



Neinor HOMES

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EXANE BNP MID CAP CONFERENCE



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Leading Developer with the Most Competitive Platform to Capture the Spanish Residential Opportunity

The Opportunity: Sector Disappeared and Is Ripe for Change

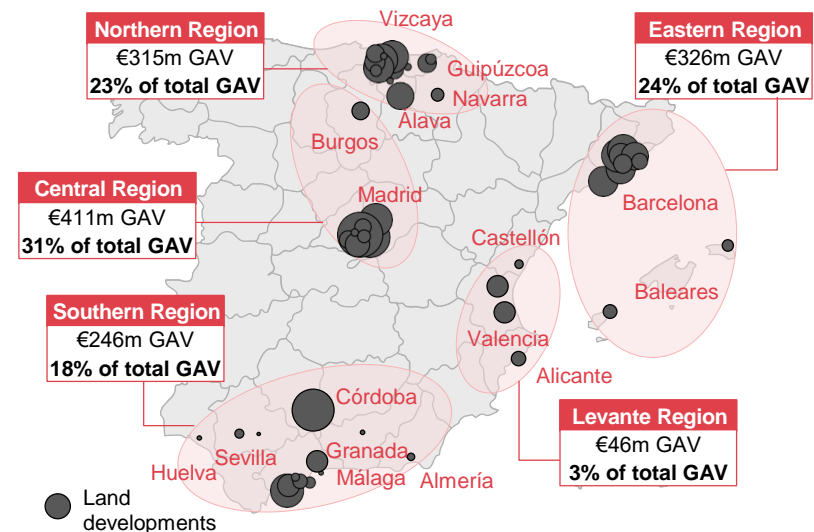
- ✓ **Extremely fragmented market** – No equity in the system
- ✓ **No pure homebuilders** – All-pre crisis developers were Real Estate companies with yielding commercial assets
- ✓ **Value was created in land transformation**
- ✓ The pre-crisis developer **sector disappeared completely**
- ✓ **Structural residential supply-demand imbalance driving growth and price appreciation**, laying the ground for homebuilding recovery
- ✓ **Residential followed the commercial real estate recovery that started with the SOCIMIS (REITs) in 2014**

Spain's Leading Home Builder

- ✓ **Neinor Homes began operating formally in May 2015**, after the acquisition of a Basque developer with 28 years of history from Kutxabank, by an affiliate of Lone Star Funds. **Neinor Homes was listed in March 2017** and currently has c. 87% free float
- ✓ Led by Juan Velayos as CEO, Neinor has **c. 250 qualified professionals with 35,000+ units built**
- ✓ Leading the sector transformation through **Institutionalized Delivery, High-Quality Product** and being **Client Focused**
- ✓ **Pure residential homebuilder** specializing in first homes (75%) and second homes (25%)

Geographical Presence*

- ✓ Activity in **six strategic high-demand and limited stock regions in Spain** (Centre, East, Levante, North, Western Adalusia, Eastern Andalusia)



Run-Rate Targets by 2020

~3,500 - 4,000

home deliveries p.a.

~€300k

Average Selling Price

~20%

EBIT margin

>15%

ROCE

~20%

LTV

<40%

Net Debt/Equity

*Total GAV as of 30.06.2017 is €1,344 million (Savills Valuation) ; regional percentage split does not add-up due to rounding. During Q3, €118m of land have been acquired, representing c. 1,250 units.

Re-Cap of the Opportunity as the Sector Leader

The Team

- **Management team** with **top backgrounds** in **homebuilding, project management, construction** and **finance**
- **250+ employees working together for the past 2.5 years**; on top of a 26 year old developer having delivered over 10,000 homes
- **Management Incentive Plan 100% aligned with stock market performance**

Land Acquisitions

- **In-house proven capacity: EUR 10bn+ land underwritten**, more than **EUR 1.3 bn acquired** (EUR 0.3bn post-IPO)
- **Full control of the land bank**: no JVs or Operating Partners required. NPLs considered only if there is immediate access to land

