Torre del Río (Málaga)

Results FY2018

metrovacesa

February 28, 2019

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Agenda

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Today's Presenters

Jorge Perez de Leza CEO

Borja Tejada CFO

Juan Carlos Calvo IR

1. Highlights of the year

Residencial Nereidas (Torremolinos, Málaga)

Key figures for FY 2018

mvc.
2018

520 units delivered	**€201m** Revenues (7x prev year)	**-2%** LTV ratio	**+6.2%** LFL GAV residential
3,944 units launched	**€0.4m** Pre-tax profit	**€-41m** Net debt (cash)	**€18.43/sh** NAV (+3% yoy)
€64m land sales with 16% uplift	**26%** Gross developer margin	**€46m** Net CF generation + disposals	

2018 targets accomplished

	Target 2018	Actual 2018	Additional information
Residential	· Deliveries: 520 units · Launches: 3,500-4,000 units	**· 520 units delivered** **· 3,944 units launched** ✔	… 336 units in 4Q18 … On track to meet our BP targets
Commertial	Launch 36,000 sqm	· JV signed with Tishman Speyer **(57,000 sqm)** ✔ · First turnkey project delivered to Colonial **(9,000 sqm)** ✔	… Gain of +12% and +17% vs IPO appraisals
Land sales	> €30m land sales	**€64m land sales** ✔	…+16% uplift vs IPO appraisals
Land Management	Fully-permitted land c.80%	**79% at Dec 2018** ✔	…On track to reach 93% FP by 2021

2. Financial Overview

Gaztelondo Berria (Bilbao)

Profit and Loss Account

Summary P&L [1]

	(€m)	Dec. 17	Dec. 18
A	Revenues	28.2	200.9
	Rev. Development - Res.	23.8	109.5
	Rev. Development - Tert.	0.0	27.9
	Rev. Land Sold	0.0	63.5
	Other	4.4	0.0
A	COGS	(21.5)	(165.7)
	COGs Development - Res.	(19.0)	(81.3)
	COGs Development - Tert.	(0.0)	(24.6)
	COGs Land Sold + Tert	(0.0)	(58.7)
	Others	(2.5)	(1.4)
B	**Gross Profit**	**6.7**	**35.2**
	% Gross Margin	**25%**	**18%**
	Commercial Cost	(1.8)	(6.8)
	Municipal taxes	(0.0)	(0.6)
C	Wages & salaries	(6.4)	(13.4)
C	Overheads	(7.1)	(9.0)
	(Impairment)/revaluation	(64.5)	(0.0)
	EBITDA	**(73.1)**	**5.4**
	% EBITDA margin	**n.a.**	**3%**
D	Net financial results	(5.2)	(4.9)
	Others	0.3	0.0
	EBT	**(78.0)**	**0.4**
E	Income Tax	39.2	(9.5)
	Net Income	**(38.8)**	**(9.1)**
F	Adjustment one-off expenses	3.7	4.5
	Net Income pre-IPO Costs	**(35.1)**	**(4.6)**
	Net Income Pre - IPO Costs - Pre-Tax	**(74.3)**	**5.0**

Key considerations

A
- Residential revenues of €110m (520 units delivered - €218k/unit)
- Commercial development revenues of €28m
- Land sales of €64m, of which €50m from inventories and €14m from investment properties [2]

B
- 18% gross margin breakdown
  - 26% residential development vs 20% in 2017
  - 17% commercial development [3]
  - 8% land sales

C
- External services: services from third parties and one-off expenses of €4.5m related to IPO

D
- Net financial expenses mostly linked to the corporate financing

E
- Income tax: Advanced tax related to the reversal of impairment provisions, as per art.11.6 of the Corporate Tax Law. This is a temporarily effect already explained in the IPO prospectus

F
- Adjusted net income of €5.0m excluding one-off IPO expenses and taxes

Positive Ebitda (€ 5.4m) and Pre-tax profit (€ 0.4m) in 2018

Notes
(1) Audited financial statements for Dec2017 and Dec2018
(2) According to accounting principles, sales of investment properties are recognized by difference between sales price and book value
(3) 12% gross margin including rental guarantee

