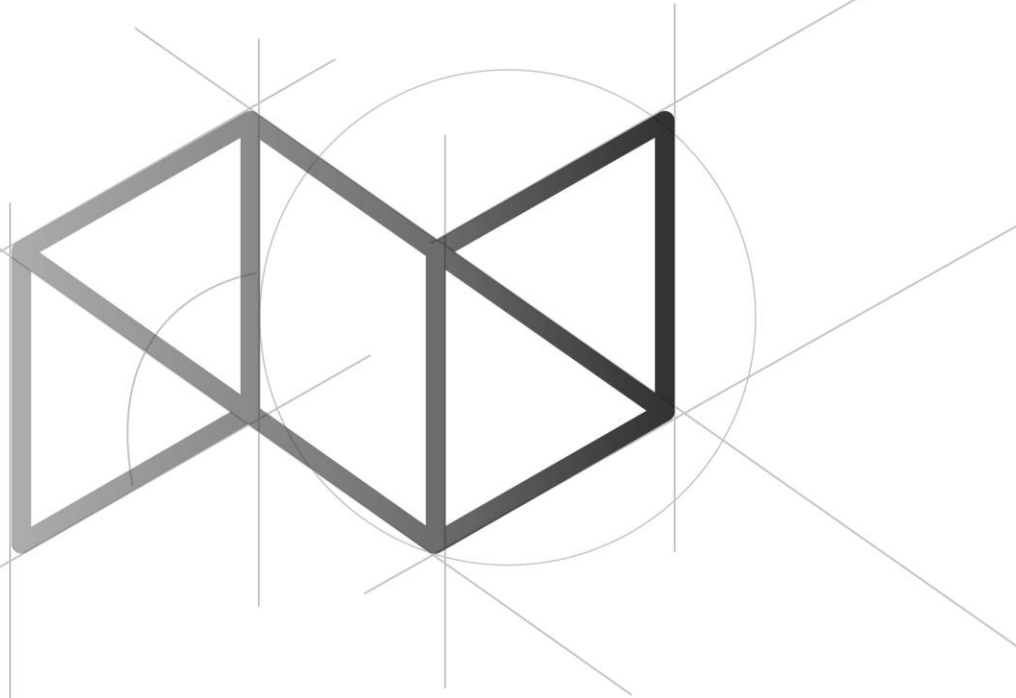


# NON DEAL ROADSHOW

London & New York - November 2018



 **Neinor** HOMES

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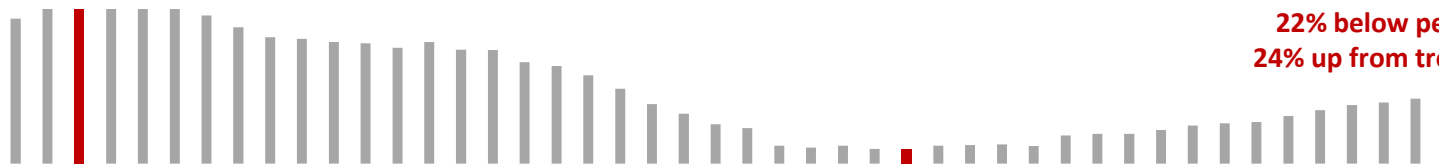
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# NEINOR HOMES AND SECTOR RE-CAP

HOUSE PRICE INDEX



22% below peak (2007)  
24% up from trough (2014)

## SPAIN

### PRE-CRISIS

### 2008-2013

### 2014

### 2015-2017

### 2018

### 2020+

GDP growth

7-8%

Economic crash

Back to growth

Acceleration

Fastest growing big European economy

- GDP growth 2%+
- 1m extra jobs to be created
- Structural demand-supply imbalance
- New build trending to 30%

Unemployment Rate

8%

c. 26%

c. 24%

Over 1m jobs created

14.6%

- Extended RE cycle
- Sector wide consolidation
- Normalization in cost and house inflation

Annual Housing Transactions

c. 1m

300k

366k

532k

600k

Annual Housing Starts

600k

34k

35k

55k

90k

## SECTOR

- No specialists
- Granular
- No equity in the system
- €50bn market cap listed RE companies

