



Neinor HOMES

January 2018

Business Update



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Continued Strong Recovery

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RIVERSIDE - MADRID

Spanish Macro Continued Strong Recovery

2017: Supply-Demand Imbalance + Job Creation Pushing Forward

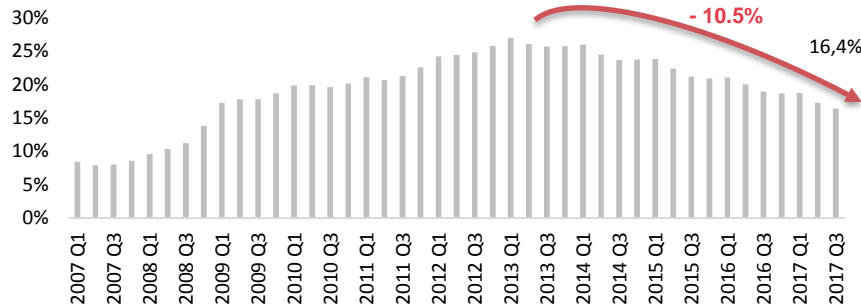
GDP Growth and Growing Employment Pushing Demand

- ✓ **611k jobs created in 2017:** strongest year in job creation since 2005
- ✓ **GDP expected to have grown 3.1% in 2017.** Fastest growing big economy in Europe, with an eye on Catalonia-related uncertainty
- ✓ **Housing affordability continues to improve,** while more than 80k mortgages were granted in Q3 2017, still 77% below the peak

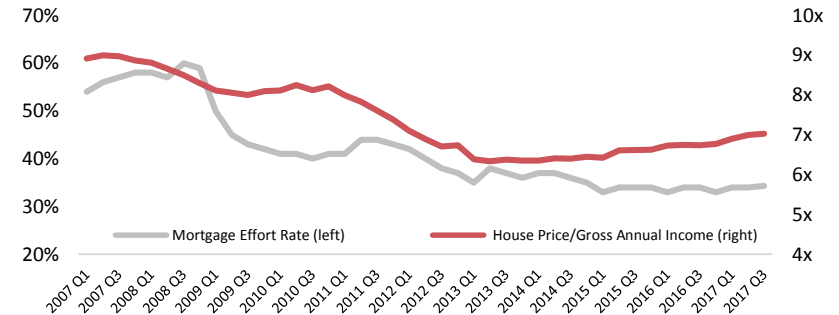
Few Players to Satisfy Growing Demand

- ✓ **Strong HPA growth (6.7% in Q3 2017 YoY)** but prices still **26% below peak**
- ✓ **Growing supply volumes** but still 78% below peak. 17,846 housing starts in Q1 2017, +20% YoY - of which 339 correspond to Neinor

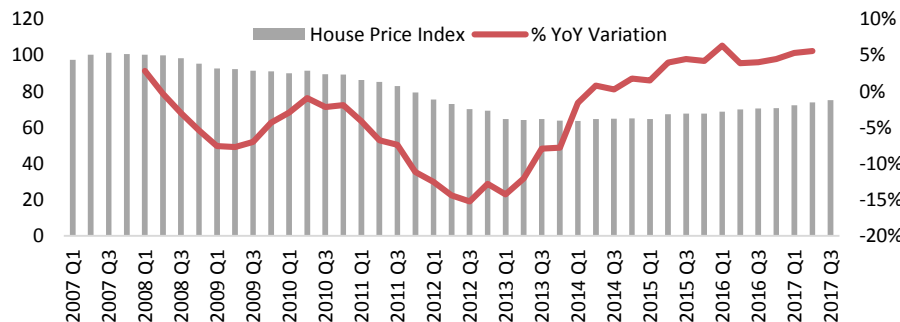
Jobless rate at lowest since 2008



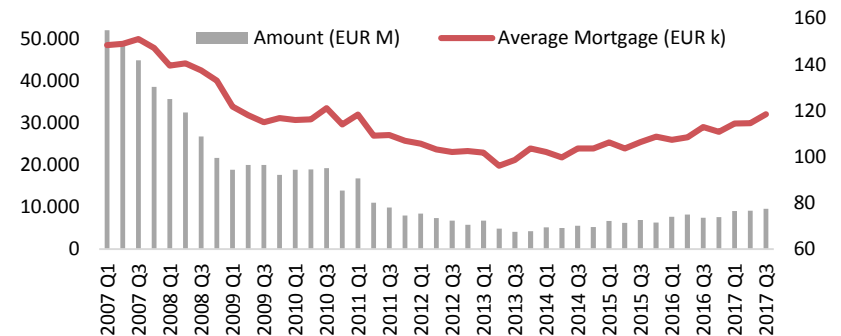
Housing Demand with Increased Purchasing Power



