

Neinor
HOMES

NEINOR RENTAL Non-Deal Roadshow

> April 2021

IBEX MID CAP®



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NEINOR RENTAL

KEY INVESTMENT HIGHLIGHTS

1 **Strong PRS fundamentals** in Spain supported by **demographic trends** and a **lack of rental supply**

2 **Unique capabilities** to develop new multifamily rental product at **~6% Gross Yield-on-Cost**

3 **100% Value-Add** and **NAV growth strategy** underpinned by 100-150bps yield compression

4 **Prudent Leverage** (20% Pro-Forma¹ LTV FY20) providing headroom to grow the rental business

5 **Attractive entry point** at a discount to the liquidation value of the development business

The Spanish leading **fully integrated residential platform**

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01

NEINOR HOMES: AT A GLANCE

Plaza Europa 14 HOMES | 2020 DELIVERY



NEINOR HOMES: AT A GLANCE

THE SPANISH LEADING FULLY INTEGRATED RESIDENTIAL PLATFORM



PRIVATE COMPANY

PUBLIC COMPANY

STAGE 1: LAND BANK AND INDUSTRIALIZATION PROCESS

STAGE 2: DEVELOPMENT RAMP-UP

STAGE 3: RENTAL EXPANSION

2015

- Lone Star acquires Neinor from Kutxabank
- Basque developer with 30 years of history and a 4,000-unit land bank

2016

- Major land acquisitions
- Process industrialization
- Regional presence: Madrid, Bilbao, Barcelona and Cordoba

2017

- IPO March 2017
- Expansion into Málaga and Valencia

2018

- A profitable company, +1k deliveries and +50mn EBITDA
- First strategic land acquisitions

2019

- +1.3k units delivered
- EBITDA +€100mn
- New business plan, management reshuffle

2020

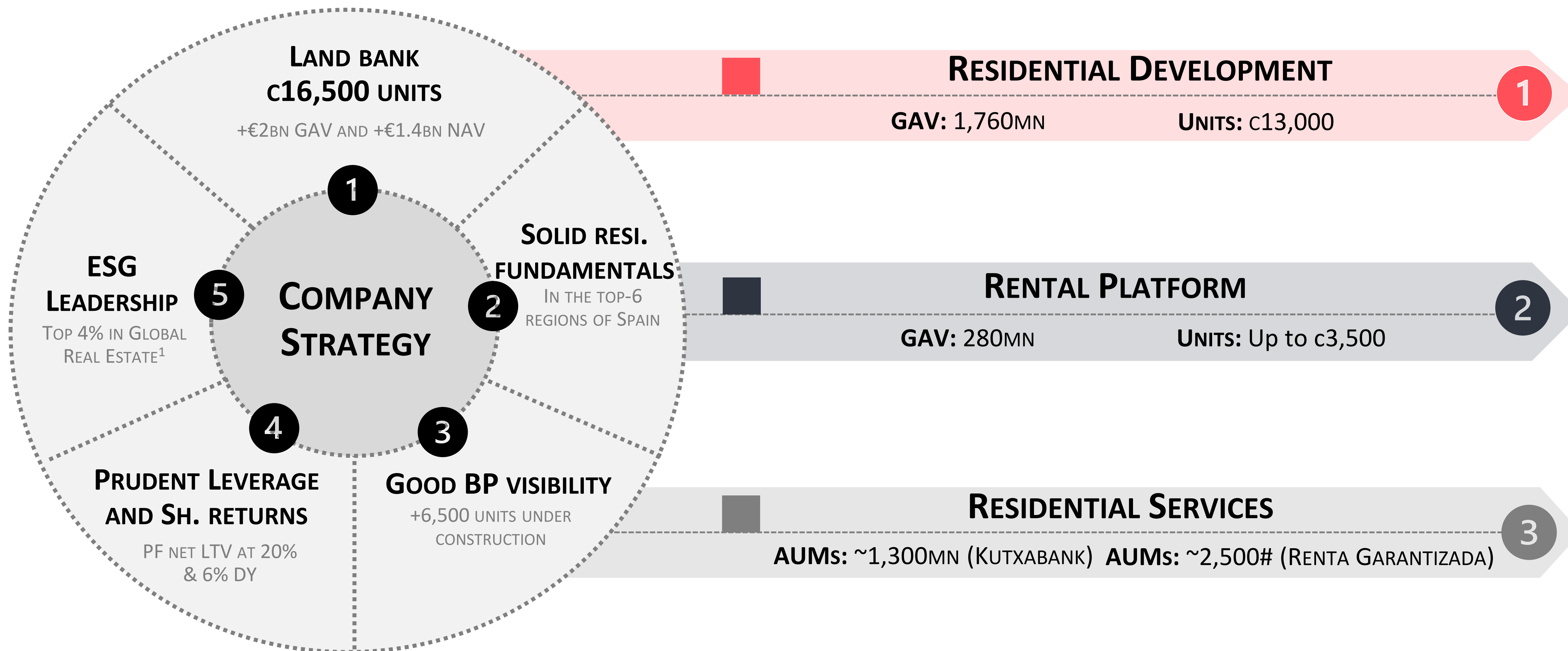
- Execution in spite COVID: +€110mn EBITDA
- Launch Neinor Rental with 1.2k units
- Acquisition of OpCo (Renta Garantizada)

2021

- First PRS Acquisition (€58mn)
- Merger by absorption with Quabit
- To reach run-rate target: c2.5k deliveries and €150mn EBITDA

NEINOR HOMES: AT A GLANCE

THE SPANISH LEADING FULLY INTEGRATED RESIDENTIAL PLATFORM



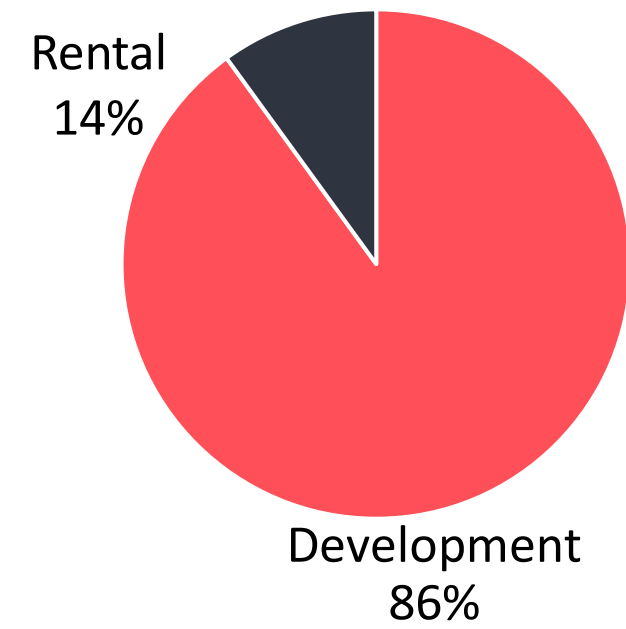
1. According to Sustainalytics Risk Rating assessment. 2. 6% Dividend Yield computed with share price as of 21/04/2021.

NEINOR HOMES: AT A GLANCE

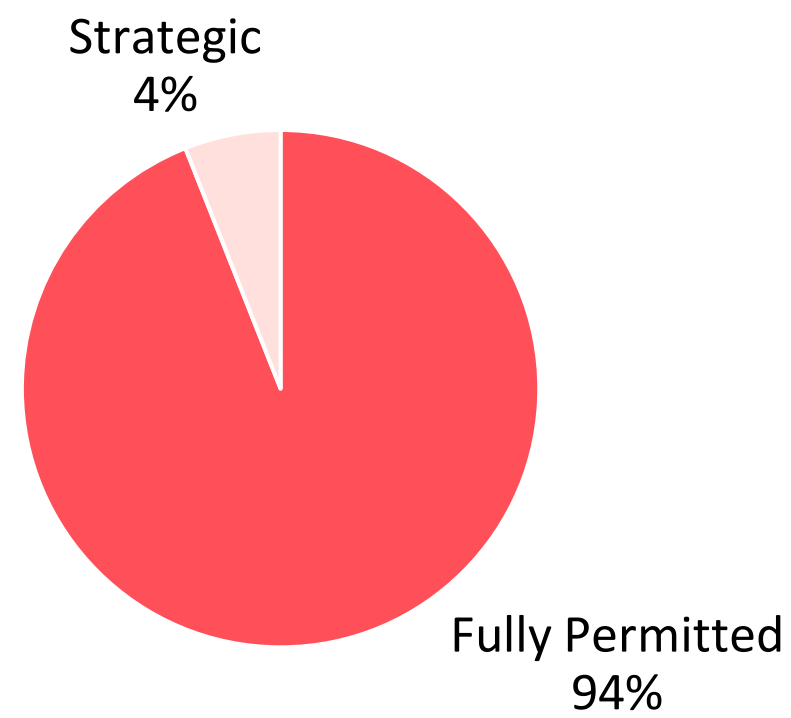
LAND PORTFOLIO CONCENTRATED ON THE TOP-6 REGIONS OF SPAIN

LAND BANK BREAKDOWN

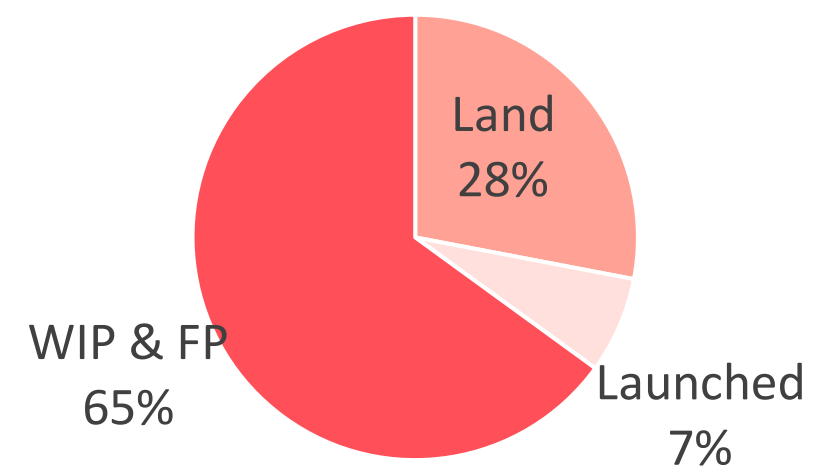
GAV by Type



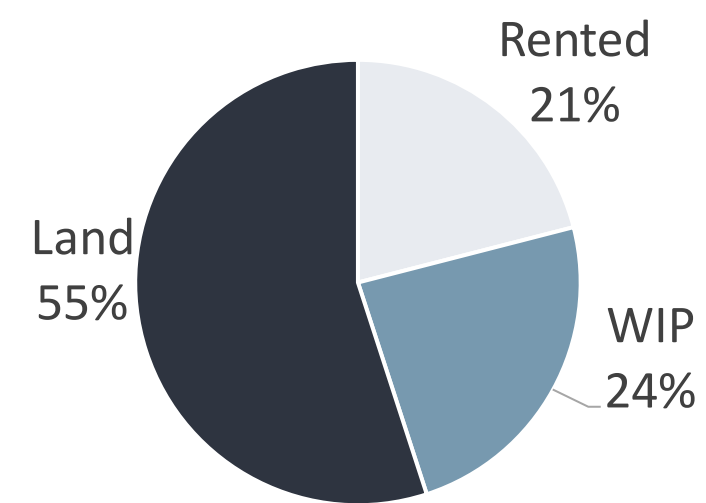
GAV by Urban Status



Development GAV by Type



Rental GAV by Type

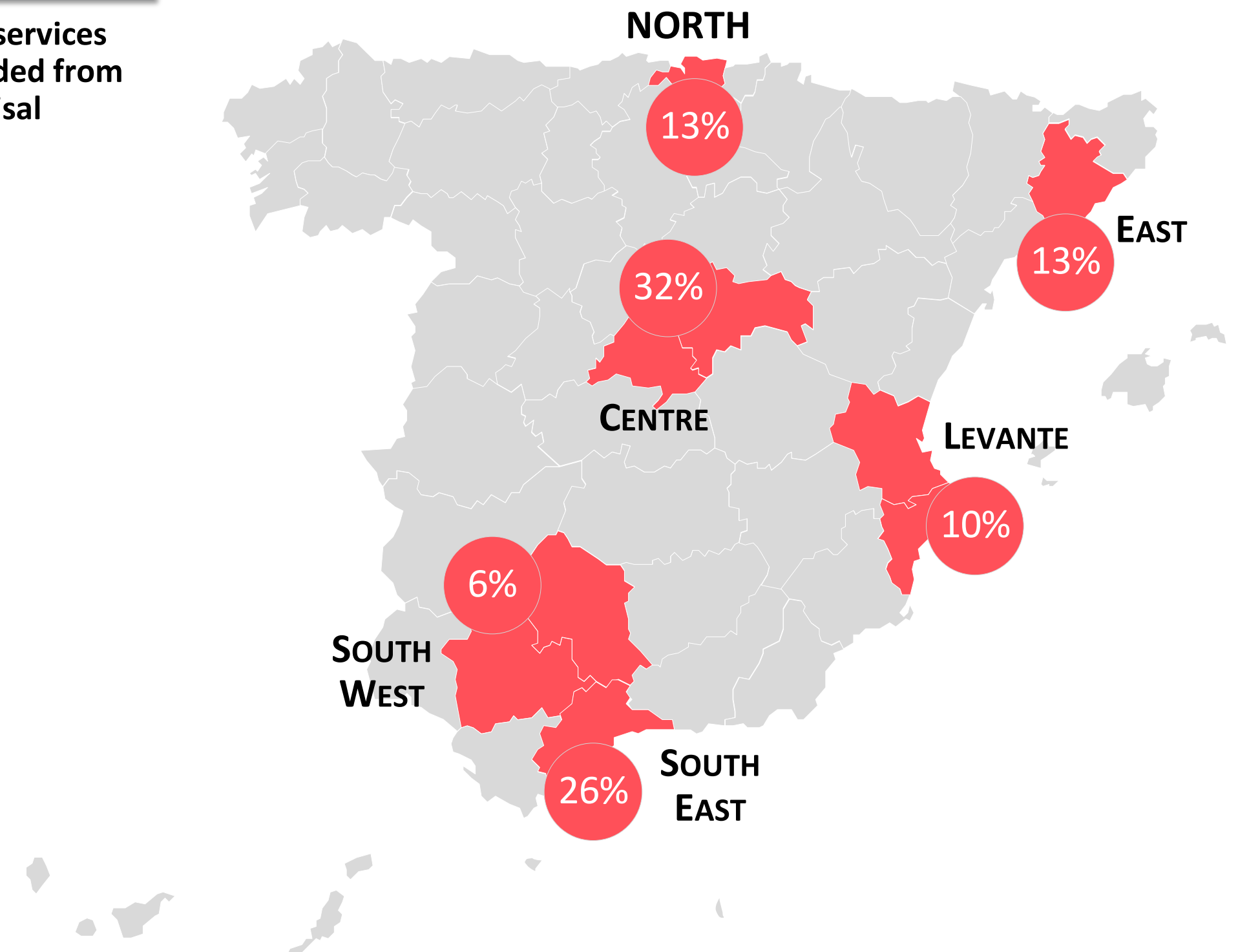


GEOGRAPHICAL FOOTPRINT

Total GAV: +2,000MN

The residential services business is excluded from GAV appraisal

(As a % of Total GAV)