- Homebuilding sector disappears
- Banks down from 60+ to 10+

- Following CRE recovery, residential development starts to become attractive

- Equity as a barrier to entry
- Aedas IPO
- Banks willing to grant CAPEX financing to access mortgages

- Metrovacesa IPO
- Blackstone and Lone Star acquire €20bn+ RE platforms from banks
- Cerberus and Bain Capital acquire local developers

## NEINOR HOMES

- Basque homebuilder
- Established in 1988
- c. 50 employees
- No debt
- 6,000 units delivered

- Kutxabak acquires Neinor as its servicer
- Disciplined and institutionalized relationship

- LS acquires Neinor
- €350m fully permitted land
- €650m legacy portfolio
- 7-year servicing contract

- Top team
- Industrial processes
- €1bn+ land acquired
- March '17: IPO at €1.3bn market cap

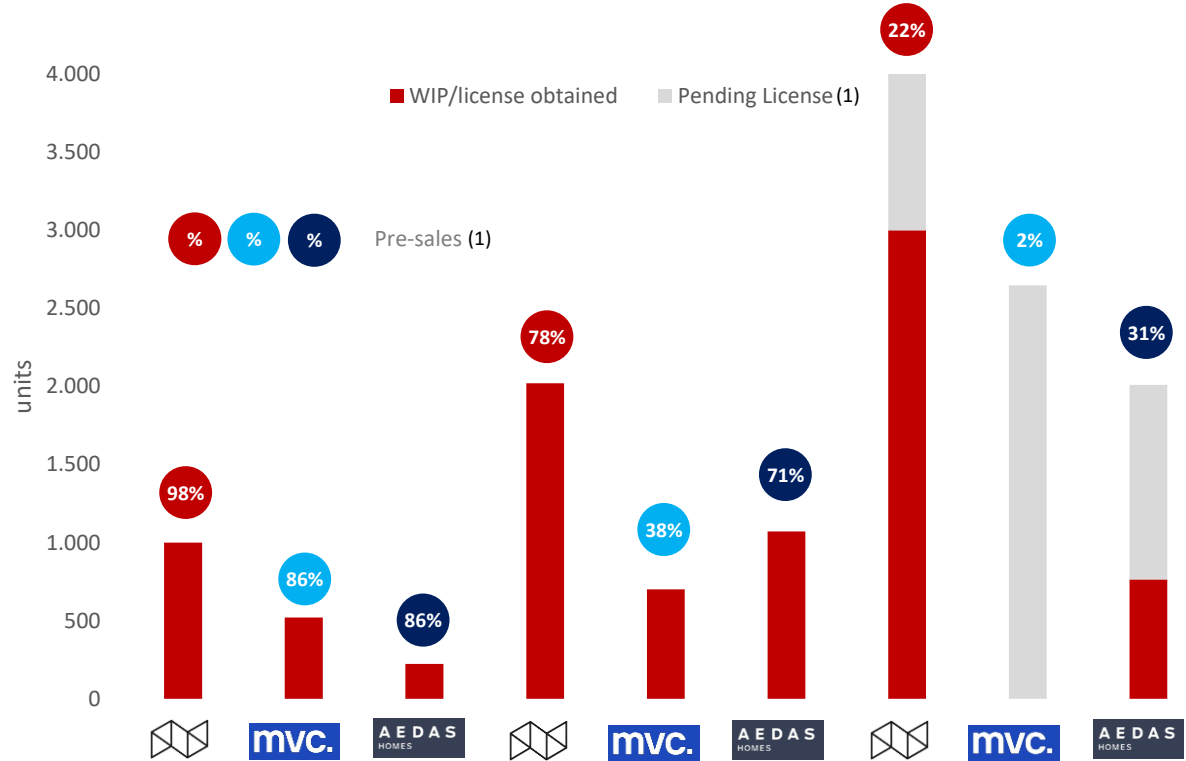
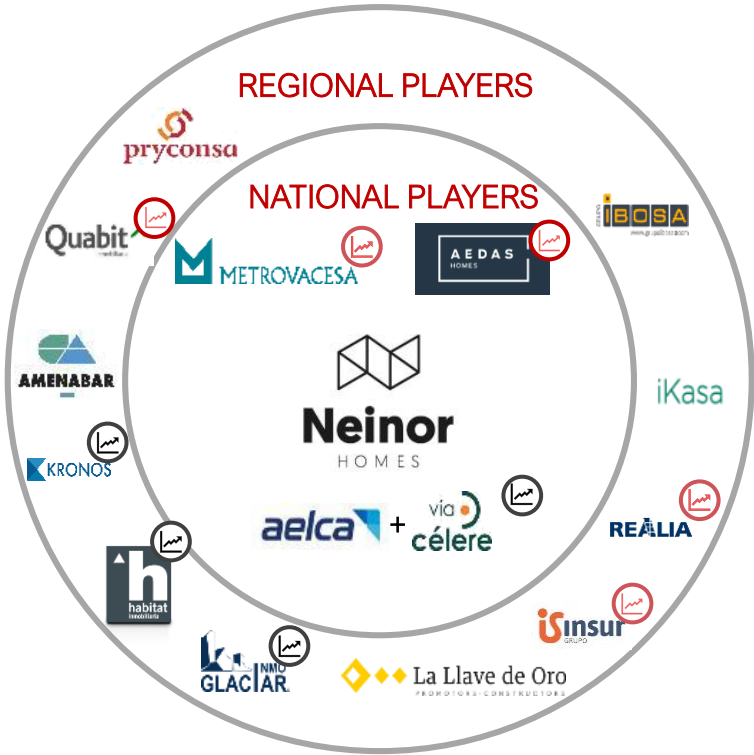
- Steady progress in tough ramp-up
- On track to deliver 1,000+ units

