TRANSCRIPCIÓN DEL AUDIO ORIGINAL REALIZADA POR FIDELITY INTERPRETERS.

Juan Gómez: Thank you, good evening, ladies and gentlemen. Welcome to Neinor Homes Fiscal Year 2018 results conference call. The presentation today will consist of two parts, first our CEO, Juan Velayos, will present the results for the full year 2018 while providing the outlook for the business. Then our CFO, Jordi Argemí, will present the financial overview for the full year. The second part will consist of the questions and answers session. There will be like questions for those of you who dialed-in to the provider conference call number, and as usual, you should be able to submit questions at any time during the presentation through the "submit a question to the presenter" window. I remind you that this broadcast is being recorded and will be available within the next few days for replay on demand. Additionally, within the next few days, a transcript of this conference call will also be available for you to download. Juan, let us begin.

Juan Velayos: Thank you, Juan. Good afternoon, everyone, and it's a great pleasure for me to have to opportunity after three years of really though work being in a position to present the results, the strong results of this company in 2018. I'm going to try to go to the main KPIs of the company and afterwards just to pass the word to Jordi, who will also revisit the financial KPIs of this company.

Let's begin with our Land Bank. The Land Bank of this company in 2018 finished with 13,000 units, meaning this 500 plus units that the one that we finished 2017. We have been tremendously disciplined buying land in 2018. We have been able to buy 1,000 units of ready to build, of fully permitted land. We will visit in a second the quality of it, but also, we have been able to sign 1,400 units through strategic deals. Neinor Homes is the first developer in Spain that has been able to put together equity efficient deals. Regarding all the development activity, we have delivered more than 1,000 units. Actually, we have delivered 1,036 units; we are really proud of it. Regarding 2019, the 100% of developments are up and running, 80% of them beyond façade works and the company fully focused on making it happen. Regarding 2020, this company has today 4,200 units, actually, a little bit more than that. 3,300 units at today work in progress, and as we speak, we are working in signing additional contracts. When we present Q1 we will give you full visibility on that. But let me say two or three comments about this development activity. The deliveries of this year are 3.3 times the deliveries of 2017. The work in progress of this year is 5,300 units plus, it's 2.2 times the work in progress that we had in 2017. The dramatic performance of the company from an operational perspective is here reflected in real data. Our pre-sales activity has also been more than strong. We have signed 1,600 units, our global Order book is 2,750, it's 922 million euros. This is a 22% above our Order book at the end of 2017. Our visibility on the 2019 pre-sales is 81%, if you remembered quite similar to the one that we presented in Q3 because it is our decision. We are fully focused in capturing HPA and we will open for sale these units as we speak but regarding 2020 we are exactly where we said that we want to be: 30%. If you remember, 30% is the number that Neinor, not everyone, Neinor needs to have access to its CAPEX loans.

Regarding margin protection, probably I should say margin expansion, the company has been able to capture an 8.1 year over year HPA. ¿We have faced pressure on cutting inflation? The answer is yes, the numbers that we are singing is in the range 7-8%, but in the deliveries of 2018 our gross margin is 29%. That means that we have not only delivered but we have made more money than the one we reported. This margin is also 1% above the margin that we had in our deliveries for 2017. Regarding our valuation, it also reflects this activity. Our GDV is 1.8 billion. It's a 6% like-for-like increase. Our NAV is roughly 1,400 million. This means a 7% increase against the NAV that this company reported last year. This means that the NAV per share of this company is 17.5. Probably this is the argument to discuss the share buy-back programme that we will discuss in a second. And regarding our ancillary businesses, legacy, you remember that we were in 85 million last year. We have reduced it roughly to half. We have just 43 million. That means that we have had revenues of 37.5 million euros at a neutral margin, exactly that we said. And regarding servicing, 18.5 million EBITDA, this is basically the same EBITDA that we reported last year in a very steady, stable business. Let me say that we are more than proud of the performance of this company in 2018.

Let me dip in a little bit in some of these concepts. In slide 6, you have assuming of our land acquisition. We have been disciplined and we will continue being very disciplined. We have found 1,000 units of ready to build land and we have bought all of them in our core markets. We will continue exactly with the same policy. Buying the good land in these specific locations.