Cash Flow Statement

Summary Cash Flow Statement

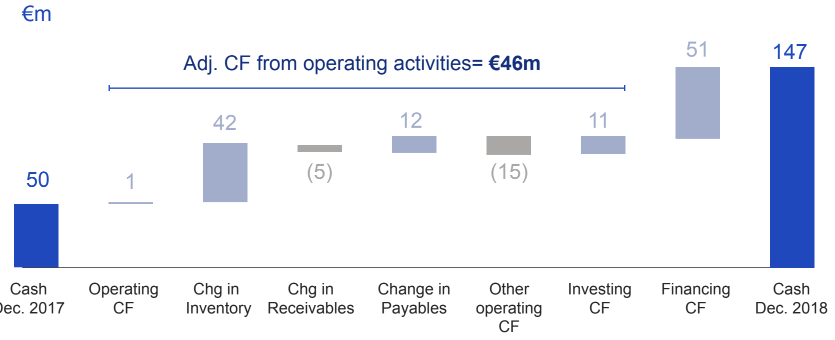
(€m)	Dec. 2017	Dec. 2018
EBT	(78.1)	0.4
Changes in trade provisions	65.8	1.6
Changes in investment properties	(1.4)	(9.7)
Financial cost / (income)	-	6.6
Other incomes / (expenses)	-	1.5
Operating cash flow	**(13.7)**	**0.5**
Changes in working capital	(12.9)	48.6
Inventories	(22.1)	41.7
Trades and other receivable	(7.0)	(5.1)
Trades and other payable	16.2	11.9
Other operating cash flows	-	(14.6)
Net cash flow from operating activities	**(26.6)**	**34.5**
Net cash flow from investing activities	(2.7)	11.4
Net cash flow from financing activities	47.2	50.7
Net cash increase / (decrease)	**17.9**	**96.7**
Cash BoP	32.4	50.3
Cash EoP	50.3	147.0
o/w. restricted cash	*12.0*	*26.5*
o/w unrestricted cash	*38.3*	*120.5*

Note
(1) Audited financial statements for Dec2017 and Dec2018

Key considerations

- €96.7m of cash increase during the period
- Positive cash flow from operating activities of €34.5m thanks to a decrease in working capital amounting to €48.6m
- €50.7m of financing cash inflow as a result of an increase in corporate credit and project withdrawals
- €46m adjusted cash flow from operating activities (including CF from assets disposals)

Cash Flow Bridge



Cash Flow statement by activity

Project cash flow by source of revenues

(€m)	Residential deliveries [1]	Commercial deliveries [1]	Land sales	TOTAL
Revenues	110	28	64	201
CF from projects	**66**	**18**	**57**	**141**
As % of sales	*60%*	*65%*	*90%*	*70%*

Financed with:

- €39m increase in gross debt: developer loans and corporate debt
- Rest: from cash flow operations

Cash flow analysis by activity

	(€m)
Total CF from projects	141
Overheads (cash) [2]	(25)
Financial expenses (cash)	(11)
Others	10
CF from current operations (A)	**115**
Capex in WIP developments	(58)
Advances from clients	27
CF from WIP developments (B)	(31)
Capex in land transformation	(38)
CF from land transformation (C)	(38)
Adj CF from Operating Activities (A+B+C)	**46**

Positive CF generation from operating activities

Notes

(1) Project cash flow calculated as a difference between the revenues and the cash cost of sales, excluding general expenses. Some of the 2018 Residential and Commercial deliveries are related to assets contributed to Metrovacesa in 2017 already under construction, which means that the cash costs incurred by the Company for their completion was lower than normalised. Potential normalized % over sales are estimated at c.40% for residential developments, c.51% for commercial developments and c.97% for land sales

(2) Includes overheads, commercial cost, municipal taxes, wages and salaries

Balance Sheet

Summary Balance Sheet (1)

	(€m)	Dec. 2017	Dec. 2018
A	Investment property (2)	370.6	340.1
	Other non- current assets	177.3	236.8
	Total non-current assets	547.9	576.9
A	Inventory	1,906.0	1,840.7
B	Cash	50.3	147.0
	Public administration	10.8	2.4
	Other current assets	32.0	26.8
	Total current assets	1,999.1	2,016.8
	Total Assets	**2,547.0**	**2,593.8**
	Provisions	16.6	10.1
C	Bank debt	0,1	68.1
	Other non-current liabilities	11,8	15.2
	Total non-current liabilities	28.6	93.4
	Provisions	13.5	13.8
C	Bank debt	47.5	13.0
	Other current liabilities	60.0	80.5
	Total current liabilities	121.0	107.3
	Equity	2,397.4	2,393.1
	TOTAL EQUITY + LIABILITIES	**2,547.0**	**2,593.8**