- Good visibility to 3,500+ units yearly run-rate
- Continue organic growth



# SPANISH RESIDENTIAL MARKET STILL UNDERSUPPLIED

## NEINOR HOMES IS 2+ YEARS AHEAD COMPETITION



Competitors controlled by PE funds

Listed competitors

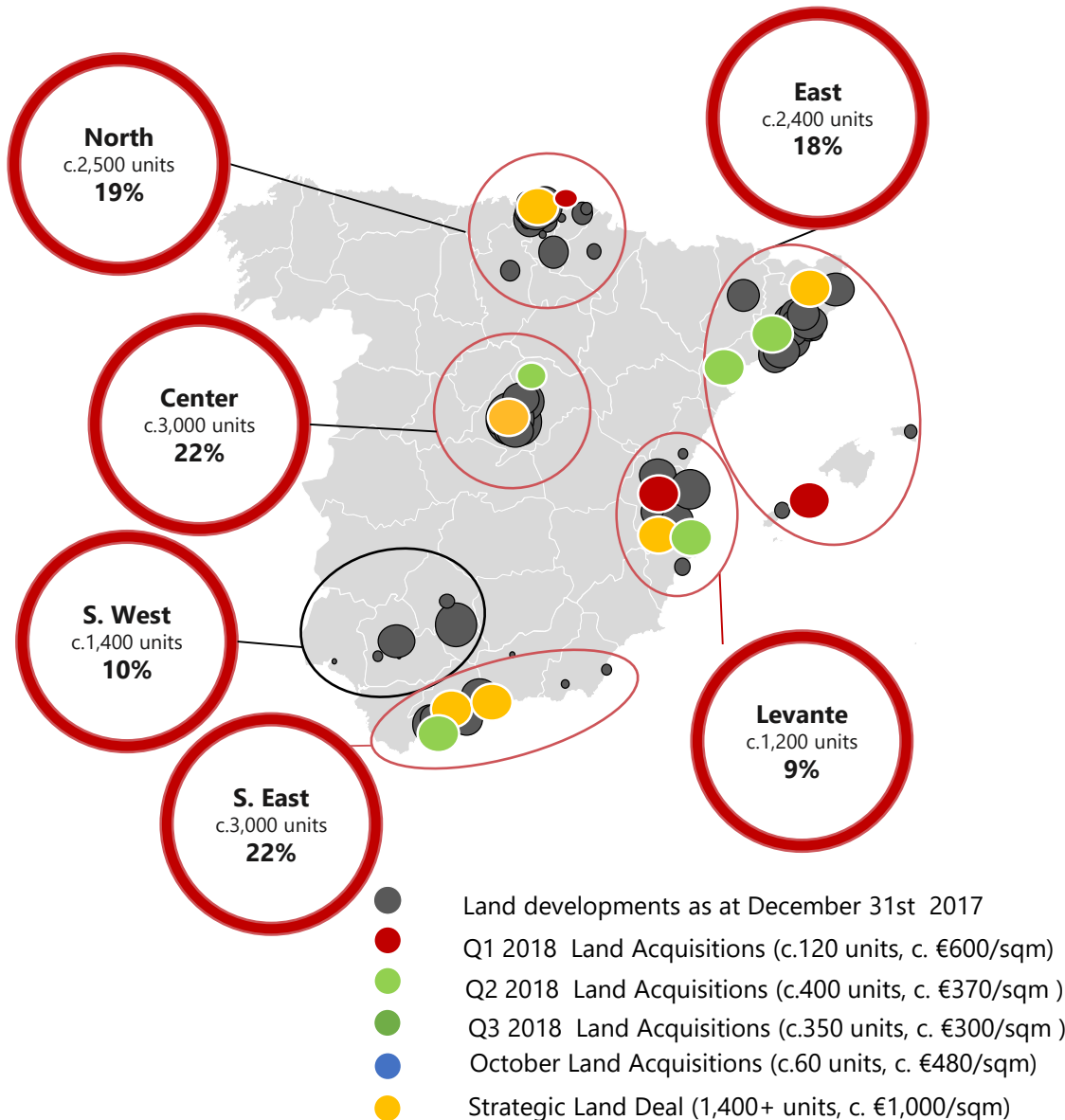
- **Pre-Sales €1bn+:** Over 3,000 families committed
- **Sustainable homes:** c. 60% of all **BREEM** certificates granted or requested in Spain are Neinor's

