



Neinor HOMES

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Q1 2017 Results Presentation



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Today's Agenda

Presenters



Juan Velayos
CEO



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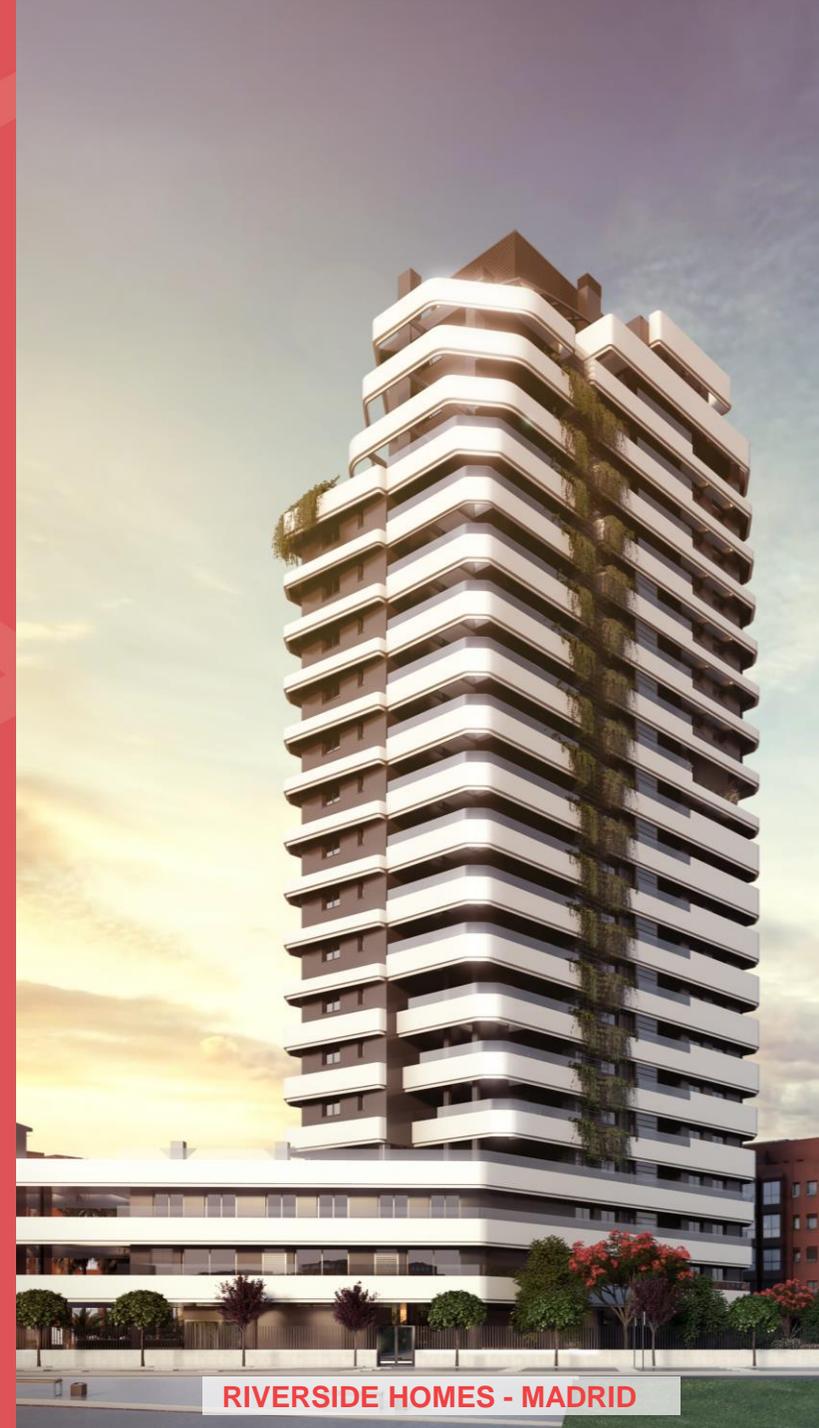


Juan Gómez Vega
Head of Investor Relations

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- 2 Business Review
- 3 Financial Overview
- 4 Key Takeaways
- 5 Case Studies
- 6 A Socially Responsible Company
- 7 Q&A

1. INTRODUCTION



RIVERSIDE HOMES - MADRID

Investment Case in the Leading Homebuilder in Spain

Leading Pure Residential Homebuilder in Spain with ~30 years of track-record

- ✓ Targeting **multi-family residential units**
- ✓ **Medium to medium-high-end** client base with access to bank mortgages
- ✓ 75% / 25% first vs. second residence

Three Pillars to Create a New Sector in Spain

- ✓ **Institutionalized Delivery:** Adoption of the best international practices
- ✓ **High-Quality Product:** Unique product definition with efficient and sustainable new houses
- ✓ **Client Focused:** Customers are the main focus of the company

High-Quality, Fully Permitted Land Portfolio

- ✓ **Fully permitted** land bank covering ~1 year backlog to optimize ROCE
- ✓ Rigorous and disciplined analysis for acquisitions closed in the **best locations with strong immediate demand**

Proven Industrialised Business Model

- ✓ **Experienced management team** leading 208 employees with top financial expertise and a track-record of 35,000+ units built
- ✓ **Scalable and flexible business model**, based on externalization
- ✓ **De-risked and disciplined:** milestones necessary to start construction: 30% pre-sales, license granted, turn-key construction contract and CapEx financing signed

Complimentary Cash-Flow-Generating Ancillary Business Lines

- ✓ **Servicing platform:** Exclusive contract to manage Kutxabank real estate assets until 2022
- ✓ **Legacy division:** Selection of most liquid real estate assets owned by Kutxabank to be sold in the next 18 months

Clearly Defined Run-Rate targets

- ✓ Delivery of **3,500-4,000 units per year** – led by market share and industry consolidation
- ✓ **~EUR 300k Average Selling Price** – market segment with growing access to bank mortgages
- ✓ **~20% EBIT margin and >15% ROCE** – discipline throughout the process and with limited number of competitors
- ✓ **Low debt c. 20% LTV & c. 40% Net Debt / Equity** – limited debt to finance CapEx to cap the downside in a cyclical industry