Key considerations

A
- Book value (inventory + investment property): €2.2bn
- External appraisal value of €2.7bn implies a GAV to BV ratio of 1.2x

B
- Unrestricted cash of €120.5m

C
- Corporate financing debt: net withdrawal of €78m, after repayment of €16.5m in 2018
- Developer loans: €101m available but prioritizing the use of client´s advanced payments

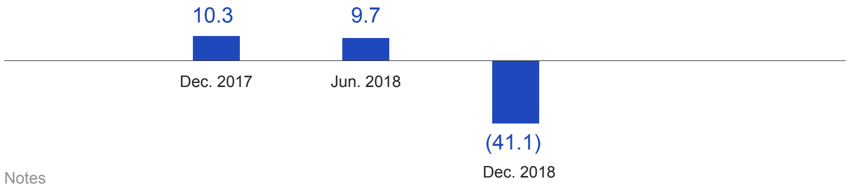
Notes
(1) Audited financial statements for Dec2017 and Dec2018
(2) Booked at fair market value (IFRS)

Net Debt: €-41.1m at Dec 2018 (net cash)

Net debt position [1]

(€m)	Dec. 2017	Dec. 2018
Adjusted gross debt	47.5	86.5
Corporate financing	44.5	78.1
Non current	0.0	73.5
Current	44.5	4.6
Developer loans	3.0	8.4
Non current	-	-
Current	3.0	8.4
Available cash [2]	39.4	127.6
Other liquid assets [3]	1.1	7.1
Unrestricted cash [2]	38.3	120.5
Net Debt	**10.3**	**(41.1)**

Net debt evolution



Notes
(1) Audited financial statements for Dec2017 and Dec2018
(2) Cash figures exclude downpayments from customers
(3) Short term liquid investment

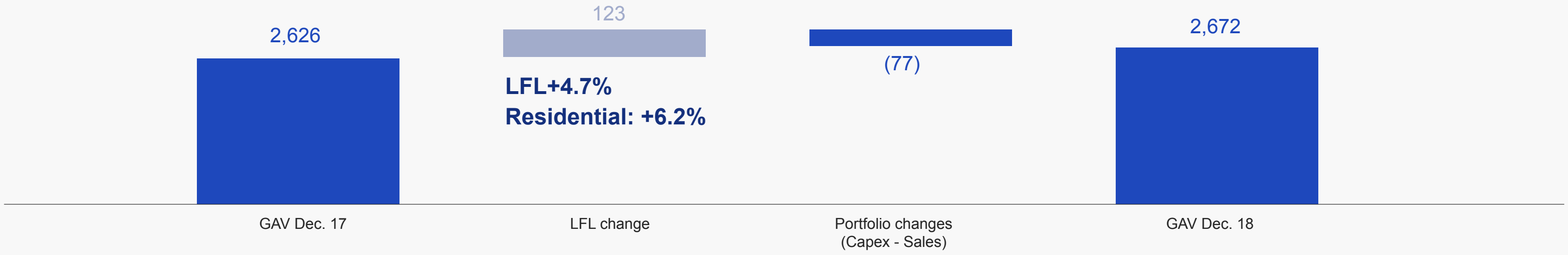
Key considerations

- Net debt of -€41.1m (net cash) at Dec2018
  - LTV -2%
  - Following strong cashflow generation, particularly in 4Q2018
- Maintain financial policy
  - Target LTV < 25%
  - Use mainly project financing for construction projects and corporate financing mainly for general expenses, capex, land urbanization etc.
- Financing already in place to fund the company's growth
  - €101m project loans signed, o/w only €8m drawn
  - €500m+ additional developer loans pre-arranged
  - Corporate financing: €185m still undrawn to finance Opex, Capex, land urbanization, taxes and developments costs.

