

Neinor Homes, S.A. (“**Neinor**” or the “**Company**”), pursuant to article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, hereby informs of the following:

### **MATERIAL FACT**

Neinor Homes has just released the results for the 6-month period ended on June 30<sup>th</sup>, 2017, with revenues of EUR 127.5 million, net cash flow of EUR 31.8 million and cumulative pre-sales of EUR 596 million.

The presentation attached will be available on the Company’s website.

Madrid, 26<sup>th</sup> July 2017.

**Neinor Homes, S.A.**



26<sup>th</sup> July | 2017 19:00 CET

# H1 2017 Results Presentation



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# Today's Agenda

## Presenters



**Juan Velayos**  
Chief Executive Officer



**Jordi Argemí**  
Chief Financial Officer



**Juan Gómez Vega**  
Chief Investor Relations Officer

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# 1. INTRODUCTION



**ITURIBARRI HOMES – GETXO  
(VIZCAYA)**

# Clear-Cut Outperformance in H1

## HIGHLIGHT

**GDP GROWTH ACCELERATING, FORECAST UP +0.5%**

**EUR 157.5M ACQUIRED IN H1 - 79% OF YEARLY TARGET**

**~EUR 600M IN CUMMULATIVE PRE-SALES – HIGH REVENUE VISIBILITY**

**3 DELIVERIES SINCE IPO ON TIME AND ON BUDGET**

**~40% OF LEGACY ASSETS SOLD SINCE DEC '16**

**NAV GREW BY EUR 110M IN H1, LTV AT 20%**

## STRENGTHENING MACRO PUSHING HOMEBUILDING SECTOR

1	GDP expected growth in 2017 <b>3.1% y-o-y</b> Above European Average	Housing affordability <b>6.9x</b> price to avg. income* <b>5.3%</b> HPA*/29% below peak	Housing Starts <b>+20.4% in Q1</b> <b>78%</b> below peak
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\*Q1 2017

### THE GLOBAL PICTURE

### THE SEMESTER

### KPIs

2	Land Bank <b>c.10,700 units</b> <b>172 developments</b>	Acquisitions <b>c. 1,750 units</b> <b>13 assets</b>	YTD acquisitions blended gross margin c. <b>28%</b>
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3	Pre-sales Order Book <b>1,797 units</b> <b>EUR 596m</b>	Sales <b>721 units</b> <b>EUR 251m</b>	Vs. YTD expectations <b>+12% on units</b> <b>+20% volume</b>
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4	Developer activity <b>4,800 units / 64 active sites</b> <b>5 sites / 272 units with</b> <b>Gross Margin of c. 28%</b>	Construction starts <b>339 units / 5 sites</b> <b>3 sites delivered / 153 units</b> <b>Gross Margin ca. 27%</b>	WIP gross margin c. <b>30%</b> <b>4.8% HPA captured in H1,</b> <b>3.9% ahead of expectations</b>
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5	<b>EUR 134m BV Legacy Assets</b> <b>EUR 1.5 bn AuM Servicing</b>	<b>EUR 87m Legacy sales</b> <b>EUR 9.5m EBITDA Servicing</b>	YTD legacy <b>+3% on BV</b> YTD servicing revenues <b>+6% vs. expectations</b>
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## THE FINANCIAL STATEMENTS

6	Revenues <b>EUR 127.5m</b> <i>+9% vs. YTD expectations</i>	Loan to Value <b>20%</b>	Cash Available <b>EUR 53.6 m</b> <i>Net of client deposits</i>
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## 2. Business Review



URBAN HOMES – URDULIZ  
(VIZCAYA)

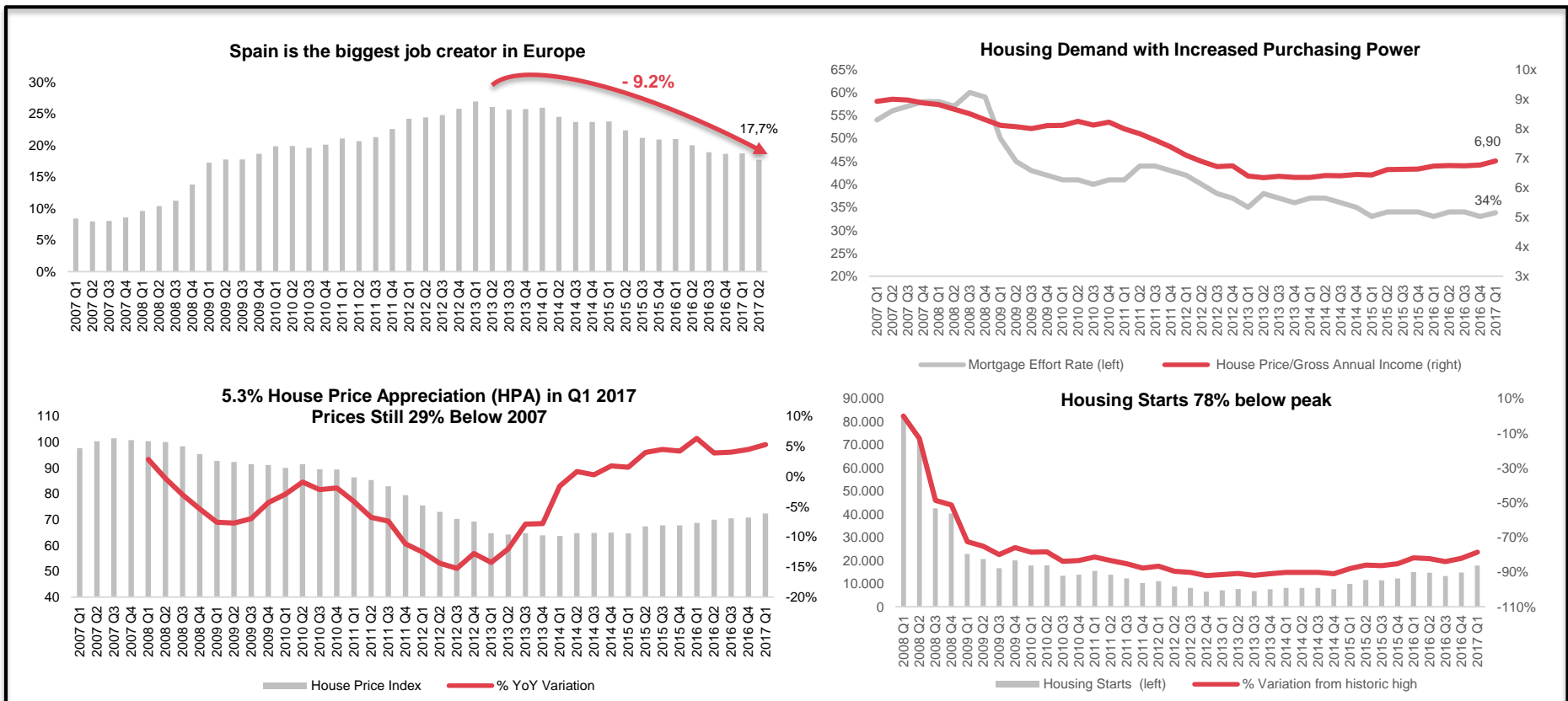
# Stronger Macro – Very Clear Supply-Demand Imbalance

