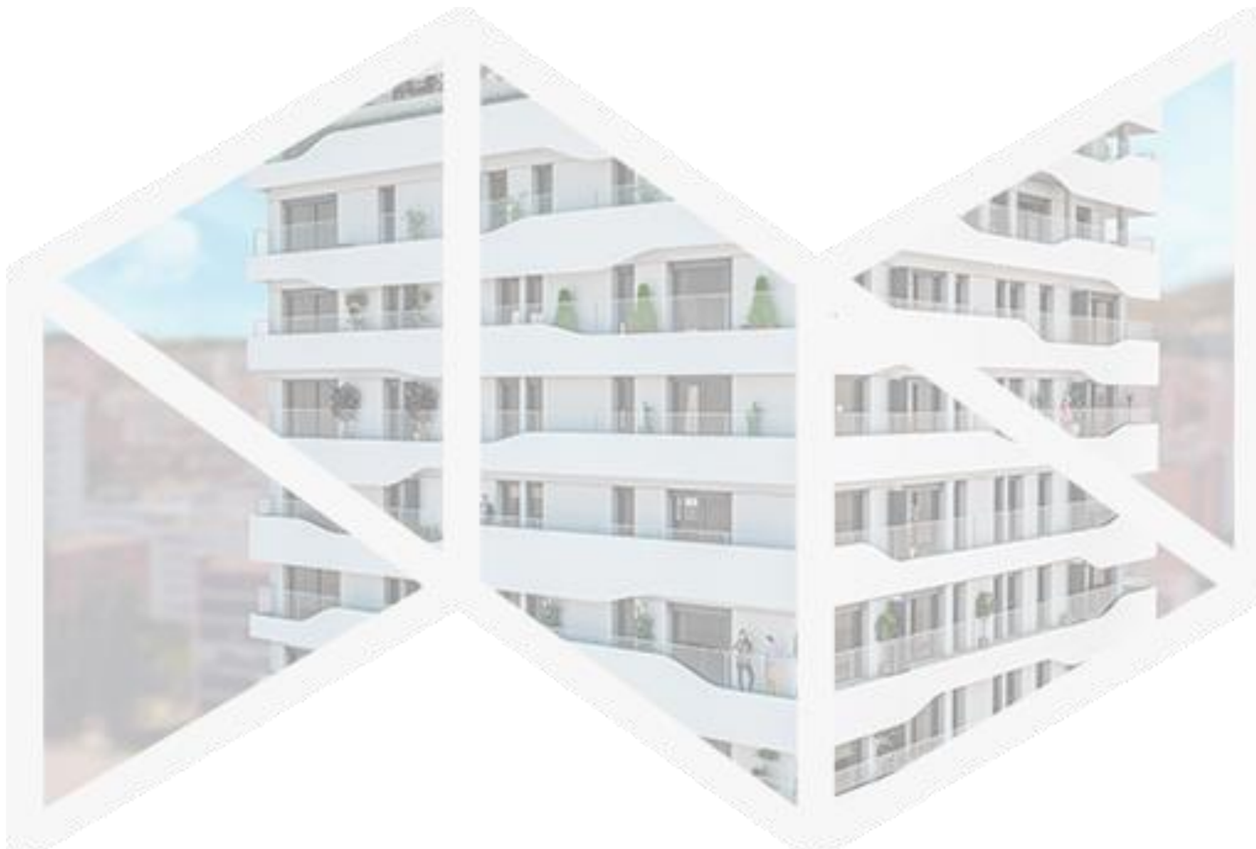
Neinor HOMES

26th July | 2017 19:00 CET

H1 2017 Results Presentation



DISCLAIMER

This Presentation does not constitute or form part of any purchase, sales or exchange offer, nor is it an invitation to draw up a purchase sales or exchange offer, or advice on any stock issued by Neinor Homes, S.A. (“Neinor”). This Presentation and the information contained herein do not form part of or constitute (i) anoffer to acquire or subscribe shares, in accordance with the Spanish Securities Market Act and its implementing regulation or (ii) an offer to purchase, sell or exchange securities, a solicitation of any offer to purchase, sell or exchange securities or a solicitation of any kind of voting rights in the United States or any other jurisdiction. “Presentation” means this document, its contents or any part of it, any oral presentation, any question or answer session and any written or oral material discussed or distributed during the Presentation meeting or otherwise in connection with it.

Neither this Presentation nor any information contained herein may be reproduced in any form, used or further distributed to any other person or published, in whole or in part, for any purpose, except that information may be extracted herefrom and used in equity research reports about Neinor in compliance with the applicable regulations. Failure to comply with this obligation may constitute a violation of applicable securities laws and/or may result in civil, administrative or criminal penalties.

This Presentation may include, in addition to historical information, forward-looking statements about revenue and earnings of Neinor and about matters such as its industry, business strategy, goals and expectations concerning its market position, future operations, margins, profitability, capital expenditures, capital resources and other financial and operating information. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. The words “believe”, “expect”, “anticipate”, “intends”, “estimate”, “forecast”, “project”, “will”, “may”, “should” and similar expressions may identify forward-looking statements. Other forward looking statements can be identified from the context in which they are made. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Neinor and the environment in which Neinor expects to operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Neinor, or industry results, to be materially different from those expressed or implied by these forward-looking statements. None of the future projections, expectations, estimates or prospects in this Presentation should be taken as forecasts or promises and they should not be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the Presentation. Many factors could cause the actual results, performance or achievements of Neinor to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

Current and future analysts, brokers and investors must operate only on the basis of their own judgment, taking into account this disclaimer, as to the merits or the suitability of the securities for their purposes and taking into account all available public information and having taken all such professional or other advice as considered necessary or appropriate in these circumstances and not solely relying on the information contained in the Presentation. In making this Presentation available, Neinor gives no advice and makes no recommendation to buy, sell or otherwise deal in shares in Neinor or in any other securities or investments whatsoever. These analysts, brokers and investors must bear in mind that these estimates, projections and forecasts do not imply any guarantee of Neinor’s future performance and results, price, margins, exchange rates, or other events, which are subject to risks, uncertainties and other factors beyond Neinor’s control, such that the future results and the real performance could differ substantially from these forecasts, projections and estimates.

The information in this Presentation, which does not purport to be comprehensive, has not been independently verified and will not be updated. The information in this Presentation, including but not limited to forward-looking statements, applies only as of the date of this Presentation and is not intended to give any assurances as to future results. Neinor expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the information, including any financial data and any forward-looking statements contained in this Presentation, and will not publicly release any revisions that may affect the information contained in this Presentation and that may result from any change in its expectations, or any change in events, conditions or circumstances on which these forward-looking statements are based or any change in whichever other events or circumstances arising on or after the date of this Presentation.

Market data and competitive position used in this Presentation not attributed to a specific source are estimates of Neinor and have not been independently verified. In addition this Presentation may contain certain financial and other information in relation to other companies operating in the same sector and industry. This information has been derived from publicly-available sources and Neinor accepts no responsibility whatsoever and makes no representation or warranty expressed or implied for the fairness accuracy, completeness or verification of such information.

Certain financial and statistical information contained in this Presentation is subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed are due to rounding. Certain management financial and operating measures included in this Presentation have not been subject to a financial audit or have been independently verified by a third party. In addition, certain figures contained in this Presentation, which have also not been subject to financial audit, are combined and pro forma figures.

None of Neinor or any of its employees, officers, directors, advisers, representatives, agents or affiliates shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation.

The information contained in this Presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information. You are solely responsible for seeking independent professional advice in relation to the information contained herein and any action taken on the basis of the information contained herein. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

Neither this Presentation nor any part of it are of a contractual nature, and they cannot be used to form part or construe any agreement of any kind of undertaking.

By attending this Presentation or receiving this Presentation you agree to be bound by the foregoing limitations.