The business plan is fully-funded

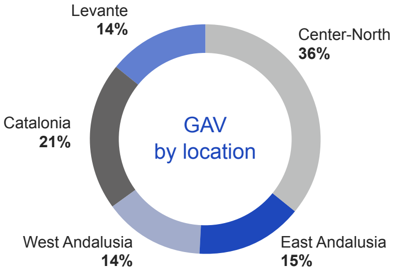
GAV evolution: +6.2% LFL residential growth YoY

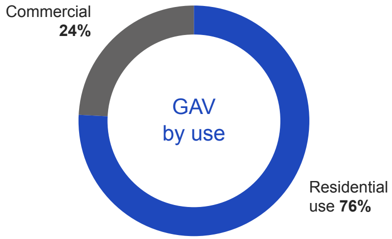
GAV evolution (1)



Valuation details (2)

	€/sqm	% LFL 2018
Residential fully-permitted	506	+7.0%
Tier1 FP	703	**+11.0%**
Tier2 FP	476	**+4.0%**
Tier3 FP	362	**+6.3%**
Residential non-fully permitted	289	+3.9%
Total Residential Portfolio	**423**	**+6.2%**
Commercial use	510	0.5%
TOTAL MVC PORTFOLIO	**441**	**+4.7%**



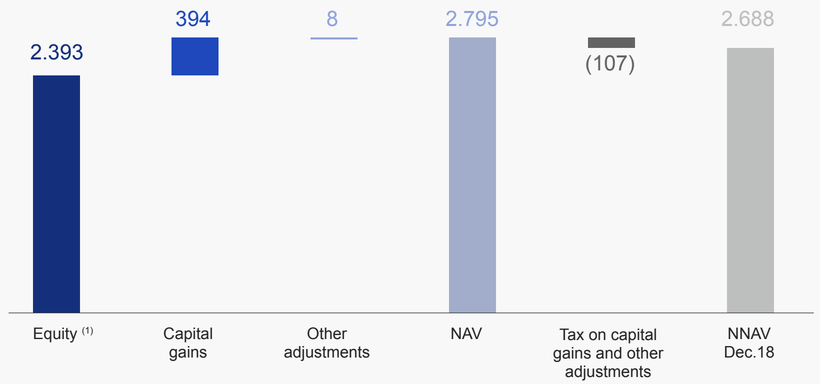


€2.672m GAV as of Dec 2018: +4.7% LFL vs. Dec 2017

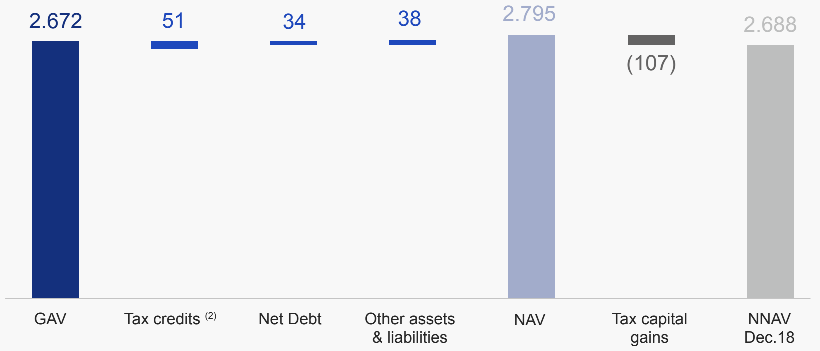
Notes
(1) Valuation carried out by Savills Aguirre Newman and CBRE as of December 2018 and December 2017, according to RICS Valuation Global Standards regulations ("Red Book"), based on fair value and not adjusted by the equity accounted method
(2) Internal classification of municipalities by Tiers based on several economic, demographic and market metrics: Tier 1 includes: Madrid, Barcelona, Málaga, Navarra, Vizcaya, Girona and Tenerife; Tier 2 includes: Valencia, Alicante, Sevilla, Cádiz, Baleares, Las Palmas, Zaragoza, Valladolid, A Coruña and Tarragona; Tier 3 includes: Huelva, Murcia, Castellón, Lleida and Pontevedra

NAV & NNAV

Equity to NNAV Bridge (€m)



GAV to NNAV Bridge (€m)



NAV and NNAV evolution

	Dec.17	Dec.18	% change
NAV €/sh	17.93	18.43	3%
NNAV €/sh	17.38	17.73	2%

Dec2018 NAV: € 18.43/share (+2.8% YoY)

Notes
(1) Reported in the consolidated financial statements
(2) Tax loss carry forwards

Proposed distribution to shareholders

€ 50m

Dividend to be paid in 2Q 2019

Key considerations

- Proposed payment of €50m to shareholders
  - The Board of Directors has proposed the distribution of €50m against paid-in reserves, to be voted at the next AGM
  - Estimated to be paid in 2Q2019
  - Implies a dividend yield of c.3% at current market prices
- Earlier than initial plans
  - IPO plan was to initiate dividends in 2020
  - FCF generation was positive in 2018 (adj. CF €46m), earlier than in our business plan due to higher land sales
  - Net debt at Dec2018 is €-41.1m (net cash)
  - Reflects commitment to distribute free cashflow generation to our shareholders
- Visibility on future dividend distribution
  - Policy to distribute >80% of FCF generation

