

RIVER HOMES – MADRID
DELIVERED Q4 2019



Neinor
HOMES

BME Medcap Forum

> 27th MAY 2020



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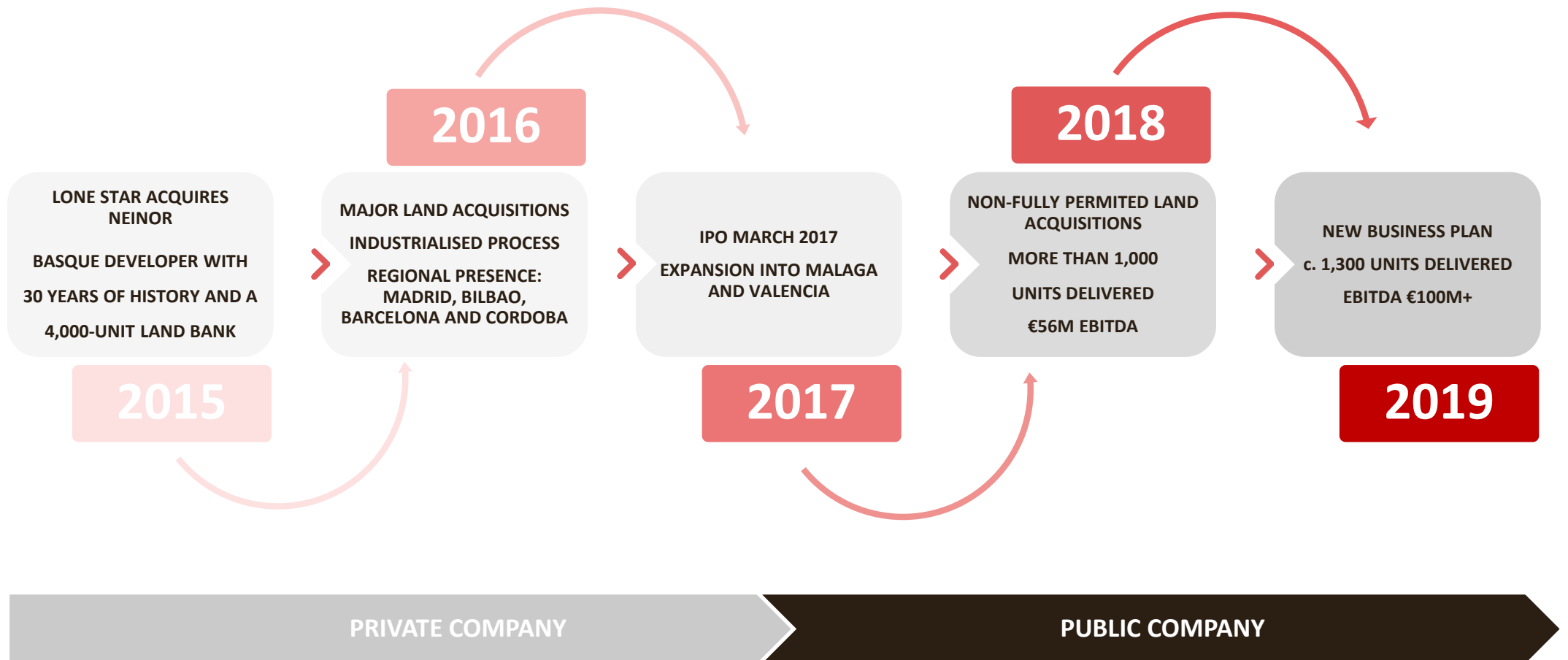
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LEADING THE HOMEBUILDING SECTOR SINCE 2015