## 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



# A Market Led by Neinor with Disciplined Competition



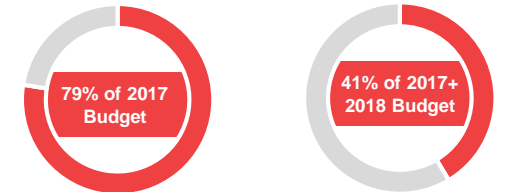
- Neinor Homes leading the residential development sector
- Some national players following the IPO path set by Neinor
- National players are backed by disciplined capital
- 5-10 players will lead the market consolidation
- Equity needed to purchase land acting as the main entry barrier and a safety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

# 79% Of Yearly Acquisitions Target Completed in H1

## H1 Land Acquisition Activity Summary

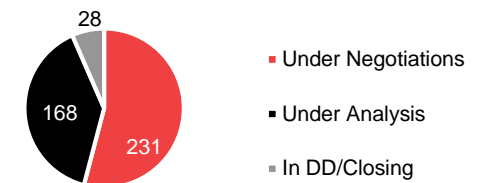
- ✓ **High quality land acquisitions** during H1 totalled **EUR 157.5m**, representing more than **1.750 units** with a blended **gross margin c. 28%**.
  - **Q2: 6 assets acquired for EUR 105.9m and more than 1,000 units**
- ✓ **Land bank: 172 developments, more than 1.25m sqm or ca. 10,700 residential 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



■ Closed ■ Pending ■ Closed ■ Pending

### EUR 427m Acquisition Pipeline

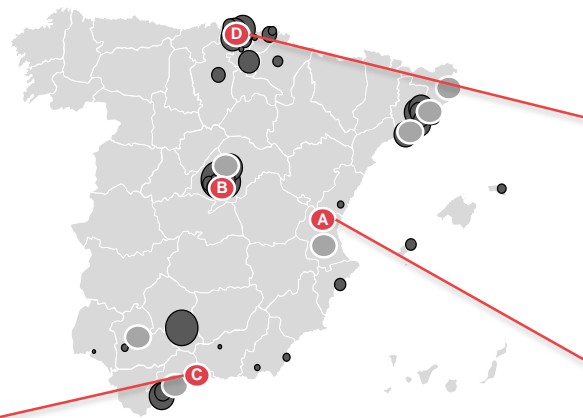


■ Under Negotiations  
 ■ Under Analysis  
 ■ In DD/Closing

## 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 <sup>(2)</sup>	Málaga	300
Q2	D	North	Sopelana	Vizcaya	70
					<b>1,070</b>

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



● Land developments as at December 31st 2016  
 ● Q1 2017 Land Acquisitions  
 ● Q2 2017 Land Acquisitions

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



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



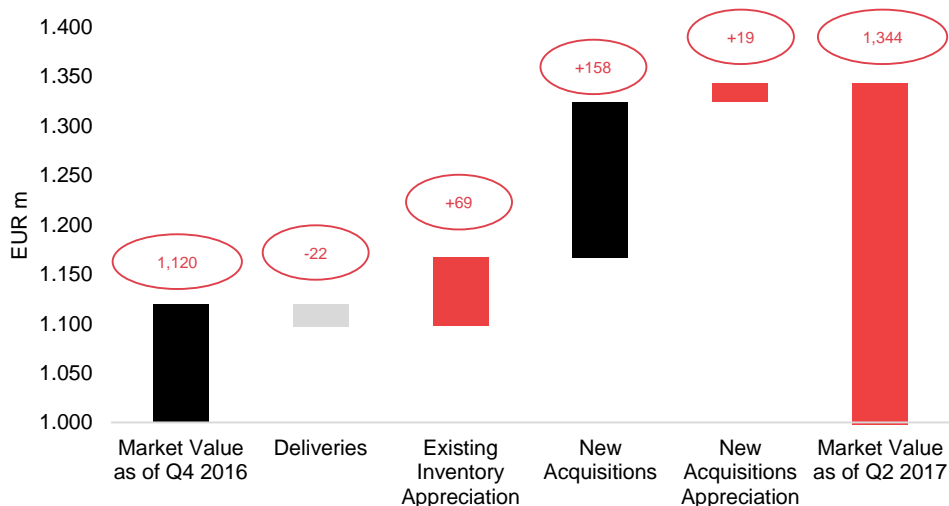
Plot acquired in Valencia in June 2017 from a developer restructuring its balance sheet, suitable for over 400 units

