

Neinor

HOMES



1H22 RESULTS

JULY 2022

FULLY ON TRACK TO MEET FY22 GUIDANCE



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We are living in a period of heightened macro uncertainty, with Central Banks swiftly changing gear on interest rate policies as inflation rates unravel; a situation further aggravated by the war between Russia and Ukraine.

In spite of these clouds, the fundamentals of the Spanish residential sector have never been stronger, driven by the growing imbalance between demand and supply, which has been compounding over the last decade.

As a result, Neinor's commercialization activity remained very strong in 1H22. At the build-to-sell platform, even though we are pushing for higher prices (6% HPA), 2Q22 was the best quarter in a year, with a net absorption rate of 6.7%. At build-to-rent, for the yielding portfolio of 542#, we have reached a full occupancy level of 97%.

At the operational level, Neinor is in great shape and we have not had to delay the execution of our business plan. As of today, Neinor has +9,000# active, which provides great earnings visibility for the next three years. Going forward, our key focus will be to crystalize value on the BTR platform as this business is accelerating, with c1,200# scheduled to be delivered over the next 18 months.

We are extremely proud of the results achieved during 1H22. As expected, the semester was characterized by the gradual phase out of the servicing contract, an effect that was fully offset by growth at our core development activity, with 1,178# notarized and solid gross margins (25%).

As of end June, we have achieved 40% of our FY22 guidance for deliveries and EBITDA, which stand at 2,500-3,000# and €140-160mn respectively. Visibility on 2H is excellent as 96% of target deliveries have already been pre-sold and 100% of construction sites should be completed by September.

The other highlight of the semester is Neinor's strong cash flow generation (€135mn during 1H22) as we decided to halt new land acquisitions – Adj. ND fell 34% YoY to €326mn. At the same time, we have accelerated shareholder remuneration with €120mn distributed YTD through a mix of dividends and buybacks (13% yield¹). Even so, we maintain a conservative leverage profile (19% LTV) and a €300mn cash position.

1. As of 21/07/2022.

1 H22 RESULTS: FULLY ON TRACK TO MEET FY22 GUIDANCE

1 SOLID 1 H22 FINANCIAL RESULTS

- ▶ ATTRACTIVE SHAREHOLDER REMUNERATION with **€120mn¹ (13% yield)** already distributed – one of the highest yields in **SPAIN** and the **EUROPEAN REAL ESTATE** sector

2 NEINOR IS FULLY ON TRACK TO MEET ITS FY22 GUIDANCE

- ▶ **96% of FY22** target deliveries have been pre-sold as of June → **6-months ahead of schedule**
- ▶ **100% of target deliveries** are expected to finish construction by end of September

3 FLAWLESS EXECUTION IN DEVELOPMENT ACTIVITY

- ▶ 2Q22 saw the best quarterly sales of LTM with a **6.7% net absorption rate³**
- ▶ **0# new land acquisitions YTD** – better opportunities expected in 2H and 2023

4 RENTAL PLATFORM IS QUICKLY APPROACHING DELIVERY STAGE

- ▶ **Yielding portfolio (542#)** already at full occupancy² (97%)
- ▶ **c1,200#** to be delivered over the next 18 months

1. As of 21/07/2022 including dividends and share buyback. 2. At the date of presentation. 3. Calculated with LTM net monthly pre-sales and units pending commercialization.



DEVELOPMENT ACTIVITY

c12,100#	0#
LAND BANK	LAND ACQUISITIONS
5,919#	3,985#
ACTIVE	WIP & FP
2,636# (€707mn)	1,178#
ORDERBOOK	DELIVERIES
6%	971#
HPA ¹	GROSS PRE SALES ²



RENTAL PLATFORM

c3,500#	1,125#
LAND BANK	HMB ³
2,944#	542#
BTR PIPELINE ⁴	OPERATING
97%	27%
OCCUPANCY ⁵	EFFORT RATE
€4.8mn	16%
PASSING GRP ^{5,6}	RENT INCREASE ⁷



FINANCIALS

- ▶ **€389mn** TOTAL REVENUES
- ▶ **€60mn** ADJ. EBITDA
- ▶ **€39mn** ADJ. NET INCOME⁸
- ▶ **11%** ROE
- ▶ **€326mn** ADJ. NET DEBT (19% LTV)
- ▶ **€300mn** CASH
- ▶ **€1,735mn** GAV⁹
- ▶ **€1,278mn** NAV (€17.17/SH)

1. Applied over units pending commercialization. 2. Net pre-sales stood at 830#. 3. Equivalent to 25% stake in Habitatge Metròpolis Barcelona (HMB) joint venture (4,500#). 4. At the date of presentation. 5. Stabilized portfolio at the date of the presentation. 6. Excluding incentives. 7. 11% including Catalonia where rents are regulated. 8. Adjusted for one-offs. 9. Includes Neinor's stake on HMB.