Regarding HPA, you'll see our performance; the 8.1% and how it is splitted between quarters and between regions. This is a consequence of a market that still has been asked a lot but it is also a consequence of our management of the HPA and of the rythms of sales.

And finally, before just passing the word to Jordi, let me please stop a second in the deliveries of the last quarter of 2018. We have delivered more than 650 units in Q4, a significant part of them in December. That means more than 10 deliveries per day. I do not know if at the peaks of the

Spanish best moment, the biggest Spanish home builders were delivering the number of units that this company has delivered in December. The deliveries of this company are beyond the deliveries of anyone else in the market, even putting them together. You were here in September, some of you. You remembered the quality of our lands, the quality of the work in progress and, please, you are invited again to visit them. We are really proud of the deliveries that have not happened in just one specific region. The deliveries of the company this year have been in the Centre, in Madrid; have been in the East, in Barcelona and surroundings, have been in the north, the Basque Country, have been in the South, in Andalusia. So, the company is showing its capacity, its operational performance and the strength of this team. Jordi, can you say and explain us how all this activity is reflected in our numbers, please?

Jordi Argemí: Thanks, Juan. As we did in the last quarter, we have simplified the financial section in order to show only the main data points. So, should you want to look at the details, we have the same slides of every quarter in the appendix. Now, you may remember my last comment in Q3 results that basically was that we were already a profitable company but there was a lot of homework left for Q4, given that almost 50% of total deliveries and 55% of notarisations should happen during the last quarter. At that time, we were confident of getting the annual targets but now we can say this is a fact. We have not only achieved them but we have also exceeded them, so we are very proud of it. As you can see in the slide, we have closed the year with revenues of 382 million euros, which means more than 70% increase compared to 2017. Positive EBITDA adjusted of 56 million euros, which means more than 14 times the result of 2017. And a very strong and positive net income for the first time of 50 million euros, exceeding by far the analysts' consensus. This means that the last quarter has been very strong. With only one quarter we have notarised almost 700 units and as a result of this we have recorded the same revenue level of the first three quarters. We have multiplied by seven times the EBITDA until Q3 year to date, and we have turned the net result positive with 56 million euros of net income in one single quarter. So, one clear conclusion is that the company has demonstrated a good operating capacity to deliver. If we annualize what this company has done in the last quarter, this should be already a company of almost 3,000 units per year. Regarding the balance sheet, development stock is the main caption, with €1.2 billion. More than 80% of this stock is active, which compares with 75% of Q3 and this shows the operating progress of this company, and a relevant cash position as you can see of over €70 million.

Regarding the leverage, the statutory net debt amounts to €267 million, and the net debt adjusted, which is our way, our conservative way of calculating the net debt is €344 million. Despite using our conservative formula of net debt we continue having a healthy levels ratio and even lower to the one seen in Q3, with a loan-to-value of 19%. A last comment from my side; as every year we do a third-party valuation of our development assets, our core business, and as the result is basically a 6% increase over the GAV and a 7% increase over a net asset value. Reaching a net asset value per share of €17.55. And this is basically the result of the operating progress that this company has done within 2018, as I commented before.

Juan Velayos: Thank you, Jordi. The last but not least, as always, I'm going to dedicate a few minutes to things that are not specifically operational and are not specifically financial but probably have something to do in the performance of this company. And that, unfortunately, it's quite clear that they are not reflected in the value of the company but I'm sure that at some stage they will.

Regarding the governance of this company, we continue being very disciplined. Today we have had our board of directors that has gone through a number of approvals, just calling the AGM and also proposing to the shareholders the appointment of a new independent director. The new independent director is Andreas Segal, former deputy CEO and CFO of BUWOG, co-CEO and CFO of GSW Immobilien and CFO of Deutsche Wohnen. I think that he brings to this board an international approach and tonnes of knowledge in our segment and in our business. So, more than proud to be able to continue capturing talent at all levels in the company.

We have spoken about the land of this company. We have been speaking about the NAV of this company, and we have no doubts at all that the best plan acquisition that we can do is to buy our own land we can do it through our own shares and we are activating and the board has today approved to reactivate the share re-purchase programme.

