RIVER HOMES – MADRID
DELIVERED Q4 2019

JPM European High Yield & Leveraged Finance Conference

› 10th September **2020**

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LEADING THE HOMEBUILDING SECTOR SINCE 2015

2015

LONE STAR ACQUIRES NEINOR

BASQUE DEVELOPER WITH

30 YEARS OF HISTORY AND

A 4,000-UNIT LAND BANK

2016

MAJOR LAND ACQUISITIONS

INDUSTRIALISED PROCESS

REGIONAL PRESENCE: MADRID, BILBAO, BARCELONA AND CORDOBA

2017

IPO MARCH 2017

EXPANSION INTO MALAGA AND VALENCIA

2018

A PROFITABLE COMPANY
+1K UNITS DELIVERED
56MN EBITDA

FIRST STRATEGIC LAND ACQUISITIONS

2019

+1,3K UNITS DELIVERED

EBITDA €100M+

NEW BUSINESS PLAN, MANAGEMENT RESHUFFLE

2020

EXECUTION INSPITE COVID
+100M EBITDA TARGET

LAUNCH NEINOR RENTAL WITH 1.2K UNITS TARGET 5k

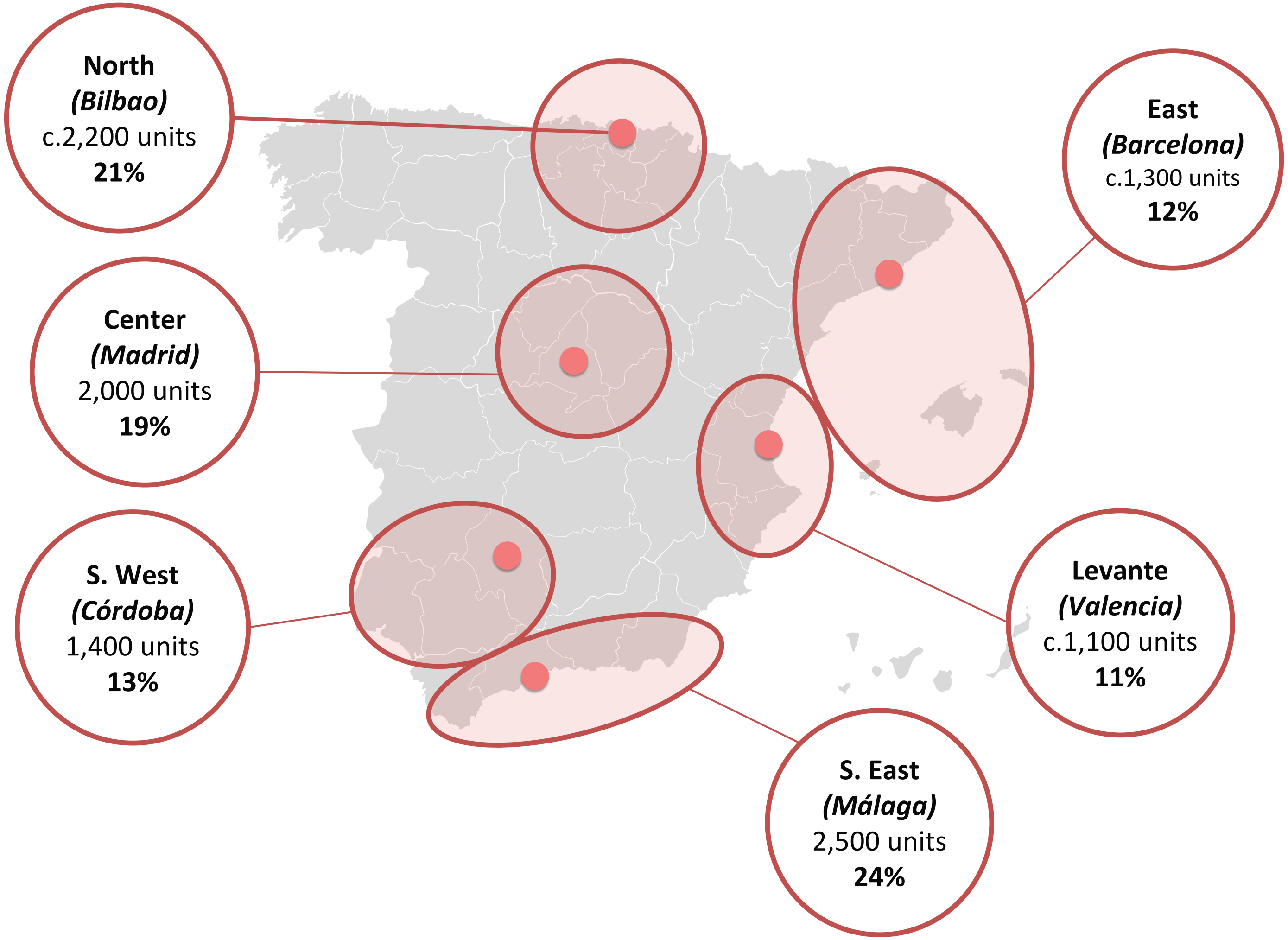