Today's Agenda

Presenters

Juan Velayos
Chief Executive Officer

Jordi Argemí
Chief Financial Officer

Juan Gómez Vega
Chief Investor Relations Officer

Contents

1. Introduction
2. Business Review
3. Financial Overview
4. Case Studies
5. Non Financial Reporting
6. Q&A

1. INTRODUCTION

ITURIBARRI HOMES – GETXO (VIZCAYA)

Clear-Cut Outperformance in H1

HIGHLIGHT	#	STRENGTHENING MACRO PUSHING HOMEBUILDING SECTOR		
GDP GROWTH ACCELERATING, FORECAST UP +0.5%	1	GDP expected growth in 2017 **3.1% y-o-y** Above European Average	Housing affordability **6.9x** price to avg. income* **5.3%** HPA*/29% below peak	Housing Starts **+20.4% in Q1** **78%** below peak

*Q1 2017

HIGHLIGHT	#	THE GLOBAL PICTURE	THE SEMESTER	KPIs
EUR 157.5M ACQUIRED IN H1 - 79% OF YEARLY TARGET	2	Land Bank **c.10,700 units** **172 developments**	Acquisitions **c. 1,750 units** **13 assets**	YTD acquisitions blended gross margin c. **28%**
~EUR 600M IN CUMMULATIVE PRE-SALES – HIGH REVENUE VISIBILITY	3	Pre-sales Order Book **1,797 units** **EUR 596m**	Sales **721 units** **EUR 251m**	Vs. YTD expectations **+12% on units** **+20% volume**
3 DELIVERIES SINCE IPO ON TIME AND ON BUDGET	4	Developer activity **4,800 units / 64 active sites** **5 sites / 272 units with Gross Margin of c. 28%**	Construction starts **339 units / 5 sites** **3 sites delivered / 153 units Gross Margin ca. 27%**	WIP gross margin **c. 30%** **4.8% HPA captured in H1, 3.9% ahead of expectations**
~40% OF LEGACY ASSETS SOLD SINCE DEC '16	5	**EUR 134m BV** Legacy Assets **EUR 1.5 bn AuM** Servicing	**EUR 87m Legacy sales** **EUR 9.5m EBITDA Servicing**	YTD legacy **+3%** on **BV** YTD servicing revenues **+6% vs. expectations**

HIGHLIGHT	#	THE FINANCIAL STATEMENTS		
NAV GREW BY EUR 110M IN H1, LTV AT 20%	6	Revenues **EUR 127.5m** *+9% vs. YTD expectations*	Loan to Value **20%**	Cash Available **EUR 53.6 m** *Net of client deposits*

2. Business Review

URBAN HOMES – URDULIZ (VIZCAYA)

1

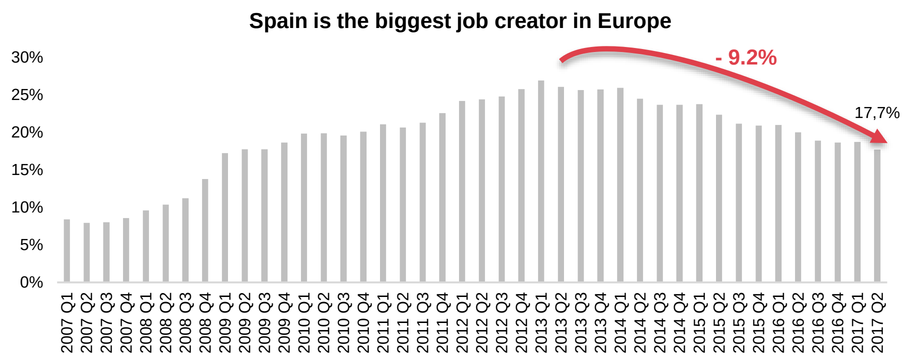
Stronger Macro – Very Clear Supply-Demand Imbalance

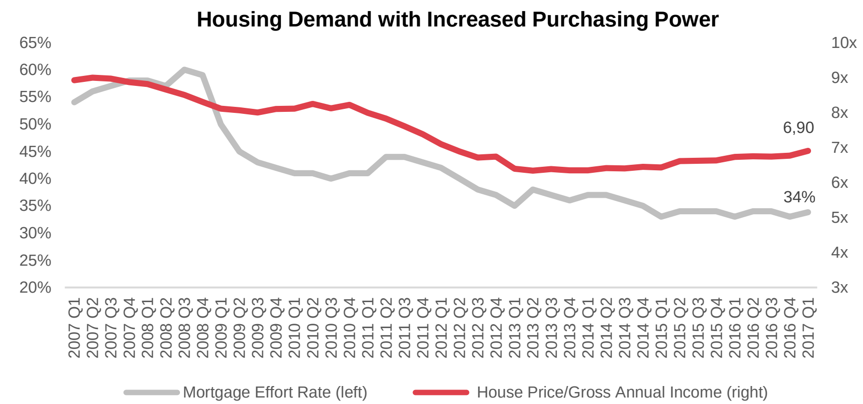
Accelerated GDP Growth Supporting Housing Demand

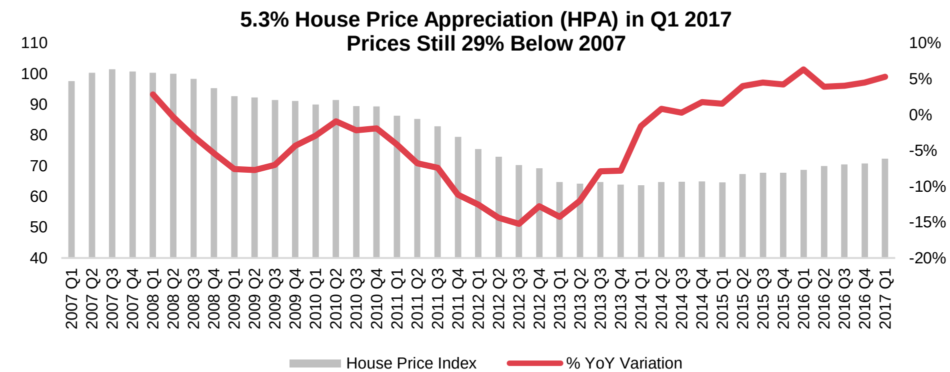
- **GDP growth forecast increased by 0.5%, to 3.1% for 2017**. Fastest growing big economy in Europe
- **More jobs: unemployment** declined further to **17.7% (-0.9% YOY)**
- **Housing affordability continues to improve**, while a total of **79,302 mortgages were granted in Q1 2017**, still 77% below the peak

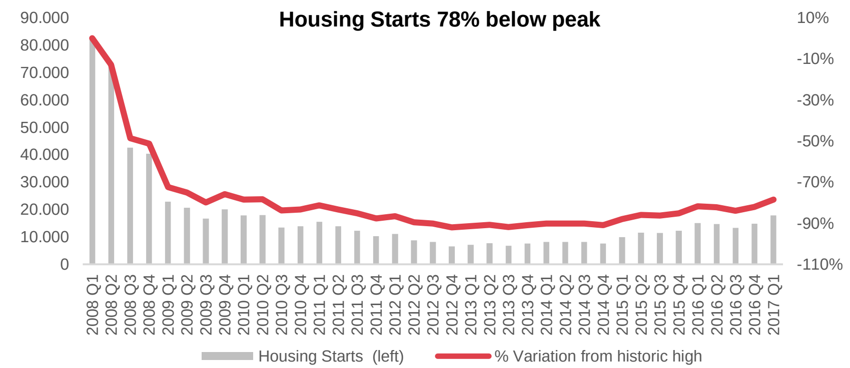
Few Players to Satisfy Growing Demand

- **Strong HPA growth (5.3% in Q1 2017 YoY) but prices still 29% below peak**
- **Growing supply volumes** but still 78% below peak. 17,846 housing starts in Q1 2017, +20% YoY - of which 339 correspond to Neinor
- **Demand clearly outpacing supply:** room for growth and consolidation in a fragmented supply market









Source: Spanish Statistics Institute (INE), Ministerio de Fomento, Bank of Spain, IMF

1

A Market Led by Neinor with Disciplined Competition

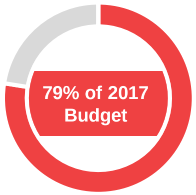
- Neinor Homes leading the residential development sector
- Some national players following the IPO path set by Neinor
- National players are backed by disciplined capital
- 5-10 players will lead the market consolidation
- Equity needed to purchase land acting as the main entry barrier and a safety net against a new bubble

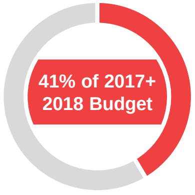
79% Of Yearly Acquisitions Target Completed in H1

H1 Land Acquisition Activity Summary

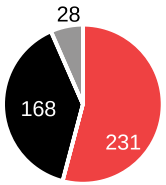
- **High quality land acquisitions** during H1 totalled **EUR 157.5m,** representing more than **1.750 units** with a blended **gross margin c. 28%.**
  - **Q2: 6 assets acquired for EUR 105.9m and more than 1,000 units**
- **Land bank: 172 developments, more than 1.25m sqm or ca. 10,700 residential units**
- In exclusive / due diligence phase for plots worth **EUR 28m** and **more than 400 units.**
- **Company evaluating structuring to anticipate 2018 acquisitions**, as it continues to be very active in an **opportunistic environment of accelerated bank disposals.**