# 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

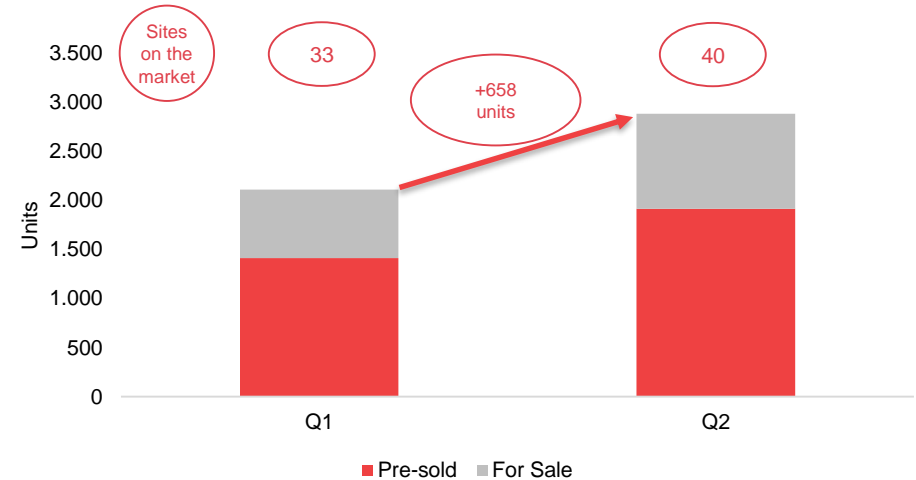
- Valuation in accordance with **RICS<sup>(1)</sup> Valuation Professional Standards**
- **Bottom-up appraisal valuation on a unit by unit basis**, employing DCF, sales comparison or residual static methods depending on the type of asset
- **Valuation assumes 0% House Price Appreciation**
- **GAV increased 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

# Strong Pre-Sales Visibility for Ramp-Up Revenues

## Solid Pre-Sales in the Weakest Half of the Year

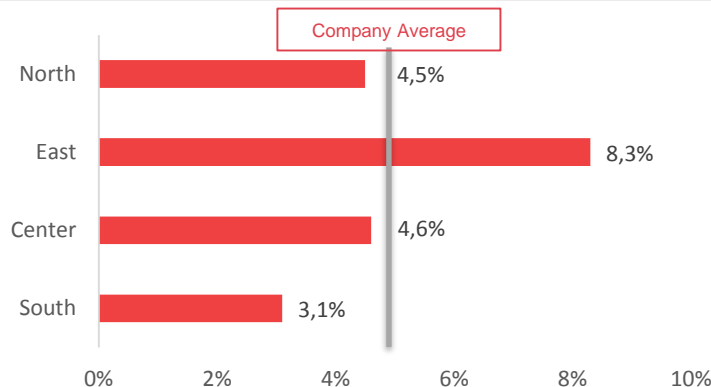
- ✓ Sales in Q2 topped Q1 Sales by 26%
- ✓ 721 units (12% ahead of YTD expectations) pre-sold in H1, equivalent to EUR 251m (20% ahead of YTD expectations)
- ✓ 4.8% HPA captured YTD vs. 0.9% Company Expectations
- ✓ BP 2017 fulfilment 46% in units, 51% in volume.
- ✓ Average selling price YTD of EUR 348k<sup>(2)</sup>
- ✓ 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<sup>(3)</sup>
  - ✓ Cash received to date EUR 55.9m
  - ✓ 65% from contracts, 35% from reserves

## Active Commercialisation in 40 Developments<sup>(1)</sup>



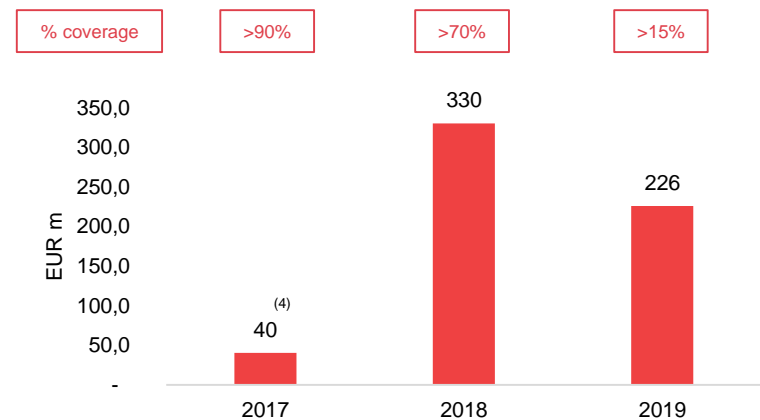
Sites in commercialization bridge: 33 reported active sites in Q1 included 2 fully sold "fee developments" that were delivered in Q2