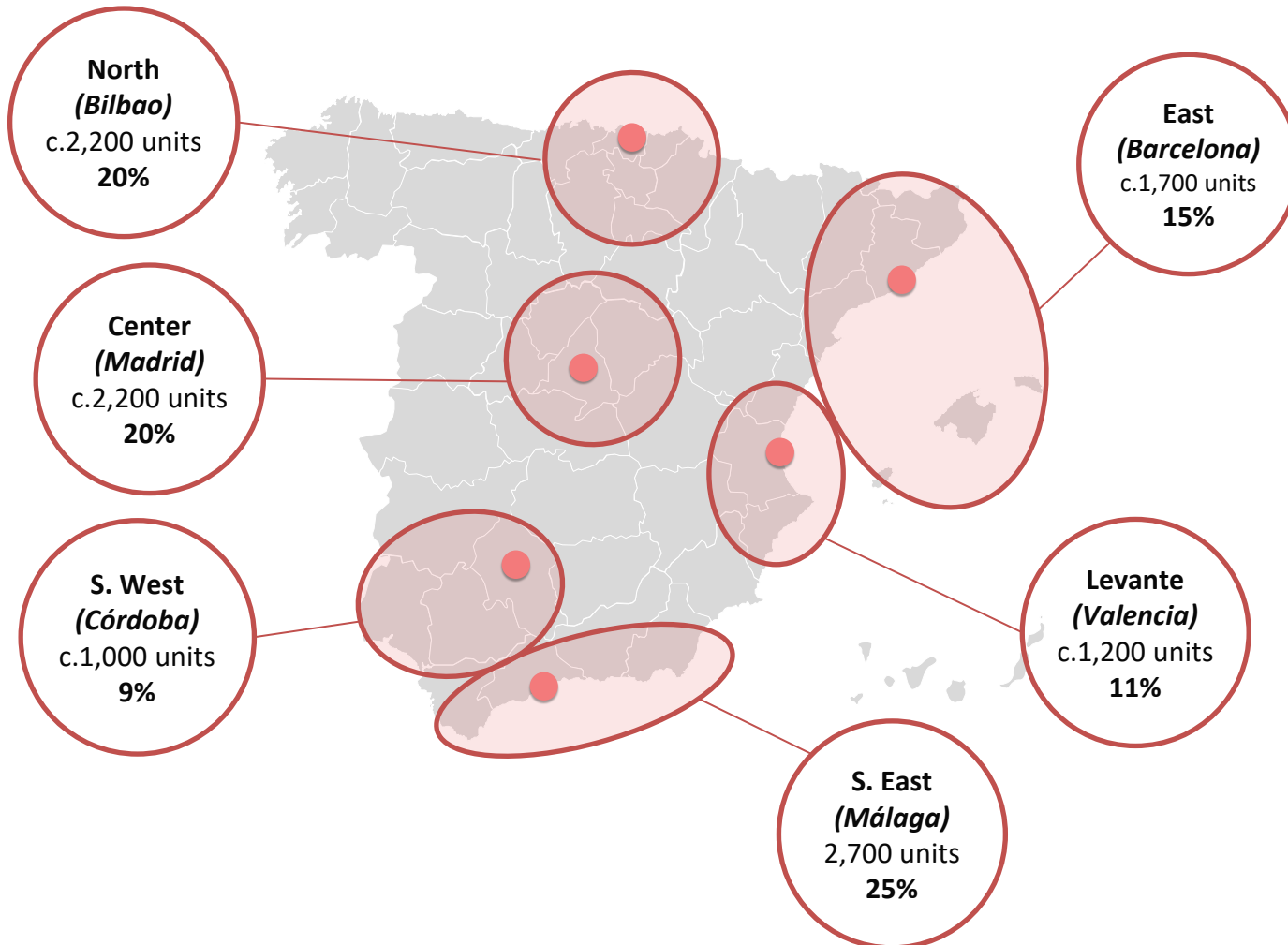


NEINOR HOMES: OUR NATIONAL FOOTPRINT

> Neinor's Land Bank

Region (City where regional office is)
% over GAV value of Land Bank Assets

● Neinor Regional Office



11,000 units land bank

c. 6,500 units

under commercialization

c. 5,000 units

under construction

2,800+ units

Pre-sold (€900m+ order book)

1,269 units

Deliveries in 2019

NEINOR HOMES: THE VALUE CHAIN

> Robust capabilities reflected in key metrics, demonstrating the industrial power embedded in the company.