PRIVATE COMPANY | PUBLIC COMPANY

NEINOR HOMES: OUR NATIONAL FOOTPRINT

Neinor's Land Bank is concentrated in the Top7 provinces by housing demand in Spain

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

Neinor Regional Office



10,500+ units **land bank**

c. 6,000 units

under commercialization

c. 5,000 units

under construction & FP

3,000 units

Pre-sold (€980m+ order book)

1,269 units

Deliveries in 2019

NEINOR HOMES: RESIDENTIAL DEVELOPMENT

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

Product

- **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)**

Sales

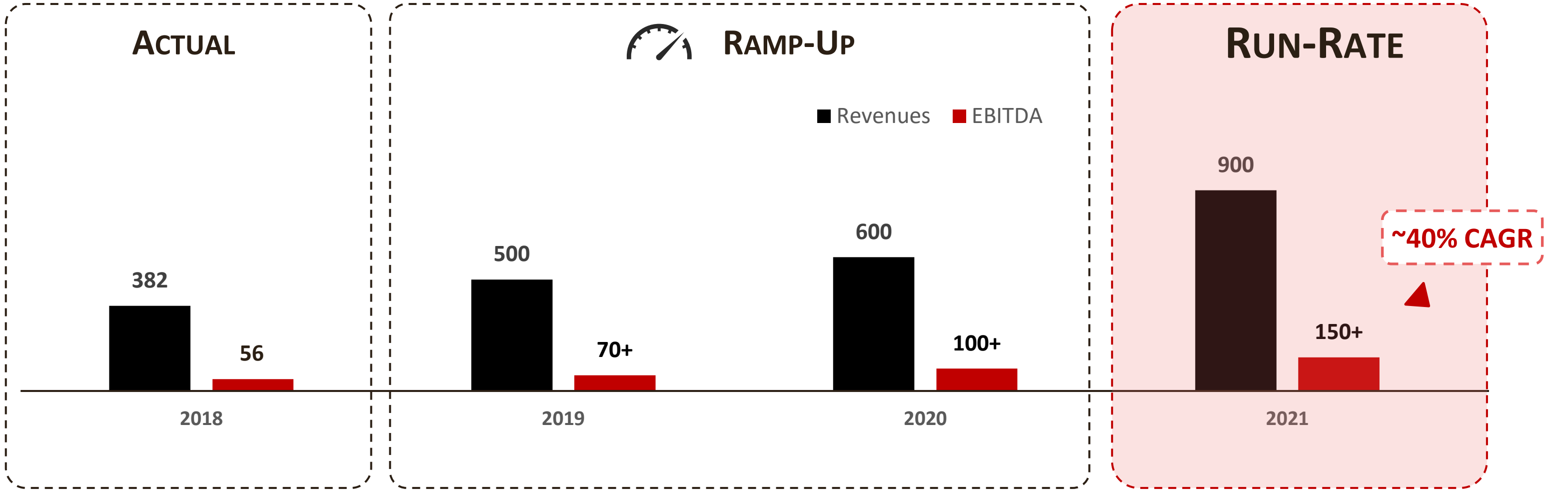
- **Best in class and Innovative "go to market" model – 20 Neinor Stores in Spain**
- **80% of leads generated online**
- Strong inhouse capabilities, with a **very scalable model**