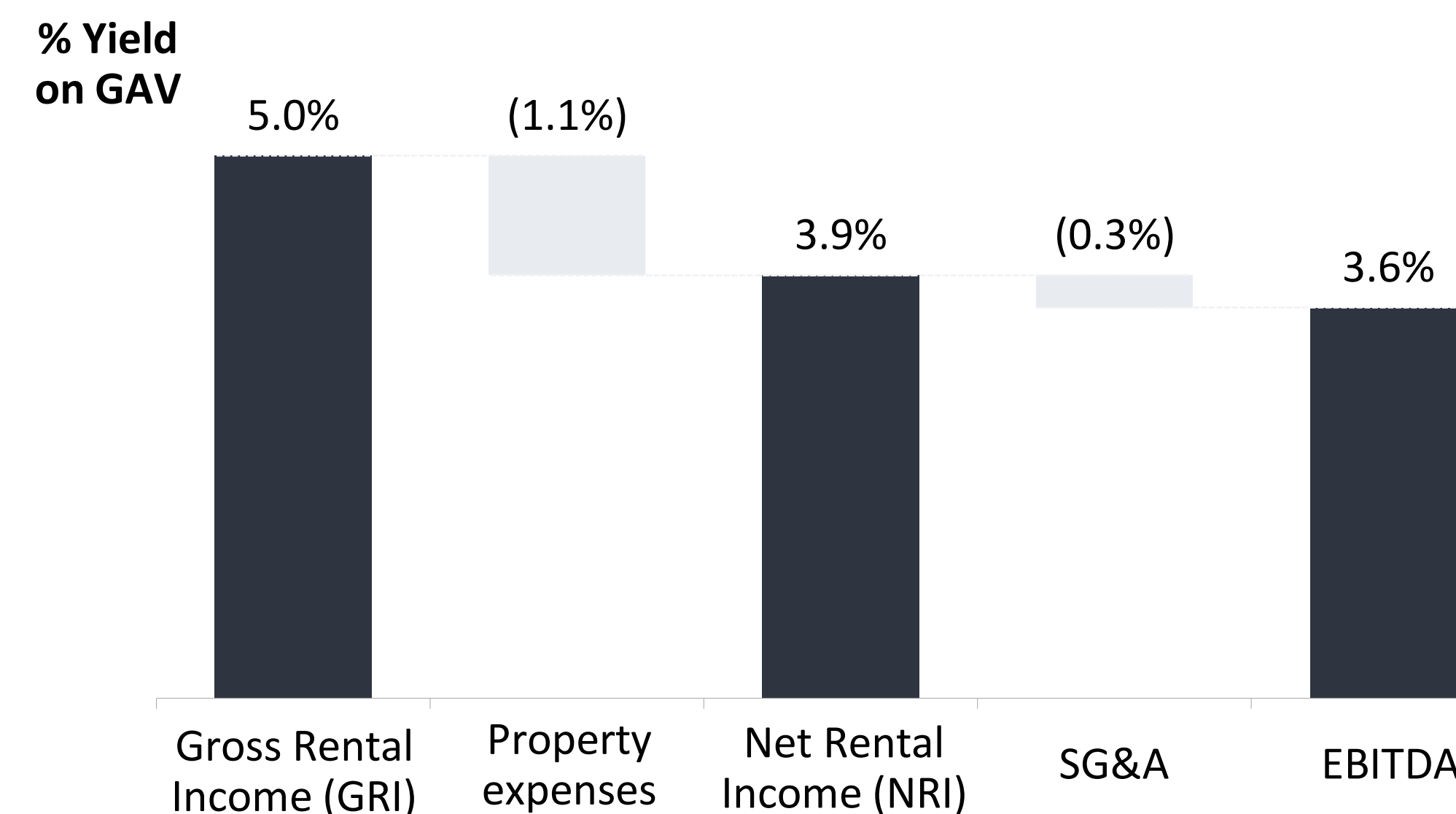
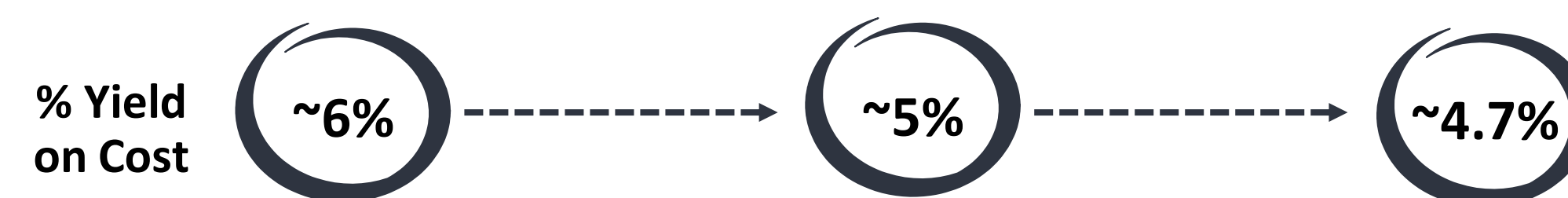
NEINOR HOMES: AT A GLANCE

100% VALUE-ADD AND NAV GROWTH STRATEGY

NEINOR RENTAL STRATEGY

STRATEGY	<ul style="list-style-type: none"> Develop new multifamily product in a undersupplied market with strong growth fundamentals
RENTAL PORTFOLIO	<ul style="list-style-type: none"> Up to 3,500 units portfolio, overweight in Madrid (approx. 66%) with stabilized GRI of €36mn
FINANCING	<ul style="list-style-type: none"> Land is equity financed and construction capex through development loans. We have financing secured for c1,500 units (c50% of portfolio)
TARGET RETURNS	<ul style="list-style-type: none"> Target 100-150bps yield compression leading to ~20-30% valuation upside ~10% FFO Yield, similar to what we target at the development business
GROWTH OPPORTUNITIES	<ul style="list-style-type: none"> Proven land acquisition track record that is key to deliver on yield on cost expectations Analysing organic and inorganic options to accelerate growth and reach 5,000 units target
TAX	<ul style="list-style-type: none"> EDAV: 3.75% CIT and only 4% on VAT for asset transfers
MANAGEMENT	<ul style="list-style-type: none"> Internally managed through RG acquisition in 2020