## 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

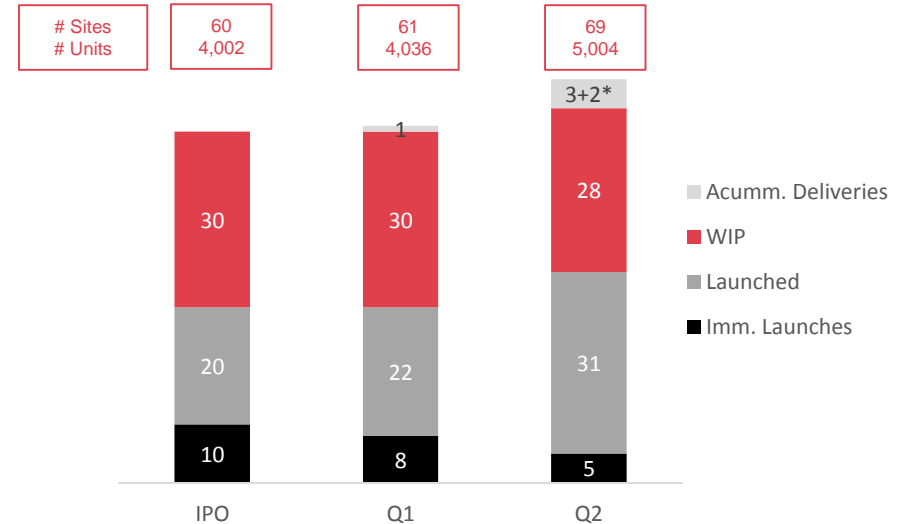
(3) Cancellation ratio calculated as: units cancelled in H1 2017 / (units EoP + units cancelled) (4) Does not include EUR 27m of deliveries

# Development Activity: 64 Sites in Production

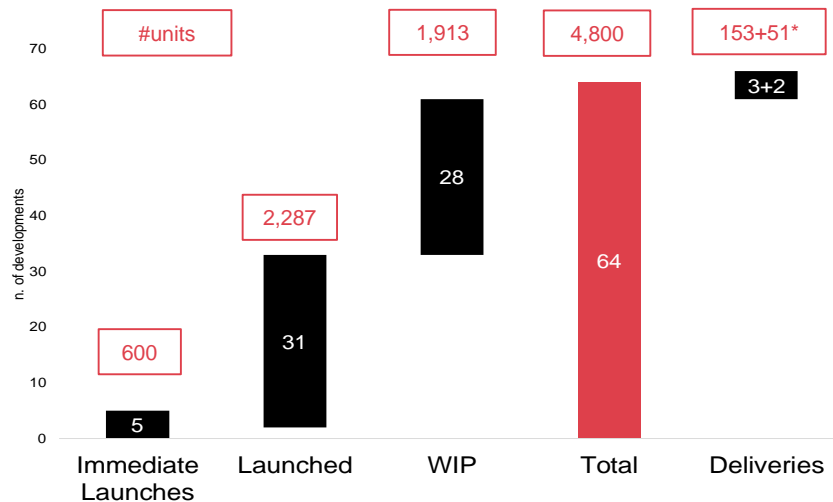
## Summary of Development Activity in H1

- ✓ **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**

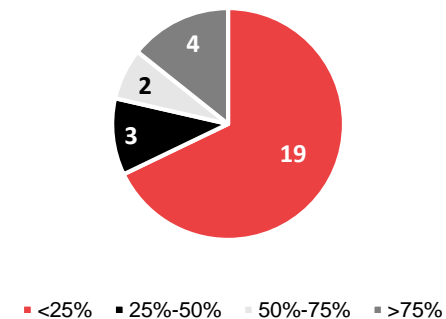
## Development Activity Evolution



## Development Activity at a Glance



Degree of Completion Of the 28 Development Sites



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

# 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 (%) <sup>(1)(2)</sup>	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 <sup>(1)</sup>	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

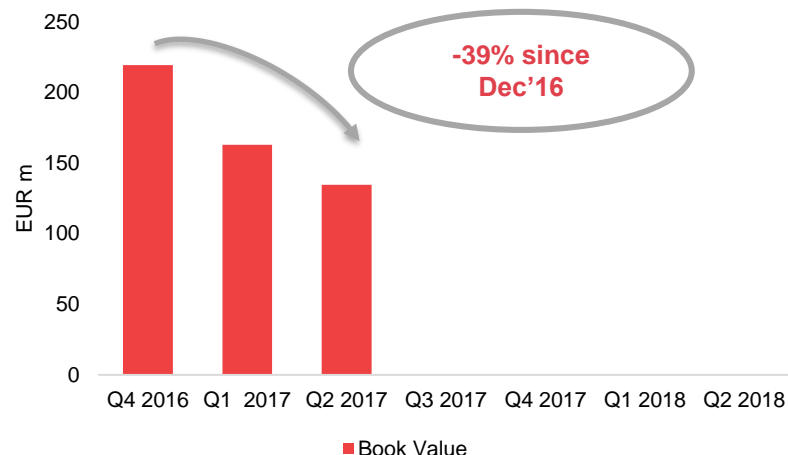


Location	Sant Adrià de Besos, Barcelona
Units (#)	54
Sqm	5,337
Construction Company	San José
Construction Started	Q3 2015
Construction Months	20
Delivery	Q2 2017
Pre-sales at Delivery	100%
Gross Margin (%) <sup>(1)</sup>	c. 29%