Reaffirmed commitment to distribute cash flow generation to shareholders

3. Business Update

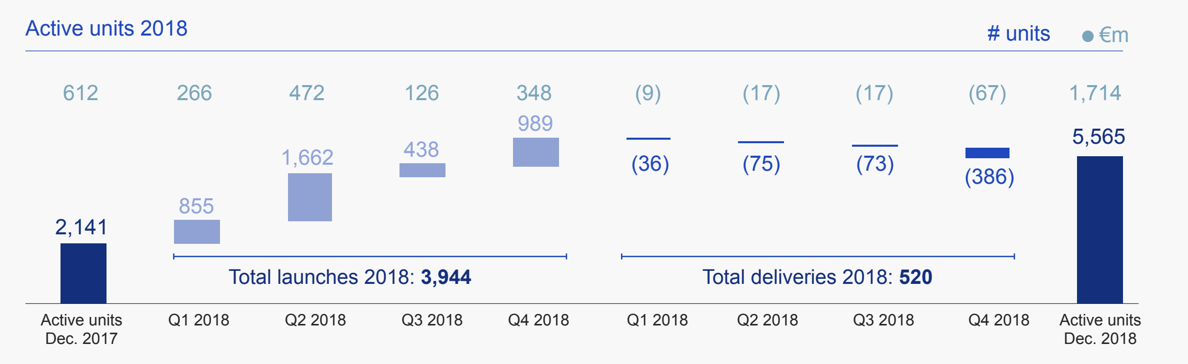
Complejo Pier 1 (Rota, Cádiz)

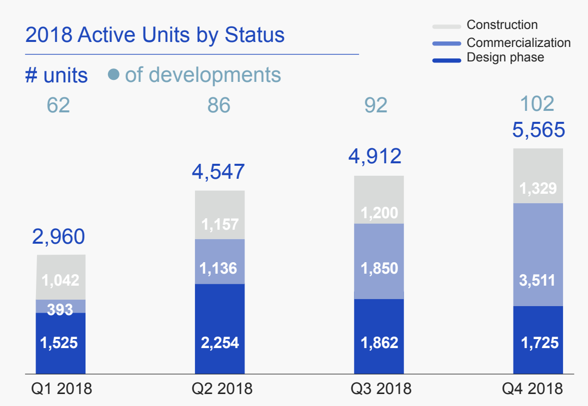
Key operational data as of December 31, 2018

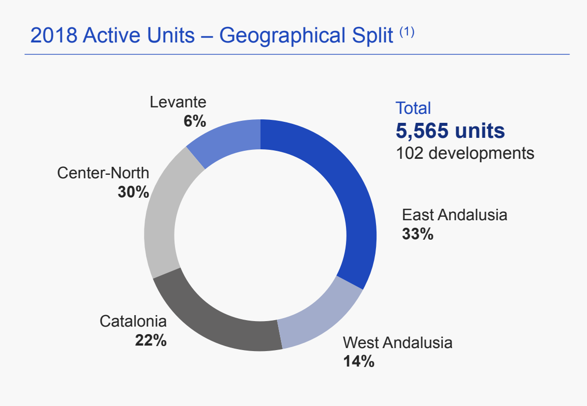
Business	**5,565** active units **102** active developments	**€310k/unit** ASP (1)	**3,840** units and **72** developments under commercialization	Sales Backlog (2) **909** Sold units **€271m** **€298k/unit** ASP (1)
	1,329 units under construction	**32** developments under construction		
	520 units delivered	**€218k/unit** ASP (1)	Commercial business Turnkey projects Josefa Valcárcel delivered Land Sales: €64m	
	6.1 million sqm buildable area	**c.38,000** buildable units (3)	**79%** (4) Fully permitted	
Financial	**€2.7Bn** GAV	**€2.8Bn** NAV	**- 2%** **LTV**	

Notes
(1) Average Selling Price, not including future HPA
(2) Defined as bookings + contracts – deliveries in the period
(3) Estimated number of units may vary in time depending on the type of projects and maximum buildability
(4) In terms of GAV as of December 31, 2018