Let me dedicate a second to sustainability and the quality of our product. We have signed with Bankia the first green loan in our site Amara homes. We have put together the Neinor Smart Sun. Our clients are going to have the possibility to buy solar panels and battery packs to optimise the energy use. We had sixty housing developments already certificated in BREAM. We have been the first developer to obtain the Spatium seal, meaning the best standards in health and safety. We have four propech start-ups for our Neinor Next follow already working with us with massive tools. We are going to the market with Neinor Replace, meaning helping our clients to sell their homes if they buy one of our new apartments. We continue just focusing all our go to market towards Neinor stores obtaining scales and optimisation in a manner that will surprise the market.

All our clients, when they receive one of our homes, are receiving a Google Home, and we continue investing in digital tools basically based in monitoring all our efficiency from a cost and timing perspective. There is value behind this, and we are sure that it will begin to be reflected in the delivery and performance of this company. Thank you very much. Juan, your turn.

Juan Gómez: Yes, very good, so we'll now go to the Q&A session. First, the operator will invite those connected by phone to ask live questions and she will indicate again how you can ask for your turn. Then we will answer those incoming written questions that you are sending through the application. So, operator, please proceed with the questions over the phone.

Operator: Thank you, ladies and gentlemen. We will now begin the question and answer session. As a reminder, if you wish to ask a question, please press star and 1 on your telephone and wait for your name to be announced. Please stand by while we compile the Q&A queue. This will only take a few moments. If you wish to cancel your request, please press the hash key. Once again, please press star and 1 if you wish to ask a question.

And the first question comes from the line of José Cravo from Banco Santander. Please ask your question.

Q1. Hi, good evening everyone. Can you hear me? I have two questions. My first question is on land acquisitions. You are saying here that you have all the land that you need for the 2021 deliveries. I understand that for 2022 you have 1,400 units from the strategical land. Is that correct or not? And then if you could comment on the 2,600 units that you still have to buy throughout 2019 to get to 4,000, if you could comment on this. And the second question would be on margins. If you could tell us from the 3,300 units that you have already WIP for the 2020 deliveries, what is the margin that you have today without assuming any future price increase and then can you refer to what are your prospects with the price increase? Thank you.

A1. Yes. The first thing, regarding land, regarding the strategic land, the answer is no. The 1,400 units, they are still in a process that some of them might be ready to build, all of them I don’t think so. So, we need to monitor closing how the planning evolves, but the answer, as you know in Spain certainly is not the same but some of them will not be. Regarding the 2,600 land acquisitions, we will buy all the land in a dramatic, disciplined manner. We will buy as much land as we can buy, that meets our requirements. If that does not meet our requirements, we will not. So, the company will continue being disciplined. We are not going to be in a hurry. We are not going to do things that are not accretive and that don’t bring incremental value to the shareholders so the process will be, we will continue searching, we will continue buying very disciplined and just the land that meets all the requirements. So, the answer is a disciplined approach to land. Regarding margins, in Q1 we will present all the visibility on 2020, we will give you also visibility on the margins. They are aligned with what we have reported in our different reports. Aligned but let’s hope until we present in Q1 with all our guidance in connection with 2020 because there’s still a lot going on and at that moment we will give visibility on that.

Q1. Just to follow up, there’s the fact that you will generate most of the cash flow in the fourth quarter of 2019 this year. Will it affect your timing of buying lands?

A1. Obviously, we will have a very strong cash flow, we will be very strong at the year end, so in some sense the answer is yes. But on the other, I think that we have sufficient power to continue buying the lands that meet with our requirements. But the answer is yes, this company begins to be very strong from a cash flow perspective. It is one of the privileges that we have, and we will be even more stronger at the year end because, as you say, we have tonnes of deliveries at that moment.

Q1. Thank you.

Operator: Thank you. And the next question comes from the line of Flora Trinidade, from CaixaBank. Please ask your question.

Q2. Yes, hi, good evening. The first question is on rental and any news you would be looking into this segment. Can you just explain us the rationale and what does this mean in terms of target deliveries if you are obtaining the target and also the expectation of paying dividends from 2020. I was just wondering if this means that your view for the prospects of growth for home building are weaker than you thought at the IPO time or even a few quarters ago. The second question is regarding the share re-purchase that you mentioned, excluding the incentive plan. How much could we be talking about in terms of share buy-back for shareholders. And then, last question on debt. The figures in terms of net debt came well below the guidance you have commented to the market. The deviation comes mainly from lower construction CAPEX or can you just help us understand what has been the deviation to the 450 guidance you had given. Thank you.