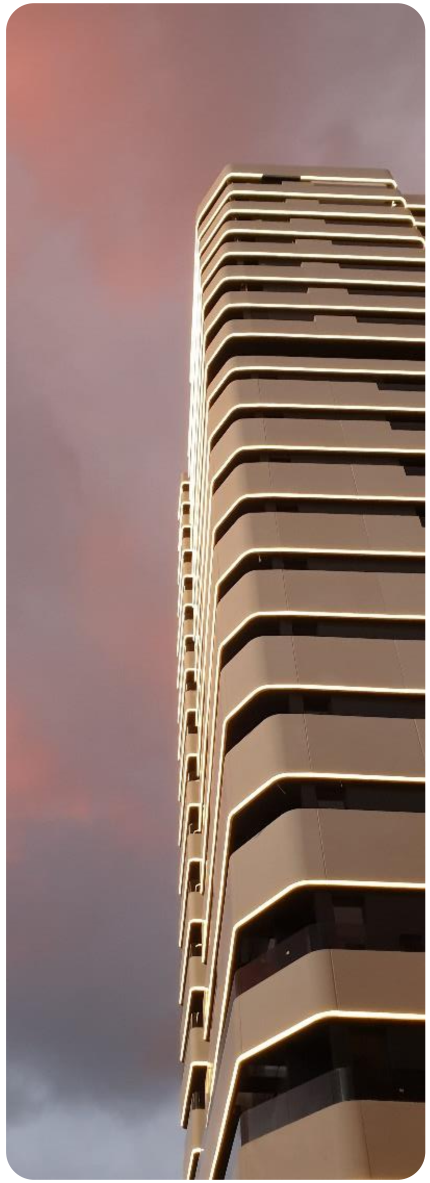
Construction

- **C. 5,000+ WIP units / c. €850m CapEx committed**
- **8,000+ licenses obtained / 600+ submitted awaiting license**
- **Working with 35+ construction companies.**
- **6 regional offices with developer DNA, 273 employees.**

BP de-risked until 2022 with targets unchanged in spite Covid19.

P&L



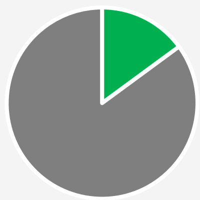


2020-22 VISIBILITY

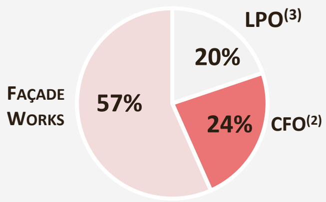
STATUS | **WIP STATUS**[1] | **REVENUE VISIBILITY**

2020

Status



WIP Status



Revenue Visibility

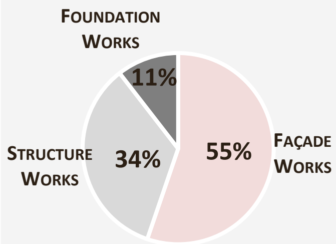
Current Pre-sales
83%

- c.600 units delivered or in delivery process
  - 254 units delivered by Jun. 30th
  - c.350 units in delivery process
- Awaiting LPO³ for 400 units

2021

Status

WIP Status



Revenue Visibility

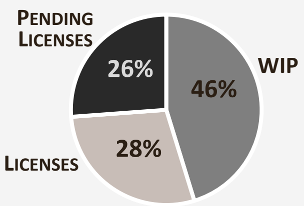
Current Pre-Sales
50%

Expected Presales by Year-End
~65%

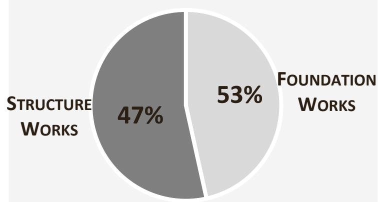
- 55% of units started façade works
- 50% of units already pre-sold

2022

Status



WIP Status



Revenue Visibility

Current Pre-Sales
30%

Expected Presales by Year-End
~40%

- c.1,900 units with license
- c. 50% units WIP
- Pre-sales on track to end of year target

[1] Status as of end of June [2]CFO stands for Certificado Final de Obra, last milestone before requesting the first occupancy license (LPO, see next footnote). [3] LPO stands for Licencia de Primera Ocupación, the municipal certificate that allows developers to notarize and deliver the units to the buyers.

H1 2020 EXECUTIVE SUMMARY

Profitability despite the COVID outbreak:

- **€100m+ revenues / 28% gross development margin / €15m EBITDA**
- **Guidance reiterated: +€100m EBITDA**

Sales and Construction Progress:

- **Pre-sales of 686 units in 1H20** (332 in Q2).
- Order book +3k units and +€1bn revenues. No spike in cancelations.
- Estimated delays in construction works of 1-month due to Covid.