NEINOR RENTAL VALUE PROPOSITION



02

SPANISH PRS MARKET

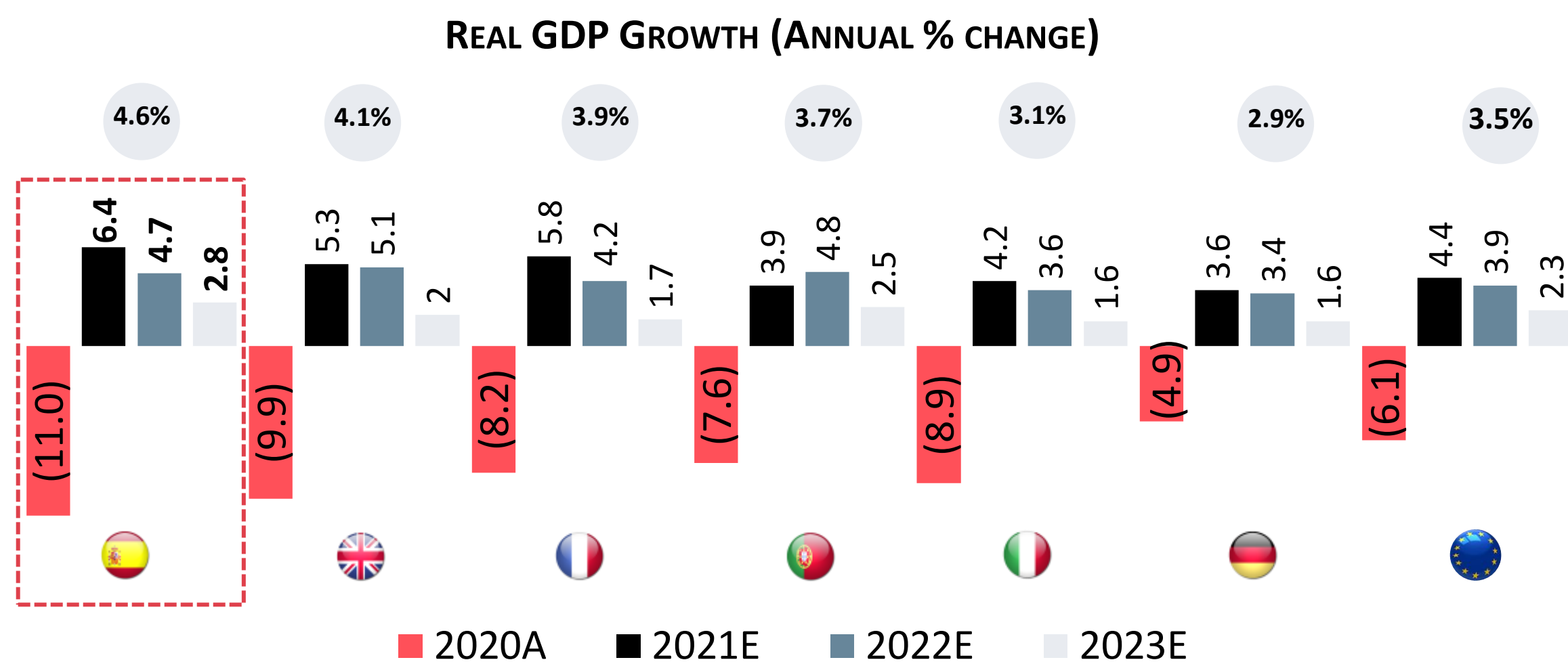
Plaza Europa 14 HOMES | 2020 DELIVERY



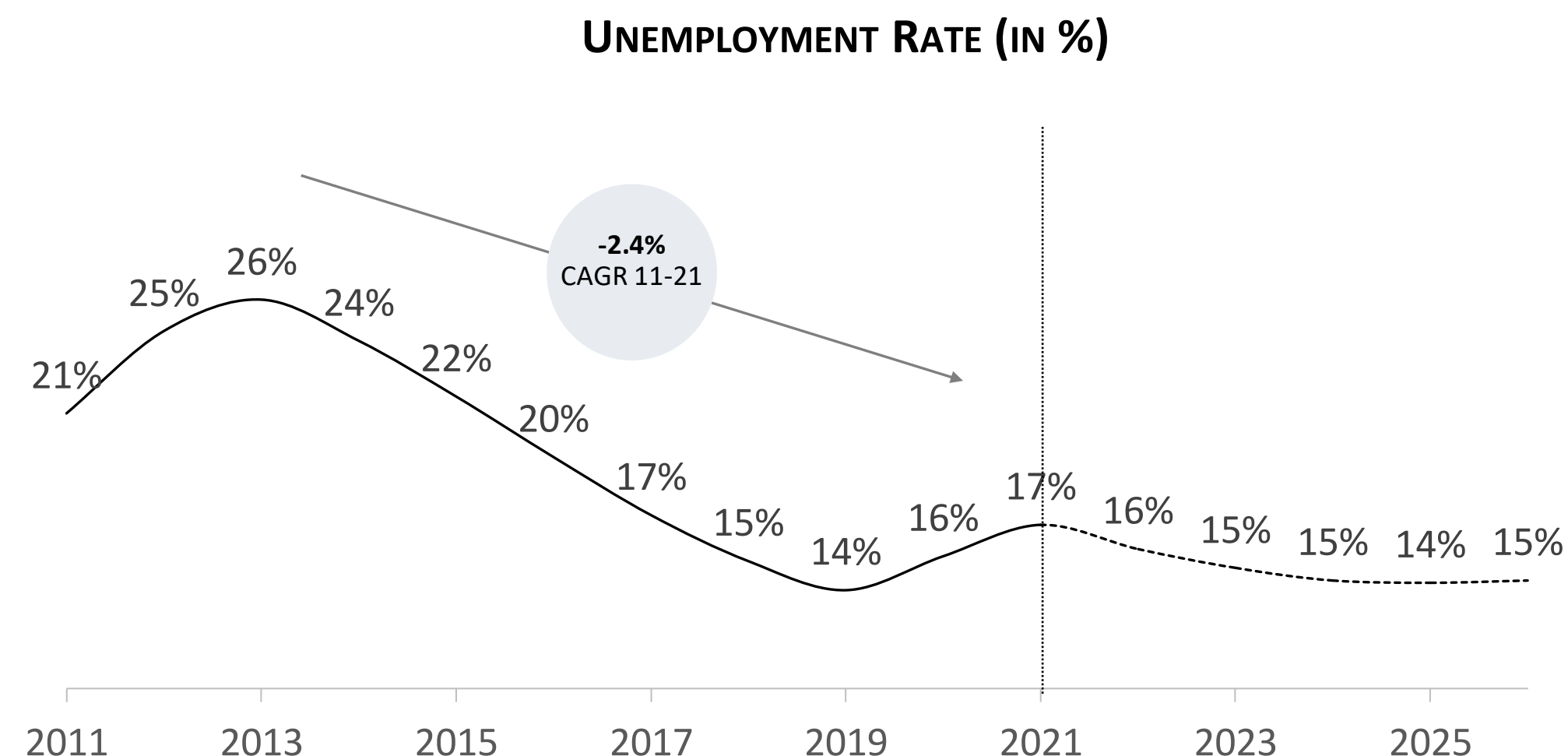
SPANISH PRS MARKET

FAVOURABLE MACRO BACKDROP OVER THE NEXT THREE YEARS

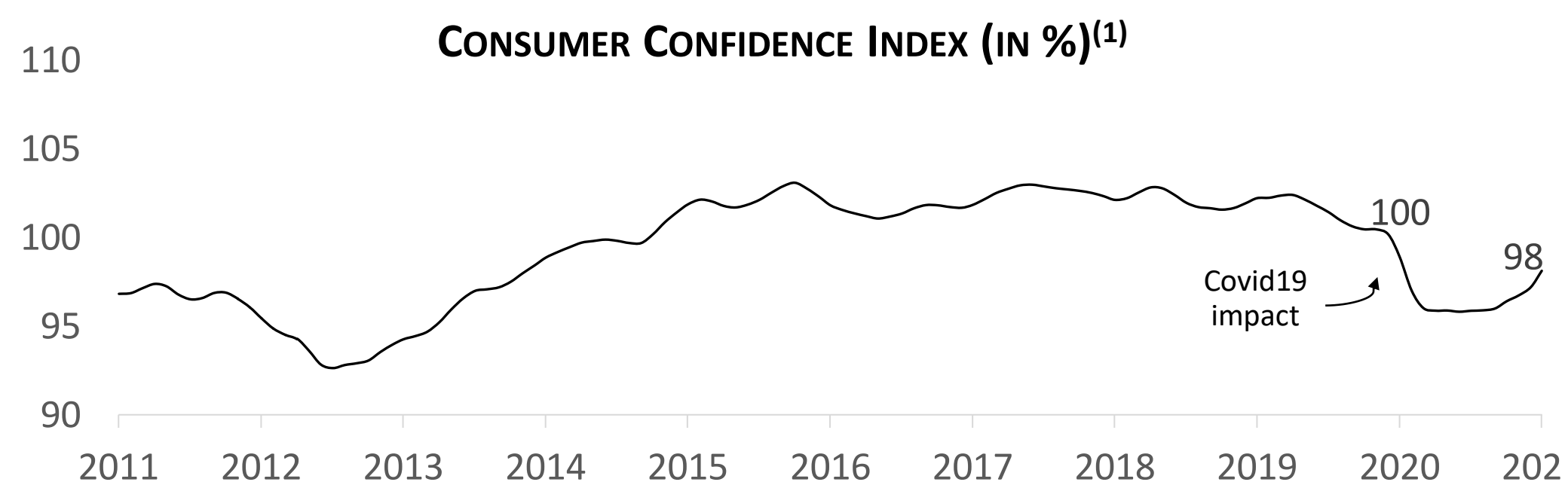
- Spanish economy to outperform other European economies over the next 3Ys



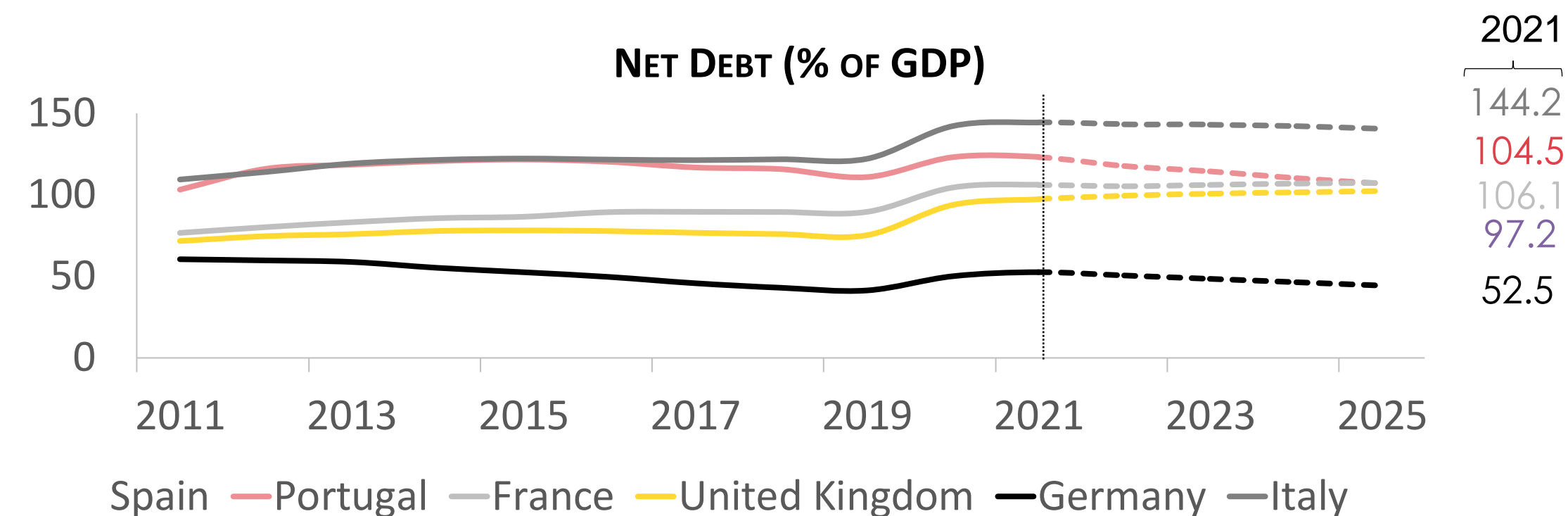
- Spanish economy is expected to create 3mn jobs until 2023



- The Consumer Confidence Index is recovering from the ongoing pandemic



- Net Debt to GDP is expected to remain relatively stable

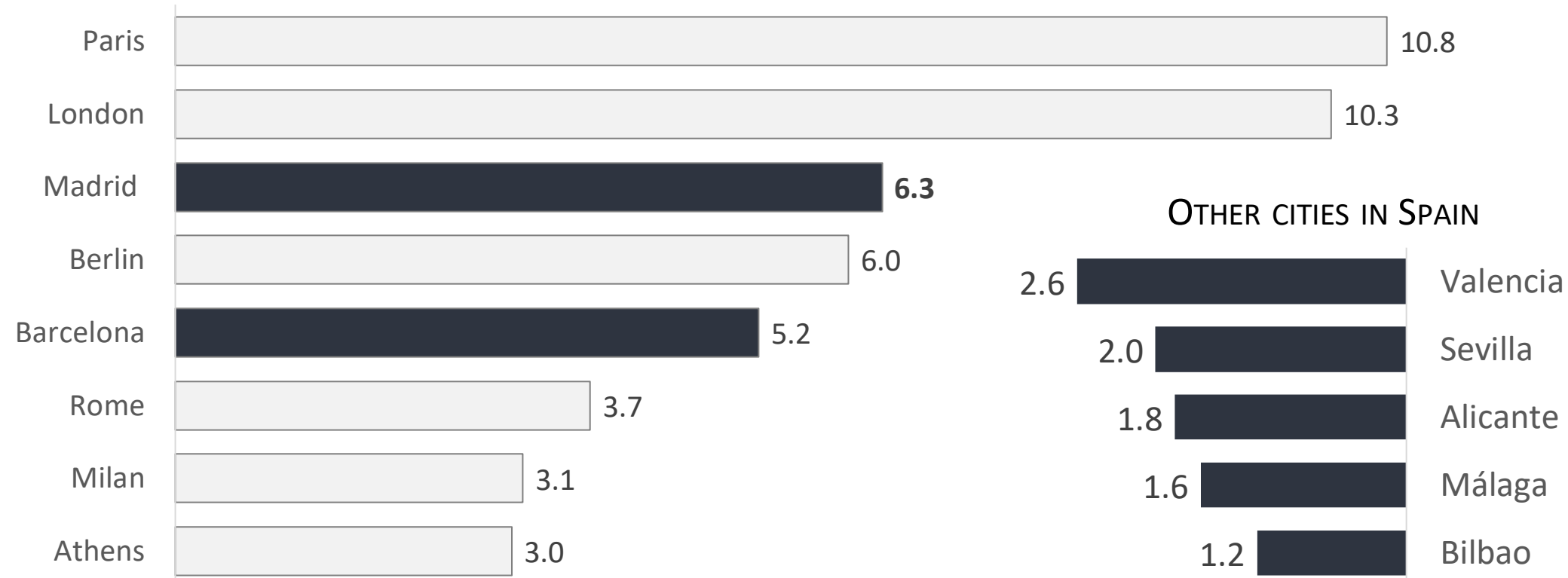


Source: IMF (2021), OECD (2021); Note: (1) Long-term average = 100 (03/2011 – 03/2021)

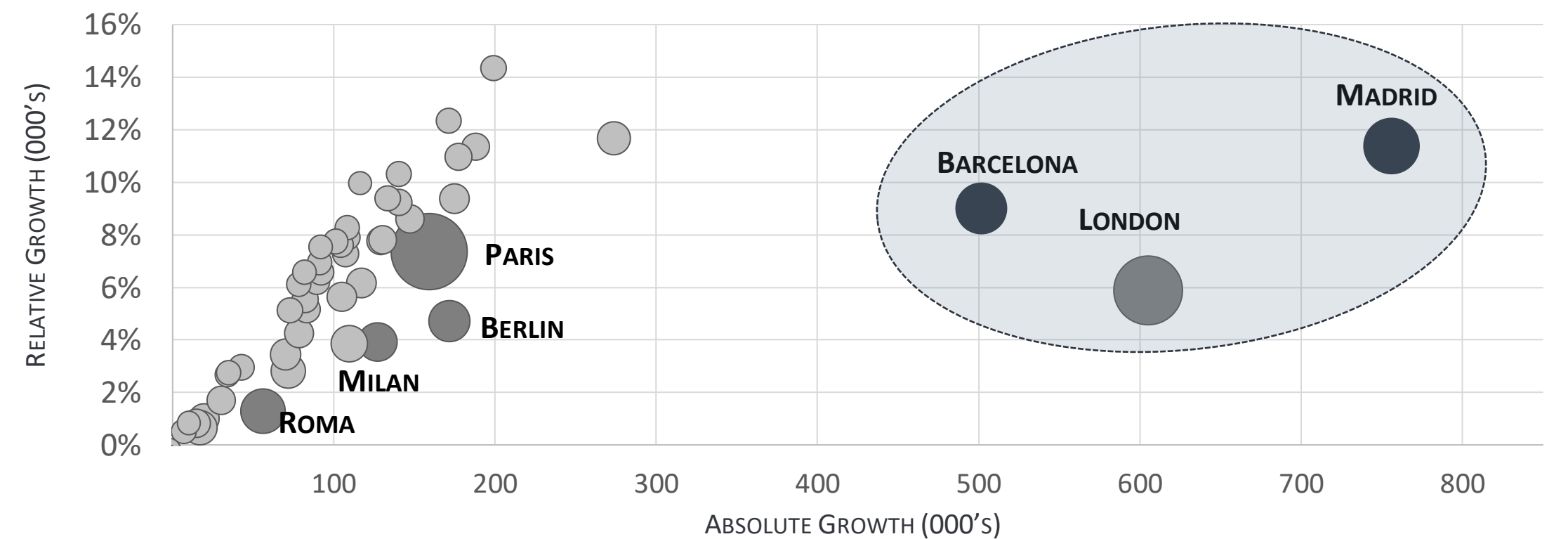
SPANISH PRS MARKET

STRONG FUNDAMENTALS SUPPORTED BY DEMOGRAPHIC TRENDS AND LACK OF RENTAL SUPPLY

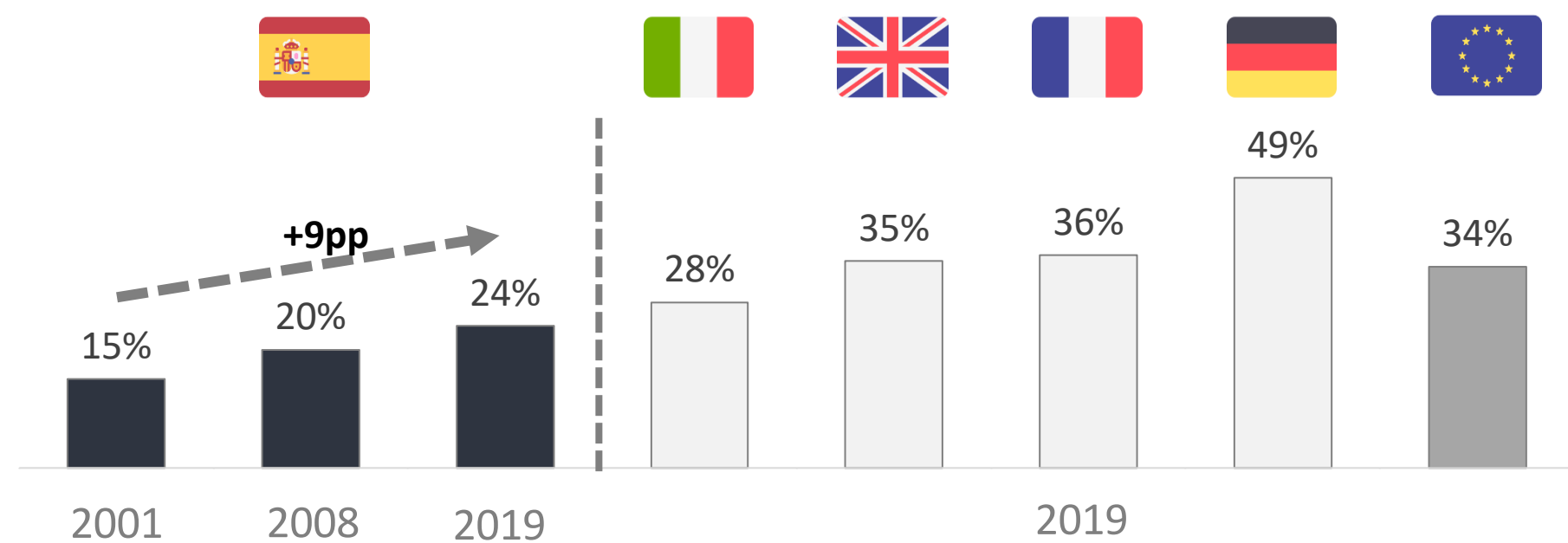
- Spain has the 3rd (MADRID) and 5th (BARCELONA) largest metropolitan areas in Europe...