(1) As of H1 2018 for Aedas Homes and Metrovacesa



# EUR 1.8BN OF TOP QUALITY LAND BANK

## SUITABLE TO BUILD 13,700+ UNITS AND MANAGED FROM 6 REGIONAL OFFICES



- **Proven ability to replenish land bank with accretive deals since the IPO (€500m+ acquired)**
  - **Non-natural land owners:** investment funds control up to 200,000 units of good quality, liquid land.
  - **Cherry picked:** individual land plots in the regions with solid fundamentals
- CURRENT LAND ACQUISITION STRATEGY**
- **Consolidated areas:** disciplined acquisitions (~24% gross margin)
    - **Expansion areas:** 24%+ gross margin
  - First company to implement Anglo-Saxon model of **Strategic Land**. €60m of Optionality not valued in NAV



Product

# NEINOR HOMES PRODUCT

## SALE DIGITAL TRANSFORMATION: 75% LEADS GENERATED ONLINE

### OUR PRODUCT SNAPSHOT

**98%** multi-family / **2%** single family

**95%** first residence / **5%** holiday homes

#### Typical unit:

3 bed-room, 114 sqm, ASP: EUR 350k

1 BR: 1% 2 BR: 29% 3BR: 55% 4BR: 15% 5BR: <1%

#### Sustainable homes:

41 BREEAM certificates in design phase

4 BREEAM certificates for finished sites

### NEINOR STORE: DISRUPTING THE GO TO MARKET



### SERVING BEST VALUE FOR MONEY FROM A SIMPLIFIED MENU

#### ALPHA - €1,300/sqm

- Ventilated façades
- Two plates partition wall
- Aluminium carpentry
- Rectified porcelain
- Infinity pool
- Thermostatic faucet



BULEVAR HOMES (SAN SEBASTIAN DE LOS REYES - CENTER)

#### BETA - €1,150/sqm

- Cladding façade
- Two plates partition wall
- Aluminium carpentry
- Rectified porcelain / white paste
- Munich pool
- Thermostatic and monoblock faucet



NATURA HOMES (URDULIZ - NORTH)