Acquisition Program Evolution





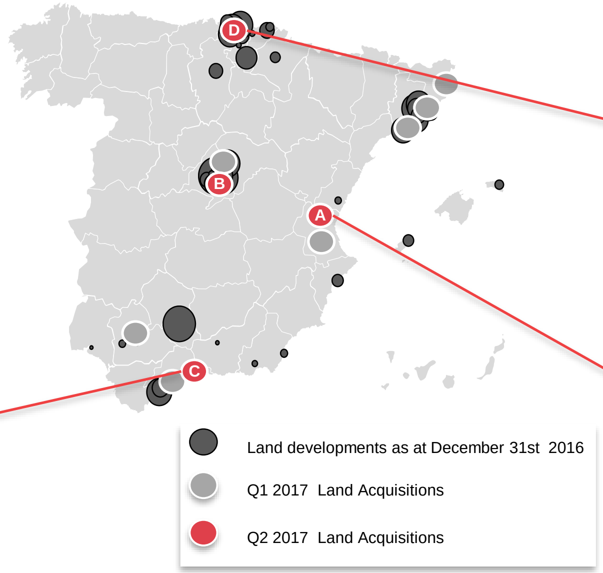
EUR 427m Acquisition Pipeline



Accretive Additions to a High Quality Land Bank

Acqu. Quarter	Property ID	Region	City	Province	Units (1)
Q2	A	Levante	Valencia	Valencia	400
Q2	B	Center	Madrid	Las Rozas	300
Q2	C	South	Estepona(2)	Málaga	300
Q2	D	North	Sopelana	Vizcaya	70
					1,070

(1) Approximate units. Final number of units depends on product definition
(2) Although listed as 1 item, Estepona consists of 3 assets.



Plot acquired on June 2017 from a Family Office in Sopelana, suitable for c. 70 units

Plot acquired in Valencia in June 2017 from a developer restructuring its balance sheet, suitable for over 400 units

Plot acquired in June 2017 in a portfolio acquisition in Estepona, Málaga , suitable for over 300 units

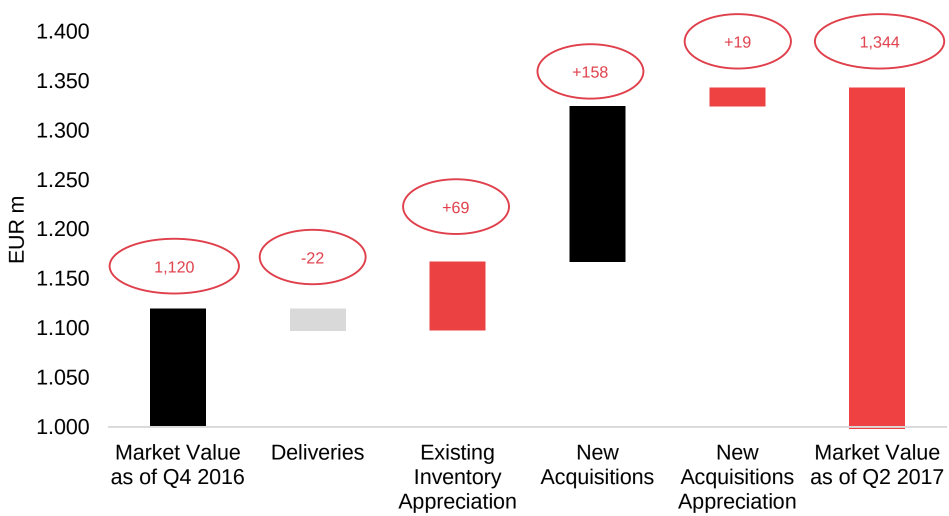
2

NAV Increased by 10% Following Savills H1 Valuation

Appraisal Highlights

Total Units / Buildable Sqm	**10,694 / 1.25m sqm**
Total Value / Per sqm (EUR)	**1,344m / 1,076 psm**
Total GDV / Per Unit / Per sqm (EUR)	**3,114m / 291k / 2,493 psm**
Costs Pending to Complete / Per Unit / Per sqm (EUR)	**1,256m / 117k / 1,005 psm**

December 2016 to June 2017 Valuation Bridge



Key Considerations

- Valuation in accordance with **RICS[(1)] Valuation Professional Standards**
- **Bottom-up appraisal valuation on a unit by unit basis**, employing DCF, sales comparison or residual static methods depending on the type of asset
- **Valuation assumes 0% House Price Appreciation**
- **GAV increased to EUR 1,344m, + EUR 224m** divided in:
- **Existing Land Bank as of December 2016: + EUR 69m**
  - Delivered/sold (EUR 22m): 3 developments have been sold and delivered; 7 finished developments have been sold
  - **Like-for-like increase: 6%,** based on **real actual Neinor sales** and updated **market comparables**
- **New Acquisitions:** the land acquired in Q1 was valued with a **EUR 19m (~12%) appreciation** given
  - They are located in areas with strong HPA
  - They were acquired with a discount to market rate due to portfolio or off-market nature of transactions

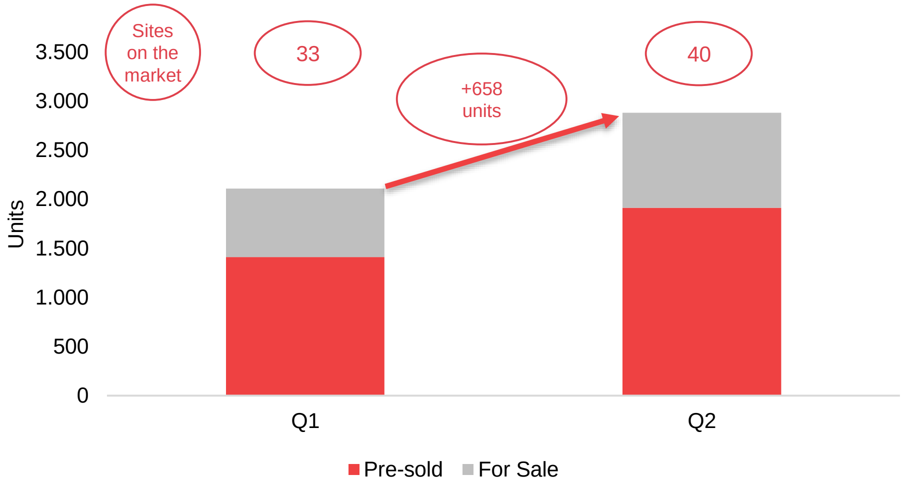
Source: Savills Valuation report as of June 2017. (1) Royal Institution of Chartered Surveyors.

Strong Pre-Sales Visibility for Ramp-Up Revenues

Solid Pre-Sales in the Weakest Half of the Year

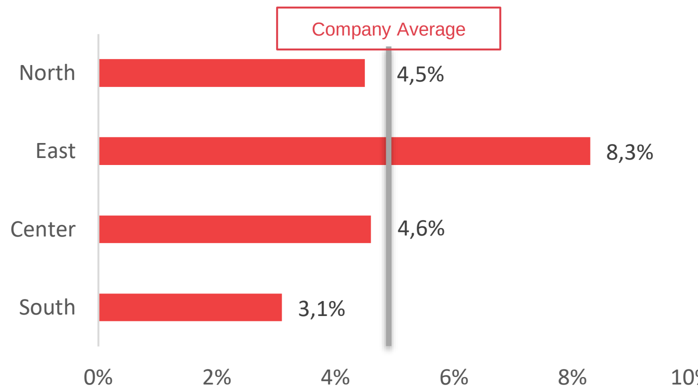
- **Sales in Q2 topped Q1 Sales by 26%**
  - **721 units (12% ahead of YTD expectations) pre-sold in H1**, equivalent to **EUR 251m (20% ahead of YTD expectations)**
  - **4.8% HPA captured YTD vs. 0.9% Company Expectations**
  - **BP 2017 fulfilment 46% in units, 51% in volume.**
  - **Average selling price YTD of** EUR 348k(2)
  - Sales velocity **3+ units/ month per active development**
- **Pre-sales Order Book of EUR 596m – 1,797 units**
  - Low cancellation ratio: 2.5% on reserves, 0.7% on contracts(3)
  - Cash received to date EUR 55.9m
  - 65% from contracts, 35% from reserves

Active Commercialisation in 40 Developments(1)



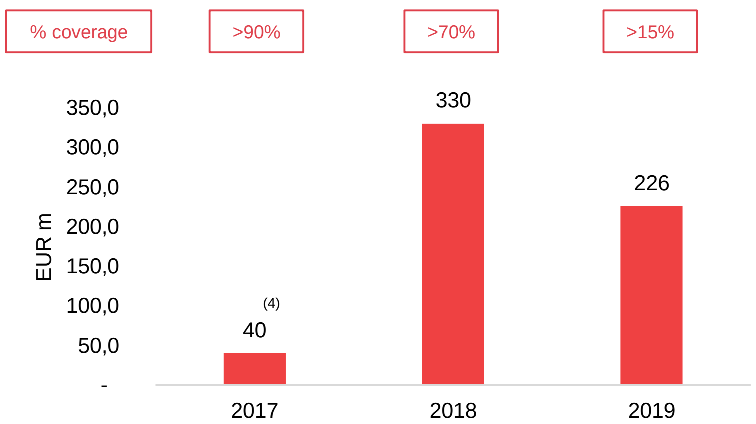
Sites in commercialization bridge: 33 reported active sites in Q1 included 2 fully sold "fee developments" that were delivered in Q2

4.8% HPA Captured YTD



HPA during H1 compared to prices at the start of commercialization. Change from Q1 methodology where HPA informed was measured vs 2017 BP. Going forward HPA will be reported as in this report.