A2. Yes. Thank you very much. The first question regarding rental, two comments. The first one is a kind of a pity, that if this country, you have more leakage than deserved. The concept it is yes, absolutely, we have been analysing rental with the support as it has been in the press, with the strength of Goldman and JP Morgan. The option has, I think, a lot of sense and many purposes. It's an obvious opportunity, it's a huge opportunity out there. We have evaluated it very deeply and it has been discarded. As of today, in the meantime, there is much more incremental value for our shareholders to continue being very disciplined in our existing roadmap. So, correct, analysed. As of today, discarded. In the future, who knows, but we are absolutely focus in our build to sell strategy. It is much more incremental.

Regarding dividends, it's a clear, key milestone of this company. We want to give dividends to our shareholders, the sooner the better. And it would be obviously a combination of the land acquisition programme, carried out in a very disciplined manner, together with the share buy-back programme that I will mention in a third, it is your second question. And dividend is a must, it's one of our clear goals. So, in no way any activity will be affected dividends in this company. And regarding the share buy-back programme that you mentioned, the amount, what I was mentioning, will be a combination of the land that we can acquire in a very disciplined manner. The best land, it's quite clear that it can be bought through our shares. The amount, let's see. We were beginning now, with an indication of the sufficient amount of money just to be the evolved since day 0, but let's see how it evolved in discretional manner. So, I cannot give you an exact figure, but that will depend on the combination of these parts. And regarding the CAPEX, the answer is correct. It's the net debt, it's lowering. It's good news that we continue to be very disciplined in our net debt approach with 19% LTV. It's true that it's obviously with the CAPEX, that it's debt that we like it. It will increase. Obviously, we are thinking 2018 results here. We are signing a significant amount of contracts and this amount will begin to grow as we speak. But the answer is correct. The main figure affected that, although we continue being very disciplined, is CAPEX.

Operator: Thank you. And the next question comes from the line of Alex Fries from Goldman Sachs. Please ask your question.

Q3. Hi, good evening Juan Velayos and team. So, two questions. You've touched on both these subjects already. The first one, with regard to Mr Segal's appointment and his obvious background in being a residential landlord, what should we read into that with regard to build to rent for an end user versus keeping it on your balance sheet and how are you thinking about the different options of going through that. You've said that you've discarded the current bit; a little bit about your medium-term thinking there if possible. And then, secondly, a little more clarity on the point you made about the buy-back, if possible. So, beyond what's required for the share incentive scheme. Given the fact that clearly there's not a huge amount of liquidity in your free flow at the moment. How did you agree that your share price is undervalued? How do you justify taking more liquidity out of the market by doing a share buy-back at this point in time? Thanks.

A3. Yes. Regarding Andrea Segal, I think he brings, we have, as you know, one seat available. We have an independent board member, Alberto, that had to leave because he began another project that had a conflict with our company. So we had a need to replace him with an independent board member to have the numbers. We have very clear assumption that we want an international member to give us that international background. We have tried to visit a number of names, all of them tremendously strong, and I think that Andreas met all the requirements because he has tonnes of experience in building to sell. It is true that he has also in build to rent. Do not read nothing in connection with the build to rent because, as I have mentioned, the company, after a deep analysis, it's a clear view that, where we are, we have the best value per position today for our shareholders. So, do not read in that terms. It has nothing to do with that. And more clarity in the buy-back; the answer is we have, as you are mentioning, a clear view that it's impossible to buy land in Spain of the quality of Neinor's land at the price that we are trading today.

On the other side, and this is why we need to visit it thinking about liquidity, we are aware of it and this is why we need to be balancing permanently how strong we are with that programme. It's about balance between liquidity and because we have a clear conviction that there is not an assumption that buy our own shares. So, we will balance it. Sorry about the clarity, and we know that liquidity is one of the biggest things that we love about this company. It is the only company today in this sector with strong liquidity, and we know that we need to maximise that strength because we know that our investors give that a lot of value.

Q3. Ok. Thanks very much.