Strong Q1 Outperforming Expectations

HIGHLIGHT

MACRO SUPPORT FOR INCREASING HOUSING DEMAND

SUPPORTIVE MACRO

1	GDP growth in 2016 3.2% y-o-y Above European Average	Housing affordability 6.8x price to avg. income* 4.5% HPA**/30% below peak	Housing Starts 64,038** 73% below peak
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*Q4 2016 ** 2016

NEW ACQUISITIONS EXCEEDING TARGET MARGINS

THE GLOBAL PICTURE

THE QUARTER

KPIs

2	Land Bank c. 9,700 units 166 developments	Acquisitions c. 700 units 7 developments	YTD acquisitions blended developer margin c. 20%
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PRE-SALES EXCEEDING TARGET VOLUMES AND VALUES

3	Pre-sales Order Book 1,511 units EUR 483m	Sales 319 units EUR 116m	Vs. YTD expectations +46% on units +60% volume
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EXPECTED MARGIN OF c. 22% ACCRETIVE TO REPORTED TARGET

4	Developer activity 3,979 units / 60 sites 3 deliveries / 159 units with Gross Margin ⁽¹⁾ of c. 28%	Construction starts 267 units / 3 sites 1 delivery / 40units Gross Margin of c. 22% ⁽¹⁾	WIP Reported developer margin c. 22% Delivery on time and on budget
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(1) Delivery margins will be reported at Gross Margin level during ramp-up phase. Including accounting provision eliminated in the 2016 audit process, connected to original BV

STRONG LEGACY SALES AND SERVICING ON TRACK, DELIVERING CASH

5	EUR 163m BV Legacy Assets EUR 1.5 bn AuM Servicing	EUR 57m Legacy sales EUR 4.5m EBITDA Servicing	YTD legacy sales +1% vs BV YTD servicing revenues +4% vs. expectations
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THE FINANCIAL STATEMENTS

STRONG FINANCIAL POSITION

6	Revenues EUR 72m +32% vs. YTD expectations	Loan to Value 15%	Cash Available EUR 107 m Net of client deposits
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2. Business Review



ATRIA HOMES - MADRID

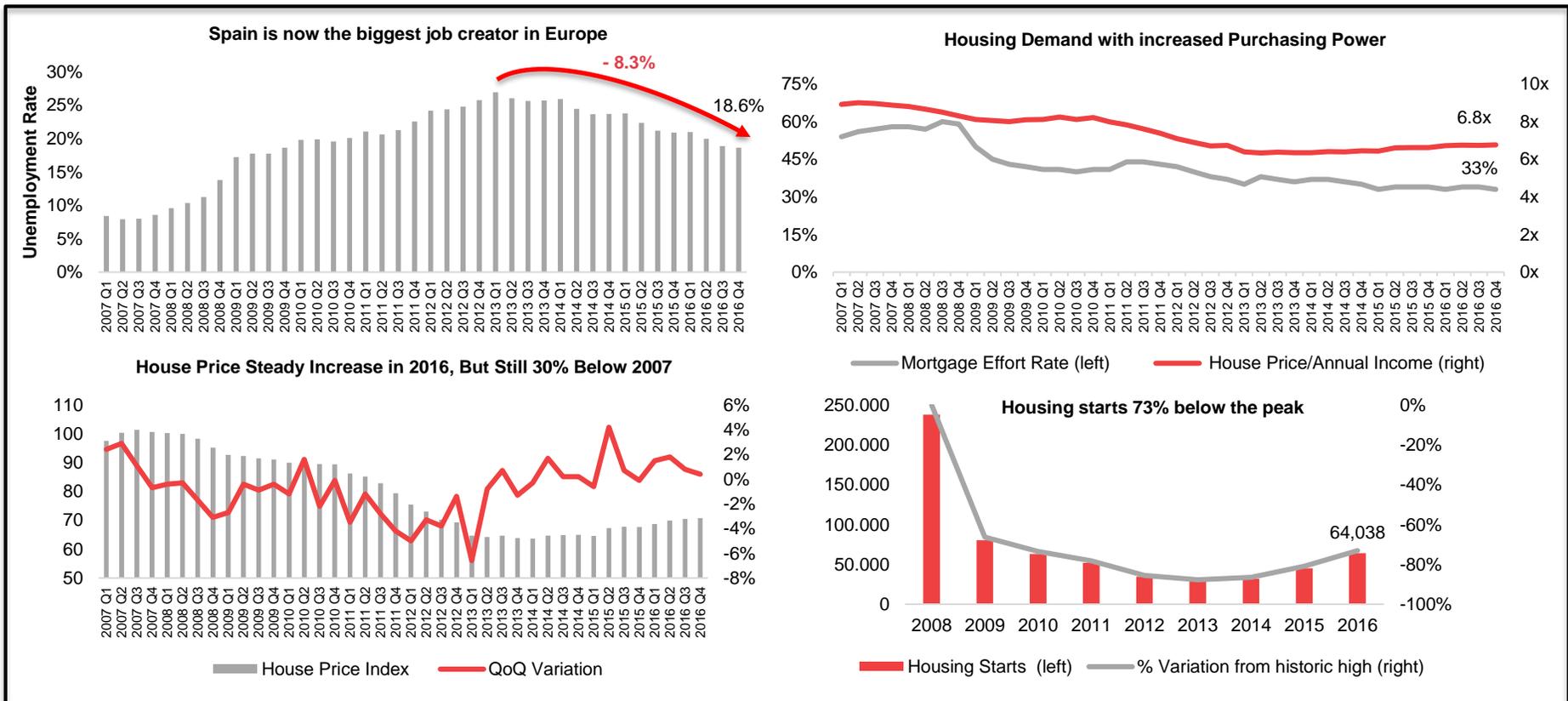
1 Strong Macro Fundamentals

Macroeconomic Growth Supporting High Housing Demand

- ✓ GDP grew 3.2% in 2016 and is expected to grow 2.6% in 2017. Fastest growing big economy in Europe
- ✓ **Unemployment down to 18.6%** and expected to decrease to 16.6% in 2018, representing c. **500,000 new jobs**
- ✓ **Housing affordability continues to improve**, while a total of **281,328 mortgages** were granted in 2016, still 79% below the peak

Few Players to Satisfy Growing Demand

- ✓ **Strong HPA growth (4.5% in 2016)** but prices still **30% below peak**
- ✓ **Growing supply volumes** but still 73% below peak. 64,038 housing starts in 2016 - of which 927 correspond to Neinor Homes
- ✓ Room for growth and consolidation in a fragmented supply market



