23 February 2022

FY21 Results: Solid financial results amid intense commercialization and investment activity

- **EBITDA stood at €158mn (+5% vs €150mn target) while strong cash flow generation drove Adj. Net Debt to €294mn (-35% LfL vs €450mn target) – excluding additional investments of €83mn on land and share buybacks.**
- **Outstanding operational performance with record figures across the board - deliveries (3,038#; +90% YoY), pre-sales (2,664#; +80% YoY) and land acquisitions (c10,500# and c€650mn).**
- **Full visibility on the ramp-up of the rental platform: Neinor already controls land to reach its targets of c4,600#, c€48mn GRI and potential c€1bn GAV.**

Financial results: Strong cash flow generation in spite €739mn invested in build-to-sell, build-to-rent and share buybacks

- **Total revenues: €916mn (+58% YoY)** – Top-line has continued its growth trajectory as development activity reached its run-rate target. Revenues associated with development activity represent 97% of Total Revenues and stood at €887mn (+60% YoY) - 2,734# (notarized in the P&L) at an ASP of €321k/#. Residential services and the rental platform generated revenues of €27mn (+13% YoY) and €2mn (n.m.), respectively.
- **Gross Profit**: **€245mn (+48% YoY)** – As expected, gross margins decreased slightly (-1.8pp YoY) driven by: i) a lower relative weight of residential services vs development; ii) lower margins on finished product and WIP deliveries from Quabit.
- **EBITDA: €158mn (+43% YoY)** – Exceeded EBITDA guidance for third year in a row (+5% vs €150mn target). As guided upon the merger announcement, Quabit's contribution to EBITDA in FY21 was relatively modest, on the other hand, the impact on cash flow was more noticeable – net operational cash flow before land acquisitions stood at €353mn.
- **Net Income €109mn (+43% YoY)** – Growth momentum also reflected at the bottom-line (EPS €1.41/sh) while ROE jumps to 12.1% (+2.7pp YoY).
- **Dividend €50mn (+25% YoY)** – Together with FY21 results Neinor will propose a dividend payment of €50mn (€0.63/sh).
- **Adj. Net Debt: €377mn (+207% YoY)** – Increase in Net Debt position fully justified by the rollout of an ambitious investment strategy of €739mn – including land investments, Sardes portfolio acquisition and share buyback programs. Excluding additional investments (€83mn), the Adj. Net Debt would have stayed at €294mn vs €450mn guidance – a beat of €156mn.
- **Leverage:** At year end, LTV stood at 19.8% (-5pp QoQ) with a record cash position of €310mn and no relevant corporate maturities until 2026.
- **FY21 appraisal:** Solid uplift in NAV to €1,366mn (+15% LfL) mainly driven by the accretive merger with Quabit and Neinor's BTR strategy. As of December 2021, the NAV/sh adjusted by treasury stock position stood at €17.88 (€16.35 in 2020).

Development business: Operating at run-rate capacity with record figures on deliveries, pre-sales and land acquisitions

- **Deliveries: 3,038# (+90% YoY):** Total deliveries, including units notarized by Quabit pre-merger (158#) and Hacienda Rental (146#), surpassed the 3,000# mark for the first time.
- **Gross pre-sales: 2,664# (+80% YoY):** Commercialization performance stayed at record levels in a positive pricing environment. During the year, Neinor gradually increased prices by c3.0% without slowing down absorption rates.
- **Commercial strategy:** At year end, pre-sales coverage for 2022 target deliveries stood at 80%. Given this visibility, commercial strategy focus has shifted from volumes towards additional HPA to protect margins from construction cost inflation.
- **Regional performance:** All regions are performing above internal expectations but Centre (Madrid and Guadalajara) and South-East (Malaga) standout as the best. Quabit portfolio, which has nearly 90% exposure to top performing regions (Centre and South-East), had a better-than-expected performance representing 23% of total yearly pre-sales.
- **Land acquisitions:** During 2021, Neinor fully replenished its land bank with c10,500# acquired and c€650mn invested. Of this total, €281mn were invested in cherry picked transactions for c3,500# while the remainder corresponds to the merger by absorption of Quabit (c7,000#).
- **Equity efficient terms:** Out of the amount invested in cherry-picked transactions, €88mn (30%) was structured with deferred payments over the period 2022-24. Furthermore, the bulk of Quabit's merger was made with debt to optimize equity returns for Neinor shareholders.
- **Land bank:** At year end, development business had a portfolio of c13,300# with a GAV of €1,491mn.