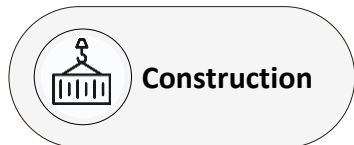
- Top quality land on main regions currently valued c.50% under NAV (c.550€/psqm)
- Solid margins already proven in 2018 and 2019
- Full origination and underwriting capabilities (€15bn underwritten, €1bn+ acquired)



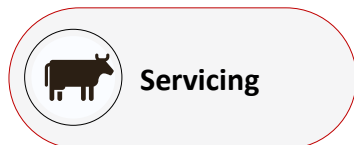
- 98% multi-family / 95% first residence
- Typical unit: 3 bed-room, 114 sqm, ASP: EUR 350k
- Three qualities: Alpha (€1,500/sqm cons. cost), Beta (€1,400/sqm) and Gamma (€1,100/sqm)



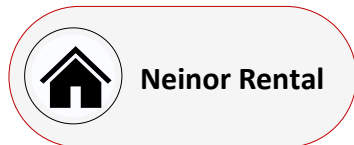
- Best in class and Innovative “go to market” model – 20 Neinor Stores in Spain
- 80% of leads generated online
- Strong inhouse capabilities, with a very scalable model



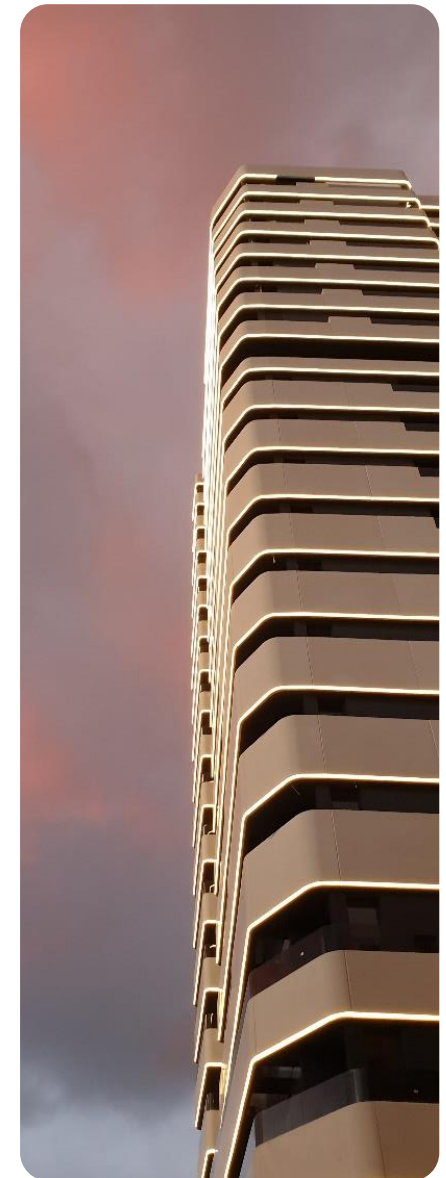
- C. 5,000+ WIP units / c. €850m CapEx committed
- 8,000+ licenses obtained / 800+ submitted awaiting license
- Working with 35+ construction companies.
- 6 regional offices with developer DNA, 273 employees.



- Ability to lever on capabilities developed for Kutxabank for the past 5 years (€1.4bn AuM)
- Fully operational land planning team




- Entered the PRS market based on an excellent operational base
- Launched on selected prime locations, in an undersupplied market
- Development at 6-7% Yield on cost, ROE of 15%, fully financed



SOLID PERFORMANCE IN FY19 EXTENDED INTO Q1 2020

Proven profitability in 2019:

- 
- > **€489m revenues, €104m EBITDA Adjusted and €64m Net Income**
 - > Developer gross margin: **30% vs. 28% target**
 - > Strong asset base: **NAV⁽¹⁾: €1,288m / NAV per share: €16.30**
 - > **Neinor Rental launched**, with seed portfolio of 1,200 units

Solid start in 2020:

- 
- > **€7.9m EBITDA** and 28% gross development margin

Strong Order Book:

- > **353 pre-sales** in Q1 for a cumulative **total of 2,834 units (c.€930m)**
- > 2,120 contracted (714 reservations) – 16% of price paid up-front
- > **60% of order book covered by insurance company** in case of involuntary unemployment or health issues

⁽¹⁾ Unadjusted NAV + €38.5m net equity swap debt associated with share buy-back program

SITUATION 2 MONTHS INTO THE COVID19 CRISIS



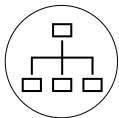
Sales, construction and public-private collaborations:

- > Construction: **all sites open except March 30th-April 13th**
- > Launched 2 campaigns and virtual visits: **64 pre-sales in April**
- > Working on **various initiatives to leverage existing capacity**



Financial Strength:

- > **€40m corporate loan in April** to further strengthen cash position. **Pro-forma cash end of April €130m+(1)**
- > **No need to refinance corporate loans for 12+ months**
- > **c.€850m of developer loans committed**



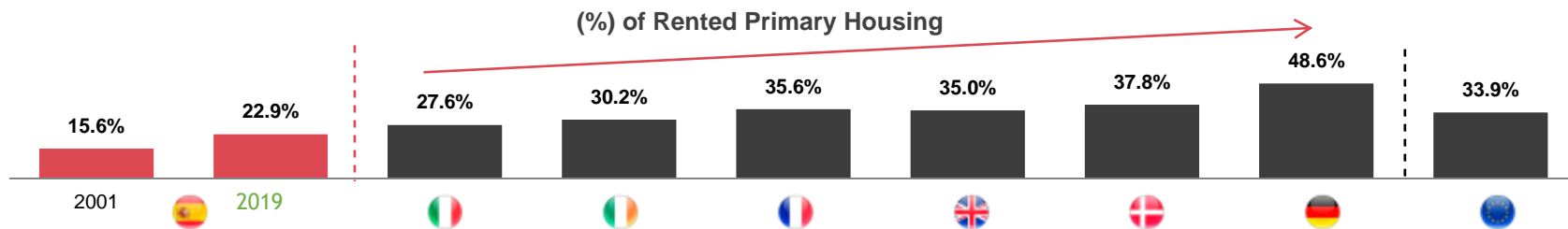
Structural safety:

- > **Low structure costs + Recurrent income from the Servicing**
- > **Neinor Rental: setting up operational platform. Works started in 2 sites**, to take advantage an even more appealing opportunity

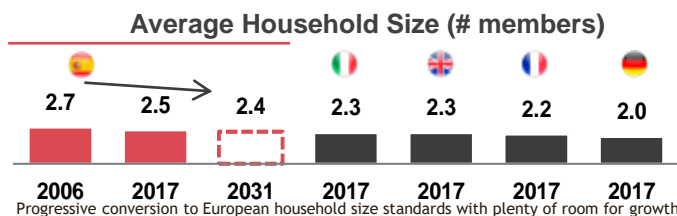
(1) Including €33.5m restricted cash

AN EVEN STRONGER MACRO CASE FOR THE RENTAL SECTOR

Supportive Long Term Macro Trends



Attractive demographics and affordability



Supportive Demand of New Residential units

100-150K resi units need per year

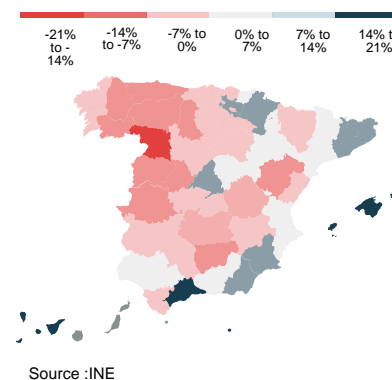
Average Tenant Age

29 Years Spain
52 Years Germany

Affordability Expected to Improve as Age of Tenant Base Converges to EU Averages

Geographical Concentration Effect

Province	Top 20 - Number of inhabitants (millions)	Population increase (#)	Population increase (%)	GDP per capita	Unemployment rate	Investment interest
Madrid	6,66	85.315	+1,30%	34.041	10,3%	●
Barcelona	5,66	55.229	+0,98%	29.885	11,3%	●
Valencia	2,57	17.138	+0,67%	22.882	14,6%	●
Sevilla	1,94	2.502	+0,13%	19.665	21,4%	●
Alicante	1,86	19.864	+1,08%	19.066	13,6%	●
Málaga	1,66	20.664	+1,26%	18.036	18,1%	●
Murcia	1,49	15.389	+1,04%	20.766	14,2%	●
Cádiz	1,24	1.441	+0,12%	17.231	23,8%	●
Vizcaya	1,15	3.023	+0,26%	30.901	10,9%	●