Rental Platform: 300 units in Construction + 300 to start works in the upcoming months. €100M financing secured.

Capex and corporate financing:

- 100% developer financing committed for 2020, 2021 and most 2022 developments - **c. €280m signed YTD** (**c. €250m since April**[1])
- **New €40m corporate line** to strengthen cash position

LEADING THE HOMEBUILDING SECTOR SINCE 2015

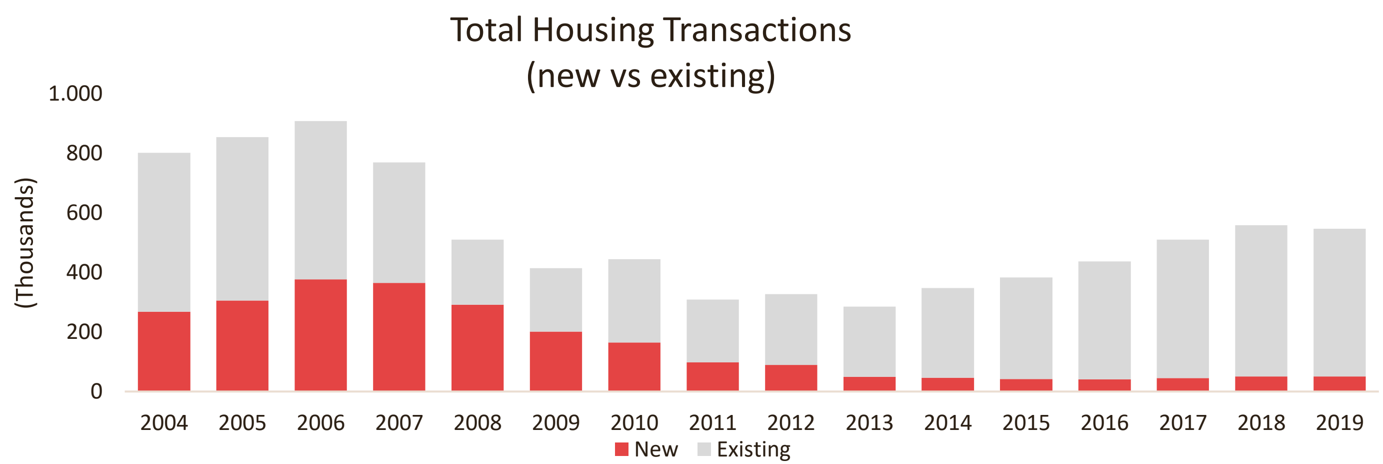
- **Despite a strong macro deceleration housing demand has proven more resilient than expected.**

Before Covid19 old was better than new

- Until 2019 **new housing transactions** stood **at 50k vs L15Y average of 162k (less 70%)**…
- … while **existing transactions made nearly a full recovery** standing near c500k units (c10% below peak).
- **New housing transactions represent 10%** of total vs **30% historically**.

… but preferences might have changed

- **Changes in housing preferences** (53% give more value to exterior spaces, 13.6% want to move to a house with exterior space, 16.2% value room size[1]) **likely to invert transaction mix towards new houses.**
- **Higher unemployment and lower consumer confidence should hit housing demand** but mostly in the lower segment of demand. (Neinor stands at +€300k/unit).
- **Financing constraints by banks** should drag supply in the short to medium term favouring market consolidation.



Source: Fomento

[1] IKEA July 2020 survey, "Perception of our homes after confinement"

FINANCING AND DEBT POSITION

Neinor HOMES

Capex and corporate financing:

- **Corporate debt refinanced** and to be fully repaid by 23 (€90M).
- **Limited financing risk** on constr. Capex for 20-22 deliveries.
- **Strong liquidity position** with **€130M** on the BS to tackle growth opportunities.
- **MAX LTV of 30-35%** vs **1H20 at 19%.** Dividend payment postponed for prudency.