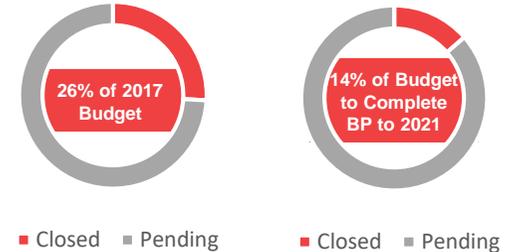
Source: Spanish Statistics Institute (INE), Ministerio de Fomento, Bank of Spain, IMF

Continued Stream of Acquisitions of Fully Permitted Land

Q1 Land Acquisition Activity Summary

- ✓ Seven acquisitions were closed during Q1 for **EUR 51.6m**, representing **c. 700 units** with a **blended developer margin of c.20%**
 - First site acquired in Valencia – see *Case Study for more info*
- ✓ Land bank totals **166 developments** for **c. 9.700 units**
- ✓ In closing or exclusive due diligence phase for plots worth **EUR 81m** and **c.1,000 units**
- ✓ **Efficient closing process**, following **disciplined analysis and rigorous due diligence** allowing continued flow of **acquisitions from non-natural holders of land**

Acquisition Program Evolution



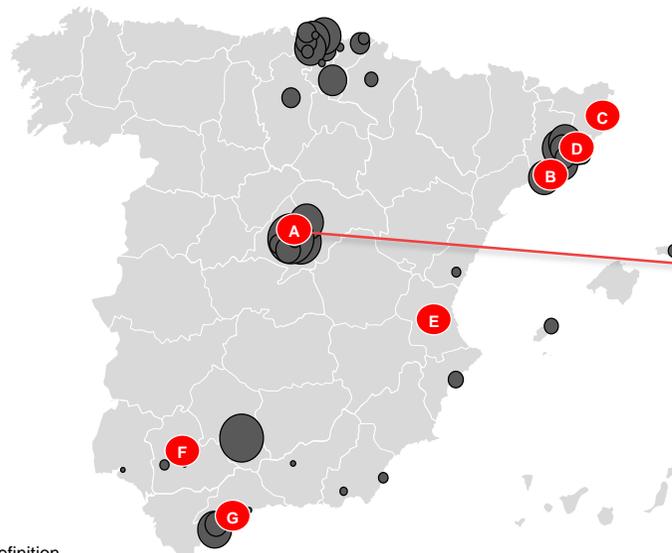
EUR 380m Acquisition Pipeline



Additions in Q1 to a High Quality Land Bank

ID.	Region	City	Units ⁽¹⁾
A	Center	San Sebastián de los Reyes	120
B	East	Sitges	51
C	East	Gerona	85
D	East	Sabadell	90
E	East	Valencia	54
F	South	Mairena de Aljarafe	150
G	South	Casares	150
			700

- Land developments as at December 31st 2016
- Q1 2017 Land Acquisitions



Plot acquired on March 2017 from a Private Bank in San Sebastian de los Reyes, Madrid, suitable for ca. 120 units



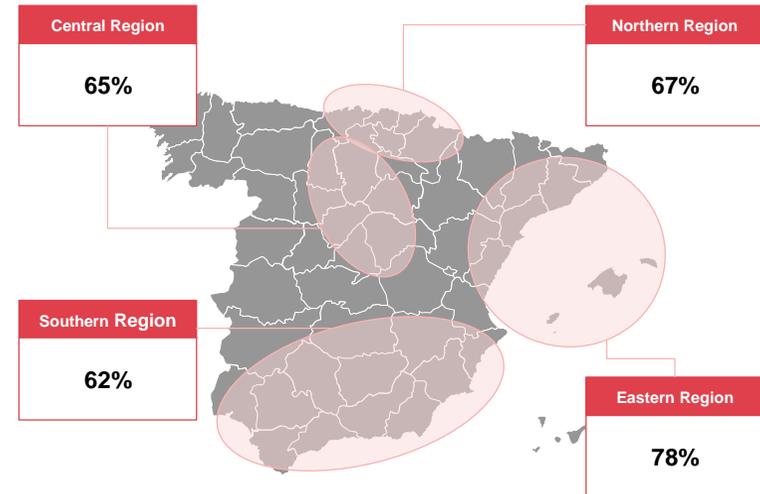
(1) Approximate units. Final number of units depend on product definition

Active commercialisation in 33 Developments ⁽¹⁾

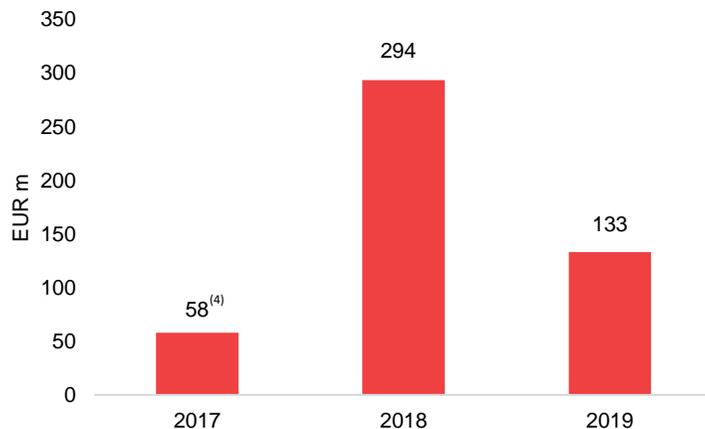
Strong Q1 Sales Performance

- ✓ **Strong pre-sales in a quarter that is traditionally slow**
 - ✓ **319 units (46% ahead of YTD expectations)**, equivalent to **EUR 116m (60% ahead of YTD expectations)**
 - ✓ **BP 2017 fulfilment 20% in units, 24% in volume**
 - ✓ **Average selling price of EUR 364k⁽²⁾**
 - ✓ **HPA captured +4.5%**
 - ✓ **Sales velocity 3+ units/ month per active development**
 - ✓ **Stock available equals 11 months of sales - vs. 17 months average construction period**
- ✓ **Pre-sales Order Book of EUR 483m – 1,511units**
 - ✓ **Low cancellation ratios: 2% for reserves, 0.1% for contracts⁽³⁾**
 - ✓ **Cash received to date EUR 38.9m**