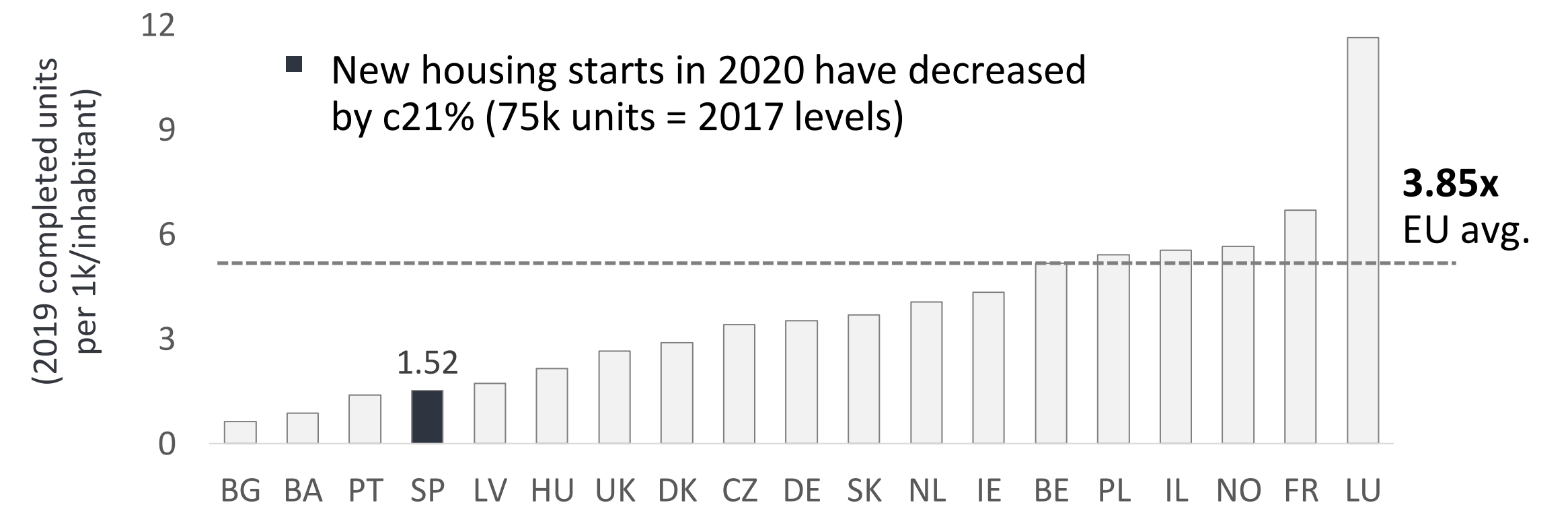
- ...that will outpace in absolute and relative all the other Top-10 metropolitan areas throughout the next decade



- JLL estimates that the rental should represent 35-40% of the housing market: **Each +1pp implies c180k new rental homes.**



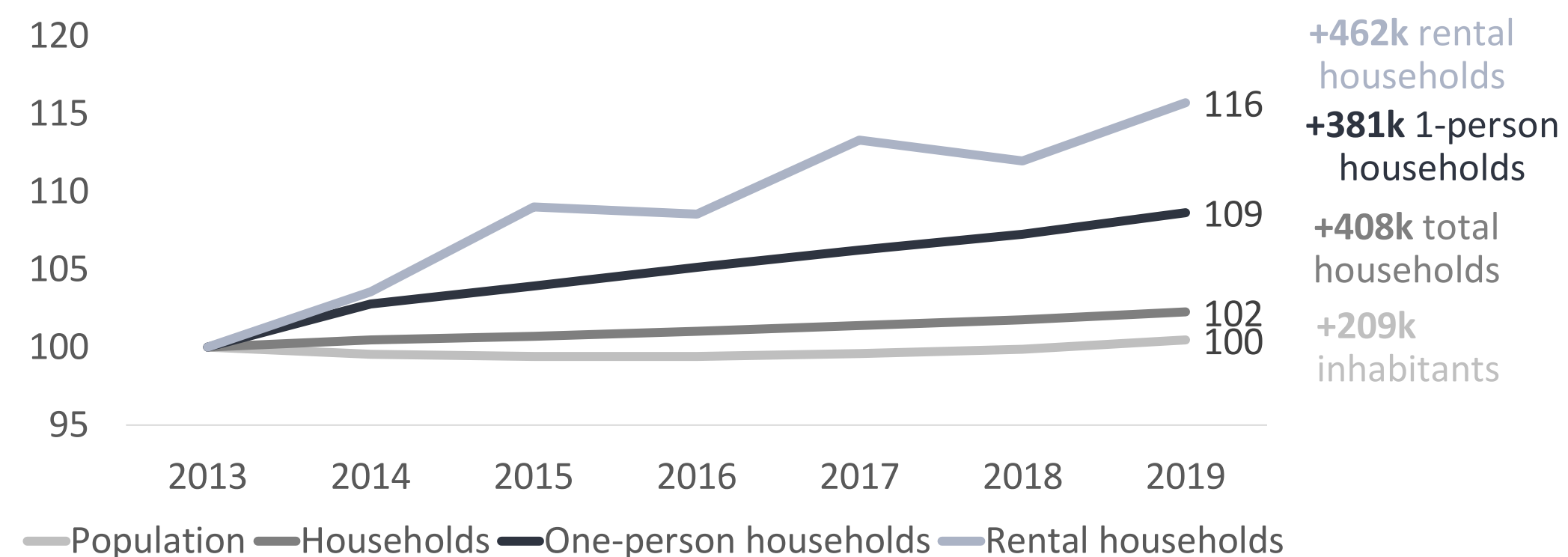
- ...but Spain has one of the lowest finished houses per 1k inhabitants in Europe



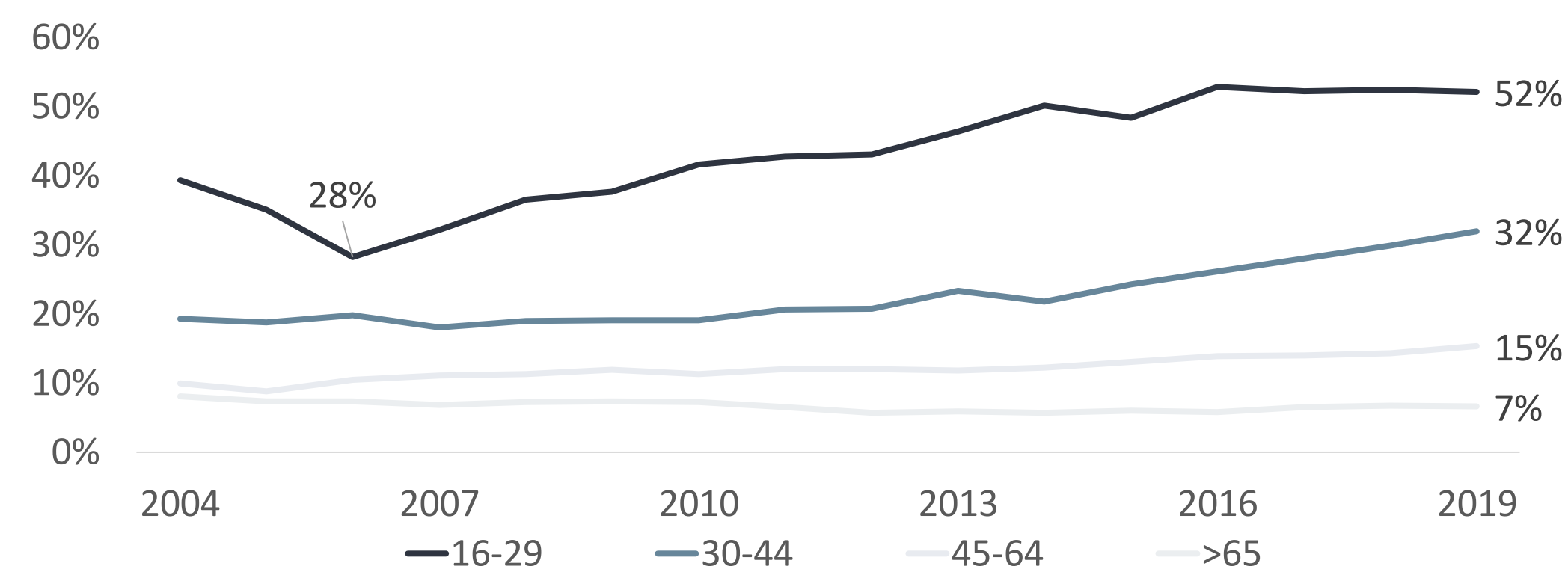
SPANISH PRS MARKET

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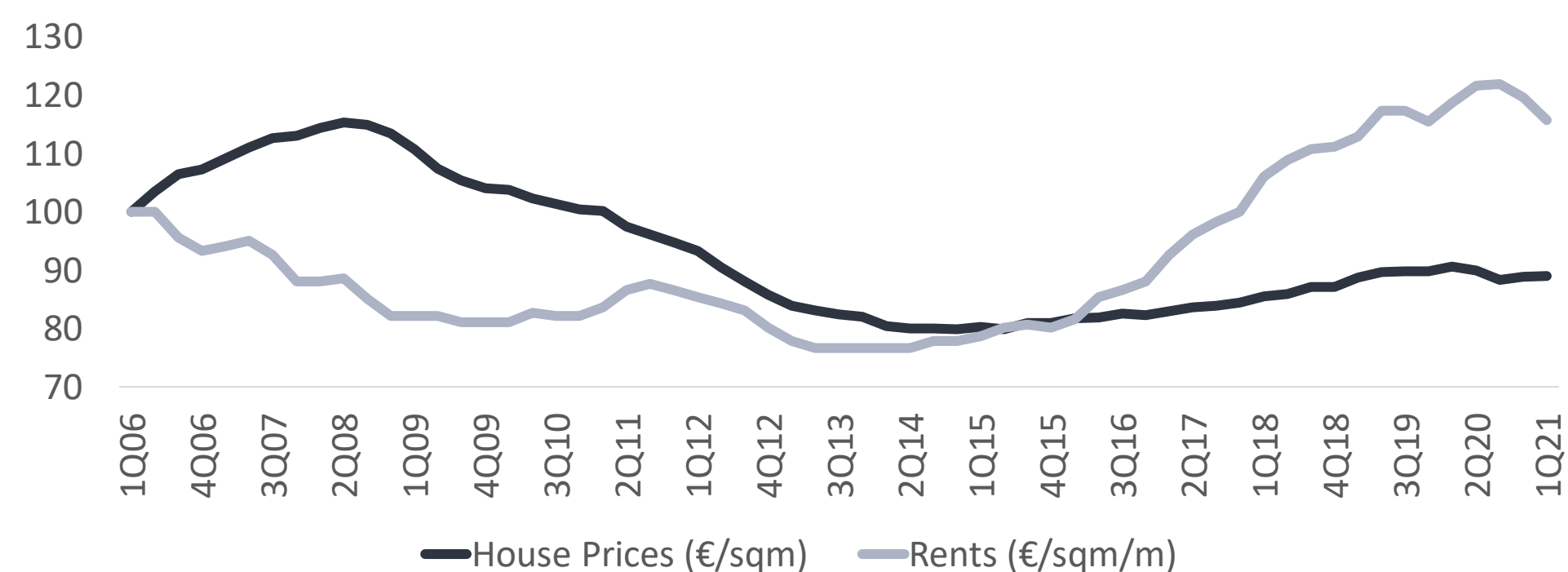
- Demographic trends underpin housing demand growth especially for smaller units and for rent



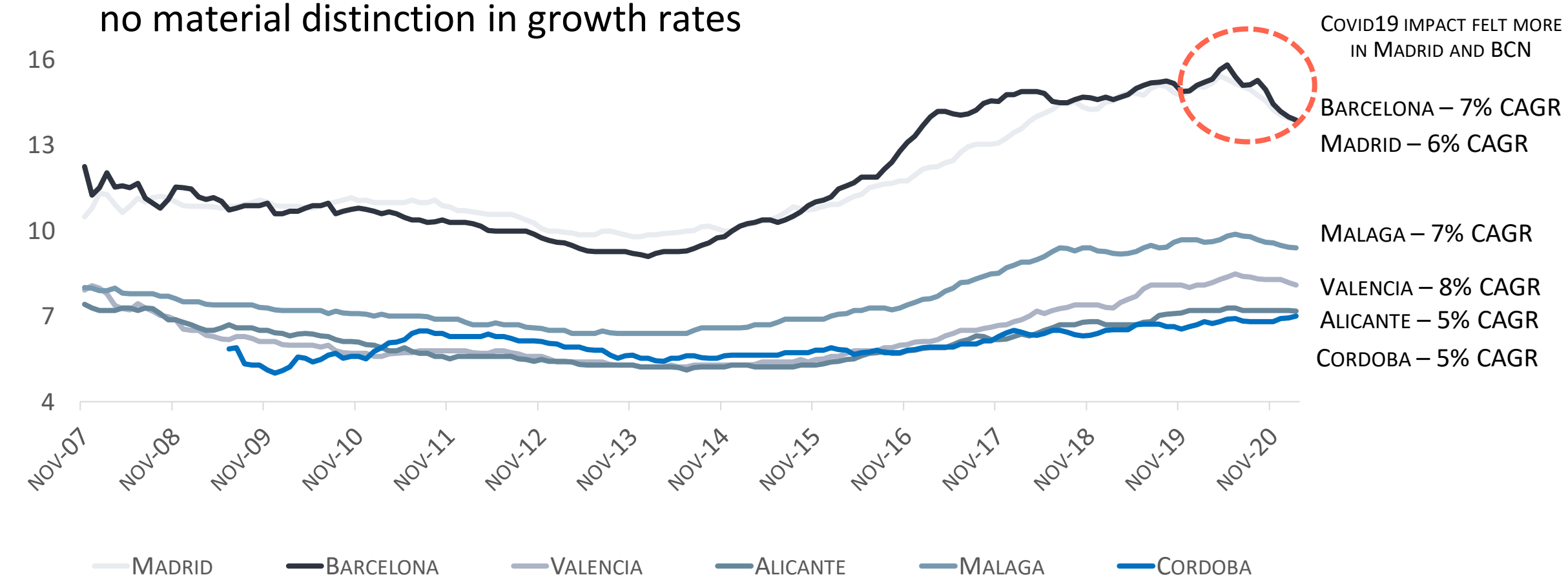
- Rental market share for the younger cohorts of the population has doubled