Land Bank

- **Biggest land bank in Spain for development purposes***, with limited excess concentration and no need to sell down plots
- **Quality of land bank validated by 71 active sites and discount rates used by external appraiser (c. 10%)**
- **Mid-market segment specialization: no exposure to luxury or social housing**
- **Land bank: target of ~3 years to optimize ROCE** and react better to cycle downturn

*Except for Metrovacesa

Industrialized model

- **Margin protection based on Industrial approach.** White Paper (v. 10), BIM, best practices in tendering, pre-qualification, evaluation; and optimization of HPA and sales rhythm
- **Externalized, flexible and scalable model**, with a strong headquarter centralizing the know how
- **Disciplined Targets: ~20% EBIT** (sacrificing potential HPA for earlier deliveries); **>15% ROCE; EUR 300k ASP; 3,500 units; 20% LTV**

Developer Activity

- **Tangible first mover advantage**: 71 active sites, c. 5,500 units
- **Delivery track record**: 7 sites delivered, more than 300 units
- **Run-rate in 2020**: 2 years ahead of competition and already showing execution capacity

Road to Run-Rate

- **Company approaching run-rate**: LTV c. 25% reflecting returns optimization during ramp-up, and a business on its path to run-rate
- **Ancillary businesses** providing **steady cash flows in ramp-up**, optionality and market sentiment. **Servicing providing solid EBITDA**

Capital Markets

- **Liquid stock with 87.5% free float**
- **P/NAV 1.19x**: recent market volatility driven by Catalonia and Aedas IPO, drove this valuation metric to IPO levels

Catalonia's Uncertainty as an Opportunity: Neinor's 2-Year Advantage

Catalonia in Spain

✓ Catalonia's Independence Challenge

- Unilateral independence declared by Catalonia on October 27th
- Central Government dismissed the Catalanian Government by virtue of Article 155, calling elections for Dec 21st
- Acceptance of elections by both sides is the current focus. Uncertainty about the resolution weighing on markets

✓ Catalonia in Numbers

- ✓ c. 19% of the country's GDP
- ✓ Population: 7.5 million
- ✓ GDP Per Capita: EUR 28,590
- ✓ Unemployment: 13,2%
- ✓ Outstanding Debt: € 76bn
- ✓ Credit Rating below investment grade: Moody's: Ba3, S&P: B+, Fitch: BB

Neinor Homes' Exposure to Catalonia

- ✓ After more than 2 years of successful activity, **just 4% of GAV is un-launched land**
- ✓ **€327m GAV**, 22% of Total GAV, **c. 1,900 units in 30 sites**, 16% of total units
- ✓ c. **1,500 active units / 23 sites: 10 WIP, 10 launched, 3 Immediate launches**

Short term: Pre-sales

- ✓ **De-risked: 900+ units pre-sold** (80%+ of units in commercialization); **80%+ have signed contracts** (ie. 10% or more deposit paid)
- ✓ Sales slowed and are in line with BP targets, allowing to capture more HPA

Medium term: launches and acquisitions

- ✓ **7 sites not yet launched (4% of GAV)**
- ✓ Acquisitions: **opportunistic buying vs. prudent manager analysis**

Overreaction Presents an Opportunity

- ✓ Markets have reacted to **uncertainty** with **selling pressure on Spanish markets and the Real Estate sector**
- ✓ Stock closed at **€18 / share** on November 27th, **+9.4%** vs. IPO, **-0.6%** since the 1st of October and **-10.34%** since the 52-week high in July
- ✓ **P/NAV at 1.19x, putting this metric at IPO levels in March**
- ✓ **Bloomberg research consensus target price average at €21.57** per share is **20%** above latest closing price