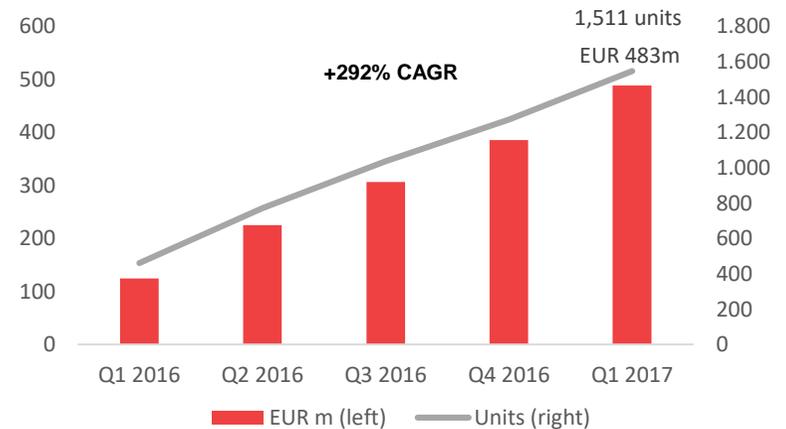
% Pre-Sales / Total Stock For Sale by Region



Pre- Sales visibility (EUR m)



Order Book (EUR m LHS – # units RHS)



(1) Figure does not include 3 developments that were 100% pre-sold at the end of 2016 (2) Average selling price may vary depending mix of typology and region of developments in commercialisation (3) Cancellation ratio calculated as: units cancelled in Q1 2017 / (units EoP + units cancelled) (4) Does not include EUR 8.6 of deliveries

Development Activity: 60 Sites in Production

Summary of Quarterly Development Activity

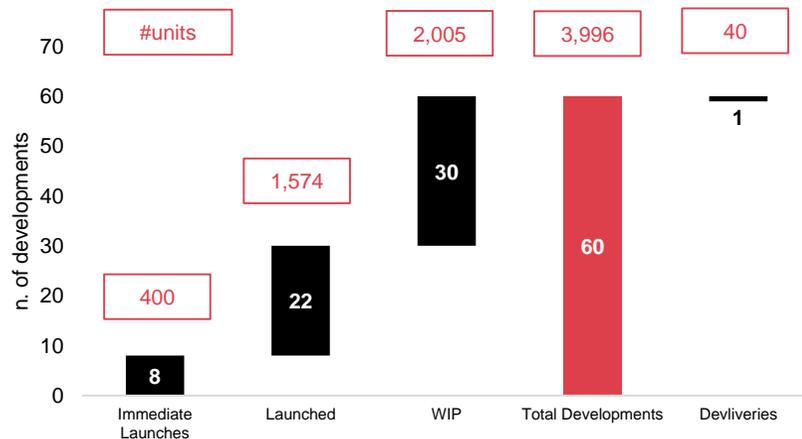
- ✓ **Activity in Q1**
 - ✓ 7 New Launches– 696 units
 - ✓ **3 new WIP (construction starts) – 267 units**
 - ✓ **1 delivery – 40 units** – see *Case Study for more info*
- ✓ As at the end of Q1 – 60 developments / 3,979 units in production
- ✓ 30 site in construction (WIP) - 2,005 units
- ✓ **Construction sites on time and on budget**
- ✓ **C. 22% WIP reported margin**

Dehesa Homes – 1 of the 30 Sites Under Construction

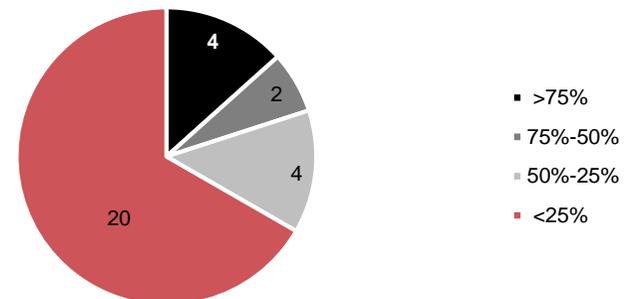


[Click here to watch Dehesa Homes development time-lapse video](#)

Development Activity at a Glance

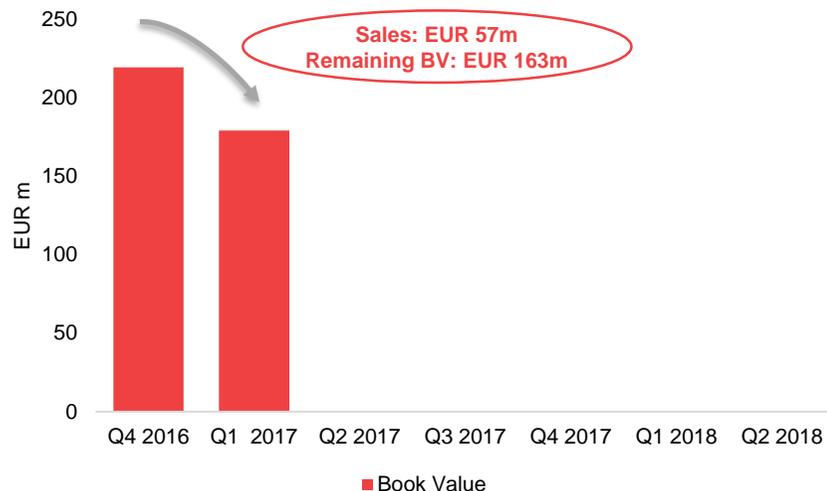


Degree of Completion Of the 30 Development Sites

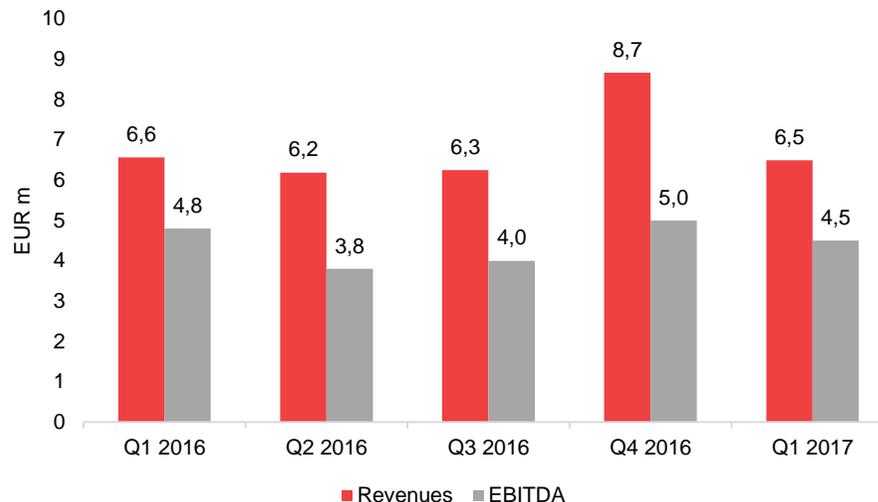


Ancillary Businesses Delivering Cash

Legacy Remaining BV and Quarterly Sales (EUR m)