Rental platform: Full visibility on ramp-up towards c4,600#, c€48mn GRI and c€1bn GAV

- **Sardes portfolio:** Successful turnaround completed within 1-year of integration. Occupancy has increased to 94% (+24pp YoY) and currently stands above pre-covid levels. Rent reversionary potential was confirmed through a 16% increase on unregulated rents (+12% for the whole portfolio).
- **Hacienda Homes:** In less than 3-months under commercialization, occupancy has now surpassed 70% showing a strong tenant demand for new built rental assets.
- **HMB Project:** Awarded affordable housing tender in the city of Barcelona to develop, operate and co-own c4,500# rental portfolio with the Municipality of Barcelona, the Metropolitan Area of Barcelona and Cevasa – Neinor owns a 25% stake in this joint-venture. Phase I of the project will be launched in 2022 (600#) and first deliveries will take place already in 2024. The total cost is estimated at €480mn and financing is already in place. Once the portfolio is stabilized, it is expected to generate €10mn GRI and +€5mn FFO – on Neinor's 25% stake.
- **Natixis financing:** Signed a Green Loan with Natixis to raise additional €100mn to fund build-to-rent capex. After this agreement, Neinor has already secured €220mn of capex financing for its rental platform.
- **Rental portfolio:** Nowadays, the portfolio comprises 2,537# in different stages of development that should be operating by 2024. Of the total, there are 542# operating (21%), which includes Sardes portfolio and Hacienda Homes. In construction stage there are 1,324# (52%) divided in 12 projects. Furthermore, there are 671#, corresponding to 4 projects currently in launch phase and whose construction works are scheduled to start during 2022. In total, this portfolio has an expected stabilized GRI of c€30mn, today its GAV is €341mn.
- **Future pipeline:** In addition to the abovementioned rental portfolio and HMB project, Neinor has an additional c900# on its land bank that are currently under analysis and that allow the

company to have full visibility on its rental platform objectives of c4,600#, €48mn GRI and potential c€1bn GAV.

ESG: Recognized as the most sustainable developer worldwide – Sustainalytics

- **Sustainalytics ESG rating:** In February 2021, Sustainalytics assessed Neinor's ESG performance at 10.5 points to which corresponds a low-risk rating. This ranking places Neinor as the most sustainable developer worldwide (#1 out of 299), while in the wider real estate sector with more than 1,000 companies, Neinor Homes stays in the Top 4th percentile. In February 2022, Neinor homes was recognized with the Industry and Regional Top-Rated badges by Sustainalytics.
- **New ESG strategic plan:** In September 2021, the Board of Directors has approved a new strategic plan for the period 2022-25. Our ESG vision is to work towards a sustainable yet profitable housing model. Neinor takes an integrated approach to ESG factors with 16 core areas, 30 objectives and nearly 100 specific measures.
- **Green financing:** In 2021, Neinor raised a total of €400mn in green financing thanks to its inaugural Green Bond of €300mn and subsequently Green Loan of €100mn. As described in the company's sustainable financing framework an amount equivalent to these proceeds will be allocated to projects with a BREEAM of at least Good and an expected EPC rating of at least B.
- **Neinor essentials:** After the integration of Quabit, Neinor has created its Essentials brand that is designed to address the lower segment of housing demand and affordable housing where prices are regulated. After the merger with Quabit Neinor had exposure to c1,400# with regulated prices.
- **BREEAM® buildings:** Out of the 31 developments delivered during the year, 15 (48%) had a BREEAM® certificate of Good or Very Good. Neinor continues to be the Spanish developer with the most BREEAM® certificates - 34% of the total issued to date by this entity.
- **Social impact measurement:** Furthermore, Neinor has initiated a pioneering project to measure the social impact of its residential activity based on the Impact Management Project (IMP) framework. This internal tool will allow the company to measure, quantify and report its social impact to stakeholders.
- **Carbon footprint:** In 2021, Neinor became the first Spanish developer to measure and offset its scope 1 and 2 emissions (350t CO_2). Furthermore, the company pledged to set and validate reduction objectives through the Science Based Targets Initiative (SBTi).