Neinor
HOMES

AMARA HOMES



Delivery: **1Q22**



Units: **316**



Region: **Centre**

FINANCIAL RESULTS:
FULLY
ON TRACK TO
MEET FY22
GUIDANCE
OF
€140-160mn
EBITDA

Total revenues: €389mn – 1,178# notarized during 1H22 at an ASP of €321k/# driving total development revenues to €378mn (+21% YoY). Other revenues, generated mostly from the servicing contract with Kutxabank, fell 32% YoY to €9mn as the contract was terminated in May. Revenues from the rental business reached €2.1mn.

Gross profit: €99mn – Accordingly, margins declined 2.5pp YoY to 25.3% as the servicing contract gradually fades away. Nonetheless, gross profit grew 8% YoY benefiting from volumes in the development business where notarizations increased 32% - the highest first semester figure in the history of Neinor (1,178# vs 891# in 1H21).

Adj. EBITDA: €60mn – EBITDA grew 3% YoY, reflecting the underlying trends mentioned above, and covering 40% of FY22 guidance (€140-160mn). With 60% of FY target deliveries (2,500-3,000#⁴) taking place during 2H22, we are fully on track to meet FY22 guidance.

Adj. Net income: €39mn – The 19% YoY decline in net income was driven mainly by: i) s one-off gain of €11.6mn in BTR margin related with the acquisition of Sardes Portfolio that took place in January 2021; ii) a 100% increase in financial costs, primarily from the issuance of €300mn Green Bond in April 2021. Excluding the one-off BTR gain, net income is in line with previous year.

Adj. net debt: €326mn – Strong cash flow generation continues post the Quabit merger and Adj. ND decreased by 34% YoY, maintaining very prudent leverage ratios of 19% LTV and 2.2x ND/EBITDA. On the other hand, Neinor continues to exhibit a very strong cash position of €300mn.

Shareholder remuneration: €120mn – YTD Neinor has distributed €100mn in dividends to shareholders pertaining to FY21 and FY22 results. In addition, the company has invested c€20mn in its 3rd and 4th share buyback plans.

(€mn)	1H21	2H21	1H22	LTM	YoY (%)
Revenues	326.6	589.4	389.4	978.9	19%
Gross profit	90.8	153.8	98.6	252.4	8%
Margin (%)	27.8%	26.1%	25.3%	25.8%	-2.5 pp
Adj. EBITDA	58.3	83.3	60.3	143.6	+3%
Margin (%)	17.8%	14.1%	15.5%	15.2%	-2.4 pp
Net income¹	48.3	61.1	39.3	100.4	-19%
Sh. equity	874.7	934.1	913.4	-	4%
EPS ^{1,2} (€/sh)	0.57	0.76	0.49	1.25	-14%
ROE ^{1,3} (%)	10%	14%	11%	11%	+1 pp
Adj. net debt	491.0	377.0	326.0	-	-34%
ND/EBITDA ³ (x.x)	3.0	2.4	2.2	2.2	-26%
LTV (%)	22%	20%	19%	-	-3.7 pp
GAV	2,185	1,907	1,735	-	-21%
NAV	1,417	1,366	1,278	-	-10%