Servicing Revenues and EBITDA evolution



Legacy Highlights

- ✓ EUR 57m sales in the quarter, 41% ahead of YTD expectations
- ✓ Singular asset Valle Romano was sold during Q1 (BV of EUR 24m)
- ✓ Gross sales margin of sales YTD 1%⁽¹⁾ over Book value
- ✓ EUR 163m of Book Value Remaining at the end of the quarter

Servicing Highlights

- ✓ Assets under management stable at EUR 1.5bn
- ✓ Stable AuM given asset boarding performed as expected compensating for registered sales.
- ✓ EUR 7m of revenues (4% ahead of YTD expectations) with EUR 5m EBITDA.

(1) Net of a change in accounting provisions

3. Financial Overview



**ARBAIZENEA HOMES – DONOSTIA
(BASQUE COUNTRY)**

P&L Statement: Consistent with Target Margins Despite Accelerated Sales

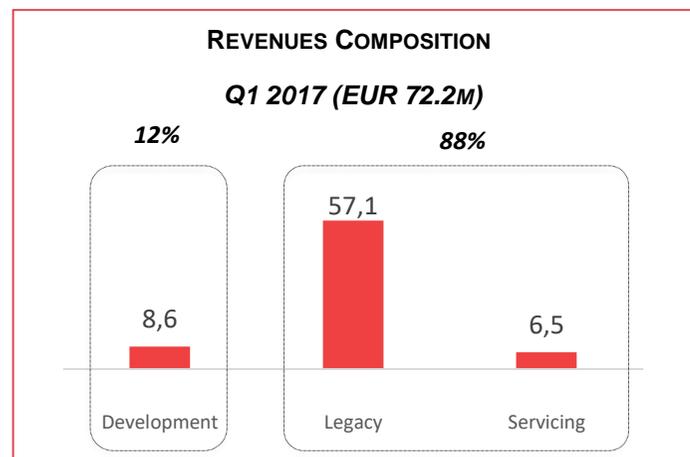
Consolidated P&L (in EUR m)

€M	Q1 2017
Revenues	72,2
Gross Margin	10,8
Gross Margin (%)	14,9%
OpEx ^{1,2}	-17,2
EBITDA Adjusted	-6,4
Amortization	-0,1
Operating Profit (Loss)	-6,5
Operating Margin	-9,0%
Finance Costs	-1,7
Profit (Loss) before Tax	-8,2
Tax charge	0,0
Profit (Loss) for the period	-8,2

1. Values do not include MIP (14.4€M), fully paid by Lone Star equity injection and IPO Costs (2.6€M). MIP (both base & variable) accounting treatment and impact at Corporate Tax level under Deloitte analysis
 2. Values include Property Tax annual provision (4.2€M)

KEY CONSIDERATIONS

- ✓ **Strong revenue performance (32% above YTD expectations).** Driven by ancillary businesses, with solid Legacy Sales (EUR 57m) and stable servicing revenues (EUR 7m)
- ✓ **Core business not yet materially reflected in P&L:** 1 delivery of 40 units. Future revenue visibility enhanced by **excellent pre-sales of EUR 116m**
- ✓ **Margins aligned with YTD expectations.** EBITDA slightly negative (EUR 6.4m), due to i) ramp up of core business, and ii) Full Year property tax provision (EUR 4.2m)



P&L still focused on the ancillary businesses contributing almost 90% of revenues

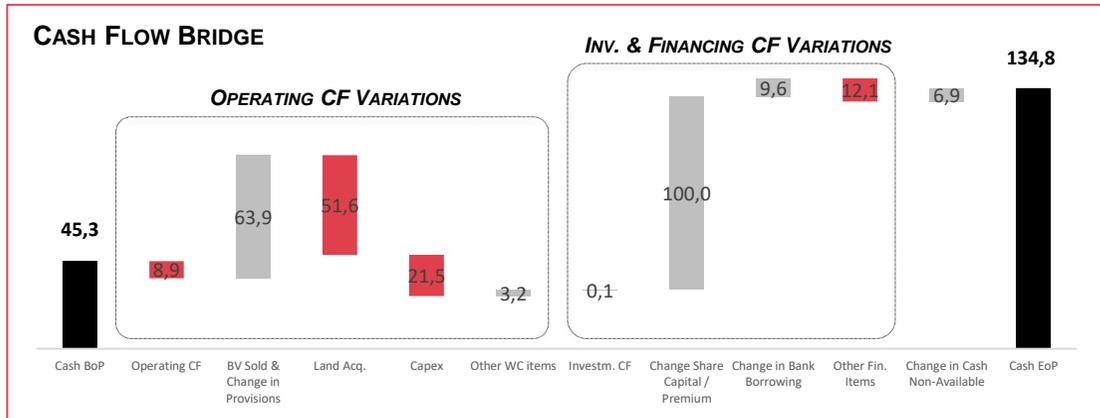
CF Statement: Legacy Sales Fully Financing Ramp-Up

Summary Cash Flow (in €M)

€M	Q1 2017
Profit (Loss) before Tax ^{1,2}	-10,7
Adjustments	1,8
Amortization	0,1
Finance Costs/Revenues	1,7
CF from Operating Activities	-8,9
Working Capital Variation	-6,0
Change in Inventories	-9,2
Book Value Sold	61,4
Change in Trade Provisions	2,4
Land Acquisition	-51,6
Capex	-21,5
Other WC Variations ³	3,2
Net Operating Cash Flow	-14,9
CF from Investments Activities	0,1
Free Cash Flow	-14,8
CF from Financing Activities	97,5
Change in Share Capital/Premium ²	100,0
Change in Bank Borrowing	9,6
Change in Deferred Land Debt ⁴	-10,4
Finance Costs/Revenues	-1,7
Net Cash Flow	82,7
Change in Cash Not-Available	6,9
Cash BoP	45,3
Cash EoP	134,8