#### GAMMA - €1,100/sqm

- SATE façade
- One plate partition wall
- PVC carpentry
- Non-rectified porcelain / red paste
- Skimmer pool
- Monoblock faucet



ALMENARA HOMES (ESTEPONA - SOUTH EAST)





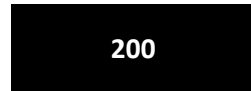
Company

# FULL FLEDGED TEAM TO HANDLE RUN RATE DELIVERIES

## EXPANSION TO TWO REGIONS SINCE IPO



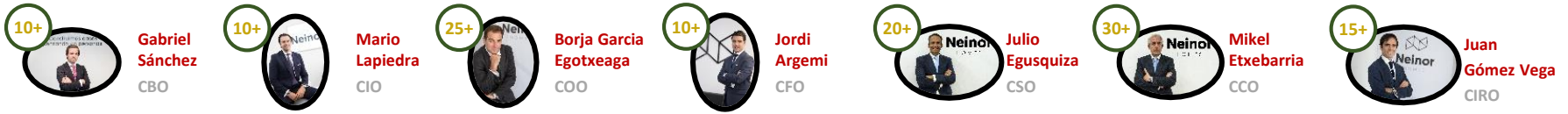
EMPLOYEES  
(FTEs)



+35%



6 Offices  
2 new since IPO:  
Malaga and Valencia



### Regional managers

120+ years  
of development  
experience



x Years of experience

Current  
Strategy

- Robust team with solid development track-record at the regional level
- Talent Incentive Plan approved by Board in July aligning employees with shareholders' returns
- Highly industrialized, with all systems and procedures in place, tested and in permanent improvement
- Team in place ready to meet and exceed expectations

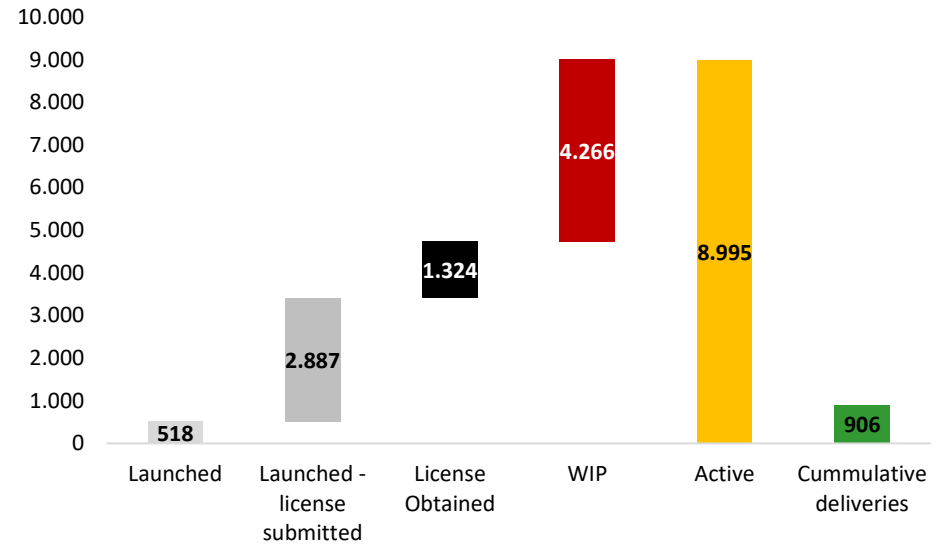
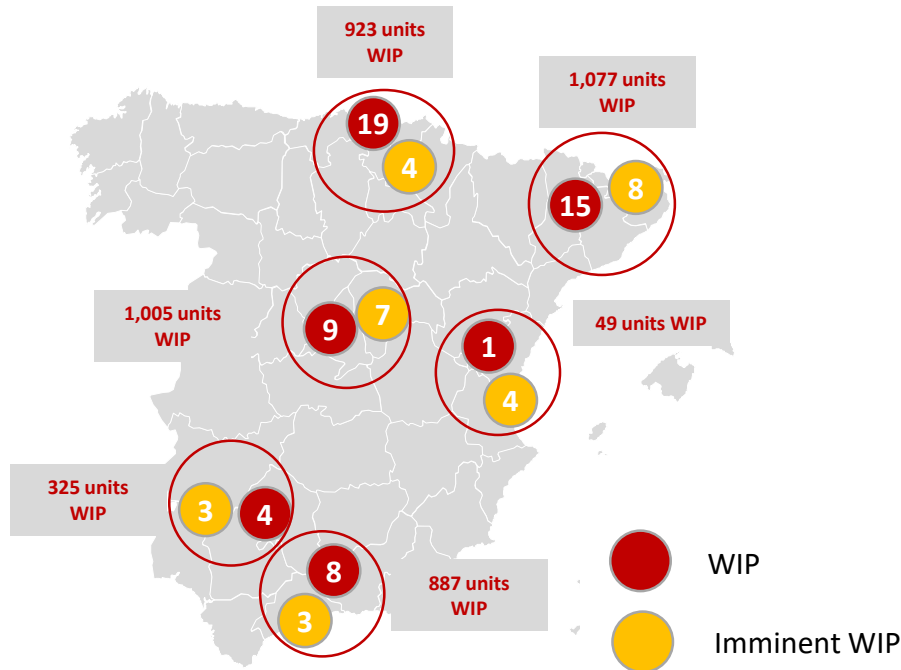