Pre- Sales visibility (EUR m)



(1) Figure includes 3 developments that were 100% pre-sold at the end of 2016, and includes 2 sites that have been delivered during Q2: Las Salinas and Port Forum (2) Average selling price may vary depending mix of typology and region of developments in commercialisation
(3) Cancellation ratio calculated as: units cancelled in H1 2017 / (units EoP + units cancelled) (4) Does not include EUR 27m of deliveries

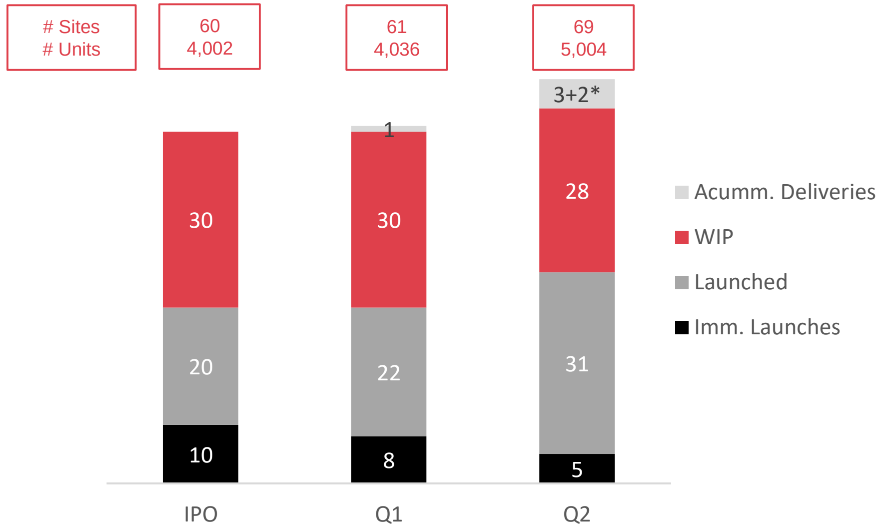
4

Development Activity: 64 Sites in Production

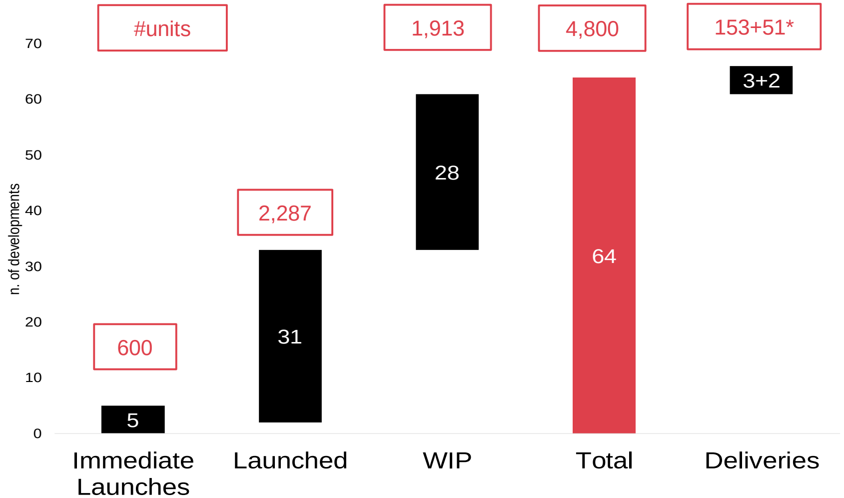
Summary of Development Activity in H1

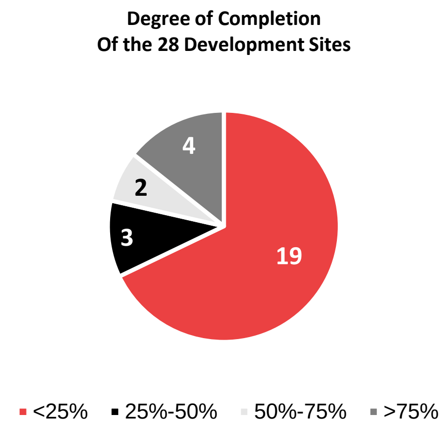
- **Activity in H1**
  - 18 New Launches– 1,478 units
  - **5 new WIP (construction starts) – 339 units**
- Sites in production as at the end of H1,
  - 64 developments / 4,800 units
  - 44% of the land bank
- 28 sites in construction (WIP) – 1,913 units. **On time and on budget**
- **C. 30% WIP reported gross margin**

Development Activity Evolution



Development Activity at a Glance





*The 2 sites (51 units) for which the Company had a *fee development* agreement were promptly delivered in Q2

4

Deliveries On Track and On Budget: 153 Units in H1

3 Successful Deliveries in H1

- **3* sites (153 units) delivered in H1 on time and on budget**
- **EUR 25.6m in revenues with a gross margin of ca. 27%**
- Las Salinas Homes and Port Forum Homes (113 units) delivered in Q2, except for 12 units being notarized in Q3
- Neinor Experience handled the notarization in a very short time-frame. Post-sales also handled by Experience with no reported issues
- "Neinor Key Day" organized for the 3 delivered sites

Q1: Móstoles, Los Alerces

Location	Móstoles, Madrid
Units (#)	40
Sqm	4,525
Construction Company	Obenasa
Construction Started	Q2 2015
Construction Months	17
Delivery	Q1 2017
Pre-sales at Delivery	100%
Gross Margin (%)[(1)(2)]	c. 22%

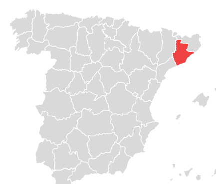
(1) Above company expectations. Including accounting provisions eliminated in the 2016 audit process connected with original book values from Kutxabank portfolio.
(2) Development acquired from Kutxabank in the original transaction as WIP with a 42% degree of completion

Q2: Las Salinas Homes

Location	Fuengirola, Málaga
Units (#)	58
Sqm	3,770
Construction Company	Sodelor
Construction Started[(1)]	Q2 2016
Construction Months	9
Delivery	Q2 2017
Pre-sales at Delivery	100%
Gross Margin (%)	27%

(1) Las Salinas Homes was purchased from Kutxabank as a WIP (unfinished structure)

Q2: Port Forum Homes

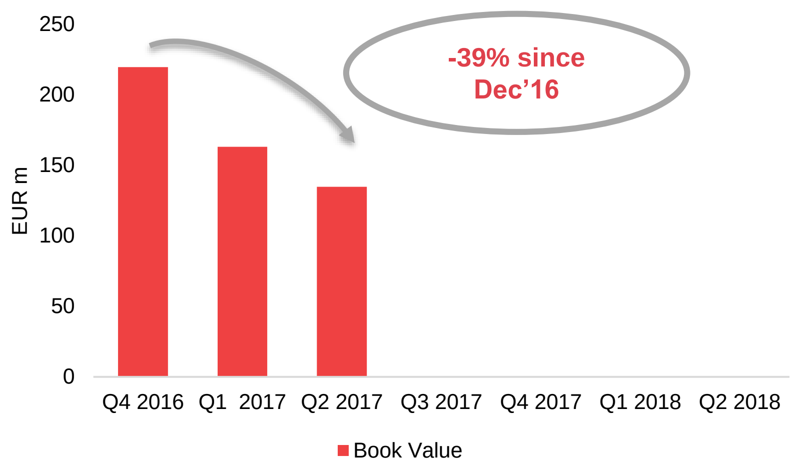


Location	Sant Adriá de Besos, Barcelona
Units (#)	54
Sqm	5,337
Construction Company	San José
Construction Started	Q3 2015
Construction Months	20
Delivery	Q2 2017
Pre-sales at Delivery	100%
Gross Margin (%)[(1)]	c. 29%