KEY CONSIDERATIONS

- ✓ **Slightly negative Free Cash Flow** (EUR 15m negative).
 - ✓ **Legacy sales have fully financed i) land acquisitions** (EUR 51.6m) and **ii) ramp-up of the development business**
 - ✓ **Capex (EUR 21.5m) has been financed with the deposits from the pre-sales (contracts),** and the use of Bank facilities
- ✓ **Very strong Net Cash Flow due to the capital increase of EUR 100m during the IPO,** that will be mainly used for further land acquisitions



- Operating Profit includes IPO Costs (2.6€M)
- Values do not include MIP Costs (14.4€M) given their neutral impact. MIP (both base & variable) accounting treatment and impact at Corporate Tax level under Deloitte analysis.
- Other WC includes change in change in Debtors, Cash not available, Creditors (excluding deferred land payment) and other current liabilities.
- Deferred Land Payment is considered, for conservative purposes, as debt-like item

All cash generated has been reinvested into high quality land for the core business - development

Balance Sheet: Strong Cash Position

Summary Balance Sheet (in EUR m)

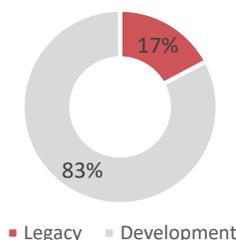
€M	Q1 2017	EoP 2016	Change	
PPE	1,5	1,6	0,0	-1,9%
Investment Property	12,5	12,9	-0,4	-3,0%
Other Non-Current Assets	1,2	1,1	0,1	11,9%
Non-Current Assets	15,3	15,5	-0,3	-1,8%
Inventories	934,6	925,4	9,2	1,0%
Debtors	37,1	29,6	7,5	25,4%
Cash & Equivalents	134,8	45,3	89,5	197,7%
Current Assets	1.106,6	1.000,3	106,3	10,6%
Total Assets	1.121,8	1.015,8	106,0	10,4%
Bank Borrowings	26,6	26,6	0,0	0,0%
Other Non-Current Liabilities	0,5	0,4	0,2	47,0%
Non-Current Liabilities	27,1	27,0	0,2	0,6%
Bank Borrowings	286,6	277,1	9,6	3,5%
Creditors ⁽¹⁾	47,6	49,2	-1,6	-3,3%
Other Current Liabilities	40,2	31,5	8,6	27,4%
Current Liabilities	374,4	357,8	16,6	4,6%
Equity	720,2	631,0	89,2	14,1%
Total Liabilities	1.121,8	1.015,8	106,0	10,4%

1. Creditors includes deferred land payment for an amount of EUR 1,5m

✓ **Total Balance Sheet of EUR 1.1 bn.** Total Equity of EUR 720m and total Liabilities of EUR 402m

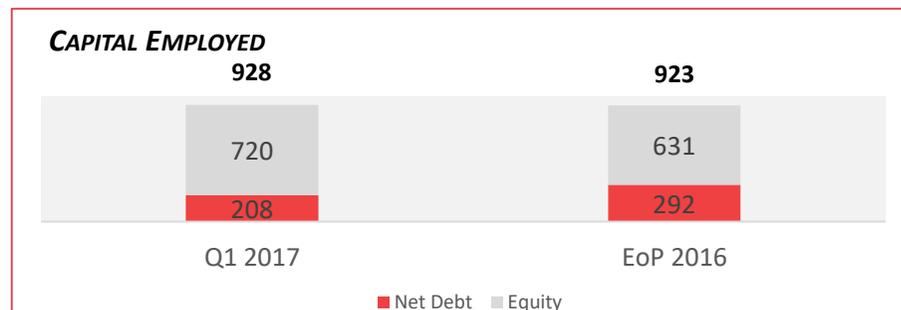
✓ **Inventories & Investment property representing 84%.** Development represents 83% of total Inventories & Investment Property

€M	Q1 2017	Q4 2016
Investment Property	12,5	12,9
Inventories	934,6	925,4
Total Inventories	947,1	938,3
Legacy	163,0	219,4
Development	784,0	718,9



✓ **Strong cash position (EUR 134m) – EUR 107m available**

✓ **Capital Employed of EUR 0.9 bn.**



Solid Balance Sheet of EUR 1.1M and EUR 0.9bn of Capital Employed

Working Capital: Decreasing Legacy Weight

Working Capital (in EUR m)

€M	Q1 2017	EoP 2016	Change	
Investment Property	12,5	12,9	-0,4	-3%
Inventories	934,6	925,4	9,2	1%
Debtors	37,1	29,6	7,5	25%
Trade & Receivables	15,6	20,6	-5,0	-24%
Tax Receivables	16,2	9,1	7,2	79%
Receivables from Shareholder / LS	5,3	0,0	5,3	0%
Other Current Assets	0,0	0,0	0,0	-83%
Cash & Equivalents - Not Available	28,2	21,4	6,9	32%
Current Assets (Adjusted)¹	1.012,5	989,3	23,2	2,3%
Creditors	-46,1	-37,4	-8,7	23%
Provisions	-6,1	-9,1	3,0	-33%
Trade & Payables ²	-28,0	-20,8	-7,1	34%
Tax Payables	-9,0	-4,4	-4,6	104%
Payables from Shareholder / LS	-3,1	-3,1	0,0	0%
Other Current Liabilities	-40,2	-31,5	-8,6	27%
Current Liabilities (Adjusted)³	-86,3	-68,9	-17,4	25,2%
Other Non-Current Liabilities	-0,5	-0,4	-0,2	47%
Non-Current Liabilities	-0,5	-0,4	-0,2	47,0%
WC Adjusted	925,7	920,0	5,6	0,6%

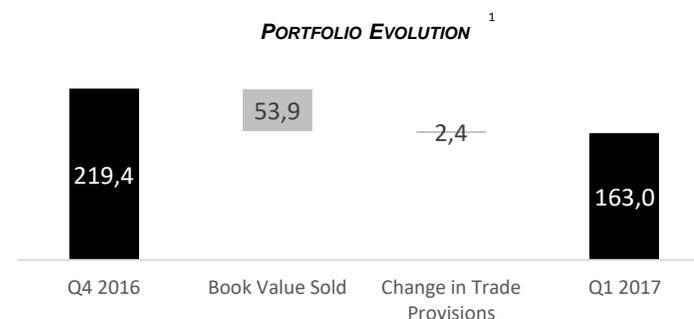
1. Includes Investment Property (Non-Current Asset item)