# 88% OF DEVELOPMENT STOCK IS ACTIVE

c.9,000 ACTIVE UNITS SECURING RUN-RATE

**54 WIP**  
Working with **26** contractors

**c. 9,000 active units**  
**97** sites



Current Strategy

- Leverage leadership position (€520+ million contracted) with **more concentrated and collaborative externalized model**
- **Strong team: 1+ professional for each of the 54 sites** (internal and external), and the additional support of the **internal corporate functions** (19 FTEs): procurement, corporate technical team and controller
- Subcontractor database that helps reduce cost surprises and speeds up decision making
- Search for cost-efficiencies with **framework agreement**





# A PROFITABLE COMPANY FOCUSED ON EXECUTION

## 1.5 YEARS CLOSER TO RUN - RATE THAN AT IPO

Performance since IPO

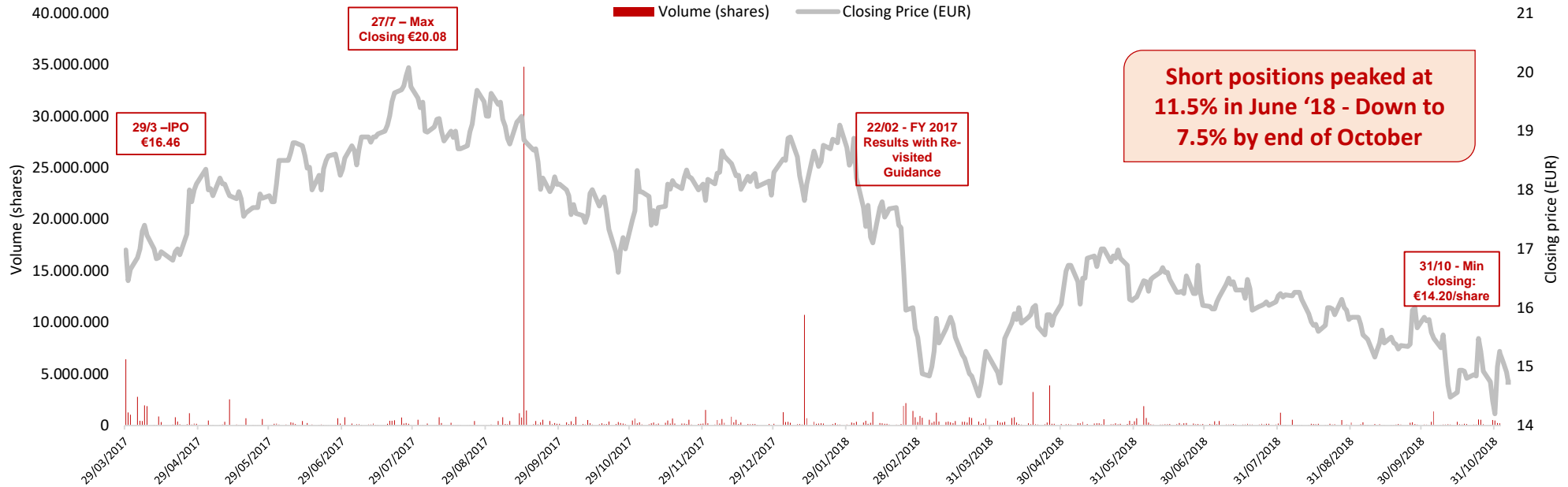
	DEC 16	FY 2018 EXP.	FY 2019 EXP.	FY 2020 EXP.	RUN RATE TARGETS
<b>DELIVERIES (units)</b>	119	1,000+	c.2,000	c.4,000	3,500+ ANNUAL DELIVERIES
<b>DELIVERIES PRE-SALES COVERAGE</b>					KEEP OPTIMUM SALES RHYTHM TO MAXIMIZE PROFITS
<b>DELIVERIES WIP COVERAGE</b>					c. 6,000 WIP units
<b>CORE BUSINESS WEIGHT % of revenues</b>	16%	75%+	90%+ <sup>(1)</sup>	95%+	100% CORE BUSINESS WEIGHT <sup>(2)</sup>
<b>EBITDA MARGIN (% of revenues)</b>	8%	10%+	20%+	20%+	18% EBITDA Margin