1. Adjusted by one-offs. 2. Excludes treasury shares position. 3. Last twelve months. 4. Includes BTR deliveries.

**DEVELOPMENT
BUSINESS:
SUCCESSFULLY
MANAGING
SALES
VELOCITY
THROUGH
HIGHER PRICES
(HPA AT 6%)**

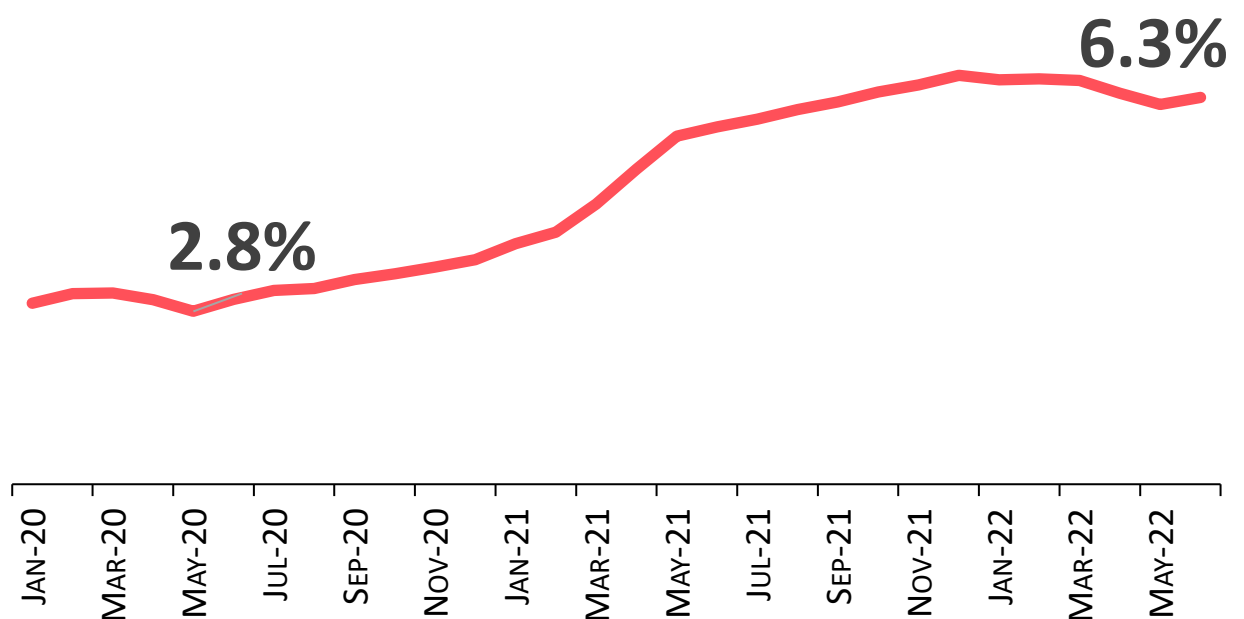
▶ **Deliveries:** During 1H22, Neinor delivered 1,178# with the following geographical breakdown: North (13%); Centre (33%); South East (36%); South West (2%); East (10%); Levante (6%). Of total deliveries, 24% belong to Quabit's portfolio.

▶ **Commercialization activity:** Despite the prevailing macroeconomic uncertainty, the fundamentals of the Spanish residential sector remain extremely solid, driven by secular demographic changes and a structural lack of new housing product that has been compounded over the past decade. During 2Q22 Neinor pre-sold 470# (971# on 1H22) equivalent to a 6.7% monthly net absorption rate – the highest of the last four quarters and despite intensifying price increases (6% annually).

▶ **Orderbook:** At the end of 1H22, the orderbook had a total of 2,636# with a corresponding value of €707mn – implicit ASP of €268k/#. By region, and as a percentage of total units, the orderbook has the breaks down as follows: North (12%); Centre (22%); South East (20%); South West (5%); East (23%); Levante (18%). Of the total orderbook, 78% is registered as private contracts and the remaining 21% as reservations. This forward sales position offers 96% and 51% visibility on 2022 and 2023 target deliveries.

▶ **Land acquisitions:** After having acquired €650mn and +10,000# during 2021, Neinor has not closed any new land acquisition YTD – at the end of the first semester, Neinor has a land bank of c15,600# to which corresponds to a GAV of €1.7bn. In light of the current macroeconomic scenario, we envisage growing opportunities in 2H22 and 2023 and in the meantime the company remains highly disciplined on its capital allocation policy which follows a balanced approach between: existing land bank, new investments, leverage and shareholder remuneration.