2022 Guidance: High visibility on financial results while pursuing an optimal capital allocation strategy

- **FY22 Results guidance:** Neinor expects 2022 financials to be broadly in line with 2021 maintaining its delivery range at 2,500-3,000#, target EBITDA at €140-160mn and Net Income of €90-110mn. With regards to adjusted net debt it is expected to stay at €425-500mn (~2.5-3.5x EBITDA).
- **FY23-24 Results visibility:** Nowadays Neinor controls a land bank of c16,800# of which c5,900# are active and in different stages of development thus providing excellent visibility over future financial results.
- **Shareholder remuneration:** As abovementioned, Neinor will take to its AGM the approval of a €50mn ordinary dividend related with FY21 results that should be disbursed in April. Additionally, given its current visibility over FY22 results and record cash position it will also submit a proposal to bring forward the FY22 ordinary dividend (c€50mn) that should be disbursed in July.

Borja García-Egotxeaga, CEO of Neinor Homes, ensures that: *"We have closed an historical year at Neinor Homes with record figures in EBITDA, Net Income, pre-sales, deliveries and land acquisitions. This fiscal year shows the strength of our business model and reinforces Neinor's leadership position in the sector. We have been pioneers in diversifying our business model thanks to an ambitious and differentiating vision. This has allowed us to maintain and exceed our targets with capital markets and society while we reinforce our commitment with sustainability, an underlying principle of Neinor's strategy".*

Jordi Argemí, Deputy CEO and CFO of Neinor Homes, signals that: *"For the third year in a row we have accomplished with the goals set in our 2019-21 business plan, delivering a total of 5,910# homes which implies a 12% beat. Moreover, during this period, we have generated a total EBITDA of €372mn, 16% above our guidance. In the meantime, Neinor has reached its run-rate capacity with an annual EBITDA in excess of €150mn while reducing our leverage post-merger with Quabit. We have closed the year with a LTV of 19.8%, which leaves the company with financial headroom to pursue growth opportunities".*

About Neinor Homes

Neinor Homes is a listed company that leads the residential development business in Spain with one of the largest land banks spread through Madrid, Catalonia, the Basque country, Andalusia and the Levante. Furthermore, Neinor complements its residential development activity with its own rental platform. After the acquisition of Renta Garantizada in 2020, Neinor is the only platform that covers 100% of the value chain of the residential business in Spain with an extensive know-how in land management, servicing, development and rental.

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Appendix

Figure 1 - Income statement

(€mn, unless stated otherwise)	FY20	FY21	Change (%)
Revenues	**578.8**	**916.0**	**58%**
Gross profit	**165.1**	**244.7**	**48%**
Margin (%)	28.5%	26.7%	-1.8 pp
Operating expenses	-30.4	-67.0	120%
Overheads	-24.2	-36.2	49%
Adj. EBITDA	**110.4**	**141.6**	**28%**
BTR developer margin	0.0	16.5	N.M.
EBITDA	**110.4**	**158.1**	**43%**
Margin (%)	19.1%	17.3%	-1.8 pp
One-offs	-8.6	-8.5	-2%
EBITDA w/ one-offs	**101.8**	**149.6**	**47%**
D&A and other	-5.2	-7.8	51%
EBIT	**96.6**	**141.8**	**47%**
Net financial costs	-5.9	-18.7	214%
EBT	**90.7**	**123.1**	**36%**
Corporate income tax	-20.6	-20.3	-1%
Net income	70.1	102.9	47%
Attributable net income	70.1	103.0	47%
Adj. net income[2]	**76.6**	**109.4**	**43%**

Figure 2 - Development P&L

(€mn, unless stated otherwise)	FY20[2]	FY21	Change (%)
Land bank (#)	8,500	13,300	56%
Active units (#)	4,500	6,404	42%
WIP & FP (#)	4,200	4,706	12%
Orderbook (#)	2,300	2,984	30%
Orderbook	738	812	10%
Pre-sales (#)	1,480	2,664	80%
ASP (€k/#)	344	**321**	-7%
Deliveries[3] (#)	1,603	**2,734**	**71%**
Development revenues	**545.2**	**878.6**	**61%**
Other revenues	9.5	8.3	-13%
Total revenues	**554.7**	**886.9**	**60%**
Gross profit	**141.5**	**215.6**	**52%**
Margin (%)	25.5%	24.3%	-1.2pp
Contribution profit	**114.3**	**157.5**	**38%**
Margin (%)	20.6%	17.8%	-2.8pp