A3. Thanks.

Operator: Thank you. And the next question comes from the line of Álvaro Soriano from Societe Generale. Please ask your question.

Q4. Hello guys. Thank you for taking my call. My question is just a few ones. The first one on the like-for-like growth on your gross assets value, which is 100 million, which are the drivers behind that growth? Because it seems that now construction costs and price growth go hand in hand. So, I don't know which are the main drivers of that growth. That would be the first one and the second one is when you reported the third quarter, some of the projects to be delivered during 2019 were slightly behind schedule. I'm thinking Alea Home and some other projects. Could you give us some clarity on whether the construction is improving or if the pace of those projects are getting better, just to think on 2019 IPS and we should review the forecast for this year. And a last question maybe for Jordi on the inventories. Neinor currently has 1.2 billion of inventories. In theory, the target is to reach 1.7 at run rate. So, given your cash position, you need to increase inventories in 400 million. I guess it's CAPEX, mainly. You have to repay the bridge loan in August to JP Morgan, and you want to do land acquisitions, and you also want to do share buy-backs. If you could explain us how you will do it from a cash flow perspective.

A4. **Juan Velayos**: Jordi, you go with the NAV and I will answer the other questions.

Jordi Argemí: OK. Regarding the GAV increase, basically 30% of this increase comes from an increase in the margin, it means additional GDV minus CAPEX. So, then net impact here represents 30% of this increase and the 70% increase comes from the progress of this company, that basically has been land, that then launched and then WIP and finally finished products, this means that the discount or the margin compression is reduced. So, here you have the basics behind.

Q4. And land inventories?

A4. Land inventories, you are right, we have a gap of 500 million euros to reach the run rate level. You know that we financed in the build to sell strategy, as we have always done, 100% of this CAPEX. So, this 500 million will come from the CAPEX facilities that we have, most of them already agreed with the banks. And regarding the extra land, obviously this is a question. Once we have the Q1 the BP and so on, but this is a question of deliveries, we generate that cash that will be enough, just to repay that debt, plus the land acquisitions projects that we have.

Juan Velayos: Regarding how it is making progress in 2019, I would say, as we have always said, there is a significant number of sites to be delivered at the year-end. We are going to fight as lions on a site-per-site basis. We have seen what we have done in Q4 2018. I will say that all our projects are making progress. I would lie to say that we will not be tensioned during the whole year. There is one site, that will not be there, which is Plaza Europa, that we have the construction, in that sense, it is not progressing as we would like. There is another site that we have not mentioned, by the way, delivered in 2018, anticipating it. So, good news. But, that is going to be that everything is making progress. I would be not telling the truth. It's going to be tight, stressing Q4. Let's see where we are at making progress in each and every site and the only one that I have thrown in the towel is Plaza Europa, that it's not making the right progress. Yes, we are on track.

Q4. OK. Just one follow-up on one of my colleague's questions on the share buy-back. Any floor or cap, theoretically, on floor or cap, a range you are considering where you believe it is completely worth it to invest in your own shares. It will depend on which will be the criteria on the share buy-back, if it's already decided or maybe it's still in progress.

A4. I will say there is a strong cap, there is a lot of room. If we are in the market every day and 30% discount to NAV; sites in Madrid, in Barcelona you cannot even dream of that. OK? So, if we see a market cap from a land perspective, I would say a tremendous way to see that. Having said that, we will be disciplined, we have to combine all the concepts that you have mentioned. We need to visit with our cash flow perspective. But unfortunately, you will see in today's evaluation of shares, there is a lot of room, there is a lot of way prior to hopefully at some stage we will be speaking about that cap. NAV will be the cap.

Q4. Ok, thank you very much.

Operator: Thank you. And the next question comes from the line of Fernando Abril from Alantra. Please ask your question.

Q5. Hi. Can you hear me?

A5. Absolutely.

Q5. Hi. Yes, I'm here. Sorry. So, just a quick question on pre-sales. I know that I'm aware that you wanted to be at 30% by year-end, but I just wanted you to give us more detail on why looking at quarter by quarter, I have seen that pre-sales have decreased in Q4, which compared to the previous one, which is normally affected by, it has a seasonality impact. So, I just wanted to know a little bit more detail on this front and what is your strategy for 2019. Thank you.