TOP 6 PROVINCES IN SPAIN CONCENTRATE:

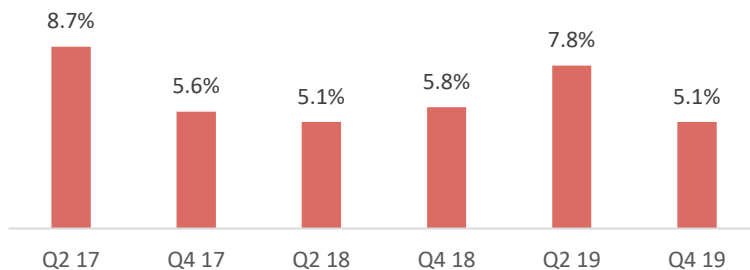
- C. 50% of total country population
- C. 90% of the Spain population increase per year (+1%/year)
- C. 50% of total GDP

THE EFFECT IS EXPONENTIAL, IN 10 YEARS:

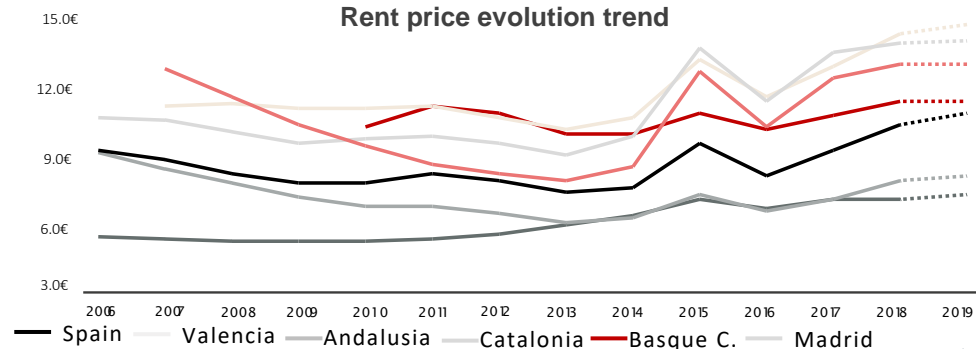
- Same regions will increase population by +7-21% (as reflected in the map)
- The rest of Spain will concentrate a loss of population of 0-21%

Resilient rents capturing the demand with unaffordability to buy

Rental Prices y-o-y Quarter Growth (%)¹



Rent price evolution trend



NEINOR RENTAL: RATIONALE AND MID-TERM GOAL

A FLEXIBLE ADD-ON

- Launching **fully-financed**
- No equity requirement
- Seed portfolio of c. **€250+m NAV** in platform valuation

ATTRACTIVE ECONOMICS

- Selected locations with **solid rental market economics**
- Initial projects with high profitability
 - **Developed at 6-7% gross yield on cost**
 - **ROE of 15%**

MEDIUM TERM GOAL

- Clear **benefits of combined business lines**: realize value sooner for plots with for-sale and for rent components
- **Become a market leader**
- **Target ~5,000 units, generating ~€40m FFO**

NEINOR RENTAL: THE PLATFORM

PORTFOLIO

1,200 units of prime Rental Developments.
 Located in the top 5 cities of Spain and in the best rental markets for the mid-high class demand



DESIGN

Exclusive design adapted to specific rental target clients of each area.

Keeping the Brand and recognition of Neinor stamp.



PRODUCT

Excellent qualities, durable and energy efficient.