The Tangible First Mover Advantage: 71 Active Sites

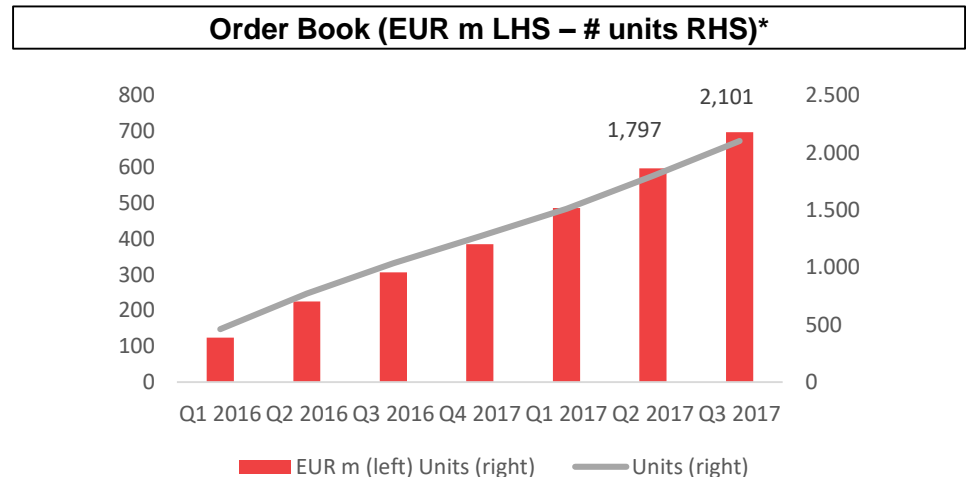
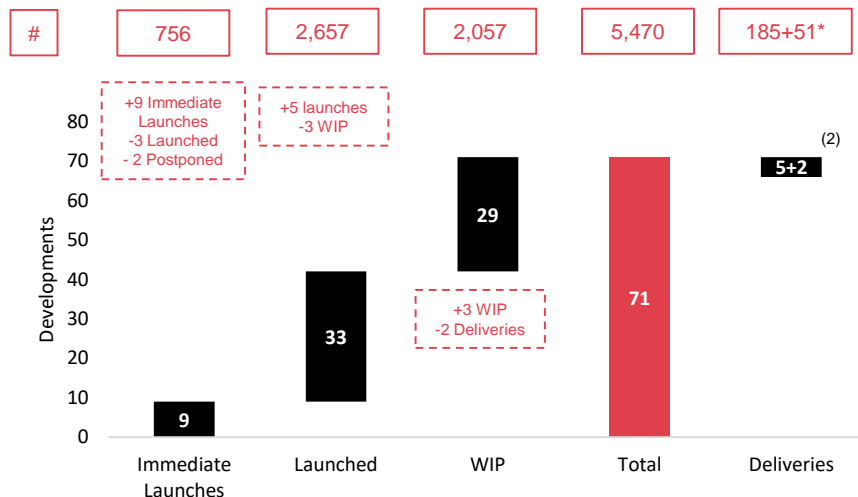
Advantage into the Ramp-Up Years Ahead of Competition

- ✓ **Activity in Q3**
 - ✓ 5 New Launches (528 units)
 - ✓ **3 new WIP (construction starts) – 169 units**
- ✓ **71 sites in production representing 5,470 units:**
 - ✓ 9 Immediate launches (756 units)⁽¹⁾
 - ✓ 33 Launched (2,657 units)
 - ✓ 29 WIP (2,057 units) **on time and on Budget**⁽³⁾
- ✓ **C. 28% WIP reported gross margin**

Improving Throughout The Value Chain Since the IPO

- ✓ **Accretive Acquisitions: EUR 275m YTD, 3,000+ units**
 - ✓ Land bank of c. 12,000 units in 180 sites
 - ✓ **All 2017 and 42% of 2018 budget completed**
- ✓ **Pre-Sales: enhanced revenue visibility**
 - ✓ Pre-order book of EUR 697m (2,101 units)
 - ✓ 4.2% HPA captured YTD, above expectations
- ✓ **5 sites (185 units) delivered on time and on cost**
- ✓ **Ancillary businesses generating cash: €113m of legacy assets to be liquidated by 2018 + Servicing generating c. €15-18m EBITDA p.a. until 2022**

The Tangible First Mover Advantage: 185 Units Delivered, 71 Active Sites and 29 WIP and 2,101 Units Pre-Sold



(1) Immediate launches are sites with marketing plan in progress (product definition and demand / supply studies) (2) The 2 sites (51 units) for which the Company had a *fee development* agreement were promptly delivered in Q2 (3) On time and on budget on aggregate. Cost criteria: +/-5% to BP (3 sites below and 1 site above). Timing criteria: +/- 6 months (1 site ahead and 1 site behind)