1H20 Leverage Position

€M	H1 2020	FY 2019	Q2'20 vs FY'19	
Gross Debt	**381.7**	**365.7**	**16.0**	**4.4%**
Non-Current Bank Borrowing	**90.0**	**50.0**	**40.0**	**80.0%**
Corporate Financing	90.0	50.0	40.0	80.0%
Current Bank Borrowing	**291.7**	**315.7**	**(24.0)**	**-7.6%**
Developer Loan	239.7	169.6	70.1	41.3%
Land	*111.1*	*110.9*	*0.3*	*0.2%*
Capex	*128.6*	*58.8*	*69.8*	*118.8%*
Land Financing	51.4	70.5	(19.2)	-27.2%
Corporate Financing	-	74.3	(74.3)	-100.0%
VAT Financing	0.1	0.0	0.1	n.s.
Interests	0.6	1.2	(0.6)	-50.9%
Current financial Assets	**-**	**12.8**	**(12.8)**	**n.s**
Cash & Equivalents	**132.9**	**173.4**	**(40.5)**	**-23.4%**
Net Debt	**248.8**	**179.5**	**69.3**	**38.6%**
Net Debt	**248.8**	**179.5**	**69.3**	**38.6%**
Adjustments	76.0	81.1	(5.2)	-6.4%
Deferred Land Payment	38.2	37.7	0.5	1.3%
Restricted Cash	37.8	43.5	(5.7)	-13.0%
Net Debt Adjusted	**324.8**	**260.7**	**64.1**	**24.6%**

[1] Including c. €130m signed in July

NEINOR RENTAL: RATIONALE AND MID-TERM GOAL

Flexible Add-on:

- Launching **fully-financed**
- **No equity** requirement
- Seed portfolio of c. +**€250mn 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 vs market yield 3-4%**
  - **+€100mn NAV accretive (8% uplift potential)**

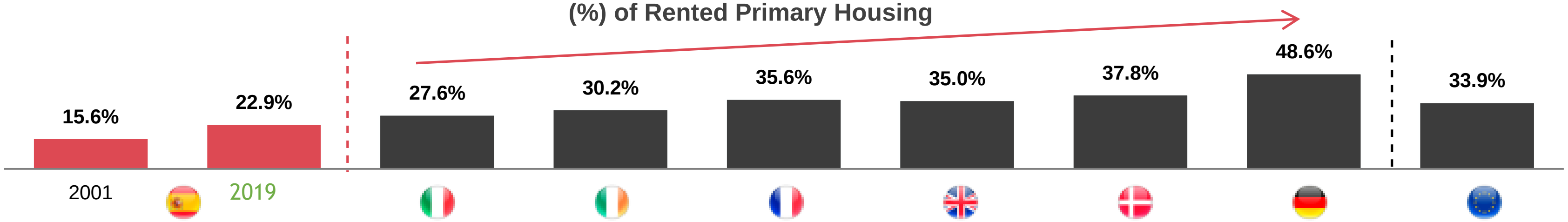
Medium Term Goal:

- **Ring Fence** the rental platform. Become a **market leader**
- **Target ~5,000 units**, generating **~€40m FFO**
- **Financing secured** for **600** rental units – (€100M) + expected closing of the funding needed for the further 600 units soon
- **Optionality**: even if kept on balance, rental would generate 15% ROE

AN EVEN STRONGER MACRO CASE FOR THE RENTAL SECTOR

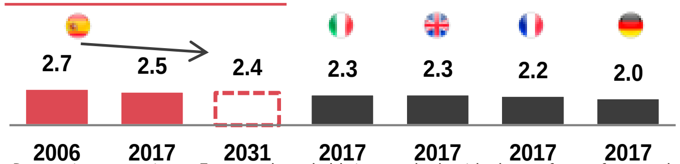
Supportive Long Term Macro Trends

(%) of Rented Primary Housing



Attractive demographics and affordability

Average Household Size (# members)



Progressive conversion to European household size standards with plenty of room for growth

