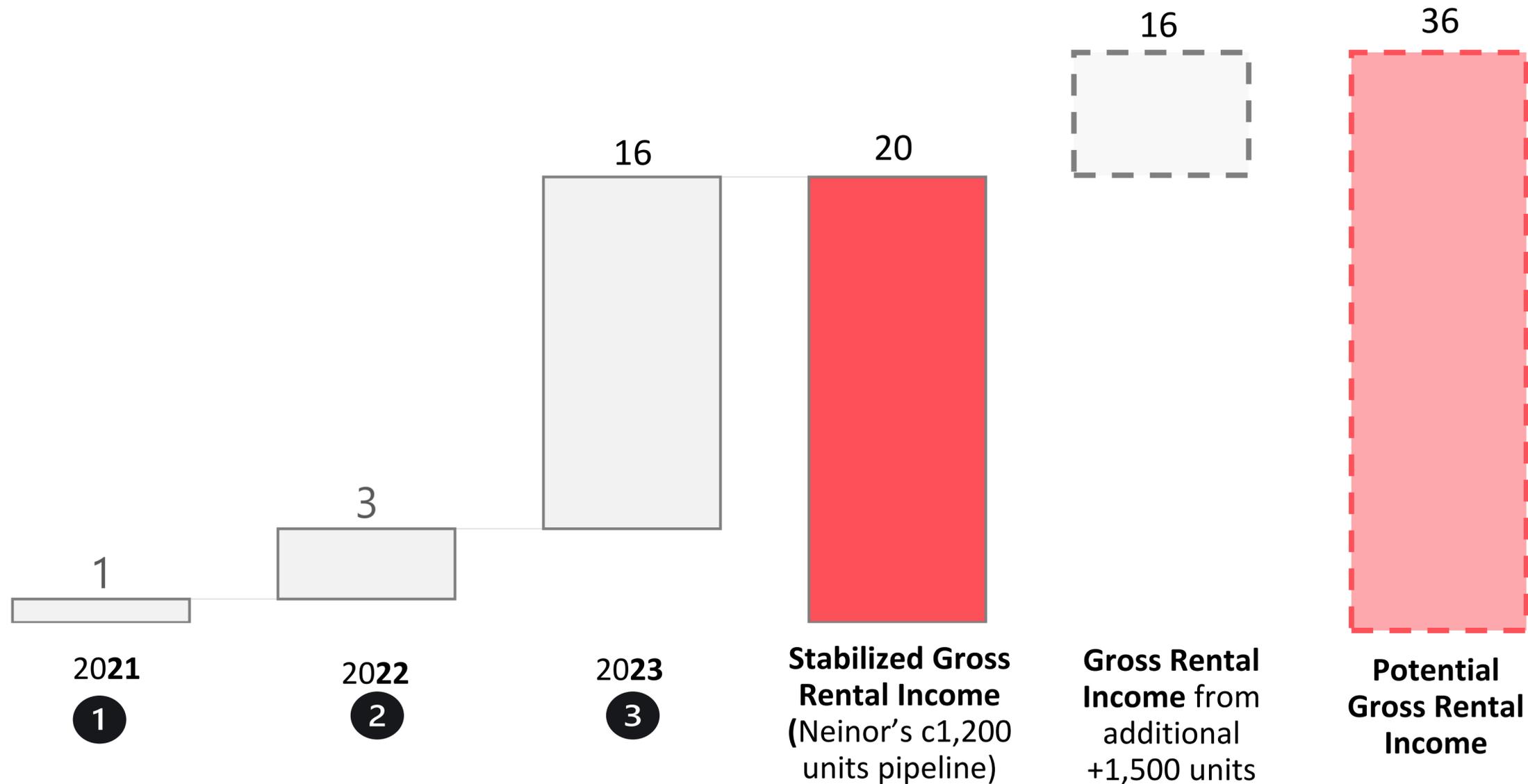
	EXISTING NEINOR PORTFOLIO (c1,200 UNITS)								
	WIP			TO START CONSTRUCTION IN 2021					
									
	Hacienda HOMES	SKY HOMES	Europa HOMES	Parla HOMES	Zorrozaure	Gran Capitan	Joaquin Lorenzo	Serena Homes	Dual Homes
<b>Units (#)</b>	113	213	134	150	125	133	166	46	74
<b>GLA (sqm)</b>	14,200	26,900	15,500	13,200	14,200	16,100	14,600	6,200	8,200
<b>LOCATION</b>	Málaga	Valencia	Madrid	Madrid	Bilbao	Cordoba	Madrid	Malaga	Madrid
<b>GROSS RENTS (€M)</b>	1.4	3.2	2.6	1.5	2.2	1.7	4.5	0.9	1.2
<b>DELIVERY</b>	1H21	2022	2023	2023	2023	2023	2023	2023	2023

NEINOR RENTAL PORTFOLIO (#)	TOTAL GLA (K SQM)	TOTAL GROSS RENTAL INCOME	GROSS YIELD ON COST	EXPOSURE TO MADRID
<b>c1,200</b>	<b>~130,000</b>	<b>+€20mn</b>	<b>~6-7%</b>	<b>c45%</b>
QUABIT LAND BANK (#)	TOTAL GLA (K SQM)	TOTAL GROSS RENTAL INCOME	GROSS YIELD ON COST	EXPOSURE TO MADRID
<b>+1,500</b>	<b>~200,000</b>	<b>+€16mn</b>	<b>~6%</b>	<b>c80%</b>

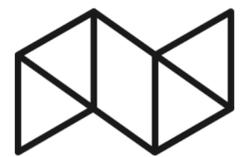
# APPENDIX

## RENTAL PORTFOLIO: DEVELOPMENT PIPELINE

➤ Neinor is targetting a stabilized Gross Rental Income of +€20mn for its seed portfolio of c1,200 units



- 1 In 1H21 Neinor will deliver its first project in Málaga – Hacienda Homes with 113 units
- 2 In 2022 Neinor has scheduled for delivery Sky Homes in Valencia with 213 units
- 3 2023 will be the busiest year for deliveries with a total of 7 buildings up to be delivered with +800 units
- 3 Financing is secured for 100% of the portfolio and Neinor should start construction on all projects before YE



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