A5. Honestly speaking, if you see the number of units sold in Q4, 424, I think you see Q3 was 476, Q2, 453, and Q1, 200. So, it's very, very aligned. I think that' it's a clear, we are really proud of the way we are managing it. We have tremendous discipline. Mario and his team are doing exceptional work. They are having the market units that we want to have. I think it's more a consequence of the way that we are managing HPA because we know that HPA is firstly our best margin protection and, secondly, it's fuelling our margin expansion. So, in that sense I think disciplined management perspective in a very solid market, obviously it's competition coming but I think that all the drivers and the rationale behind it is management.

Q5. OK. And just a quick follow-up on the WIP units that you reported. When do you expect the 700 units left to meet the 2020 deliveries? Do you expect to be under construction, I guess in Q1? If you could give us a little bit more detail on this expect.

A5. Yes. We are working a lot, you see the licences. We are, through our tendering processes, will give you full visibility on when we report in Q1 what the number of units that we have. Having said that, firstly, we are going to do always is these margin-driven decisions. So, we are going to do our ever tender process in due manner. And at some stage, if visibility, in January or in December, we need to be able to educate the market of the right margin-driven decisions. But we are working on it. We will show visibility when we present Q1 and, give us a break, we have just presented strong results today.

Q5. Ok, very helpful. Thank you very much.

Operator: Thank you. And the next question comes from the line of José Cravo. Please ask your question. José Cravo, from Banco Santander, your line is open. Please ask your question.

Q6. Just one last question on the 2020 deliveries. I can see that you have the 4,000 building permits. I can see that you have the 30% sales, but you only have 3,300 units under WIP. I was expecting a slightly higher number. When do you expect to have all the units in WIP. Is there any tensions in signing the contracts for the remaining 700 units?

A6. José, you have missed the last answer. It has been exactly the same question. The answer has been "give us a break", that we will present them in Q1, we are working on it. We are going always to do things preserving margin with margin protection driven decision. But when we present Q1 results we will give you full visibility about the number of units that are under WIP and the visibility of when they are going to be delivered following a margin protection and a client driven decision. But if you want, we will present that a lot is going on and we are now in the process of signing those contracts. So, if you want you will have the answer.

Q6. Thank you.

Operator: Thank you. And the next question comes from the line of Ignacio Romero from Sabadell. Please ask your question.

Q7. Yes, hello. I have a question regarding construction delay and if you are, I mean I'm trying to have a feeling if you will be able to get a compensation if there is a delay in one of your sites. I mean I may imagine that there must be some tension right now. It's some of the works. So, my question would be are you comfortable that you will be entitled to a compensation as I guess it is written in the contracts the case that a construction company has a delay in your project. How comfortable are you with that issue, with that potential issue?

A7. Yes. Honestly speaking, the last thing I am thinking about is compensation in work in progress. We are fully focused in, we have very strong contracts, we are monitoring them. I think in that sense we are very comfortable with the contract we signed. And what we are trying to do is to be very focused in them making the right progress, not thinking about compensations but yet strong contracts with good protection, with good bonds, but I think that we are focused on delivering rather than on compensations.

Q7. My question is: imagine, this is just an example, that one of the sites is delayed by six months. I guess you are entitled to compensation if the contract is well written, which I am sure it is. Are you comfortable that you will be able to get a compensation from the construction company or not. I mean, is it something that is manageable?

A7. I think it's manageable. We like to see our construction companies, because our contracts, as you say, were well written, we like to see them as our partners. We try to manage them in due manner and are comfortable about compensation, we are just focused on timings, but if that happens, the contracts are in due manner, honestly speaking, the last of my concerns today.

Q7. OK, thank you.

Operator: Thank you. And the next question comes from the line of Flora Trinidade from CaixaBank. Please ask your question.

Q8. Yes, hello. I 'm so sorry to come back. I know it's late and I know you want a break, but I just want to make a follow-up again on the 3,300, a bit different because I am not sure of the reading you have in this point, so the 3,300 units are for deliveries in 2020 or 2020 and beyond. And just a second question, a more simple one. Can you provide us the net Net NAV figure you usually provide and we don't have it in this presentation. Thank you.

