

EXANE BNP MIDCAP CEO CONFERENCE

Paris – 28th November 2018



 **Neinor** HOMES

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NEINOR HOMES AND SECTOR RE-CAP

HOUSE PRICE INDEX



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

SPAIN

GDP growth

Unemployment Rate

Annual Housing Transactions

Annual Housing Starts

| | PRE-CRISIS | 2008-2013 | 2014 | 2015-2017 | 2018 | 2020+ |
|-----------------------------|------------|----------------|----------------|----------------------|--------------------------------------|--|
| GDP growth | 7-8% | Economic crash | Back to growth | Acceleration | Fastest growing big European economy | <ul style="list-style-type: none"> • 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% | |
| Annual Housing Transactions | c. 1m | 300k | 366k | 532k | 600k | |
| Annual Housing Starts | 600k | 34k | 35k | 55k | 90k | |
| | | | | | | |

SECTOR

| | | | | | |
|---|--|---|---|--|--|
| <ul style="list-style-type: none"> • No specialists • Granular • No equity in the system • €50bn market cap listed RE companies | <ul style="list-style-type: none"> • Homebuilding sector disappears • Banks down from 60+ to 10+ | <ul style="list-style-type: none"> • Following CRE recovery, residential development starts to become attractive | <ul style="list-style-type: none"> • Equity as a barrier to entry • Aedas IPO (Oct '17) • Banks willing to grant CAPEX financing to access mortgages | <ul style="list-style-type: none"> • Metrovacesa IPO • Blackstone and Lone Star acquire €20bn+ RE platforms from banks • Cerberus and Bain Capital acquire local developers | <ul style="list-style-type: none"> • Extended RE cycle • Normalization in cost and house inflation • PRS gaining momentum |
| | | | | | |

NEINOR HOMES

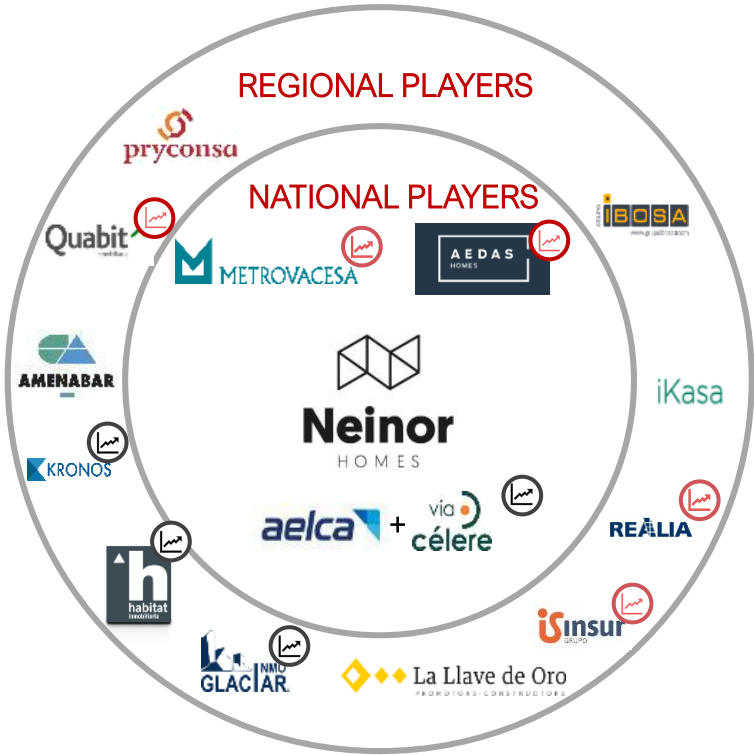
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|--|--|---|--|--|--|
| <ul style="list-style-type: none"> • Basque homebuilder • Established in 1988 • c. 50 employees • No debt • 6,000 units delivered | <ul style="list-style-type: none"> • Kutxabak acquires Neinor as its servicer • Disciplined and institutionalized relationship | <ul style="list-style-type: none"> • LS acquires Neinor • €350m fully permitted land • €650m legacy portfolio • 7-year servicing contract | <ul style="list-style-type: none"> • Top team • Industrial processes • €1bn+ land acquired • March '17: IPO at €1.3bn market cap | <ul style="list-style-type: none"> • Steady progress in tough ramp-up • On track to deliver 1,000+ units | <ul style="list-style-type: none"> • Good visibility to run-rate • Continue organic growth • Evaluating PRS opportunities |
| | | | | | |