6.7% House Price Appreciation (HPA) in Q3 2017 – Prices Still 26% Below 2007



Mortgage availability improving



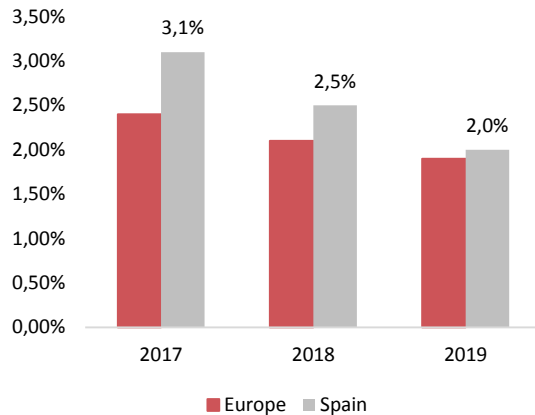
Spanish Macro Continued Strong Recovery

2018: All Indicators Pointing to Continued Homebuilding Recovery

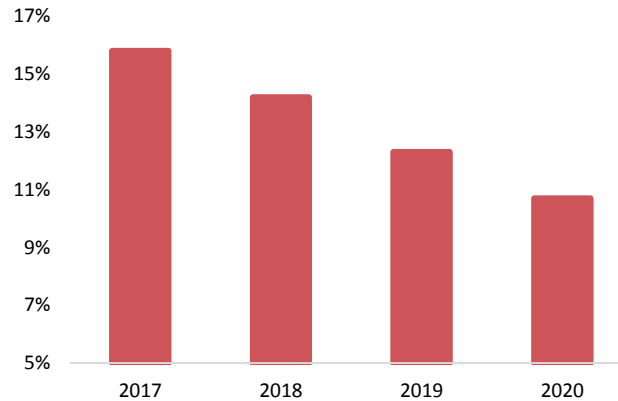
Spanish Macro to Continue Outperforming

Catalonia Situation: Neinor De-Risking

GDP Growth Estimates



Unemployment Rate Estimates



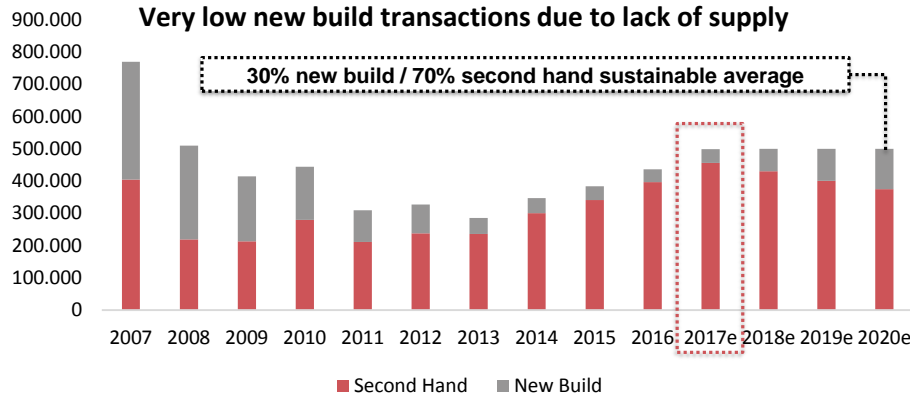
✓ c. 1,800 active units, 25 sites: 12 WIP, 13 launched