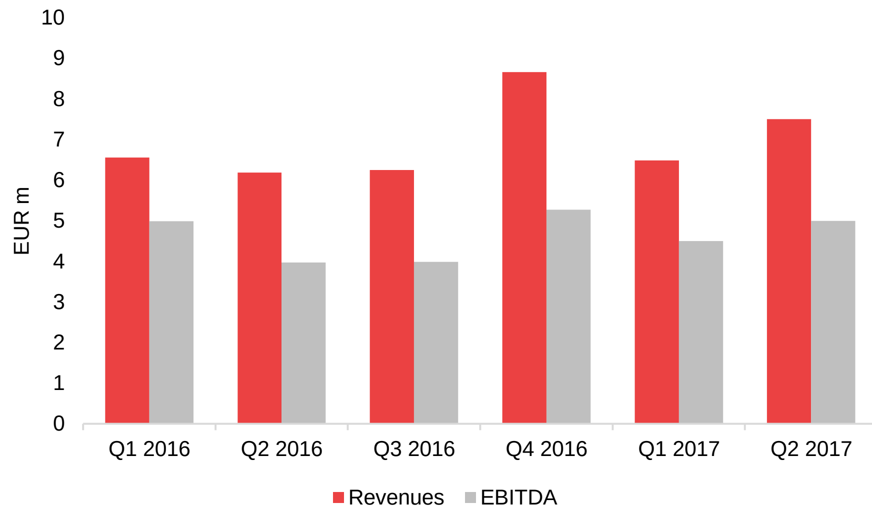
*This number does not include the 2 sites (51 units) that the Company promptly delivered in Q2 that were developed under a *fee development* agreement

Ancillary Businesses Delivering Cash and On Track

Legacy Remaining BV and Quarterly Sales (EUR m)



Servicing Revenues and EBITDA evolution



Legacy Highlights

- EUR 87[(1)]m sales in H1, 16% ahead of YTD expectations
- Gross margin of 3%[(1)] on book values
- EUR 134m of Book Value Remaining at the end of H1
- On track to targets set at the IPO

Servicing Highlights

- Assets under management stable at EUR 1.5bn
- Stable AuM given asset boarding performed as expected compensating for registered sales.
- EUR 14m of revenues in H1 (6% ahead of YTD expectations) with EUR 9.5m EBITDA.
- On track to targets set at the IPO

(1) Includes EUR 2.7m of sales related to assets that were under rental contracts. For accounting purposes, these sales are included in P&L as margins on Book Value under the caption "Gains (losses) on disposals" (EUR 0.4m).

3. Financial Overview

CAÑADA HOMES – MARBELLA (MÁLAGA)

Key Financial Highlights

- In line with **market best practices**, Neinor Homes did a **limited Audit for H1 2017**, which resulted in an ***unqualified opinion*** by the Auditor, Deloitte.
- H1 closed with **positive Operating EBITDA**[1] thanks to the **increasing weight of Development Business:** 2 sites delivered in Q2, 3 so far in 2017 with **margins aligned with expectations**.
- **Ancillary Business represent almost 80% of total revenues** (decreasing from **c. 90% in Q1 2017**).
- An external valuation by Savills as of June 30th valued the **Development Portfolio over EUR 1.344m increasing by 20% compared to GAV as of December 2016**.
- **Solid debt ratios**: total Net Debt of EUR 301m, with LTV of 20% and LTC of 29%.
- **Legacy sales acceleration and Primary Issuance at IPO** allowed to **anticipate land acquisition** (almost 60% above expectations) while keeping **EUR 54m of Cash Available** at the end of H1 2017.

1. *EBITDA Adjusted Pre Property tax provision*

Source: Company information.

P&L Statement: Positive Operating EBITDA and Increasing Weight of Development Business

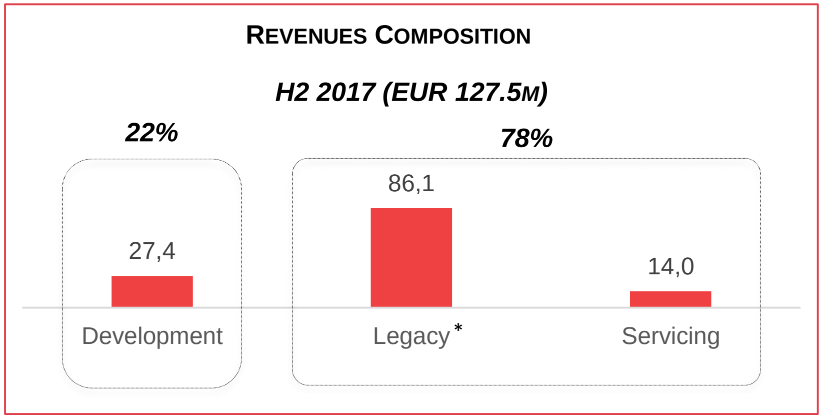
Consolidated P&L (in EUR m)

€M	H1 2017
Revenues	**127,5**
Gross Margin	26,8
Gross Margin (%)	*21,0%*
OpEx[1]	-25,6
Gains (Losses) on disposals[2]	0,4
Operating EBITDA	**1,6**
Property Tax Provision[3]	-2,4
EBITDA Adjusted	**-0,8**
Amortization	-0,4
Operating Profit (Loss)	**-1,1**
Operating Margin	*-0,9%*
Finance Costs	-3,1
Profit (Loss) before Tax	**-4,2**
Tax charge	0,0
Profit (Loss) for the period	**-4,2**

1. *Values do not include MIP (15€M of which 14.4M€ fixed and 0.6M€ variable), fully paid by Lone Star equity injection and IPO Costs (2.1€M).*
2. *It relates to the sale of Legacy assets that were under rental contracts for 2.7M€, 0.4M€ above book value.*
3. *For Accounting purposes, we registered on Jan 1st the full year property tax provision (4.7€M). As of June 30th the outstanding provision for H2 2017 is 2.4M€*

- **Positive Operating EBITDA** of EUR 1.6m vs. EUR -2.2m in Q1
- Future revenue visibility enhanced by **excellent H1 pre-sales of EUR 251m, with a total Order Book of EUR 596m**
- **Strong revenue performance (9% above expectations).** Driven by ancillary businesses, with solid Legacy Sales (EUR 87m) and stable servicing revenues (EUR 14m)
- **Gross Margin up to 21% from 14.9% in Q1,** with **increasing weight of Core business in P&L**: 3 sites delivered (153 units*) on time and aligned with expected margins.

**The 2 sites delivered in Q2 comprised 113 units. 101 were notarized in June, with the remaining 12 being notarized in Q3*



**i) It includes 84.4M€ of sales and ii) 1.7M€ of other revenues linked to legacy (rentals, etc) . This figure does not include 2.7M€ of assets sales that were under rental contracts.*

P&L starts to shift towards core business: Development representing now 20% of revenues

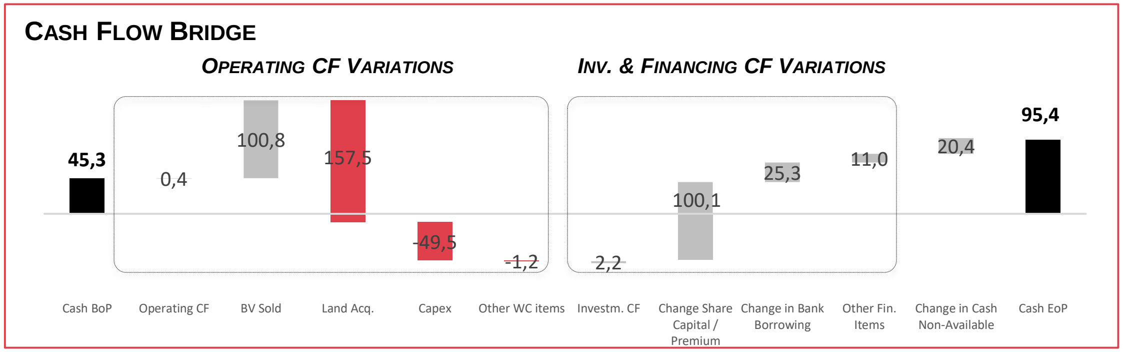
Source: Company information.