- Average Rents have outperformed average house prices since 2015



- Rents grew 43% on average since the trough of the market in 2014 with no material distinction in growth rates



03

NEINOR RENTAL:
PORTFOLIO OVERVIEW

Marina Badalona HOMES | 2020 DELIVERY



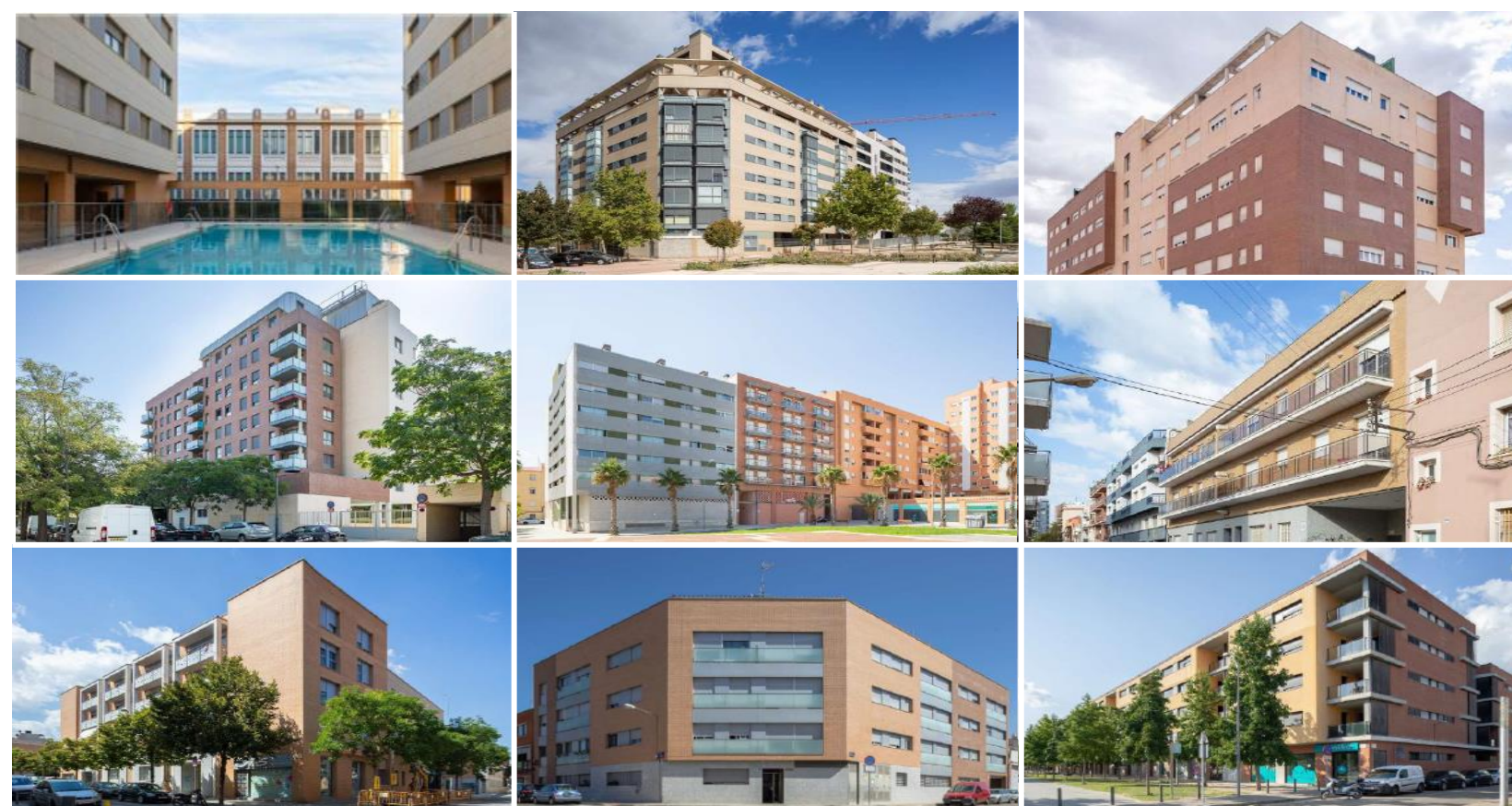
NEINOR RENTAL: PORTFOLIO OVERVIEW

PRODUCT CHARACTERISTICS AND GEOGRAPHICAL FOOTPRINT

RENTAL PRODUCT CHARACTERISTICS

AVG. SIZE 80-100/sqm, 1-2beds	MONTHLY RENT €800-1,000	EFFORT RATE ~30%
RENT REGIME 100% FREE RENT	100% MULTIFAMILY And 100% ownership	TENANT PROFILE 26-35 YEARS
AMENITIES OFFER Gym, pool, common areas, 24h security	RECENTLY BUILT 100% portfolio built after 2007	ATTRACTIVE LOCATIONS For rental assets

OPERATING PORTFOLIO



GEOGRAPHICAL FOOTPRINT

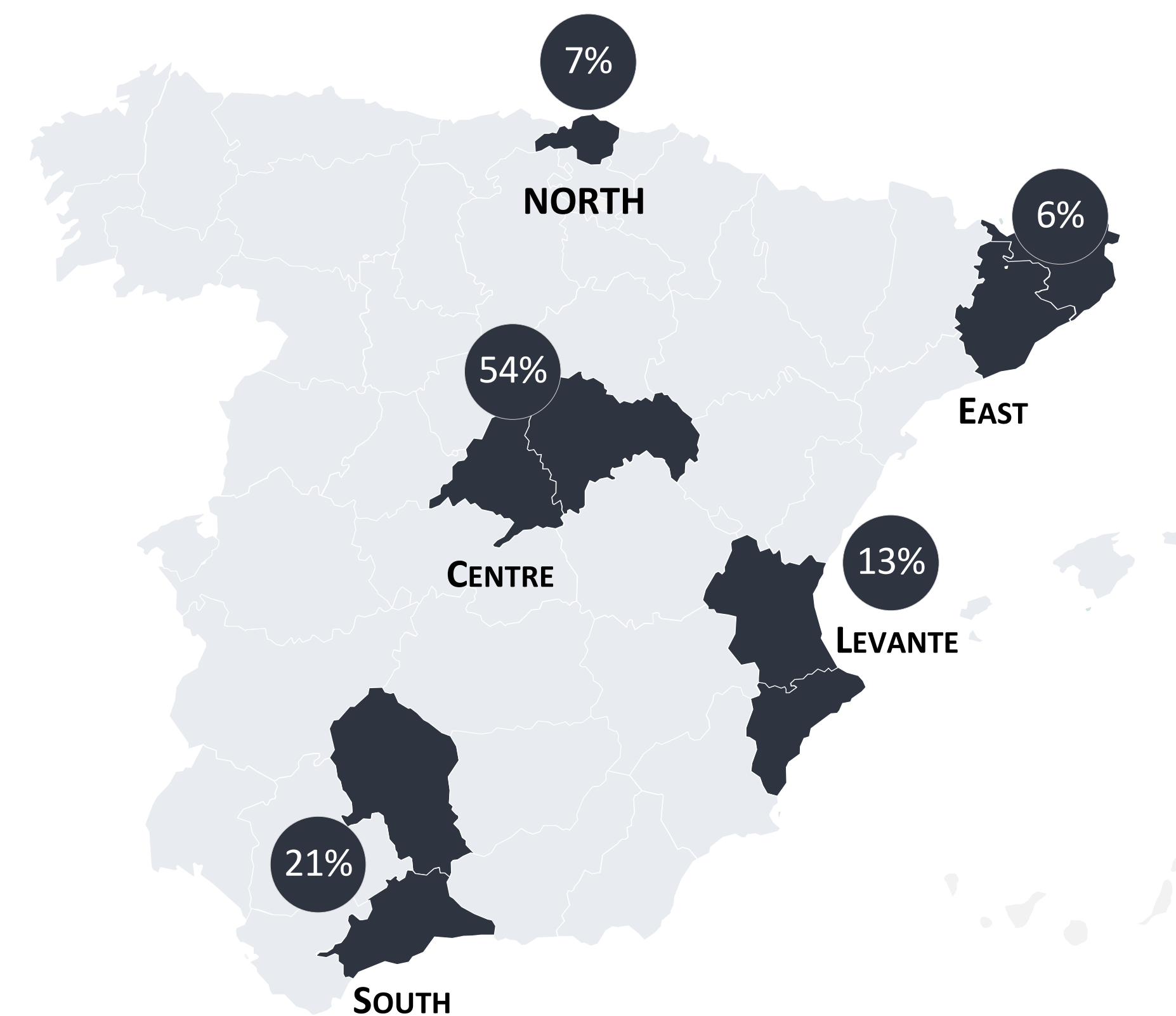
#% % over number of units

Total GAV: 280MN
(14% OF TOTAL GAV)

Units: c2,350
GLA 228k SQM

Total GAV: +700MN
(20%-30% OF TOTAL GAV)

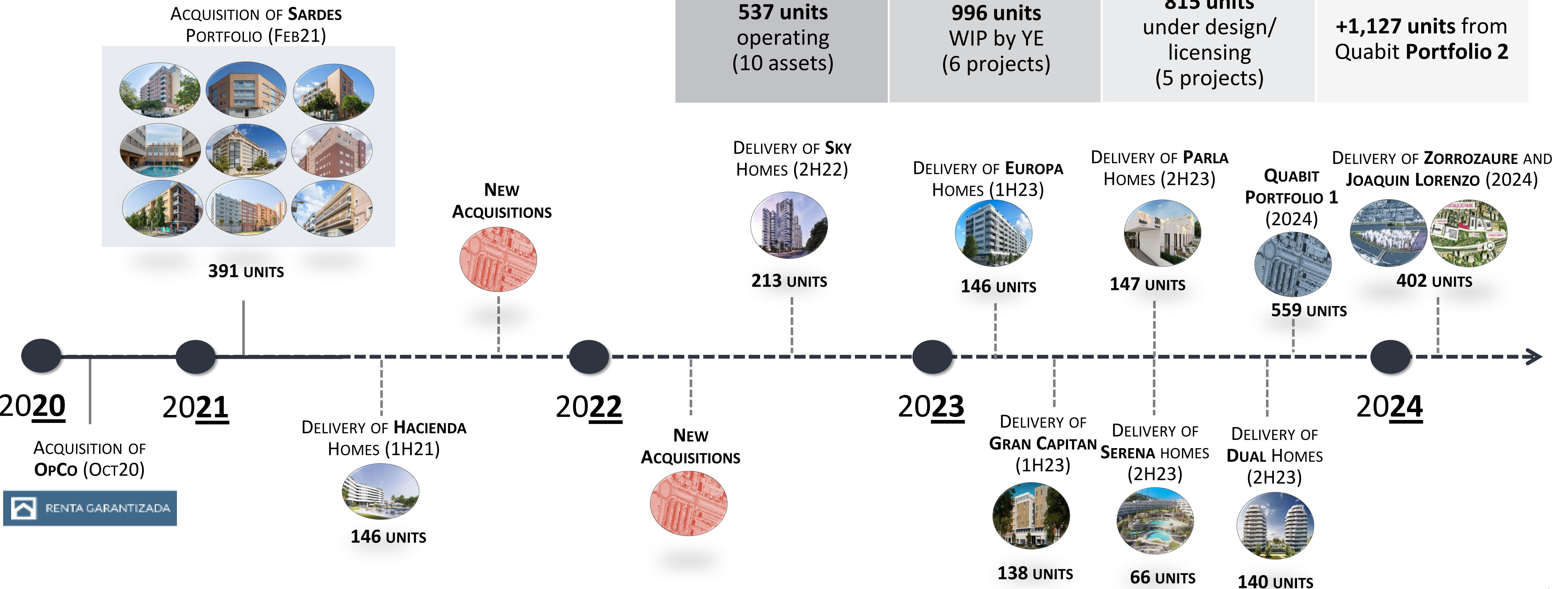
Units: c3,500
GLA 361k SQM



NEINOR RENTAL: PORTFOLIO OVERVIEW

DELIVERY SCHEDULE BY PROJECT

21YE OPERATIONAL TARGETS			
537 units operating (10 assets)	996 units WIP by YE (6 projects)	815 units under design/licensing (5 projects)	+1,127 units from Quabit Portfolio 2



NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

HACIENDA HOMES (MALAGA)



ASSET DESCRIPTION

LOCATION	Málaga
GLA (SQM)	14,339
UNITS (#)	146
GAV (€MN)	23
DELIVERY	1H21

Hacienda Homes is a singular project, which stands out because of its innovative architecture, its careful design and its elegance at the service of comfort. The residential complex is made up of 146 units which benefit from a garden area, a community pool and a gourmet space.

Hacienda Homes is located in the Teatinos neighbourhood of the city of Malaga. It has excellent connections by road and public transports (metro and bus) and is located in a big expansion area that is surrounded by the University, Hospitals, Health Centers, primary and secondary educational centers, sports centers, supermarkets, etc.

Hacienda Homes has **BREEAM Good** certification which translates into important economical benefits for its users with a decrease of energy consumption between 50-70% and 40% lower water usage.



NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

SKY HOMES (VALENCIA)



ASSET DESCRIPTION

LOCATION	Valencia
GLA (SQM)	25,062
UNITS (#)	213
GAV (€MN)	27
DELIVERY	2H22



Sky Homes is an attractive and singular four tower project with modern and avant garde architecture. Each of the four buildings is 20 stories high with pure and sophisticated lines that shape the landscape over its influence area.

Sky Homes is located in the Malilla neighbourhood in front of the most important Hospital in the autonomous community of Valencia with 6,000 daily workers and 300,000 patients per year.

The building has several amenities service with heated swimming pools, gym, solarium, children’s playground as well as a gastro bar in the rooftop.

Sky Homes has **BREEAM Good** certification which translates into important economical benefits for its users with a decrease of energy consumption between 50-70% and 40% lower water usage.

NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

EUROPA HOMES (MADRID)



ASSET DESCRIPTION

LOCATION	San Sebastian de los Reyes (Madrid)
GLA (SQM)	16,245
UNITS (#)	146
GAV (€MN)	23
DELIVERY	1H23

Europa Homes is a two buildings complex in the municipality of San Sebastian de los Reyes. A highly dynamic area that benefits from good communication infrastructure to the centre of Madrid and has enjoyed a strong population growth over the last decades.

In addition in **Europa Homes** has a wide range of services available with schools, hospitals, sport facilities as well as leisure and retail areas nearby.

Inside the condominium **Europa Homes** has common areas with a swimming pool, children playground peacefully complemented by green surroundings.

Europa Homes has **BREEAM Good** certification which translated into important economical benefits for its users with a decrease of energy consumption between 50-70% and 40% lower water usage.



NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

SERENA HOMES (MALAGA)



ASSET DESCRIPTION

LOCATION	Málaga
GLA (SQM)	6,261
UNITS (#)	66
GAV (€MN)	8.8
DELIVERY	2H23

Serena Homes is a project located in the prestigious urbanization "Colinas del Limonar", in a specially cared environment and perfectly communicated with the rest of the city.

The homes of this residential are distributed throughout the perimeter of the plot, generating a large interior area of open spaces and gardens, recreation and relaxation areas, an indoor gym and a multipurpose room, large children's play areas, a gourmet space and, finally, cascading pools with a careful design in tune with the vegetation. In addition, it has a water play area for the little ones.

Serena Homes has **BREEAM Very Good** certification which translated into important economical benefits for its users with a decrease of energy consumption between 50-70% and 40% lower water usage.



NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

DUAL HOMES (MADRID)



ASSET DESCRIPTION

LOCATION	Cañaveral (Madrid)
GLA (SQM)	8,229
UNITS (#)	140
GAV (€MN)	9
DELIVERY	2H23

Dual Homes is a singular project with two towers and is characterized by its circular shaped lines and balconies which give the façade a unique and distinctive look. Between the two buildings there is a wide common area with leisure spaces and a swimming pool.

Dual Homes is located in one of the most important expansion areas of the city of Madrid. It benefits greatly from the dynamism of a new neighbourhood and it is perfect for those that look for a peaceful residential area without being far away from the city centre – 20min drive by car.

Most of the new developments on this area are build-to-sell and there isn't practically any rental supply. Currently there are only 30 vacant rental units (source: Idealista).

NEINOR RENTAL: PORTFOLIO OVERVIEW

WIPs PORTFOLIO

PARLA HOMES (MADRID)



ASSET DESCRIPTION

LOCATION	Parla (Madrid)
GLA (SQM)	13,200
UNITS (#)	147
GAV (€MN)	9
DELIVERY	2H23

Parla Homes is a singular project made up by three low rise buildings close to each other in which each apartment has its own private terrace area.

In addition **Parla Homes** has big common areas between the buildings with two swimming pools, children playground and is surrounded by green spaces in a private condominium area.

Parla is a dormitory city 30min south of Madrid with excellent communications by car and train. Over the last two decades Parla's population increased by +70% to 128k inhabitants showing a strong demographic dynamism.

Currently the vacant rental stock in Parla is extremely low with only 54 units available of which none is new built (source: Idealista).

04

NEINOR RENTAL:
FINANCIALS

Ituribarri HOMES | 2020 DELIVERY



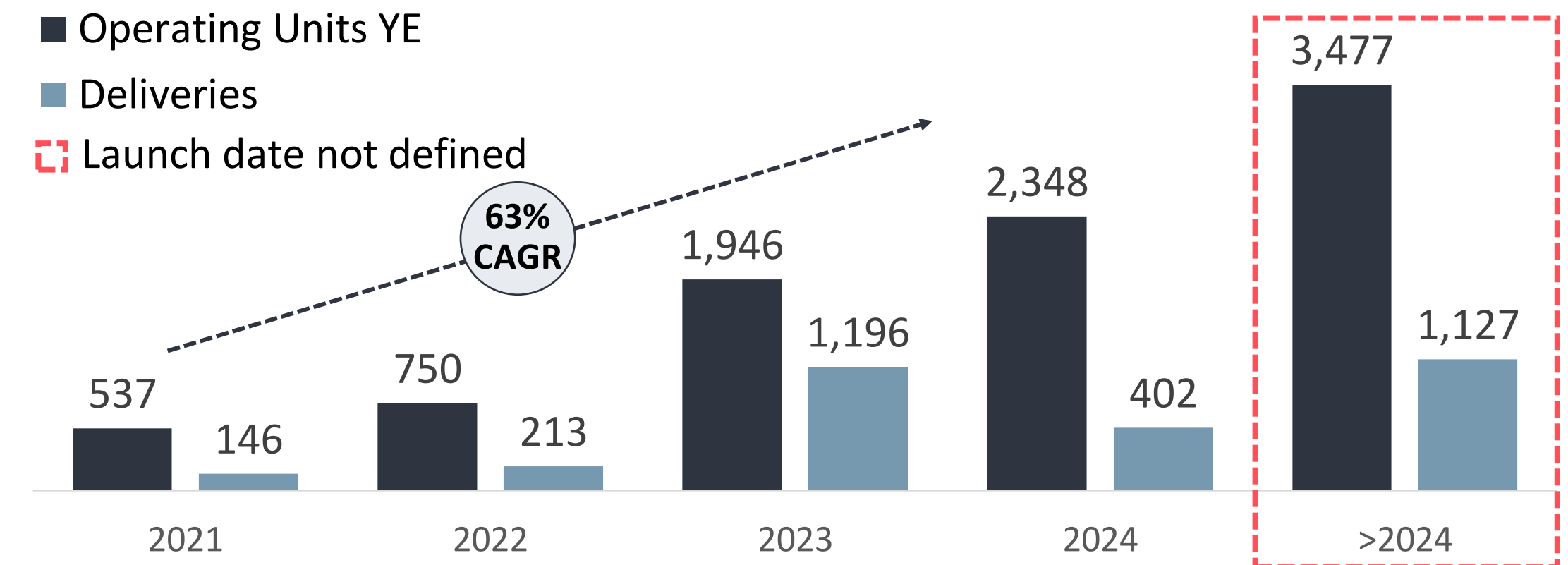
NEINOR RENTAL: FINANCIALS

PROPCO KEY ASSUMPTIONS

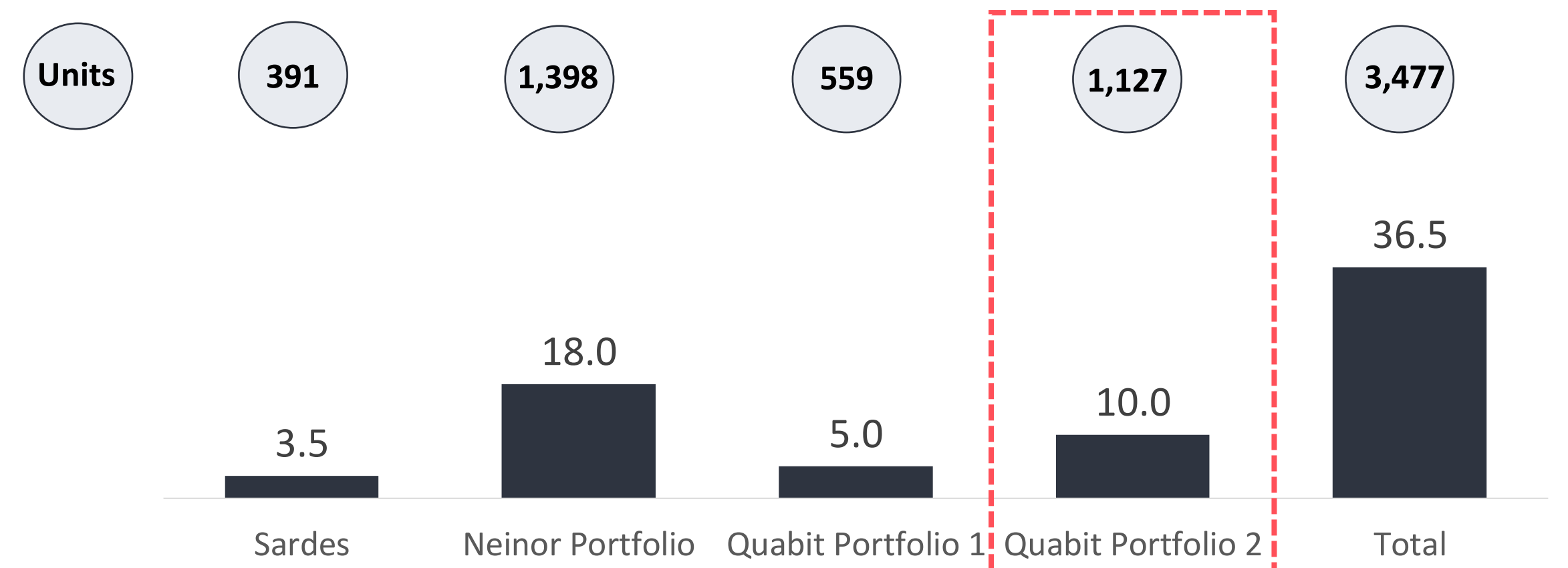
KEY ASSUMPTIONS

- **Target Occupancy:** Assuming 95% occupancy for the whole portfolio with a conservative ~2 year ramp-up period
- **Average monthly rent:** of +€900/unit or +€8.80/sqm with Neinor portfolio clearly at a premium to these levels
- **Margins at target occupancy:**
 - **NRI of +75%** with up to 25% leakage
 - **EBITDA of +72%** with 3% SG&A expenses
 - **FFO at +50%** with c50% LTV%
 - **AFFO = FFO** since refurbishment capex needs will be limited
- **Pending Construction Capex** for Neinor and Quabit 1 portfolio of €265m. Quabit portfolio 2 would require an additional investment of c€140mn
 - **By year 2021/22/23:** €40/104/115mn

EVOLUTION OF RENTAL PORTFOLIO



STABILIZED GROSS RENTAL INCOME (€MN)



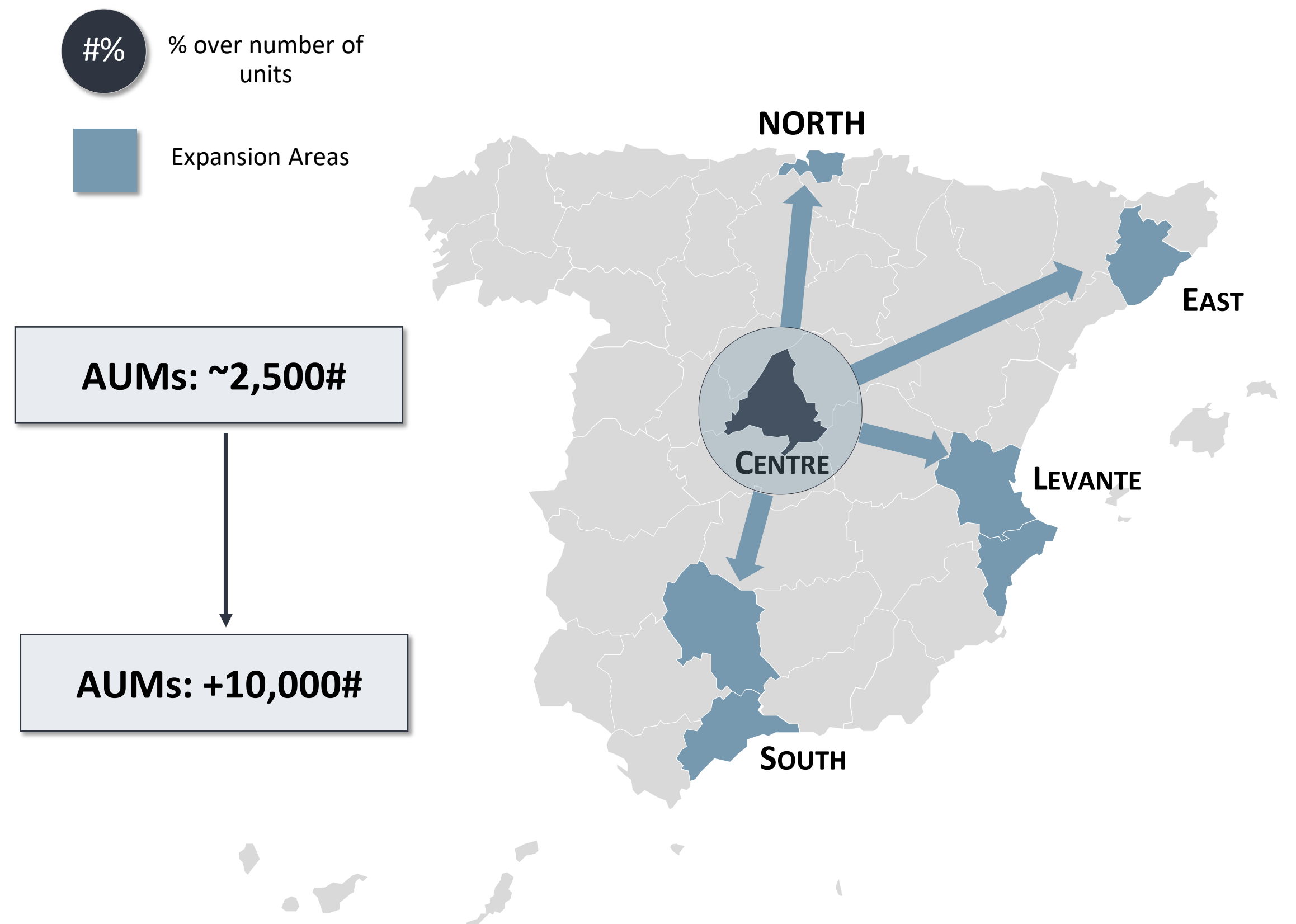
NEINOR RENTAL: FINANCIALS

RATIONALE FOR THE OPCO

RENTA GARANTIZADA

COMPANY DESCRIPTION	<ul style="list-style-type: none"> Accelerate transition to a mixed company by adding Rental market DNA to Neinor’s existing platform
CLEAR SYNERGIES FOR NEINOR RENTAL PLATFORM	<ul style="list-style-type: none"> ~40 FTEs in a company with 25 years track record fully covering asset and property management services to both institutional investors and private owners Control 100% of PRS value-chain from land acquisitions, tailor made rental project design, construction, leasing and asset/property management Commercial synergies from the know-how collected on second-hand rental market Cost synergies from savings on Asset & Property management services on Neinor’s rental platform and contributing with extra €1-2mn EBITDA/year
SCALABLE BUSINESS	<ul style="list-style-type: none"> RG is expanding its regional footprint to North, East, Levante and South to multiply by +4x the size of its platform in a business with clear economies of scale.