LTM MONTHLY NET ABSORPTION RATE (%)



RENTAL PLATFORM:
QUICKLY APPROACHING DELIVERY STAGE WITH c1,200# SCHEDULED FOR THE NEXT 18 MONTHS

Letting activity: As of July, the rental portfolio has reached full occupancy at 97% and a corresponding GRI of €4.8mn equivalent to a 4.5% yield. YTD, Sardes' portfolio has further increased its occupancy signing new leases on c7,000sqm with a 16% implicit rental increase. Hacienda Homes, Neinor's first BTR project, is currently 98% occupied, only 7-months after delivery. This strong performance confirms that the Spanish rental market is deeply undersupplied with a clear scarcity of new product.

Rental platform: Neinor has significantly accelerated launches YTD and, as of July, its rental platform has 3,645# underway of which 542# are yielding, 1,669# are under construction and 1,275# launched. The expected stabilized GRI of these projects exceeds €40mn with a potential c€890mn GAV. This places Neinor on track to reach its medium-term target of 4,600# portfolio with €48mn GRI and potential +€1bn GAV.

HMB Project: Phase I is completed with six developments launched comprising a total of 638# - Neinor has a 25% stake on this project. This represents 14% of the total project which comprises 4,500#.

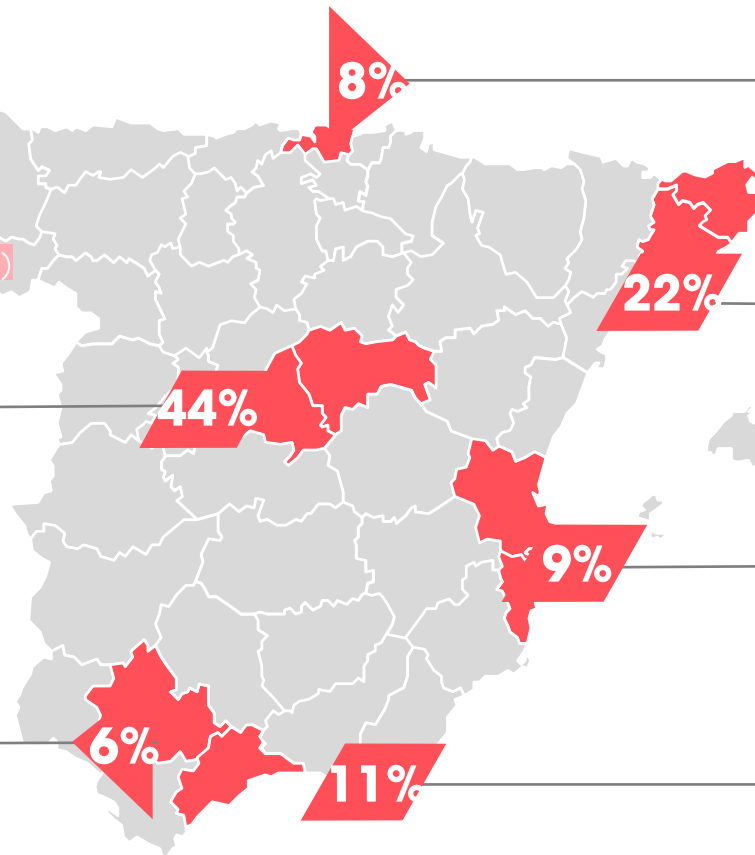
Total: 3,645#¹

GRI: +€40mn³

Operating: 542# (15%)
WIP¹: 1,669# (46%)
Launched^{1,2}: 1,434# (39%)

CENTRE: 1,605#
Operating: 153#
WIP: 845#
Launched: 607#

SOUTH WEST: 235#
WIP: 204#
Launched: 31#







NORTH: 278#
Launched: 278#

EAST: 818#
Operating: 115#
Launched²: 703#

LEVANTE: 313#
Operating: 100#
WIP: 213#




SOUTH EAST: 396#
Operating: 174#
WIP: 129#
Launched: 93#

**YIELDING
PORTFOLIO:
AT FULL
OCCUPANCY
LEVELS**

-  Units: **542#**
-  GLA: **c46,000 sqm**
-  Occupancy: **97%**
-  Passing GRI: **€4.8mn**