2. Does not include Deferred Land Payment

3. Includes liabilities except for Bank Borrowings and Deferred Land Payment

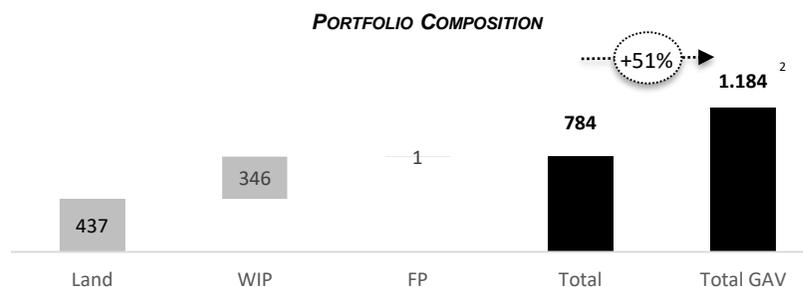
INVENTORIES & INVESTMENT PROPERTY

LEGACY (17% OF INVENTORIES)



1. Includes Inventories and Investment Property

DEVELOPMENT (83% OF INVENTORIES)



2. GAV calculated as GAV EoP 2016 (1.120M€) less delivered units, plus New Acquisitions and Capex valued at Book Value

Working Capital Adjusted stable at EUR 926m. Developments assets account for 83% of total Inventories

6 Net Debt: Low Debt Ratios

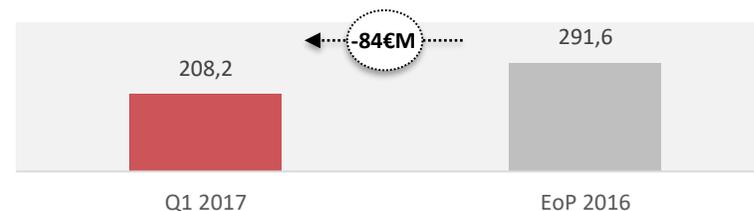
Net Debt (in EUR m)

€M	Q1 2017	EoP 2016	Change	
Gross Debt	314,8	315,6	-0,8	-0,3%
Non-Current Bank Borrowing	26,6	26,6	0,0	0,0%
Corporate Financing	26,6	26,6	0,0	0,0%
Current Bank Borrowing	286,6	277,1	9,6	3,5%
Land Financing	208,6	205,0	3,5	1,7%
Capex Financing	1,7	2,1	-0,5	-22,4%
Corporate Financing	62,4	63,0	-0,6	-1,0%
VAT Financing	14,0	6,9	7,1	103,4%
Other Debt	1,5	11,9	-10,4	-87,3%
Deferred Land Payment ¹	1,5	11,9	-10,4	-87,3%
Available Cash	106,6	23,9	82,7	345,6%
Net Debt	208,2	291,6	-83,5	-28,6%

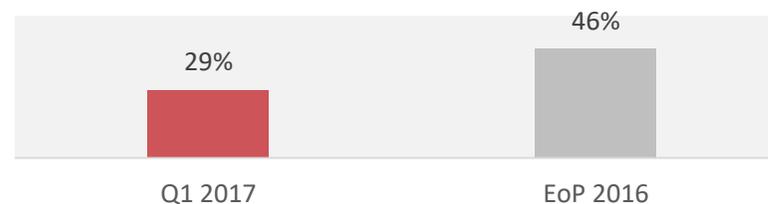
1. Deferred Land Payment is considered, for conservative purposes, as debt-like item

KEY RATIOS

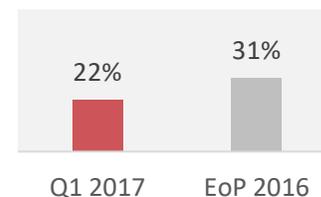
NET DEBT



NET DEBT / EQUITY

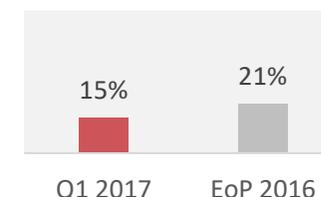


LTC



LTC= Net Debt / (Inventories + Inv. Property)

LTV



LTV= Net Debt / GAV

10 new loans signed during Q1 to finance Land (c. EUR 4m) and Capex (c. EUR 77m)

4. Key Takeaways



VOLPELLERES HOMES – SANT CUGAT
(CATALONIA)

Strong Outperformance in Q1 Across the Board

1

**OUTSTANDING MARKET TAILWINDS CAPITALIZED BY THE COMPANY.
NEINOR'S LEADERSHIP HEIGHTENED BY SUCCESSFUL IPO**

2

CONTINUED ACQUISITIONS OF FULLY PERMITTED LAND ABOVE TARGET MARGINS

3

**PRE-SALES TOPPED 100 UNITS/MONTH IN Q1 OVERPERFORMING COMPANY'S EXPECTATIONS.
THE PRE-SALES ORDER BOOK REACHED 1,511 UNITS (EUR 483m)**

4

**30 SITES IN CONSTRUCTION ON TRACK AND ON BUDGET. ACCELERATED ACTIVITY IN Q1: 1 SITE
FULLY DELIVERED, 3 CONSTRUCTION STARTS AND 7 NEW LAUNCHES**