SPANISH RESIDENTIAL MARKET STILL UNDERSUPPLIED



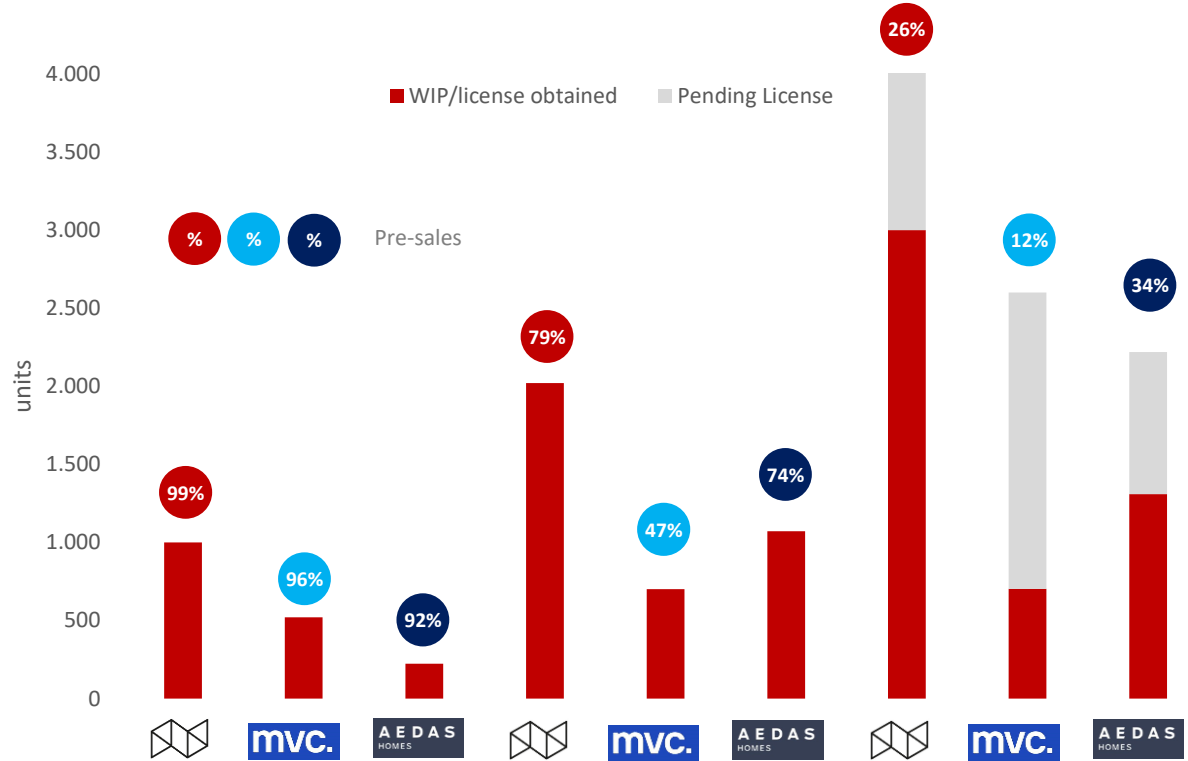
NEINOR HOMES IS 2+ YEARS AHEAD COMPETITION