✓ More than 1,200 units on the market, of which more than 70% are pre-sold

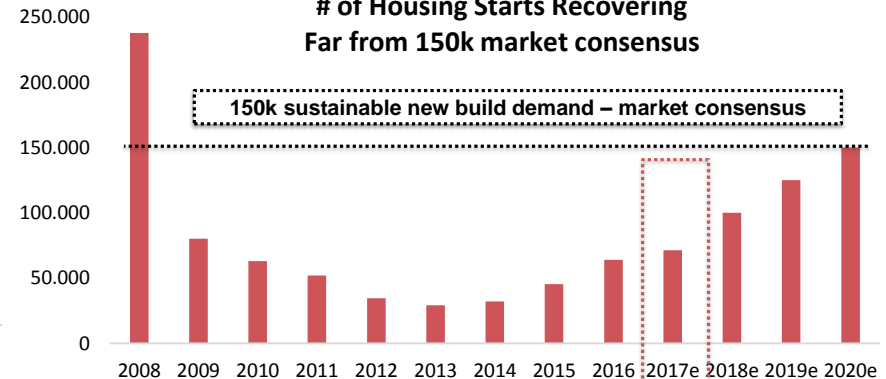
✓ After more than 2 years of successful activity, unlaunched GAV in Catalonia represents only 1% of Neinor Homes' total GAV

Estimates forecast 2-3 years of continued imbalance between supply and demand

of Transactions Recovering
Very low new build transactions due to lack of supply



of Housing Starts Recovering
Far from 150k market consensus



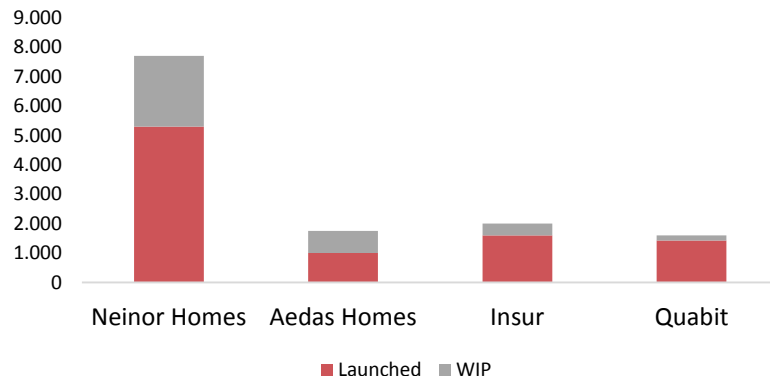
2 The Competitive Landscape

An Evident First Mover Advantage in a Disciplined Market

Post-Bubble Residential Market in Spain

- ✓ **IPO path set by Neinor Homes** followed by Aedas
- Homes in 2017: more to come in 2018
- ✓ **National players backed by disciplined capital**
- ✓ **5-10 players to lead the market consolidation**
- ✓ **Equity** acting as the main **entry barrier** and a safety net against a new bubble

Comparison with Publicly Listed Competitors



Listed Competitors
 Competitors to go public in 2018 according to press

2017 End of Year Status & 2018 Targets

✓ 2020 BP deliveries committed with more than 8,000 launched units

✓ 2018 main focus: strengthen development monitoring to secure the deliveries on time and on budget of the 8,000 launched units

2017 Milestones

Year End Business Overview

2018 Targets

Land Bank	+ €280m + 3,000 units acquired	+75% of 5Y BP Acquisition Program Fulfilled c. 12,000 units 100% Fully Permitted		+ € 200m of land acquisition to take advantage of the opportunistic market momentum	
	+ 5,500 units + 50 sites Launched	+ 8,000 active units	+ 90 active sites	First strategic land acquisitions	
Develop. Activity	+ 1,000 units + 15 sites WIP started	+ 2,400 units under construction	+ 35 sites under construction	+ 2,500 launches	
	+ 300 units delivered	7 sites delivered		+ 5,000 construction starts	
Pre-Sales	+ €400m +1,250 units pre-sold	+€740m +2,200 units Order book		+ 1,000 deliveries	
	+ €110m Legacy disposed + €17m Servicing EBITDA	below €100m Legacy Book Value	+ €1.5bn Servicing AuM	+ €800m (+2,500 units) of pre-sales optimizing the strategy to maximize HPA	
Ancillary				Full legacy disposal	
				Maintain Servicing solid returns and the strong relationship with Kutxabank for the remaining 4.5 years of contract	
Financials	Neutral EBITDA	c. €1,200m NAV <small>Subject to third party appraisal</small>	c. 25% LTV	Potential balance sheet optimization	
	2 new offices opened	Valencia and Eastern Andalucía 5 th and 6 th offices of Neinor Homes		Evaluate new regions with immediate demand and accretive opportunities	
Corporate					