5

**VERY STRONG LEGACY SALES. SERVICING ON TRACK. BOTH ANCILLIARY BUSINESSES
DELIVERING CASH**

6

STRONG FINANCIAL POSITION: DEBT BELOW 20% LTV. NET DEBT TO EQUITY BELOW 30%

5. Case Studies

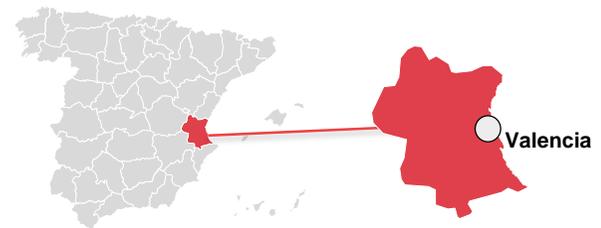
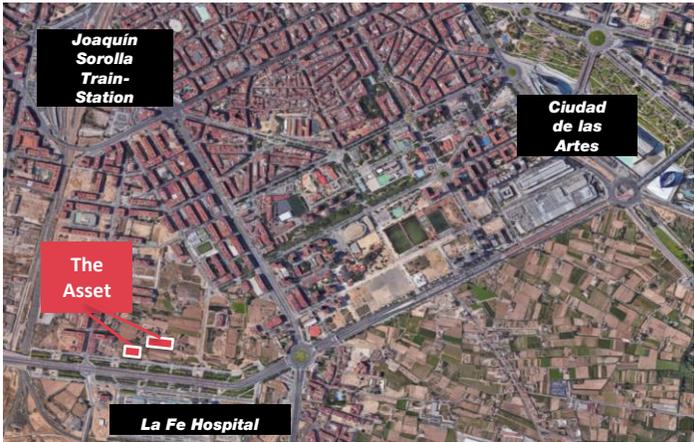


PRADO HOMES - MADRID

Acquisition: Malilla, Valencia



Location	Malilla, Valencia
Units (#)	54
Sqm	6,809
Acquisition Date	March 2017
Seller Type	Private Bank
Angle	Portfolio Transaction
Legal Due Diligence	Cuatrecasas
Technical Due Diligence	Hill International
Target EBIT Margin (%) ⁽¹⁾	Above 20%

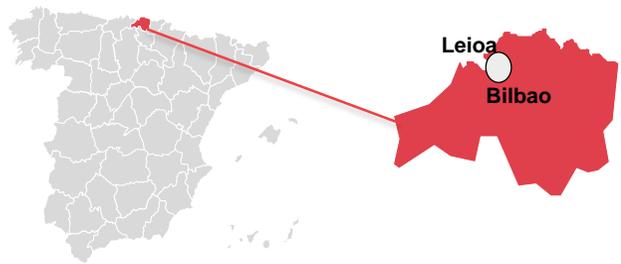


(1) Target Margin refers to the target margin for the development estimated in the purchase study

Immediate Launch⁽¹⁾: Leioandi Homes, Basque Country



Location	Leioa, Bilbao
Units (#)	62
Sqm	7,474
Target market	Middle-upper income
Qualities	Medium-High BREEAM certification
Unit Type Split (# of BR)	2B, 3B, 4B
Target EBIT Margin (%) ⁽²⁾	c. 18%



(1) Immediate launches refers to developments with marketing plan in progress (previous product definition with specific demand/supply studies) (2) Project level contribution margin estimated in the Business Plan

Launched: Vollpelleres Homes II, Catalonia



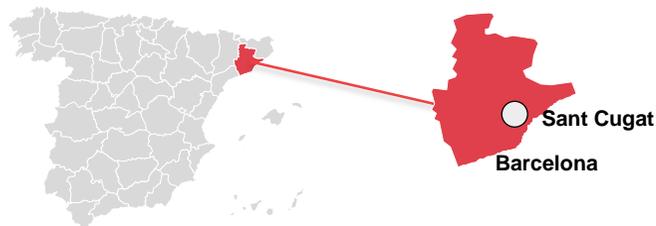
Location	Sant Cugat, Barcelona
Units (#)	48
Sqm	4,875
Commercialization Start (Exp)	Q2 2017
Architect	Musquera Arquitectura
Broker	Basico Homes
Target EBIT Margin (%)⁽¹⁾	c. 20%



Exterior Rendering (WIP)



Living room rendering (WIP)



(1) Project level margin estimated in the Business Plan

WIP: Avenida Homes, Madrid



Location	La Latina, Madrid
Units (#)	54
Sqm	5,766
Construction Company	CHM
Degree of Progress	<25%
Expected Delivery	2018
% of Pre-Sales to date	100%
Budget/Costs (2)	On budget
Timing(2)	On time
Target EBIT Margin (%) ⁽¹⁾	c. 22%



Construction progress

(1) Project level margin estimated in the Business Plan

(2) Following market standards, 'On Time' and 'On Budget' measured versus BP: cost variations inside the +/- 5% range and timing variations of +/-3 or 6 months depending on project volume

Deliveries: Los Alerces – Móstoles, Madrid



Location	Mostoles, Madrid
Units (#)	40
Sqm	4,525
Construction Company	Obenasa
Construction Started	Q2 2015
Construction Months	17
Delivery (Start and Finish)	Q1 2017
Pre-Sales at Delivery	100%
Gross Margin ⁽¹⁾ (%)	c. 22% ⁽²⁾



- ✓ Delivery managed by Neinor Experience
- ✓ First “Key Day”
- ✓ Notarization of 40 units in 5 working days
- ✓ No issues post deliveries with Neinor Experience supervising the post-sales contact with customers



(1) Delivery margins will be reported at Gross Margin level during the ramp-up phase

(2) Above company expectations. Including accounting provisions eliminated in the 2016 audit process connected with original book values from Kutxabank portfolio.

6. A Socially Responsible Company



PLAZA HOMES - MADRID

A Socially Responsible Company

- ✓ **Corporate Governance: adapted to best practices for publicly quoted companies**
 - ✓ **3 Independent Directors joined the Board** ahead of the IPO
 - ✓ Modification of: By-laws; Board and Committees Regulations; and Compliance / Internal Audit Codes
 - ✓ Approval of: General Shareholders Meeting Regulation, Internal Code of Conduct in Securities Markets
- ✓ **Corporate Social Responsibility (CSR) Initiatives**
 - ✓ First **CSR Annual Report (2016) completed and approved**
 - ✓ On **March 4th, first sponsorship by the CSR program:** Masterclass Solidaria organized by NGO *'Fundacion Pequeño Deseo'* in Barcelona
- ✓ **Job Creation: significant contribution to the job market recovery**
 - ✓ Ca. **650* direct jobs** created in Q1 on 3 constructions started. Ca. **5,000* direct jobs** created since 2015
- ✓ **Progress in the BREEAM Certifications for Neinor Homes Projects**
 - ✓ BREEAM is a sustainability assessment method for masterplanning projects, infrastructure and buildings.
 - ✓ In Q1 Neinor **received 3 Design Phase Certifications, taking the total Design Phase Certifications to 10**
 - ✓ Additionally, the Company has **26 more projects** in different phases of the certification process

7. Q&A



PALACIO HOMES – CORDOBA (ANDALUSIA)