All developments with energy efficient qualifications



ASSET MGMT & COMMERCIALIZATION:

Marketing and leasing activity, with pricing and reletting strategy

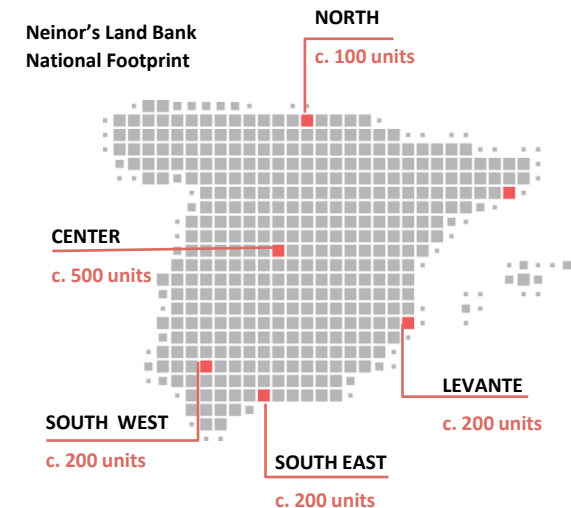
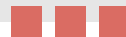
Scoring process for tenants' selection. Contracts management



PROPERTY MANAGEMENT

Management of technical and tenant issues.

Reconditioning for reletting. Community owners and boards assistance.





A

Appendix



RIVERSIDE HOMES – MADRID
Delivered Q4 2019

Q1 2020 OPERATING HIGHLIGHTS

MARCH 2020 SNAPSHOT

Q1 2020 PROGRESS



Development Activity

c. 11,000 units
LandBank

c. 5,000 units
WIP & FP

Licenses
400+ obtained
800+ acc. submitted⁽¹⁾

500+
WIP Starts

126
Deliveries



Pre-Sales Activity

2,834 (c. €930m)
Orderbook units

353 units
Pre-sold in Q1

64 units
Pre-sold in April



Order Book Quality

74.8%
Contracts

25.2%
Reservations

16%
Avg. paid up-front (of 20% deposit)

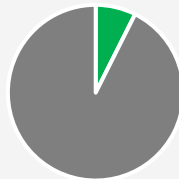
1,622 (c.60%)
Units with Family Home Protection



Revenue Visibility

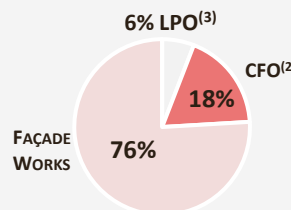
2020

7% DELIVERED



1,700+ UNITS

CURRENT PRE-SALES
75%



OF WHICH IN CONTRACTS
94%

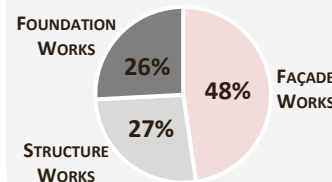
2021

100% WIP
100% LICENSES



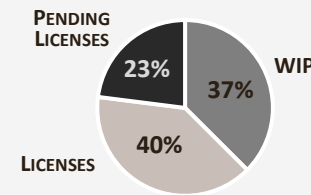
2,400+ UNITS

CURRENT PRE-SALES
45%



OF WHICH IN CONTRACTS
70%

2022



2,500+ UNITS

CURRENT PRE-SALES
25%

100% FOUNDATION WORKS



Note: Pre-sales rate as of March 2020. ⁽¹⁾ Average accumulated time since submission of licenses is 18 months. These 800+ units for which license have been requested, are in addition to the c.5,500 units that already had licenses as at March 2020 ⁽²⁾ CFO: Certificado Final de Obra, last milestone before requesting the first occupancy license or LPO ⁽³⁾ LPO stands for "Licencia de Primera Ocupación"