Figure 3 - Rental P&L

(€mn, unless stated otherwise)	FY20	FY21	Change (%)
Total land bank (#)	1,200	3,500	191%
BTR pipeline (#)	1,200	1,995	66%
Operating units (#)	-	542	NM
Occupancy (%)	-	78%	NM
Monthly rent (€)	-	624	NM
Gross rental income	**-**	**2.5**	**NM**
Incentives	-	-0.1	NM
Property expenses	-	-1.4	NM
Net rental income	**-**	**0.8**	**NM**
Margin(%)	-	**34%**	NM
EBITDA	**-**	**0.7**	**NM**
Margin(%)	-	29%	NM
Interest and taxes	-	-0.5	NM
FFO	**-**	**0.2**	**NM**
Margin (%)	-	7%	NM
Capex	-	-0.1	NM
AFFO	**-**	**0.1**	**NM**
Margin (%)	-	5%	NM

Figure 4 - Balance sheet

(€mn, unless stated otherwise)	FY20	FY21	Change (%)
Investment property	0.2	105.6	N.M.
Other non-current assets	22.2	36.7	65%
Deferred tax assets	25.4	98.3	287%
Non-current assets	**47.7**	**240.7**	**405%**
Inventories	1,208.4	1,322.7	9%
Other current assets	32.6	93.7	187%
Cash & equivalents	270.2	309.6	15%
Current assets	**1,511.2**	**1,726.0**	**14%**
Total assets	**1,559.0**	**1,966.7**	**26%**
Equity	**860.9**	**944.5**	**10%**
Bank borrowings	70.7	44.8	-37%
Other non-current liabilities	5.2	304.1	N.M.
Non-current liabilities	**75.8**	**348.9**	**360%**
Bank borrowings	262.3	213.9	-18%
Creditors	246.1	348.4	42%
Other current liabilities	113.8	111.0	-2%
Current liabilities	**622.2**	**673.3**	**8%**
Total equity and liabilities	**1,559.0**	**1,966.7**	**26%**
Shares outstanding (mn)	79.0	80.0	1%
Treasury shares (mn)	4.6	3.6	-22%

Figure 5 - Cash flow statement

(€mn, unless stated otherwise)	FY20	FY21	Change (%)
EBT	90.7	123.1	36%
Adjustments	19.0	50.3	165%
CF from operating activities	**109.7**	**173.5**	**58%**
Working capital change	**48.9**	**-19.0**	**N.M.**
Change in inventories	0.2	136.5	N.M.
Book value sold	413.7	671.3	62%
Land acquisition	-5.2	-199.2	N.M.
Capex & others	-408.4	-335.6	-18%
Other WC change	48.7	-155.5	N.M.
Net operating cash flow	**158.5**	**154.5**	**-3%**
CF from investing activities	**-22.7**	**-43.8**	**93%**
CF from financing activities	**-15.5**	**-91.3**	**488%**
Change in share capital/premium	0.0	-81.5	N.M.
Change in bank borrowing & other	-7.8	-40.2	418%
Change in deferred land debt	-0.3	50.7	N.M.
Net financial costs	-5.9	-18.5	216%
Proceeds from leasing & other	-1.6	-1.8	16%
Net cash flow	**120.3**	**19.4**	**-84%**

Figure 6 - Net debt position

(€mn, unless stated otherwise)	FY20	FY21	Change (%)
Gross debt	**335.6**	**558.6**	**66%**
Non-current liabilities	**73.2**	**342.5**	**368%**
Bank borrowing	70.7	44.8	-37%
Corporate financing	70.7	0.0	-100%
Real Estate financing	0.0	44.8	N.M.
Financial liabilities	2.6	297.7	N.M.
Current liabilities	**262.3**	**216.2**	**-18%**
Developer loan	205.2	157.1	-23%
Land	83.6	34.3	-59%
Capex	121.6	122.8	1%
Land financing	35.0	52.1	49%
Corporate financing & other	22.1	7.0	-68%
Cash & equivalents	**270.2**	**309.6**	**15%**
Net debt	**65.3**	**249.0**	**281%**
Adjustments	57.3	128.0	123%
Deferred land payment	37.4	88.1	136%
Restricted cash	19.9	40.0	100%
Adj. net debt	**122.6**	**377.0**	**207%**