A8. **Juan Velayos**: Regarding the first question, answer done. We will present visibility. By the way, showing visibility, exact, on a site per site basis, hopefully at a future stage we will say you it is not in the best manner of protecting margin for our shareholders because each and every construction company has in front of them a delivery date and this is not the best way to protect the margin and the value of our shareholders. So, we will decide how to protect visibility in the future, thinking always about protecting and incrementing value but we'll have visibility in Q1 next year. And regarding NAV, Jordi.

Jordi Argemí: You will deduct 120 million euros to the net assets value. You basically get roughly 1,250 million.

Operator: Thank you. And before we take the last question, may I just remind you that if you still wish to ask a question, please press star and 1. And the next question comes from the line of Álvaro Soriano from Societe Generale. Please ask your question.

Q9. It's a tradition to ask again this management. Just I am trying to understand, Juan, why the share buy-back. What is the rationale behind? I mean there are many assets that look cheap, many shares that look cheap versus the theoretical value. But what is the reason behind, now that you are now in ramp-up phase, you haven't reached your run rate targets to announce share buy-back. Do you want to protect the shareholders against short sellers? Do you want to protect against potential takeover or do you want to have treasury shares on your balance sheet? I'm struggling to understand from a capital allocation perspective the reason why share buy-back at this stage. Thank you.

A9. **Juan Velayos**: Yes, quite easy. We need to think this company has the privilege of beginning to have a lot of cash flow and the cash flow of this company can be, the best capital allocation, can be dividends, land acquisitions in a very disciplined manner, or from a land perspective, if we do not find the very best land out there, we know where we have the best land in Spain and it is our land. So, it's a capital allocation in which the decision will be taken always thinking yes in our investors, in the company as a whole, and it will be dividends, it will be share buy-back in a very disciplined manner or land bank in a very discipline manner. These are the three alternatives that we have in a company that's going to be very strong from a cash flow perspective because deliveries are here already.

Jordi Argemí: I think a point here to what Juan has said. It could be good that you just calculate the Enterprise Value of this company divided by square metres. We will have how we are valued today and you will see we are 800 euros per square metre, or even below which, as Juan has said, is extremely good. So, …

Q9. OK. I completely agree but those are investor decisions. As far as I know, your role is to be home builders and guidelines, rental margin and then deliver those units. OK, we can assume now going forward that part of your remuneration to shareholders, one of your new tools is going to be, on top of dividends, on top of IPO is going to be a flexible buy-back programmes to manage that retribution scheme to shareholders. Is that right?

A9. It's a decision to be taken at the board, it has been a decision taken at our board level. And at this moment the answer is that we are going to make it happen and we will evaluate at every moment and we are not saying what our point in the future. Today we have a share buy-back programme approved by our board and I think that it's going to be welcomed. And we are doing that as a management, and as you are very well saying, with our cash flow, we will decide to buy land as home builders in a very disciplined manner, pay dividends, that I think is, as management, one of our main goals, our main commitments to our shareholders. And if we consider and our board consider appropriate the share buy-back programme that today has been approved by our board.

Q9. Perfect. Thank you.

A9. Thank you.

Operator: Thank you. And this was the last question for the time being but if you still wish to ask a question, please star and 1.

Juan Gómez: OK. We will take over and we will have the last two questions on the application; they are from Maríano Miguel from Kepler. The first one was with the 3,300 units, which we already answered, but the second is on pre-sales. In absolute numbers you are selling today between 400 and 500 units quarterly. That gives you between 1,600 and 2,000 units annually. Your run rates are 3,500 to 4,000. Isn't that level of sales somewhat low? Can you comment on that?

Juan Velayos: I think that the answer is no. I think that we are going to be disciplined in the 30% goal so that we have to have our CAPEX in. Then we want to adapt the rhythms of the pre-sales to the work in progress. Having what we call the tails and jewels strategy, the best units to be sold at delivery time or even we are comfortable, a few, the following months just to capture all the potential value. So, from an HPA perspective, it's the reading that we have decided is the best one from an HPA perspective because we want at any time margins, it's our must and each and every decision of this company is taken thinking about margin.

Juan Gómez: That finishes. I see there are no more questions on the phones. So, thank you everyone for your time today, and, operator, you can finish the call.