CF Statement: Positive Cash-Flow Despite Faster Acquisitions

Summary Cash Flow (in €M)

€M	H1 2017
Profit (Loss) before Tax[1,2]	-4,2
Adjustments	4,6
Amortization	0,4
Finance Costs/Revenues	3,1
Change in provisions	1,6
Gains (Losses) on disposals	-0,4
CF from Operating Activities	**0,4**
Working Capital Variation	**-107,3**
Change in Inventories	-106,2
Book Value Sold	100,8
Land Acquisition	-157,5
Capex	-49,5
Other WC Variations[3]	-1,2
Net Operating Cash Flow	**-106,9**
CF from Investments Activities	**2,2**
Free Cash Flow	**-104,7**
CF from Financing Activities	**136,4**
Change in Share Capital/Premium[2,4]	100,1
Change in Bank Borrowing	25,3
Change in Deferred Land Debt[5]	14,1
Finance Costs/Revenues	-3,1
Net Cash Flow	**31,8**
Change in Cash Not-Available	20,4
Cash BoP	**45,3**
Cash EoP	**95,4**

- **Positive CF from operating activities of EUR 0.4m** (before EUR 2.1m of non-recurring IPO costs).
- **Negative Free CF of EUR 104.7m** (net of EUR 2.1m non-recurring IPO costs):
  - Strong **investment in Development inventories** of over EUR 200m: i) acceleration of land acquisition (EUR 157.5m) and ii) ramp up of development business with Capex of EUR 49.5m
  - **Acceleration of Legacy divestment**
- **Negative Free CF of EUR 104.7m financed** mainly through **EUR 100m Primary Capital at IPO**
- **Positive Net CF of EUR 31.8m**. In September, Company expected to pay c. EUR25m of deferred land payment related to the *Las Rozas/Estepona* portfolio acquisition.



1. *Operating Profit does not include IPO Costs (2.1€M), but it is accounted for in the Cash at end of period.*
2. *Values do not include MIP (15€M of which 14.4M€ fixed and 0.6M€ variable), fully paid by Lone Star equity injection.*
3. *Other WC includes change in change in Debtors, Cash not available, Creditors (excluding deferred land payment) and other current liabilities.*
4. *Includes:100M€ of IPO Capital injection, -1.4M€ of Treasury Shares and +1.5M€ of 2016 cost accounting reclassification*
5. *Deferred Land Payment is considered, for conservative purposes, as debt-like item.*

All Cash Generated Reinvested into High Quality Fully-Permitted Land

Source: Company information.

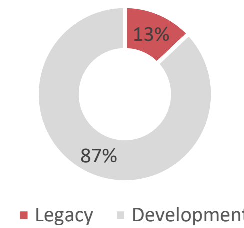
Balance Sheet: Growing Assets and Strong Cash Position

Summary Balance Sheet (in EUR m)

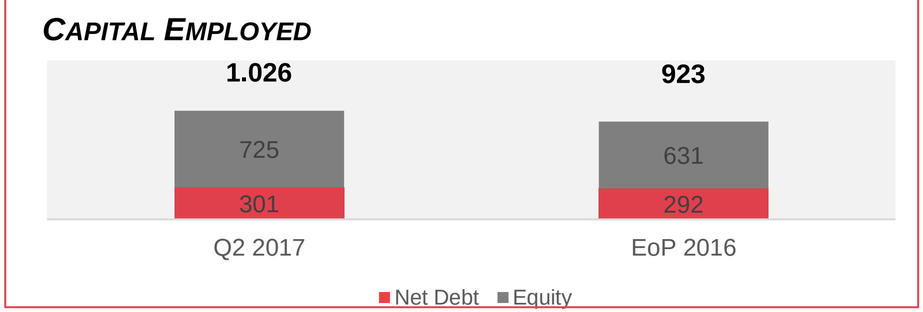
€M	H1 2017	EoP 2016	Change	
PPE	1,6	1,6	0,0	0,4%
Investment Property	10,5	12,9	-2,4	-18,3%
Other Non-Current Assets	1,3	1,1	0,2	14,7%
Non-Current Assets	**13,3**	**15,5**	**-2,2**	**-14,2%**
Inventories	1.029,1	925,4	103,7	11,2%
Debtors	51,8	29,6	22,2	74,8%
Cash & Equivalents	95,4	45,3	50,1	110,5%
Current Assets	**1.176,3**	**1.000,3**	**176,0**	**17,6%**
Total Assets	**1.189,6**	**1.015,8**	**173,8**	**17,1%**
Bank Borrowings	17,6	26,6	-9,0	-33,8%
Other Non-Current Liabilities	0,7	0,4	0,3	93,7%
Non-Current Liabilities	**18,3**	**27,0**	**-8,7**	**-32,1%**
Bank Borrowings	311,4	277,1	34,3	12,4%
Creditors (1)	71,8	49,2	22,6	45,8%
Other Current Liabilities	63,3	31,5	31,8	100,8%
Current Liabilities	**446,5**	**357,8**	**88,7**	**24,8%**
Equity	**724,8**	**631,0**	**93,8**	**14,9%**
Total Liabilities	**1.189,6**	**1.015,8**	**173,8**	**17,1%**

- **Total Balance Sheet of ~EUR 1.2 bn.** Total Equity of EUR 725m and total Liabilities of EUR 465m
- **Development represents 87% of total Inventories & Investment Property**

€M	H1 2017	EoP 2016
Investment Property	10,5	12,9
Inventories	1.029,1	925,4
Total Inventories	**1.039,6**	**938,3**
Legacy	134,5	219,4
Development	905,1	718,9



- **Strong cash position (EUR 95m) –** EUR 54m available
- **Capital Employed of EUR 1.0 bn.**



1. Creditors includes deferred land payment for an amount of EUR 26,0m

Solid Balance Sheet of ~EUR 1.2Bn and EUR 1.0Bn of Capital Employed

Source: Company information.

6

Working Capital: Development Inventories Growing

Working Capital (in EUR m)

€M	H1 2017	EoP 2016	Change	
Investment Property	10,5	12,9	-2,4	-18%
Inventories	1.029,1	925,4	103,7	11%
Debtors	51,8	29,6	22,2	75%
Trade & Receivables	21,5	20,6	0,9	5%
Tax Receivables	30,3	9,1	21,2	235%
Receivables from Shareholder / LS	0,0	0,0	0,0	0%
Other Current Assets	0,0	0,0	0,0	-83%
Cash & Equivalents - Not Available	41,8	21,4	20,4	95%
Current Assets (Adjusted)[1]	**1.133,2**	**989,3**	**144,0**	**14,6%**
Creditors	-45,8	-37,4	-8,4	23%
Provisions	-7,9	-9,1	1,2	-13%
Trade & Payables[2]	-31,4	-20,8	-10,6	51%
Tax Payables	-3,4	-4,4	1,0	-22%
Payables from Shareholder / LS	-3,1	-3,1	0,0	0%
Other Current Liabilities	-63,3	-31,5	-31,8	101%
Current Liabilities (Adjusted)[3]	**-109,1**	**-68,9**	**-40,2**	**58,4%**
Other Non-Current Liabilities	-0,7	-0,4	-0,3	94%
Non-Current Liabilities	**-0,7**	**-0,4**	**-0,3**	**93,7%**
WC Adjusted	**1.023,4**	**920,0**	**103,4**	**11,2%**

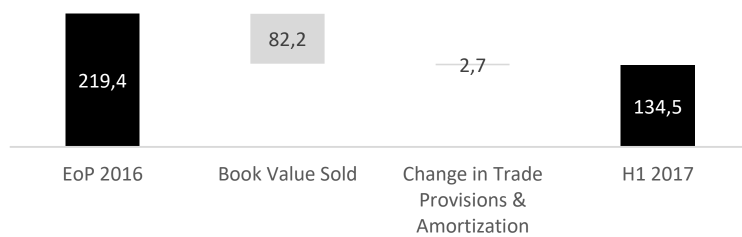
✔ **Working Capital increased to over EUR 1Bn in H1,** by over EUR 100 million due to land acquisitions and capex investment

1. *Includes Investment Property (Non-Current Asset item)*
2. *Does not include Deferred Land Payment*
3. *Includes liabilities except for Bank Borrowings and Deferred Land Payment*

INVENTORIES & INVESTMENT PROPERTY

LEGACY (13% OF INVENTORIES)

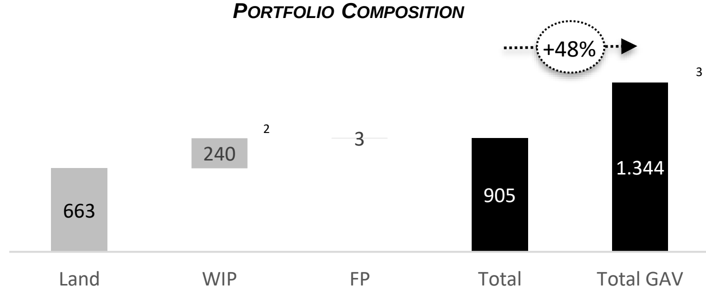
PORTFOLIO EVOLUTION[1]



1. *Includes Inventories and Investment Property*

DEVELOPMENT (87% OF INVENTORIES)

PORTFOLIO COMPOSITION



2. From this quarter WIP values don't include launched developments where construction hasn't started.
3, GAV according to Savills portfolio valuation as of June 30th

Working Capital Adjusted increased to EUR 1.023m. Development Assets Account for 87% of Inventories

Source: Company information.