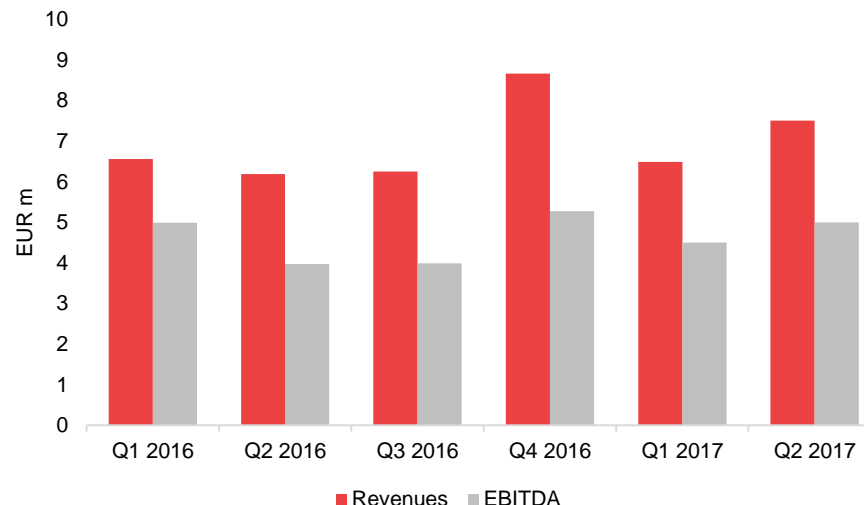
\*This number does not include the 2 sites (51 units) that the Company promptly delivered in Q2 that were developed under a *fee development* agreement

# Ancillary Businesses Delivering Cash and On Track

Legacy Remaining BV and Quarterly Sales (EUR m)



Servicing Revenues and EBITDA evolution



## Legacy Highlights

- ✓ EUR 87<sup>(1)</sup>m sales in H1, 16% ahead of YTD expectations
- ✓ Gross margin of 3%<sup>(1)</sup> 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)



## 6 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<sup>1</sup>** 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

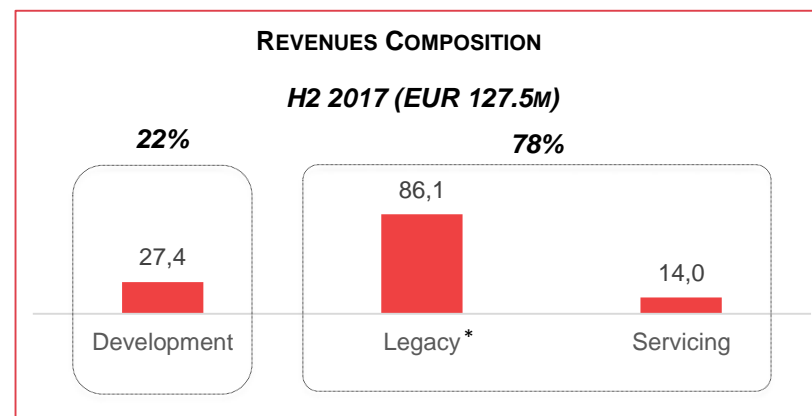
# P&L Statement: Positive Operating EBITDA and Increasing Weight of Development Business

## Consolidated P&L (in EUR m)

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

- ✓ **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.

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 1<sup>st</sup> the full year property tax provision (4.7€M). As of June 30<sup>th</sup> the outstanding provision for H2 2017 is 2.4M€

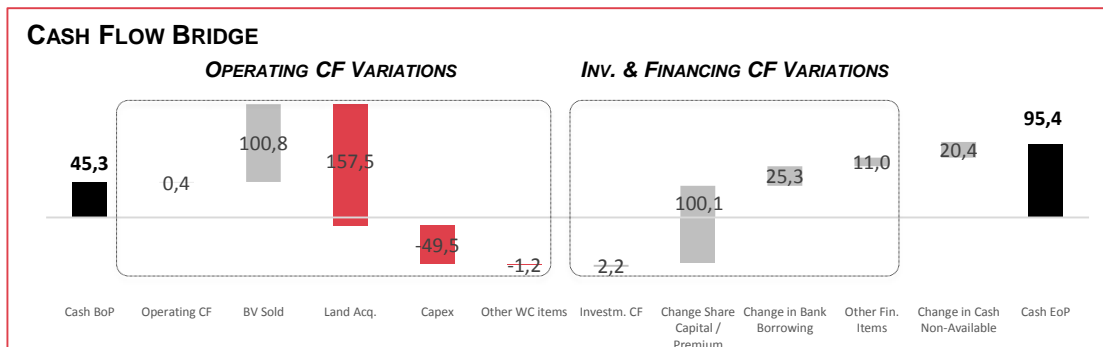
**P&L starts to shift towards core business: Development representing now 20% of revenues**

# CF Statement: Positive Cash-Flow Despite Faster Acquisitions

## Summary Cash Flow (in €M)

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

- ✓ **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**

# Balance Sheet: Growing Assets and Strong Cash Position

Summary Balance Sheet (in EUR m)

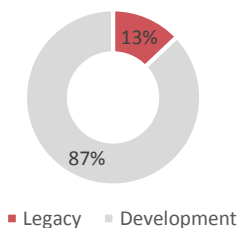
€M	H1 2017	EoP 2016	Change	
PPE	1,6	1,6	0,0	0,4%
Investment Property	10,5	12,9	-2,4	-18,3%
Other Non-Current Assets	1,3	1,1	0,2	14,7%
<b>Non-Current Assets</b>	<b>13,3</b>	<b>15,5</b>	<b>-2,2</b>	<b>-14,2%</b>
Inventories	1.029,1	925,4	103,7	11,2%
Debtors	51,8	29,6	22,2	74,8%
Cash & Equivalents	95,4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