(1) Assuming full legacy disposal in 2019 (2) Assuming servicing contract is not renewed

# UNDEMANDING VALUATION

## EXECUTION AND VALUE CREATION YET TO BE REFLECTED BY SHARE PRICE

### PRICE PERFORMANCE SINCE IPO



### TRADING METRICS (1)

Trading Metrics	
Last Close (€)	14.92
Since IPO	-9.36%
ADTV since IPO (shares)	424,415
% Of Free Float	0.54%
Stock Market Ratios	
EV/EBITDA 2020	5.8x
P/E 2020	5.7x
P/Adjusted NAV	0.82
P/NNAV	0.98

### MAIN SHAREHOLDERS

Name	Ownership (%)	Type
ADAR CAPITAL PARTNERS	28.7%	RE Specialist
KAIROS INVESTMENT MANAGEMENT	5.6%	Hedge Fund
BMO	5.2%	Long only
INVESCO	5.0%	Long only
KING STREET	4.2%	Hedge Fund
PORTSEA AM	3.3%	Hedge Fund
ALKEN AM	3.1%	Long only
WELLINGTON MANAGEMENT	2.7%	Long only
<b>TOTAL</b>	<b>57.8%</b>	

(1) As of 6/11/2018

# 16 ANALYSTS COVERING NEINOR HOMES

€19.10 AVERAGE TARGET PRICE

Bank	Analyst	Recommendation	Target Price per Share (EUR)	Last Update
Alantra	Fernando Abril-Martorell	BUY	17.00	18/10/2018
Bankinter	Juan Moreno	BUY	18.55	24/07/2018
Caixa-BPI	Flora Trindade	NEUTRAL	21.35	13/06/2018
Citi	Ami Galla	NEUTRAL	16.34	23/02/2018
Credit Suisse	Samuel Thomas	OUTPERFORM	21.00	24/04/2018
EXANE BNP	Michael Burt	OUTPERFORM	19.60	29/08/2018
Fidentiis	Pepa Chapa	BUY	19.74	14/06/2018
Goldman Sachs	Alex Fries	BUY	21.60	22/10/2018
JB Capital Markets	Daniel Gandoy	BUY	21.50	23/07/2018
JPMorgan	Emily Biddulph	NEUTRAL	17.30	24/07/2018
Link Securities	Paula Sampedro	BUY	19.67	15/03/2018
Mirabaud	Ignacio Méndez	BUY	17.40	24/07/2018
Norbolsa	Nagore Diez	BUY	17.00	17/10/2018
Sabadell	Ignacio Romero	BUY	19.60	04/06/2018
Santander	José Cravo	BUY	18.90	08/03/2018
Societe Generale	Alvaro Soriano de Miguel	BUY	19.00	01/11/2018
<b>16</b>		<b>Average TP</b>	<b>19.10</b>	