GEOGRAPHICAL FOOTPRINT



05

APPENDIX

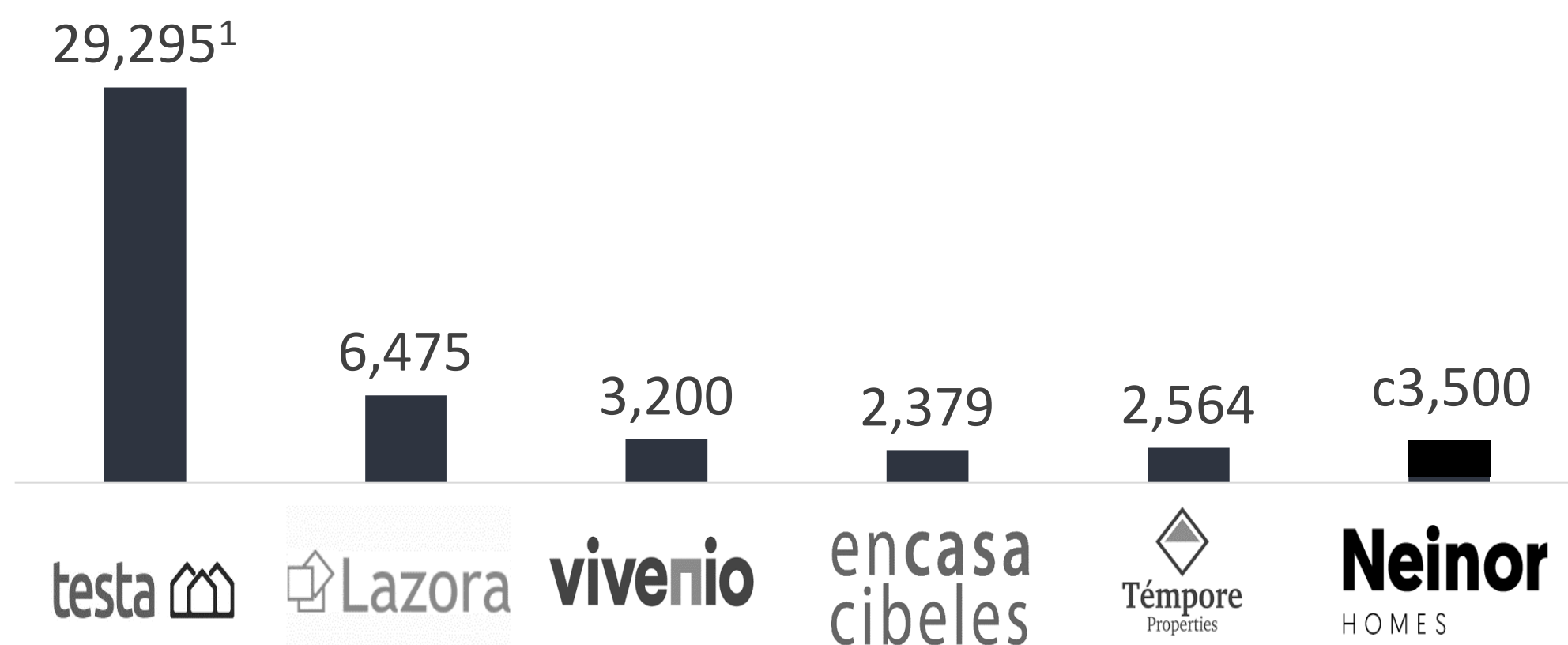


APPENDIX

MAIN SPANISH PRS AND BTR PLAYERS

MAIN PRS PLAYERS

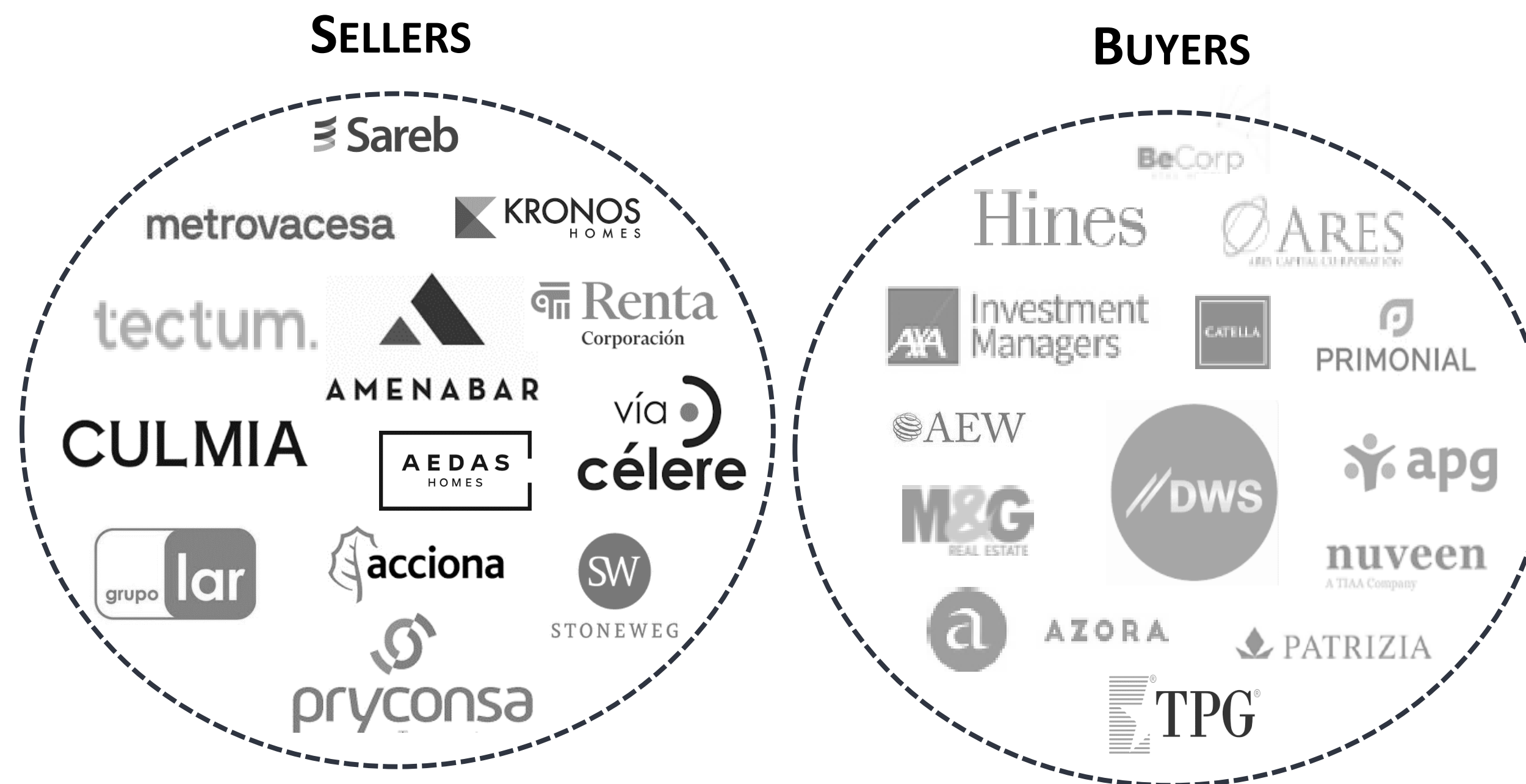
- **Highly fragmented market:** These companies own c44,000 rental units which represent c1% of the Spanish PRS market



1. Testa and other subsidiaries controlled by Blackstone: Albirana Properties, Torbel Investment, Fidere, Euripo. Source: Colliers

MAIN BTR PLAYERS

- **Shortage of finalized residential multifamily product** is triggering a high demand for new specialized build-to-rent product by institutional investors.



APPENDIX

NEINOR RENTAL BALANCE SHEET AND CASH FLOW CASH CYCLE



	LAND ACQUISITION	LICENSING, DESIGN AND PROCUREMENT	CONSTRUCTION	DELIVERY (TRANSFER TO PROPCO)	LEASED (UNDER PROPCO)
CASH FLOW	As a % of Sales Price				As a % of market value
OPERATING CASH FLOWS	-	-	-	-	3.6%
CAPEX	(28%)	(2%)	(45%)	-	-
UNLEVERED NET CASH FLOW	(28%)	(2%)	(45%)	-	3.6%
FINANCING CASH FLOW	-	-	47%	-	(1.1%)
LEVERED NET CASH FLOW	(28%)	(2%)	2%	-	2.5%
BALANCE SHEET					
INVESTMENT PROPERTY	-	-	-	125%	125%
INVENTORY	28%	30%	100%	-	-
BANK FINANCING	-	-	47%	(47%)	(47%)

(100% CASH FUNDED)

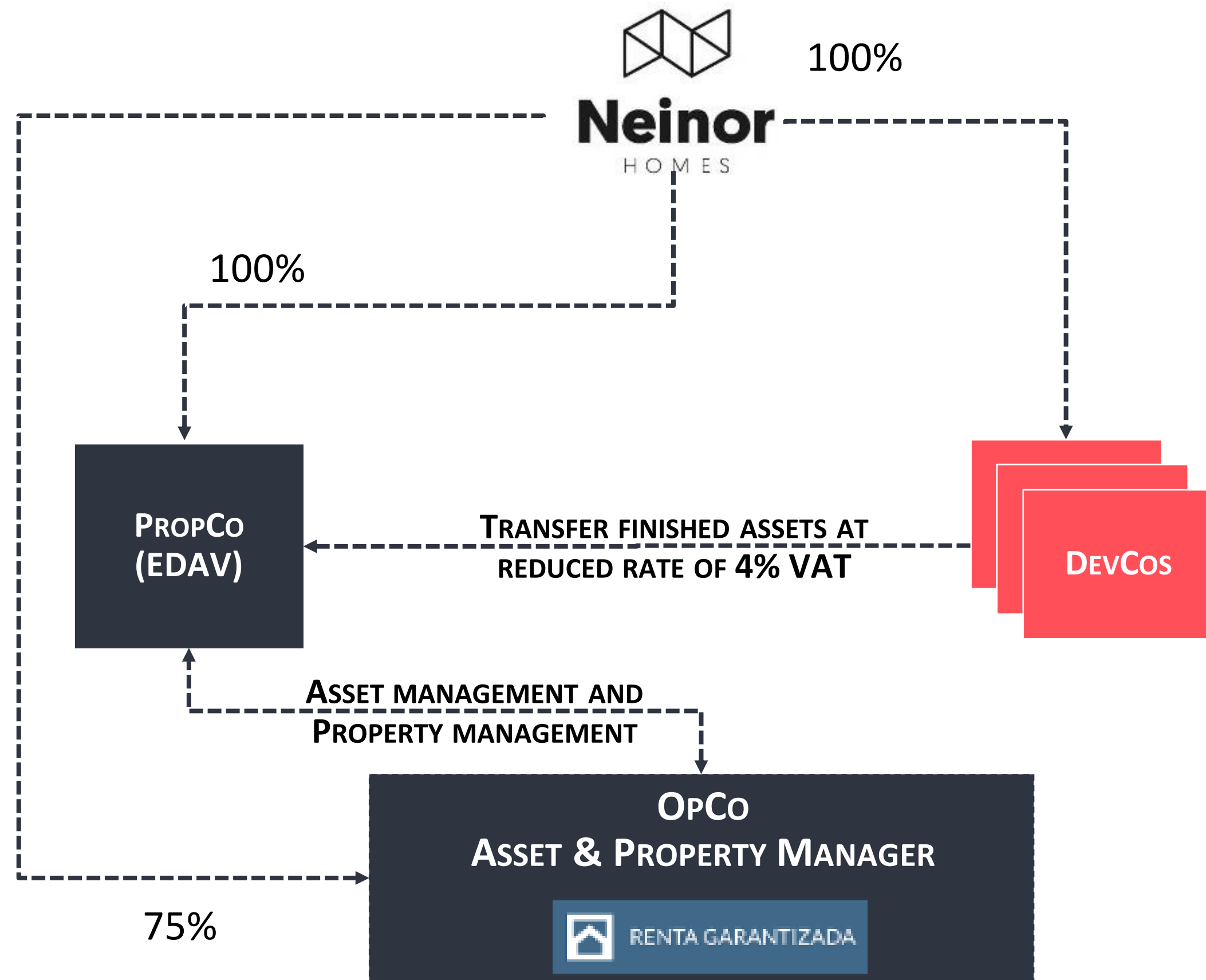
70-100% CAPEX FINANCING, 100% ASSUMED FOR ILLUSTRATIVE PURPOSES

25% ASSET REVALUATION AT EBITDA LEVEL AND CHANGE ASSET RISK-RETURN

APPENDIX

EFFICIENT TAX STRATEGY THROUGHOUT THE LIFE CYCLE OF THE RENTAL ASSETS

ORGANIZATION CHART



KEY TAX CONSIDERATIONS

TAX REGIME	EDAV		SOCIMI	
INTERNAL TRANSFER	VAT: 4%		VAT: 10%	
RENTAL INCOME	CIT: 3.75%		CIT: 0%	
ASSET DISPOSALS	CIT: 12.5%		CIT: 0%	
DIVIDENDS	<u>Spanish Corporate.</u> CIT: 12.5%	<u>Non Resident</u> WHT: 0%-19%	<u>Spanish Corporate.</u> CIT: 12.5%	<u>Non Resident</u> WHT: 0%-19%
OTHER REQUIREMENTS	<ul style="list-style-type: none"> Minimum 8 units. In lease or offer for lease each FY Minimum 3 years of lease activity Minimum 55% of activities of PropCo subject to Rental leases No listing or dividend requirement 		<ul style="list-style-type: none"> >80% of assets are properties for rent, land to develop rental properties or stakes in other REITs Minimum holding period of 3 years Minimum free-float of €2mn on official or alternative exchanges Distribute at least 80% of Net Income as dividends 	