Portico

-  Units: **129**
-  Region: **Center**
-  GLA: **6,700 sqm**






Alquilería

-  Units: **60**
-  Region: **Levante**
-  GLA: **4,700 sqm**




Novo Parque

-  Units: **40**
-  Region: **Levante**
-  GLA: **3,400 sqm**






Urquinaona

-  Units: **36**
-  Region: **East**
-  GLA: **2,700 sqm**





Can Batlet

-  Units: **32**
-  Region: **East**
-  GLA: **4,600 sqm**



Borrell

-  Units: **26**
-  Region: **East**
-  GLA: **3,200 sqm**






Pacífico

-  Units: **28**
-  Region: **S. East**
-  GLA: **2,300 sqm**






Ozono

-  Units: **24**
-  Region: **Center**
-  GLA: **1,800 sqm**






Camelias



-  Units: **21**
-  Region: **East**
-  GLA: **2,200 sqm**






Hacienda

-  Units: **146**
-  Region: **S. East**
-  GLA: **14,200 sqm**




**BTR PIPELINE:
WIP
PORTFOLIO**

 Units: **1,669#**
 GLA: **c170,000 sqm**






Sky
 Units: **213**
 Region: **Center**
 GLA: **26,400 sqm**






Europa
 Units: **146**
 Region: **Center**
 GLA: **15,700 sqm**






Dual
 Units: **94**
 Region: **Center**
 GLA: **8,100 sqm**






Parla
 Units: **147**
 Region: **Center**
 GLA: **13,300 sqm**






Gran Capitan
 Units: **138**
 Region: **S. West**
 GLA: **16,100 sqm**






SUE 21
 Units: **64**
 Region: **Center**
 GLA: **5,900 sqm**






Alovera
 Units: **337**
 Region: **Center**
 GLA: **36,400 sqm**






Sevilla
 Units: **66**
 Region: **S. West**
 GLA: **5,800 sqm**






Serena
 Units: **66**
 Region: **S. East**
 GLA: **8,400 sqm**






Las Cañas
 Units: **57**
 Region: **Center**
 GLA: **5,900 sqm**





Zorrozaurre
 Units: **158**
 Region: **North**
 GLA: **14,500 sqm**






Olarizu
 Units: **120**
 Region: **North**
 GLA: **12,400 sqm**

1. 28 additional units under WIP through a Lyra add-on




BTR PIPELINE: LAUNCHES

 Units: **1,275#**
 GLA: **c124,700 sqm**






Lyra
 Units: **93**
 Region: **S. East**
 GLA: **9,300 sqm**






Montesa
 Units: **406**
 Region: **East**
 GLA: **43,500 sqm**






Joaquín Lorenzo
 Units: **240**
 Region: **Center**
 GLA: **19,800 sqm**






Aguas Vivas
 Units: **180**
 Region: **Center**
 GLA: **18,900 sqm**






Augusta
 Units: **138**
 Region: **East**
 GLA: **12,000 sqm**



Las Mercedes
 Units: **187**
 Region: **Center**
 GLA: **10,800 sqm**



HMB
 Units: **159 (Neinor's stake)**
 Region: **East**
 GLA: **9,700 sqm**

APPENDIX

FIGURE 1 INCOME STATEMENT

(€mn, unless stated otherwise)	1H21	2H21	1H22	Change (%)
Revenues	326.6	589.4	389.4	19%
Gross profit	90.8	153.8	98.6	8%
Margin (%)	27.8%	26.1%	25.3%	-2.5 pp
Operating expenses	-18.7	-48.3	-22.4	20%
Overheads	-13.9	-22.2	-15.9	14%
Adj. EBITDA	58.3	83.3	60.3	3%
Margin (%)	18%	14%	15%	-2.4 pp
Developer BTR margin	11.6	5.0	0.0	-100%
EBITDA	69.9	88.3	60.3	-14%
Margin (%)	21.4%	15.0%	15.5%	-5.9 pp
One-offs	-4.9	-3.6	-2.7	-45%
EBITDA w/ one-offs	65.0	84.6	57.6	-11%
D&A and other ¹	-2.7	-5.1	1.4	N.M.
EBIT	62.2	79.6	59.0	-5%
Net financial costs	-5.6	-13.1	-11.2	100%
EBT	56.6	66.5	47.7	-16%
Corporate income tax	-12.0	-8.3	-10.5	-12%
Net income	44.6	58.2	37.3	-17%
Adj. net income	48.3	61.1	39.3	-19%