Competitors controlled by PE funds



Listed competitors



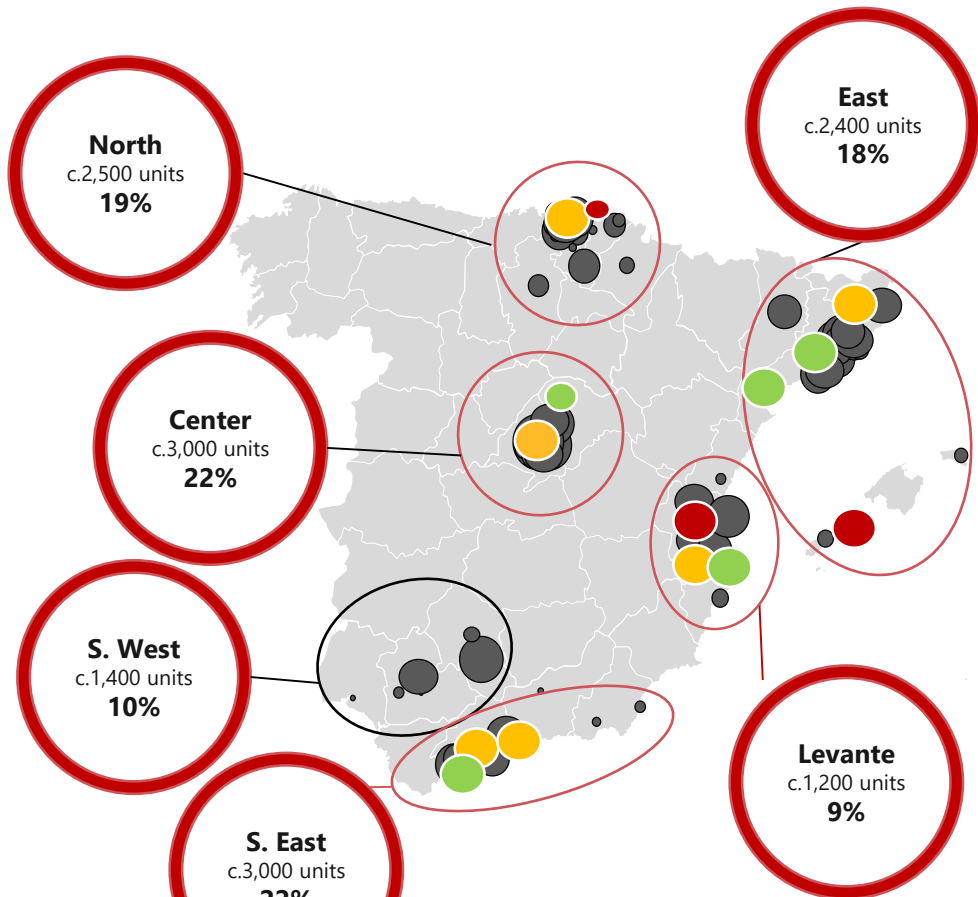
- **Pre-Sales €1bn+:** Over 3,000 families committed
- **Sustainable homes:** c. 60% of all **BREEM** certificates granted or requested in Spain are Neinor's

(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



- Land developments as at December 31st 2017
- Q1 2018 Land Acquisitions (c.120 units, c. €600/sqm)
- Q2 2018 Land Acquisitions (c.400 units, c. €370/sqm)
- Q3 2018 Land Acquisitions (c.350 units, c. €300/sqm)
- October Land Acquisitions (c.60 units, c. €480/sqm)
- Strategic Land Deal (1,400+ units, c. €1,000/sqm)

- **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. Quality of land to be tested.
 - **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

SALES 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



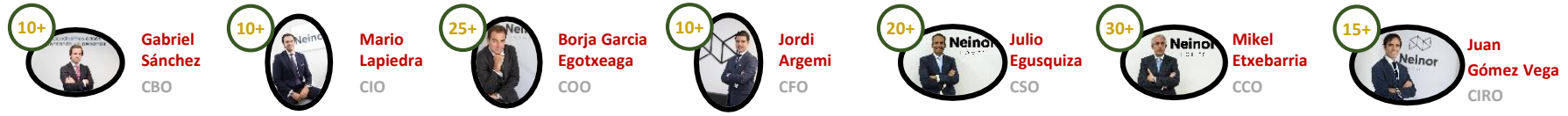
EMPLOYEES (FTEs)