Neinor HOMES

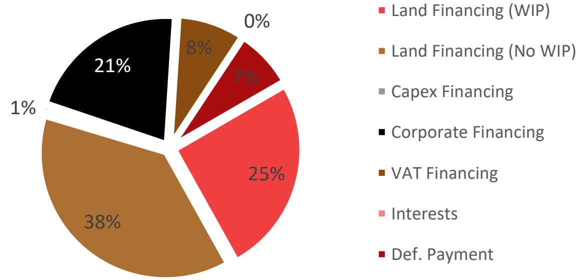
Net Debt: Ratios at Conservative Levels

Net Debt (in EUR m)

€M	H1 2017	EoP 2016	Change	
Gross Debt	**355,0**	**315,6**	**39,4**	**12,5%**
Non-Current Bank Borrowing	**17,6**	**26,6**	**-9,0**	**-33,8%**
Corporate Financing	17,6	26,6	-9,0	-33,8%
Current Bank Borrowing	**311,4**	**277,1**	**34,3**	**12,4%**
Land Financing	223,5	202,2	21,3	10,5%
WIP	*89,6*	*71,9*	*17,7*	*24,6%*
No WIP	*133,9*	*130,3*	*3,6*	*2,8%*
Capex Financing	2,0	2,1	-0,1	-6,9%
Corporate Financing	56,3	65,6	-9,3	-14,2%
VAT Financing	29,3	6,9	22,4	324,9%
Interests	0,3	0,2	0,1	47,4%
Other Debt	**26,0**	**11,9**	**14,1**	**118,9%**
Deferred Land Payment[1]	26,0	11,9	14,1	118,9%
Available Cash	**53,6**	**23,9**	**29,7**	**124,0%**
Net Debt	**301,4**	**291,6**	**9,8**	**3,4%**

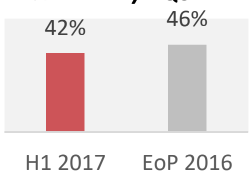
1. Deferred Land Payment is considered, for conservative purposes, as debt-like item

GROSS DEBT COMPOSITION EUR 355 M

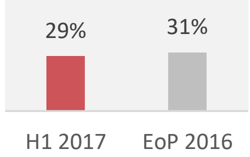


KEY RATIOS

NET DEBT / EQUITY

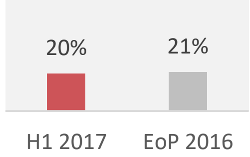


LTC



LTC= Net Debt / (Inventories + Inv. Property)

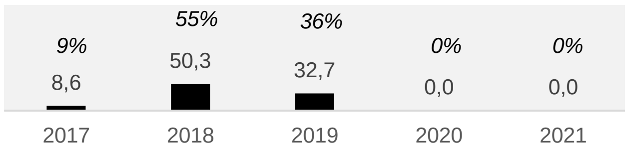
LTV



LTV= Net Debt / GAV

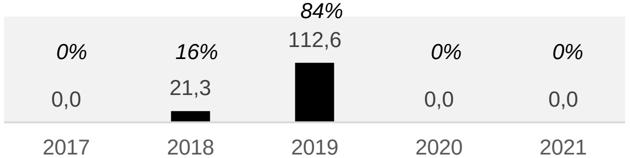
DEBT MATURITY

LAND WIP & CAPEX FINANCING (EUR 92M – AVG. LIFE 1,3YR)[2]



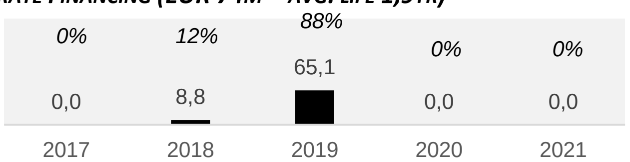
2. Maturity based on delivery dates. Additional grace period not considered (avg.18 months). Approx. 80M€ of debt formally have maturity > 2022

LAND NO WIP FINANCING (EUR 134 – AVG. LIFE 1,8YR)[3]



3. Once construction starts, maturity is renegotiated and most likely extended to Delivery

CORPORATE FINANCING (EUR 74M – AVG. LIFE 1,9YR)



Net Debt of EUR 301m, representing a LTC < 30% and LTV of ca. 20%

Source: Company information.

4. Case Studies

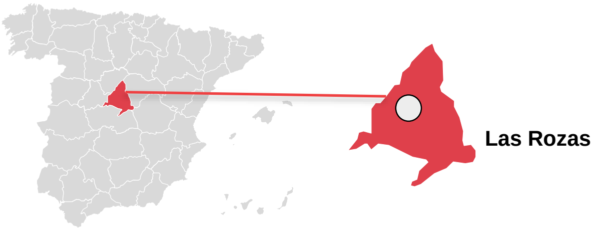
Acquisition: Las Rozas (Madrid)

9 weeks | Launched | WIP | Delivery

Land Acquisition → Marketing Plan → Design / Procurement / Commercialisation → Under Construction → Post Sale

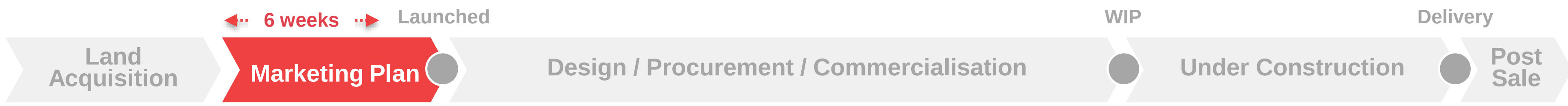
- Prime land plot in one of the best known residential areas of Madrid **in the Municipality with the 5th highest income per capita in Spain**
- **Big plot that will allow to develop a high-quality residential complex with spacious common areas**
- **Accretive entry price** as it was part of a **portfolio transaction** and implied a **ticket size** that reduced potential competition

Location	Las Rozas, Madrid
Units (#)	336
Sqm	41,088
Acquisition Date	June 2017
Seller Type	RE company recycling cash
Angle	Portfolio Transaction
Legal Due Diligence	Cuatrecasas
Technical Due Diligence	Hill International
Target Gross Margin(%)(1)	c. 25%



(1) Target Gross Margin refers to the target margin for the development estimated in the purchase study

Immediate Launch(1): Mairena Homes



- **First development in Sevilla**, the capital of Andalusía.
- The site is located in **Mairena de Aljarafe**, a **natural expansion area** located Southwest of Sevilla that attracts young couples due to the scarcity of new build product in the city
- Mid-market targeted by product definition: Mairena Homes will benefit from swimming pool and large terraces
- **Commercialization expected to start in Q4 2017**

Location	Mairena de Aljarafe, Sevilla
Units (#)	144
Sqm	17,284
Target market	Middle Class
Qualities	Medium, BREEAM
Unit Type Split (# of BR)	2B, 3B, 4B
Target Gross Margin (%)(2)	Above 26%

(1) Immediate launches refers to developments with marketing plan in progress (previous product definition with specific demand/supply studies) (2) Project level gross margin estimated in the Business Plan

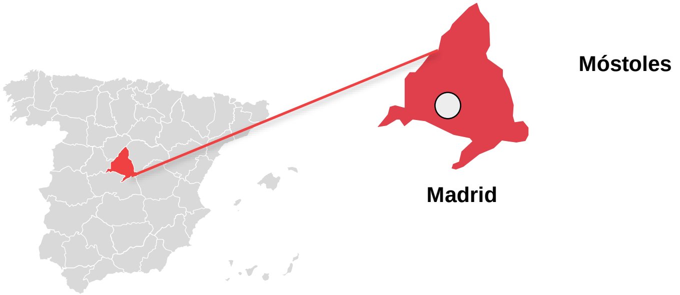
Launched: Vía Homes

Launched ← 32 weeks → WIP — Delivery

Land Acquisition › Marketing Plan › **Design / Procurement / Commercialisation** › Under Construction › Post Sale

- Development located in the Southern Madrid area of Mostoles, where **it stands out because of its design**
- **Via Homes commercialization started in Q2, reaching ca. 30% pre-sales level at the end of H1, and having captured a 5.6% HPA**

Location	Móstoles, Madrid
Units (#)	70
Sqm	7,690
Commercialisation Start	Q2 2017
Cummulative Pre-sales	30%
Architect	BOD
Broker	Magnum Partners
Target Gross Margin (%)[(1)]	c. 22%



Exterior Renderings (WIP)

(1) Project level gross margin estimated in the Business Plan. Via Homes was part of the original acquisition of Neinor from Kutxabank, thus carrying historical bank book values.