FIGURE 2 BALANCE SHEET

(€mn, unless stated otherwise)	FY21	1H22	Change (%)
Investment property	105.6	106.5	1%
Other non-current assets	36.7	38.1	4%
Deferred tax assets	98.3	94.7	-4%
Non-current assets	240.7	239.4	-1%
Inventories	1,322.7	1,195.5	-10%
Other current assets	93.7	88.6	-5%
Cash & equivalents	309.6	299.9	-3%
Current assets	1,726.0	1,584.1	-8%
Total assets	1,966.7	1,823.5	-7%
Equity	944.5	913.4	-3%
Bank borrowings	44.8	43.3	-3%
Other non-current liabilities	304.1	305.1	0%
Non-current liabilities	348.9	348.4	0%
Bank borrowings	213.9	168.1	-21%
Creditors	348.4	293.9	-16%
Other current liabilities	111.0	99.6	-10%
Current liabilities	673.3	561.6	-17%
Total equity and liabilities	1,022.2	910.0	-11%
Shares outstanding (mn)	80.0	80.0	0%
Treasury shares (mn)	3.6	5.6	54%

APPENDIX

FIGURE 3
CASH FLOW
STATEMENT

(€mn, unless stated otherwise)	1H21	1H22	Change (%)
EBT	56.6	47.7	-16%
Adjustments	0.6	19.0	N.M.
CF from operating activities	57.2	66.7	17%
Working capital change	-50.7	68.2	N.M.
Change in inventories	-13.0	129.5	N.M.
Book value sold	235.7	290.9	23%
Land acquisition	-124.5	-16.2	-87%
Capex & others	-124.3	-145.2	17%
Other WC change	-37.6	-61.3	63%
Net operating cash flow	6.6	134.9	N.M.
CF from investing activities	-52.1	-3.2	-94%
CF from financing activities	64.4	-150.9	N.M.
Change in share capital/premium	-48.8	-68.4	40%
Change in bank borrowing & other	69.1	-47.5	N.M.
Change in deferred land debt	39.3	-23.2	N.M.
Net financial costs	5.6	-11.2	N.M.
Proceeds from leasing & other	-0.8	-0.6	-25%
Net cash flow	18.9	-19.2	N.M.

FIGURE 4
NET DEBT
POSITION

(€mn, unless stated otherwise)	FY21	1H22	Change (%)
Gross debt	558.6	511.6	-8%
Non-current liabilities	342.5	341.0	0%
Bank borrowing	44.8	43.3	-3%
Corporate financing	0.0	0.0	-21%
Real Estate financing	44.8	43.3	-3%
Financial liabilities	297.7	297.6	0%
Current liabilities	216.2	170.7	-21%
Developer loan	157.1	120.0	-24%
Land	34.3	17.8	-48%
Capex	122.8	102.2	-17%
Land financing	52.1	45.6	-12%
Corporate financing & other	7.0	5.1	-27%
Cash & equivalents	309.6	299.9	-3%
Net debt	249.0	211.7	-15%
Adjustments	128.0	114.3	-11%
Deferred land payment	88.1	64.9	-26%
Restricted cash	40.0	49.4	24%
Adj. net debt	377.0	326.0	-14%



Neinor
HOMES

CAÑAVERAL HOMES



Delivery: **1Q22**



Units: **207**



Region: **Centre**

ABOUT NEINOR HOMES

Neinor Homes is the leading Spanish Residential Platform with one of the largest **land banks comprising c16,800# and a GAV of €1.9bn** as of December 2021. This land bank is located in the most dynamic and sought-after regions of Spain: Madrid, South East and West Andalusia, Levante, Basque Country and Catalonia. Furthermore, Neinor is the only player with a 360° value proposition covering the entire value chain of the development and rental businesses. These business lines are complemented by services activity with an extensive knowhow in urban planning, servicing, third-party development and construction. In its 2021 assessment, Neinor was recognized by Sustainalytics as **the most sustainable developer worldwide being positioned #1 out of 284 companies.**

IBEX SMALL CAP®



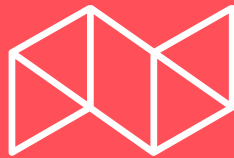
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Neinor

H O M E S

THE LEADING RESIDENTIAL GROUP

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