+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

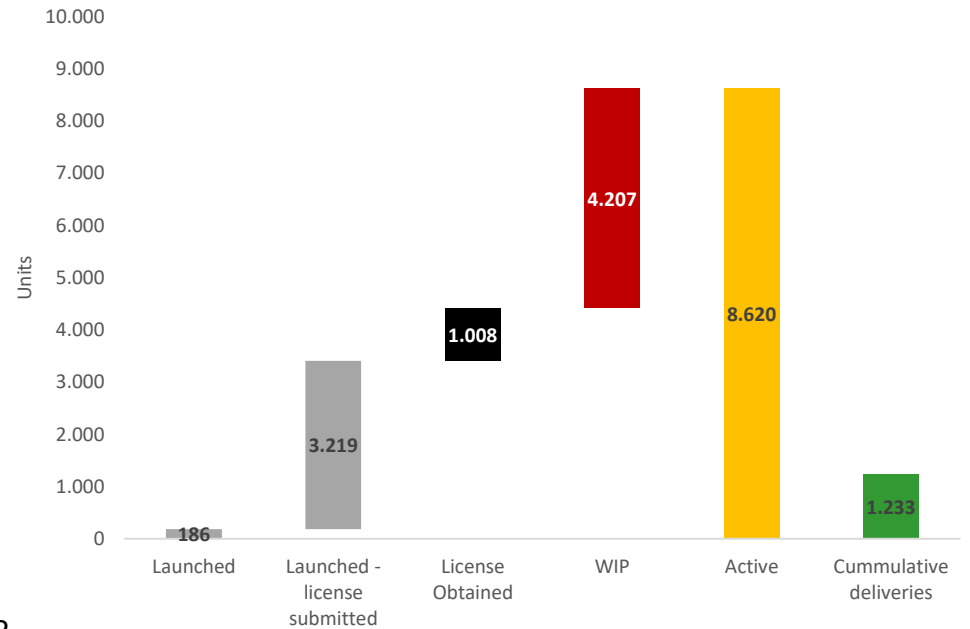
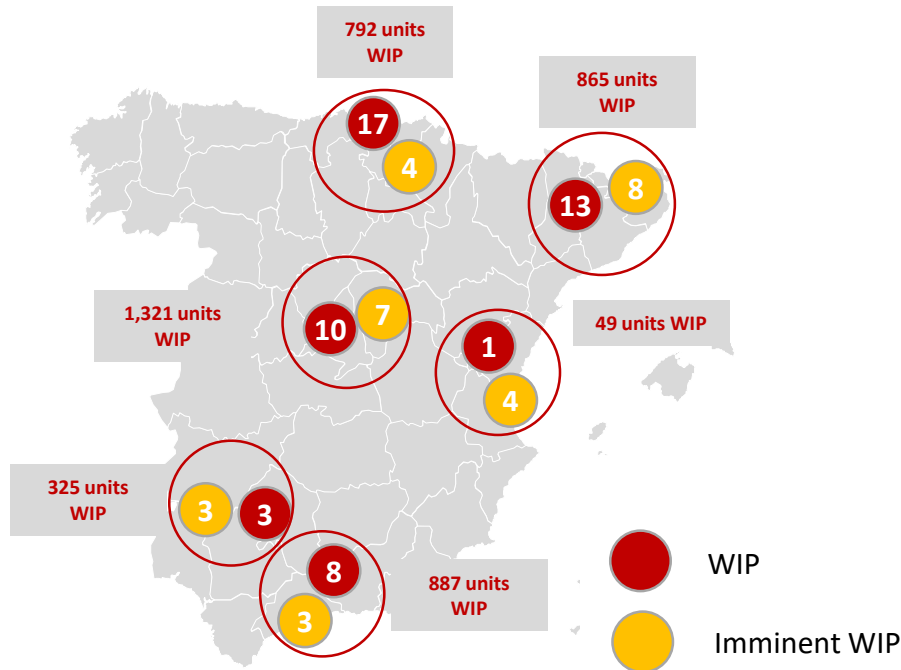


88% OF DEVELOPMENT STOCK IS ACTIVE

c.9,000 ACTIVE UNITS SECURING RUN-RATE

52 WIP
Working with **26** contractors

c. 9,000 active units
92 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**



SOLID EXECUTION IN Q3. CONFIDENT ON DELIVERING 2018 TARGETS

| | Delivery Guidance (units) | Licenses Granted (%) | Commercialization ⁽¹⁾ | Construction | Units delivered | YTD Milestone ⁽¹⁾ |
|-----------------|---------------------------|-------------------------------|----------------------------------|--|--------------------------|--|
| 2018 | 1,000+ | 100% | 99%+ pre-sold | 8 sites fully notarized 5 sites in notarisation 1 site ready for delivery | 801⁽²⁾ | 13 sites delivered as per guidance |
| 2019 | c.2,000 | 100% | 79% pre-sold | 31 sites WIP on track | - | Construction on track 1,100+ units beyond façade works |
| 2020 | c.4,000 | 74%+ c. 3,000 units | 26% pre-sold | c.2,000 units 19 sites WIP | - | Solid pre-sales process Steady increase in licenses granted |

(1) As of November 23rd (2) Refers to units physically delivered, . 546 units notarised YTD, 118 scheduled for notarisation

Working on getting the **remaining licenses** and **signing the construction contracts** to confirm **guidance for 2020**

Zahir Homes Cordoba
(South West)



Neinor
HOMES