Q1 2020 FINANCIAL HIGHLIGHTS

> EBITDA of €7.9m and Net Income of €4m

Financial KPIs



P&L

€51m
Revenues

€7.9m
EBITDA

€4m
Net Income



Balance Sheet

€1.3bn
Development
Stock

81%
Of Development
Stock is Active

€91m
Cash⁽¹⁾



Leverage

€226m
Net Debt

€297m
Adjusted Net Debt

18%
LTV



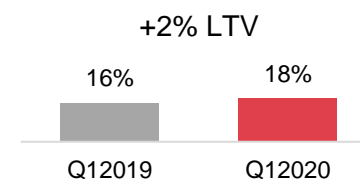
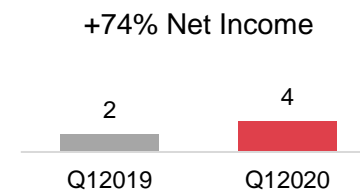
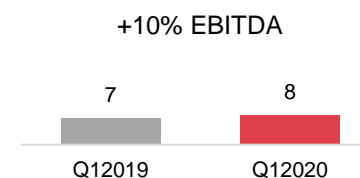
Servicing

€1.4bn
AuM

€5.8m
Revenues

69%
EBITDA Margin

Year on Year Progress



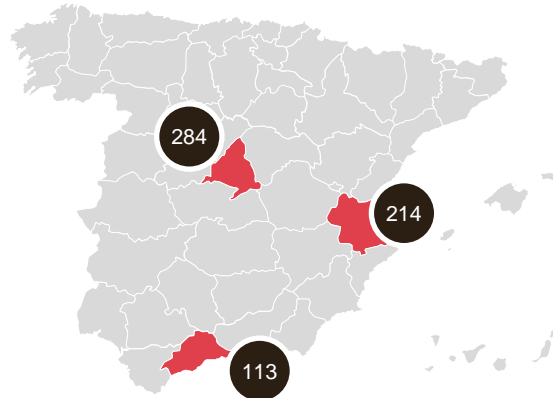
⁽¹⁾ Includes €33.5m of restricted cash

NEINOR RENTAL SEED PORTFOLIO: TOP PERFORMING RENTAL MARKETS

OPERATING ASSUMPTIONS

- **Delivery:** '21: 113# /'22: 498#
- **Occupancy:** 95% in Year 2
- **Monthly rent 2019 psm:** €9,1
- **Monthly rent 2019 per unit:** €1,045
- **Stabilized rent:** €8.7m
- **FFO:** ~€4.8m

LOCATION OF INITIAL 611 UNITS



FINANCIAL CONSIDERATIONS

- **€95m CapEx, 100% financed with banks**
- **Gross Yield on Cost: 6-7%**
- **Tax efficient (@4% CIT and reduced VAT)**
- **PRS decided as the most profitable use – Brings forward the use of plots**
- **ROE: 15%**

SELECTED LOCATIONS IN TOP-PERFORMING RENTAL MARKETS WITH GROWTH POTENTIAL

Hacienda Homes – Málaga



- In **Malaga city**, walking distance from **main universities**, the **Malaga Justice complex** and **Virgin Victoria Hospital**
- **Great tube and bus connections**
- **Very low rental stock** in an area with **avg. +10% annual rent increase** over the last 4 years
- **Contrasted sales demand** with avg of **4 units/sold per month** last 2 years (Phase 1)

Sky Homes – Valencia



- In **Valencia city**. **Main expansion neighborhood** in front of **La Fe Hospital** with **6,000+ employees** and **300,000 patients per year**.
- **Non-existent new product rental supply** in an area with **avg. 8% annual rent increase** the last 4 years
- **Contrasted sales demand** with avg of **7 units/sold per month** last year (Phase 1)

SS de los Reyes – Madrid



- One of the **wealthiest regions of Madrid A. Com.**, **5 mins car/Tube/bus** from **major office hub of North Madrid** (Telefonica, BBVA, etc) and nearby **Infanta Sofia Hospital**
- **Limited rental supply**, with **avg. 7% annual rent increase** last 4 years
- **Contrasted sales demand** with avg of **6,5 units/sold per month** last 2 years (Dehesa, Alea, Bulevar)

Parla – Madrid



- **Parla is a dormitory city South of Madrid** with **c. 130,000 inhabitants**, **demographic growth** and almost **50% below 35 years old**. Plots in a fully consolidated neighborhood
- **Direct trains to center every 15 min.**
- **Limited rental supply** in the area, with **avg. 8% annual rent increase** last 4 years

HOMES

Neinor