✓ **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**

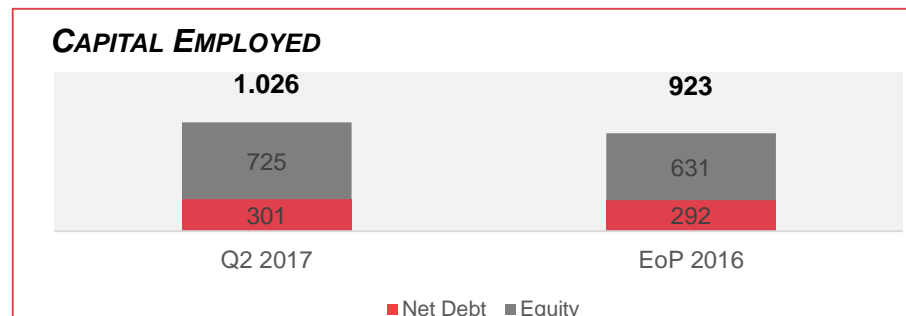
### Property

€M	H1 2017	EoP 2016
Investment Property	10,5	12,9
Inventories	1.029,1	925,4
<b>Total Inventories</b>	<b>1.039,6</b>	<b>938,3</b>
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**

# Working Capital: Development Inventories Growing

## Working Capital (in EUR m)

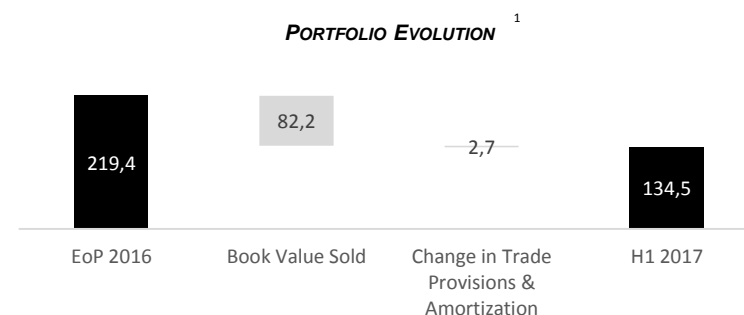
€M	H1 2017	EoP 2016	Change	
Investment Property	10,5	12,9	-2,4	-18%
Inventories	1.029,1	925,4	103,7	11%
Debtors	51,8	29,6	22,2	75%
Trade & Receivables	21,5	20,6	0,9	5%
Tax Receivables	30,3	9,1	21,2	235%
Receivables from Shareholder / LS	0,0	0,0	0,0	0%
Other Current Assets	0,0	0,0	0,0	-83%
Cash & Equivalents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

✓ **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

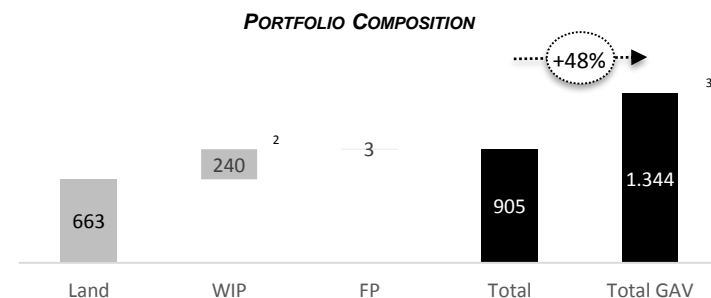
### INVENTORIES & INVESTMENT PROPERTY

#### LEGACY (13% OF INVENTORIES)



1. Includes Inventories and Investment Property

#### DEVELOPMENT (87% OF INVENTORIES)



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 30<sup>th</sup>

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

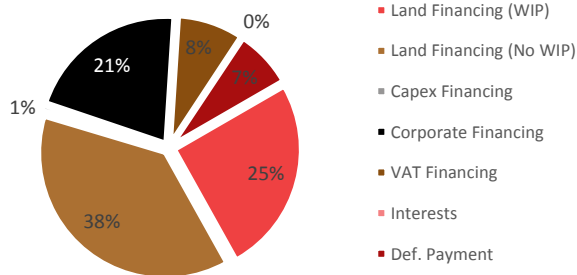
# Net Debt: Ratios at Conservative Levels

## Net Debt (in EUR m)

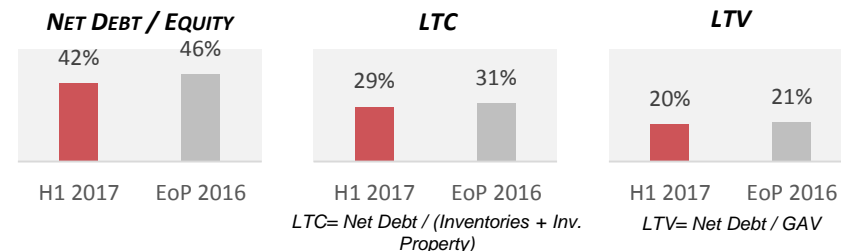
€M	H1 2017	EoP 2016	Change	
<b>Gross Debt</b>	<b>355,0</b>	<b>315,6</b>	<b>39,4</b>	<b>12,5%</b>
<b>Non-Current Bank Borrowing</b>	<b>17,6</b>	<b>26,6</b>	<b>-9,0</b>	<b>-33,8%</b>
Corporate Financing	17,6	26,6	-9,0	-33,8%
<b>Current Bank Borrowing</b>	<b>311,4</b>	<b>277,1</b>	<b>34,3</b>	<b>12,4%</b>
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%
<b>Other Debt</b>	<b>26,0</b>	<b>11,9</b>	<b>14,1</b>	<b>118,9%</b>
Deferred Land Payment <sup>1</sup>	26,0	11,9	14,1	118,9%
<b>Available Cash</b>	<b>53,6</b>	<b>23,9</b>	<b>29,7</b>	<b>124,0%</b>
<b>Net Debt</b>	<b>301,4</b>	<b>291,6</b>	<b>9,8</b>	<b>3,4%</b>