APPENDIX

ILLUSTRATIVE BUILD-TO-RENT AND PRS TRANSACTIONS

BUILD-TO-RENT: MAIN TRANSACTIONS

MENDEZ ALVARO

- AREA: 11,200 sqm
- UNITS: 135
- BUYER/SELLER: AXA IM/Acciona

PRICE/NIY: €60MN / 3.75%



SAN LUIS

- AREA: 15,000 sqm
- UNITS: 146
- BUYER/SELLER: Vivenio/Naropa

PRICE/NIY*: €62MN / 2.8%



VALDEBEBAS

- AREA: 31,774 sqm
- UNITS: 391
- BUYER/SELLER: Hines/Acciona

PRICE/NIY*: €142MN / 3.5-4%



VALDEBEBAS

- AREA: 22,700 sqm
- UNITS: 400
- BUYER/SELLER: Ares/Amenabar

PRICE/NIY: €110MN / 3.5-4.0%



PORTFOLIO

- LOCATION: Madrid & BCN
- UNITS: 504
- BUYER/SELLER: Vivenio/Fidere (Blackstone)

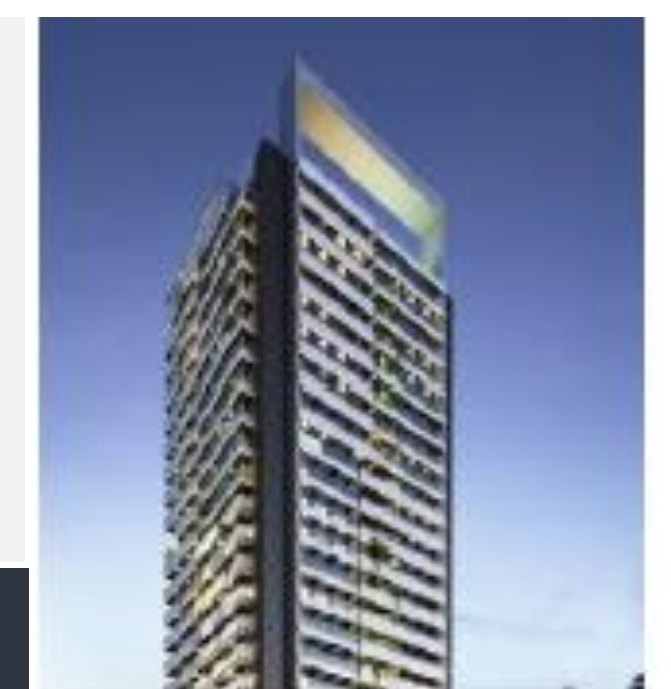
PRICE/NIY: €86MN / 3.1%



MADRID - SKYLINE

- AREA: 36,390 sqm
- UNITS: 300
- BUYER/SELLER: M&G/Stoneweg

PRICE/NIY**: €125MN / 2.4%



Source: Colliers

* Estimated Yield. ** Year 1

APPENDIX

ILLUSTRATIVE BUILD-TO-RENT AND PRS TRANSACTIONS

BUILD-TO-RENT: MAIN TRANSACTIONS

MADRID

- LOCATION: Cañaveral/Torrejon/Alcala
- UNITS: 500
- BUYER/SELLER: Ares/Aedas Homes

PRICE/NIY: €70MN / N.A.



MADRID

- LOCATION: Madrid Region
- UNITS: 1,000
- BUYER/SELLER: AXA IM/Tectum

PRICE/NIY: €150MN / N.A.



MADRID/BCN

- AREA: 28 buildings
- UNITS: 850
- BUYER/SELLER: AXA IM/GS & BCapital

PRICE/NIY: €150MN / N.A.



BADALONA

- AREA: 28,000 sqm
- UNITS: 215
- BUYER/SELLER: AXA IM/Stoneweg

PRICE/NIY: €77MN



MADRID

- LOCATION: Madrid & Arganda del Rey
- UNITS: 121
- BUYER/SELLER: Ares/Metrovacesa

PRICE/NIY: €29MN / N.A.



MALLORCA

- LOCATION: City of Mallorca
- UNITS: 200
- BUYER/SELLER: AEW/Metrovacesa

PRICE/NIY: N.A. / N.A.



Source: Colliers
 * Estimated Yield. ** Year 1

APPENDIX

SPANISH RENTAL MARKET REGULATION

KEY CONSIDERATIONS ON THE NEW LAU¹ PUBLISHED AS OF 2019

LEASE TERM	<ul style="list-style-type: none"> ▪ The lease agreement is automatically renewed yearly until it reaches a minimum term of 5 years, or unless the tenant rejects the renewal under specific conditions ▪ The lease term is agreed by the parties. Unless stated otherwise, the lease agreement is entered into a term of one year
RENT UPDATES	<ul style="list-style-type: none"> ▪ Increase in annual rents linked to Consumer Price Index unless otherwise agreed by the parties ▪ Once the lease is terminated, the company may increase the rent to adjust to market level
TERMINATION OF CONTRACT	<ul style="list-style-type: none"> ▪ After 6 months, the tenant can terminate the contract with a mandatory notice period of 2 months and 1 month penalty for each pending year ▪ Recent regulation changes reduce the timing and complexity of the eviction procedure in case of delinquency (<1 year)
GUARANTEE	<ul style="list-style-type: none"> ▪ Mandatory deposit of an amount equal to one month of rent ▪ Tenants might also be obliged to provide a bank guaranty
MAINTENANCE OBLIGATIONS	<ul style="list-style-type: none"> ▪ The landlord is obliged to maintain the property in good conditions ▪ It is the landlord's responsibility to repair defects caused by the normal use of the household

1. Ley de Arrendamiento Urbano.

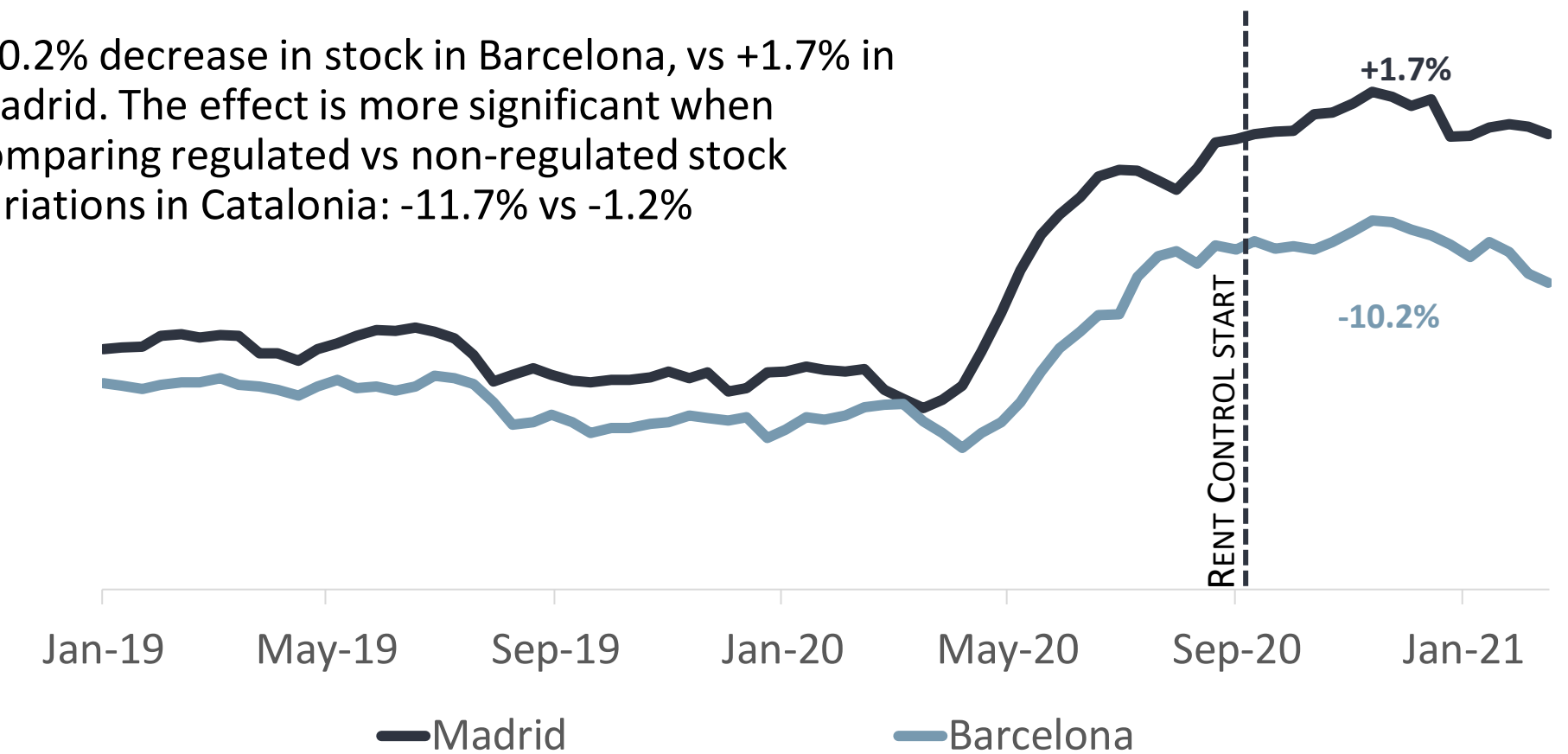
APPENDIX

SPANISH RENTAL MARKET REGULATION – BARCELONA CASE STUDY

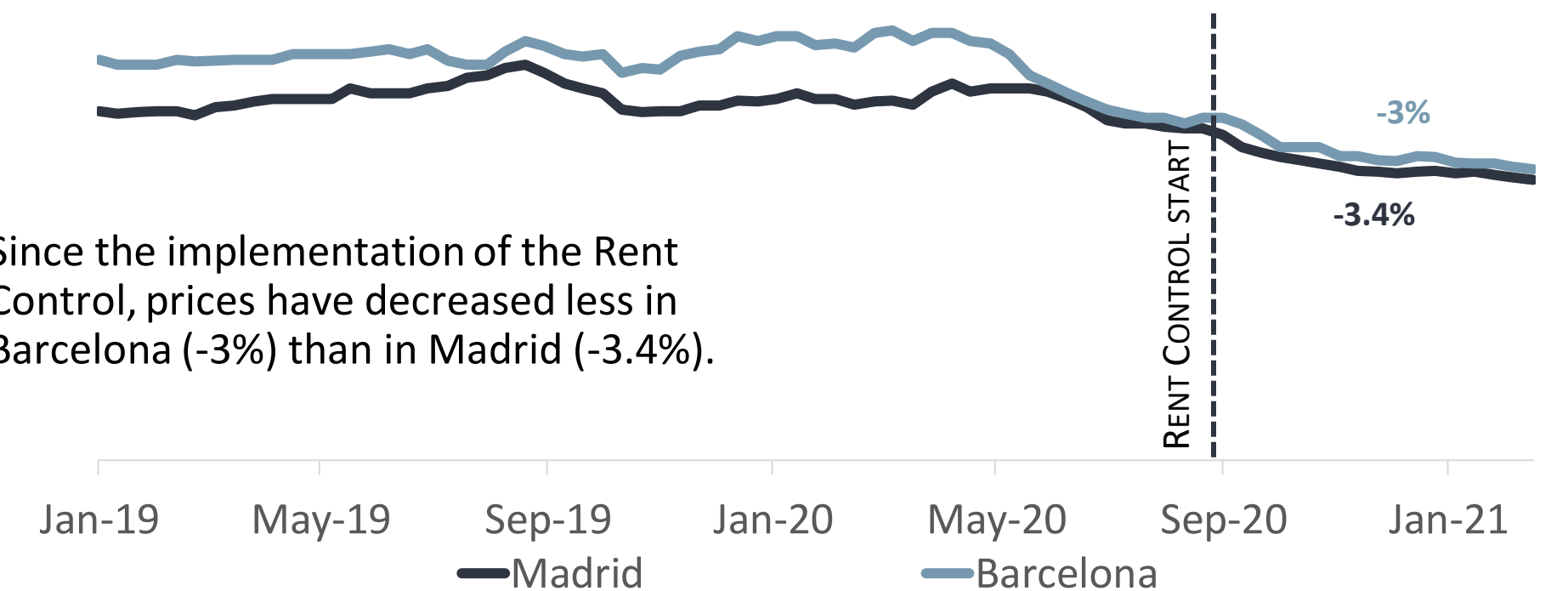
<p>LAW DESCRIPTION</p>	<ul style="list-style-type: none"> ▪ The rule aims to limit rent increases: new contracts signed on properties that were already rented may not exceed the price of the previous contract ▪ Furthermore, if the previous contract was set to a higher rent than the reference index, the new contract must adjust downwards to the benchmark level
<p>AREAS OF APPLICATION</p>	<ul style="list-style-type: none"> ▪ The rent control has been applied only in tight areas which have seen a 30% increase in rental prices over the last 5 years. This includes all 4 of Catalonia's main cities: Barcelona, Tarragona, Girona and Lleida ▪ These areas are declared tight for a period of 5 years, or until rent prices in the region decrease
<p>LEGALITY OF THE LAW</p>	<ul style="list-style-type: none"> ▪ The constitutional Court is now looking into its legality, as many of the articles in the text are unconstitutional. ▪ The move has been declared a way to obtain electoral benefit for the Catalan political parties.

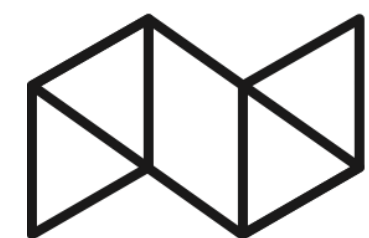
RENTAL MARKET IMPACT

- -10.2% decrease in stock in Barcelona, vs +1.7% in Madrid. The effect is more significant when comparing regulated vs non-regulated stock variations in Catalonia: -11.7% vs -1.2%



- Since the implementation of the Rent Control, prices have decreased less in Barcelona (-3%) than in Madrid (-3.4%).





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