Supportive Demand of New Residential units

100-150K resi units need per year

Average Tenant Age

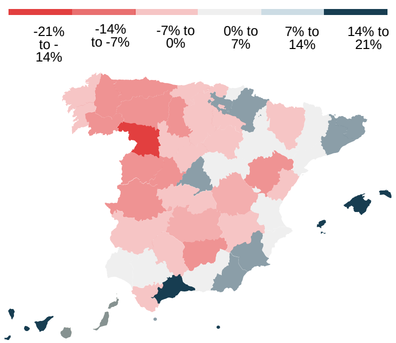
29 Years Spain4

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%	

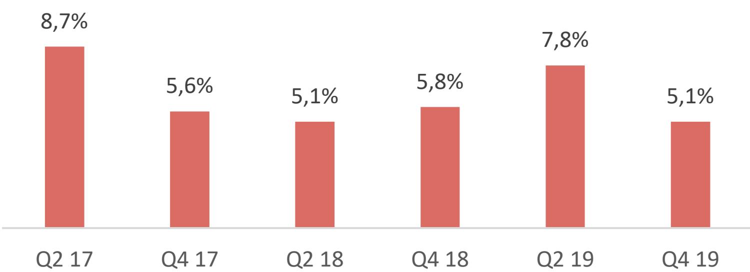


Source :INE

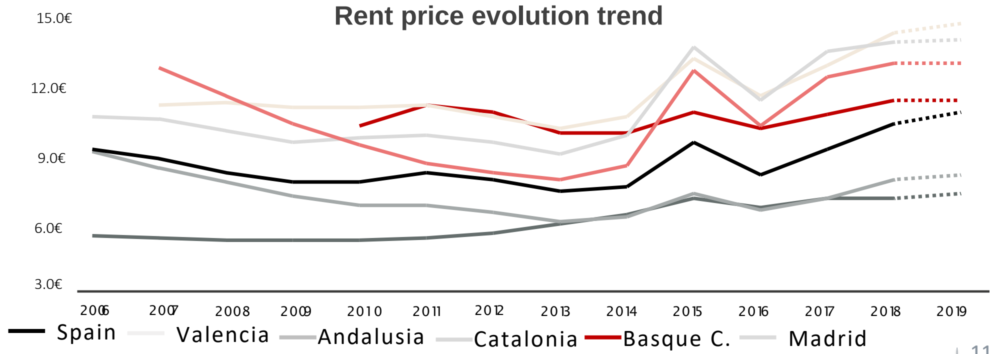
- TOP 6 PROVINCES IN SPAIN CONCENTRATE:
  - **C. 50%** of total **country population**
  - **C. 90%** of the Spain **population increase per year** (+1%/year)
  - **C. 50%** of **total GDP**
- THE EFFECT IS EXPONENTIAL, IN 10 YEARS:
  - **Same regions** will **increase population by +7-21%** (as reflected 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



A Appendix

ALBORADA HOMES – MALAGA
Delivered Q2 2020

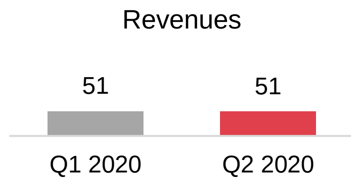
H1 2020 FINANCIALS HIGHLIGHTS

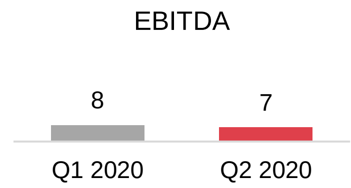
› **EBITDA of €15M and Net Income of €7M**

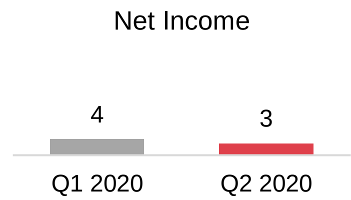
Financial KPIs

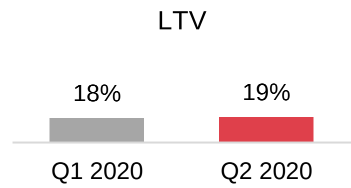
P&L	€101m Revenues	€15m EBITDA	€7m Net Income
Balance Sheet	€1.3bn Development Stock	82% Of Development Stock is Active	€133m Cash[1]
Leverage	€249m Net Debt	€325m Adjusted Net Debt	19% LTV
Servicing	€1.4bn AuM	€11.4m Revenues	58% EBITDA Margin

Quarterly Progress









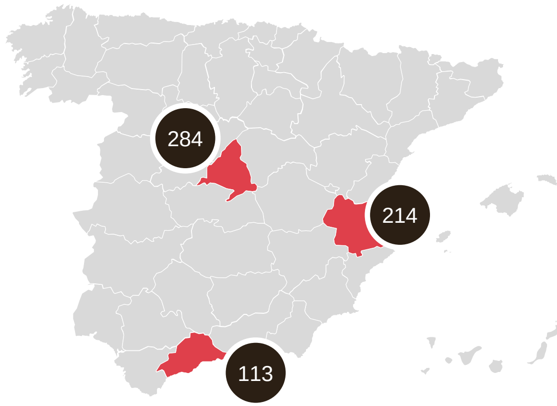
[1] Includes €38m of restricted cash

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

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