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

### GROSS DEBT COMPOSITION EUR 355 M

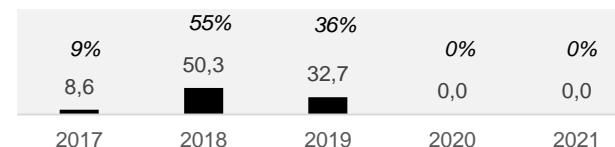


### KEY RATIOS



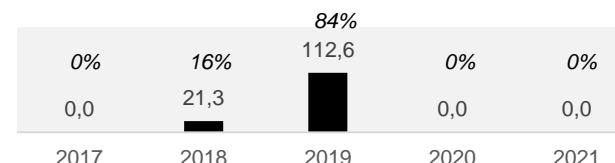
### DEBT MATURITY

#### LAND WIP & CAPEX FINANCING (EUR 92M – AVG. LIFE 1,3YR)<sup>2</sup>



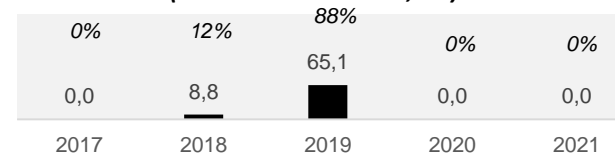
2. Maturity based on delivery dates. Additional grace period not considered (avg. 18 months). Approx. 80M€ of debt formally have maturity > 2022

#### LAND NO WIP FINANCING (EUR 134 – AVG. LIFE 1,8YR)<sup>3</sup>



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

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



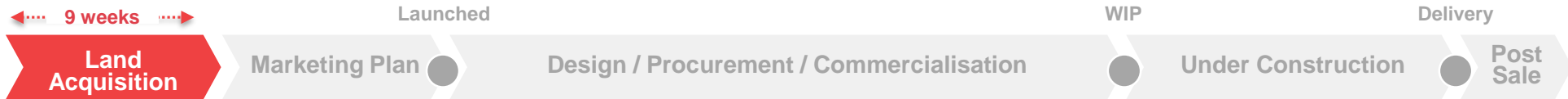
Net Debt of EUR 301m, representing a LTC < 30% and LTV of ca. 20%

## 4. Case Studies



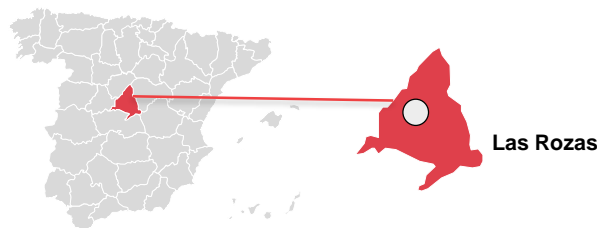
**PLAZA EUROPA 14 HOMES –  
L'HOSPITALET DE LLOBREGAT  
(BARCELONA)**

# Acquisition: Las Rozas (Madrid)



- ✓ Prime land plot in one of the best known residential areas of Madrid **in the Municipality with the 5<sup>th</sup> 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

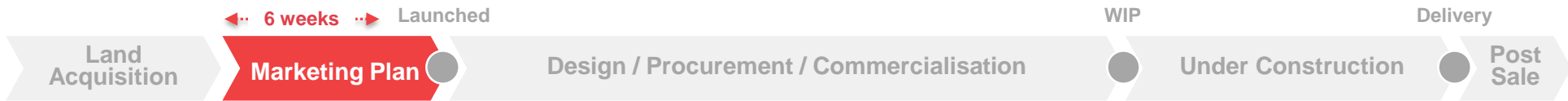
Location	Las Rozas, Madrid
Units (#)	336
Sqm	41,088
Acquisition Date	June 2017
Seller Type	RE company recycling cash
Angle	Portfolio Transaction
Legal Due Diligence	Cuatrecasas
Technical Due Diligence	Hill International
Target Gross Margin(%) <sup>(1)</sup>	c. 25%



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



# Immediate Launch<sup>(1)</sup>: Mairena Homes



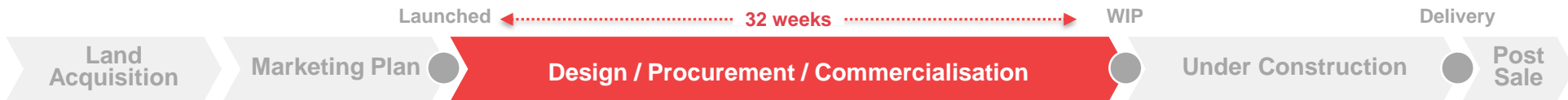
- ✓ **First development in Sevilla**, the capital of Andalusía.
- ✓ The site is located in **Mairena de Aljarafe**, a **natural expansion area** located Southwest of Sevilla that attracts young couples due to the scarcity of new build product in the city
- ✓ Mid-market targeted by product definition: 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 (%) <sup>(2)</sup>	Above 26%



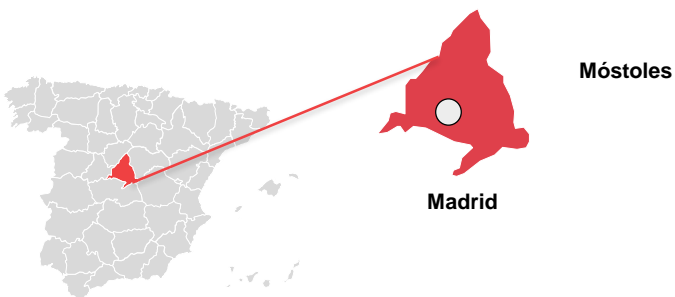
(1) Immediate launches refers to developments with marketing plan in progress (previous product definition with specific demand/supply studies) (2) Project level gross margin estimated in the Business Plan