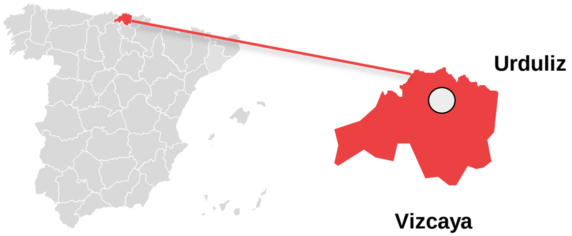
WIP: Urduliz Homes

Launched | WIP ← 17-20 months → Delivery

Land Acquisition → Marketing Plan → Design / Procurement / Commercialisation → **Under Construction** → Post Sale

- **Urduliz** is a city with c. 4k inhabitants located 20km North East of Bilbao in which the Company has a land bank suitable for more than 400 units and has worked on the design of a **master plan for the city focusing on product differentiation and quality**
- **Urduliz Homes delivery is expected for Q4 2017;** it will be the first of 11 Neinor Homes developments in the city
- **Neinor Experience** team working on the delivery process

Location	Urduliz, Vizcaya, Basque Country
Units (#)	16
Sqm	1,655
Construction Company	Urbelan
Degree of Progress	95%
Expected Delivery	Q4 2017
% of Pre-sales to date	100%
Budget/Costs (2)	On budget
Timing	On time
Target Gross Margin (%)(1)	Above 30%



Construction progress

(1) Project level gross margin estimated in the Business Plan
(2) Following market standards, 'On Time' and 'On Budget' measured versus BP: cost variations inside the +/- 5% range and timing variations of +/-3 or 6 months depending on project volume

5. Non Financial Reporting

VÍA HOMES – MÓSTOLES (MADRID)

Non- Financial Reporting: Leading the Sector Transformation

✔ Institutionalization

- Strong Corporate Governance:
    - **Board approved the following best-practice policies:** Treasury Shares, Dividend, Investment and Financing, Board Member Selection and Expense Reimbursement, Rules for the Shareholders' Forum
    - **Land acquisitions:** Code of Best Practices launched in June already signed by 60% of brokers working with the Company
    - **Taxes:** Board approved joining the voluntary Best Practice Norms with the Spanish Tax Authority
- Industrialized Operations
    - **Health and Safety:** 17 audits conducted on sites in H1 2017. Incident index 24% below national construction average
    - **Suppliers periodic evaluation:** 119 pre-qualified companies were re-evaluated over the twelve months ended June 30th
- **Neinor 3.0:** 11 action plans approved and ongoing to achieve the digital transformation of the Company

✔ High-Quality Product

- **BREEAM:** As of the end of H1, 19 development have received the Design Phase Certification
- **Mobility Pack:** launched in April in partnership with Ilunion, offers solutions to senior and disabled customer
- **White Paper:** version 9 to be approved in September with a new evolution in the product and process industrialization

✔ Client Focused

- **New Neinor Experience App:** version 2.0 launched in June to improve information for buyers and post-sales management
- **Family Protection:** launched in Q2 in partnership with insurance company CNP. Already supporting sales in 10 developments

6. Q&A

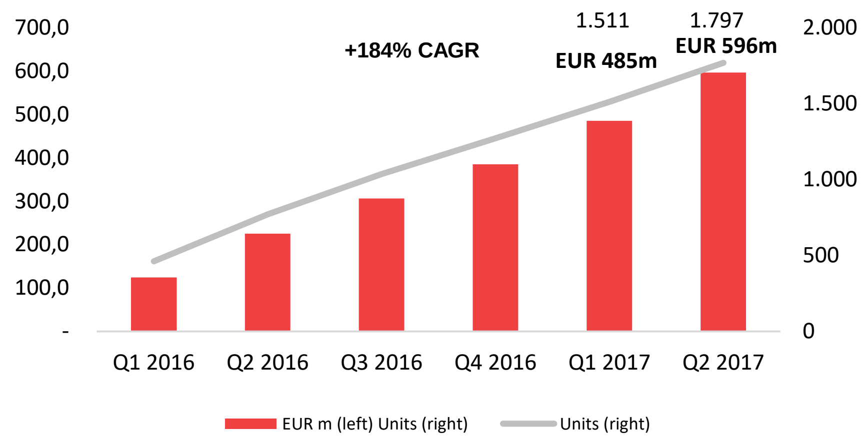
ALBORADA HOMES – BENAHAVÍS (MÁLAGA)

APPENDIX

PALACIO HOMES – CORDOBA (ANDALUCÍA)

APPENDIX: Inter-Quarter Bridge

Order Book (EUR m LHS – # units RHS)



Order Book Bridge Explanation

<u>286 units net variation:</u>

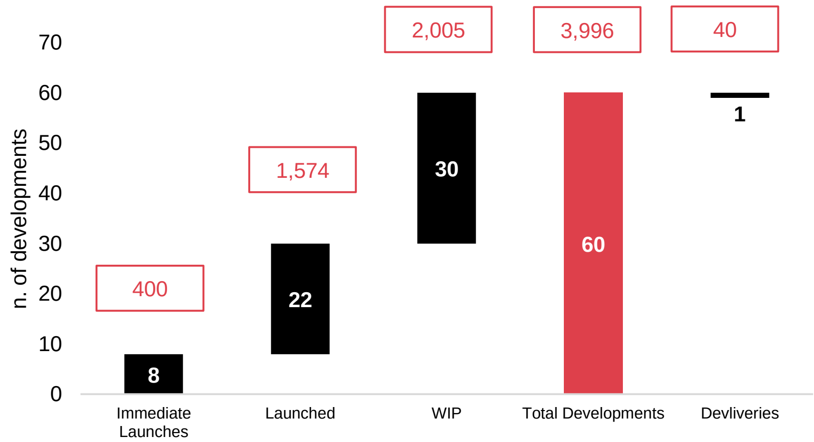
+ 402 Sales in Q2

- 15 cancellations

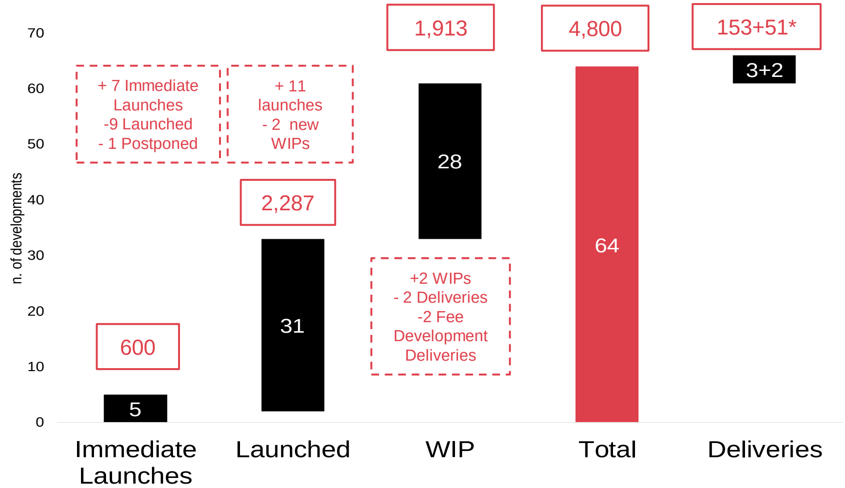
- 101 deliveries*

*As of June 30, 12 of the 113 units of Las Salinas and Port Forum were still to be notarized.

Development Activity Q1 2017



Development Activity Q2 2017



*In Q2, the 2 sites (51 units) for which the Company had a *fee development* agreement were promptly delivered, whereas in Q1 they were into the WIP bucket.

APPENDIX: Savills Appraisal June 2017 – Regional Detail

	Northern Region	Eastern Region	Levante Region	Southern Region	Central Region	TOTAL	TOTAL 31.12.16	DIFF	%
Total Number of Units	2,449	1,911	658	2,988	2,688	10,694	9,025	1,669	18%
Total Buildability Area (sqm)	274,631	209,185	77,034	360,950	327,215	1,249,013	1,036,131	212,882	21%
Gross Development Value (EUR m)	732	620	150	712	900	3,114	2,549	565	22%
Average Selling Price per Unit (EUR)	298,813	324,361	228,096	238,338	334,817	291,179	282,385	8,795	3%
Average Price per Sqm (EUR)	2,665	2,963	1,948	1,973	2,750	2,493	2,460	33	1%
Costs Pending to Complete (EUR m)	287	208	82	338	340	1,256	1,021	235	23%
Construction Costs per Unit (EUR)	117,198	108,969	124,729	113,185	126,566	117,424	113,077	4,348	4%
Construction Costs per Sqm (EUR)	1,045	995	1,065	937	1,040	1,005	985	20	2%
Valuation (EUR m)	323	326	42	252	400	1,344	1,120	224	20%
Valuation per Sqm (EUR)	1,177	1,558	546	699	1,224	1,076	1,081	-5	0%

Source: Company information and Savills Valuation report as of June 2017.

Neinor HOMES