# Launched: Vía Homes



- ✓ 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**

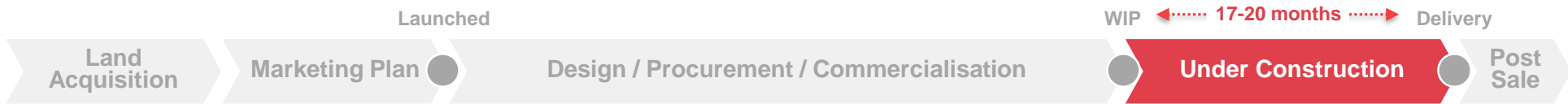
Location	Móstoles, Madrid
Units (#)	70
Sqm	7,690
Commercialisation Start	Q2 2017
Cummulative Pre-sales	30%
Architect	BOD
Broker	Magnum Partners
Target Gross Margin (%) <sup>(1)</sup>	c. 22%



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

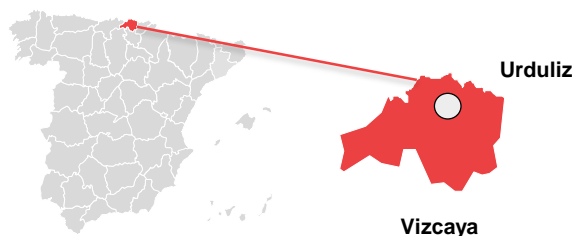


- ✓ **Urduliz** is a city with c. 4k inhabitants located 20km North East of Bilbao in which the Company has a land bank suitable for more than 400 units and has worked on the design of a **master plan for the city focusing on product differentiation and quality**
- ✓ **Urduliz Homes delivery is expected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

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

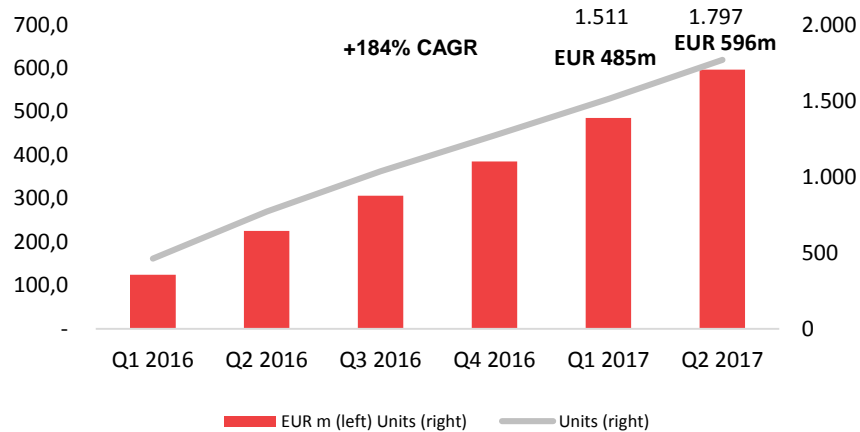
# APPENDIX



PALACIO HOMES – CORDOBA (ANDALUCÍA)

# APPENDIX: Inter-Quarter Bridge

### Order Book (EUR m LHS – # units RHS)



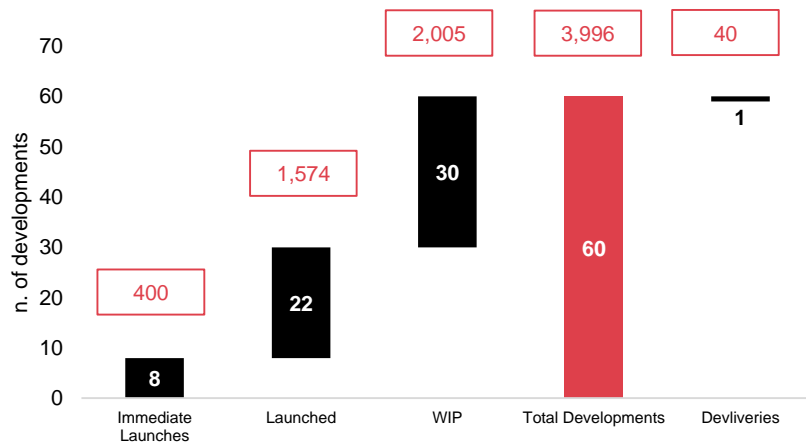
### Order Book Bridge Explanation

#### 286 units net variation:

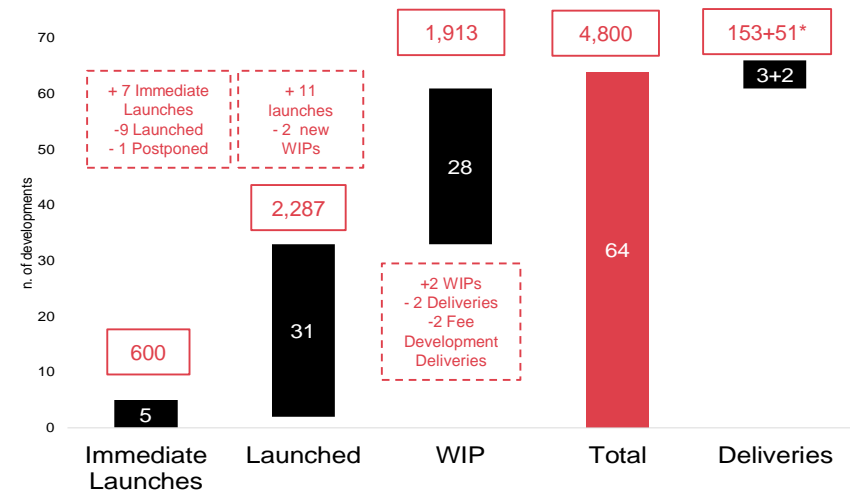
- + 402 Sales in Q2
- 15 cancellations
- 101 deliveries\*

\*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%