Residential active units: 2018 target accomplished







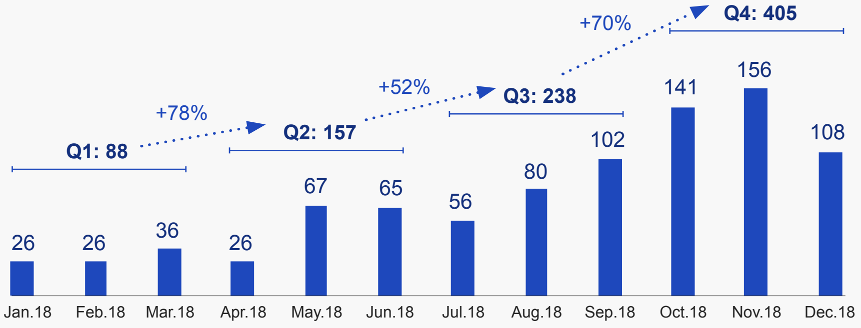
Key considerations

- Total active units reached 5,565, with an ASP of €310k/unit
- 102 active developments, of which 72 under commercialization (including 32 under construction)
- 3,944 units launched during 2018
  - 2018 launches in line with the year target
  - 16 new developments equivalent to 989 units launched in Q4
  - Geographically, Levante accounted for the majority of launches in Q4 (43%), followed by East Andalusia (32%)
  - As for the full year, East Andalusia accounted for 27% of launches, followed by Catalonia (25%)

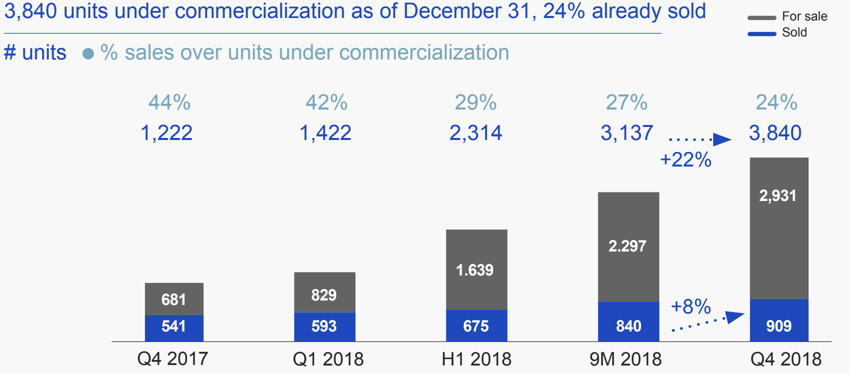
Note
(1) Center-North: Madrid, Navarre, Galicia, Basque Country, Canary Islands and Castilla-Leon; Levante: Valencian Community, Murcia and Ibiza; Catalonia: Catalonia and Mallorca; West Andalusia: Cordoba, Seville, Huelva, Cadiz; East Andalusia: Costa del Sol and Almeria

Residential: c.900 units sold in 2018

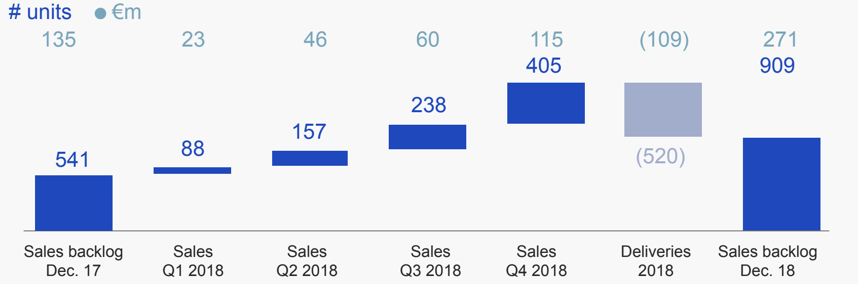
888 units sold in 2018, strong Q4



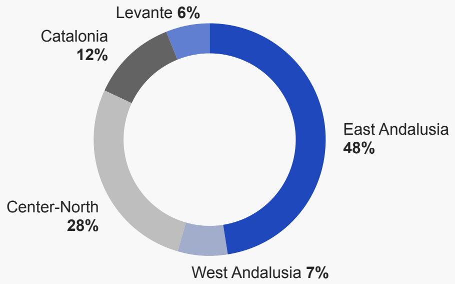
3,840 units under commercialization as of December 31, 24% already sold



Sales backlog of 909 units



FY 2018 Sales backlog - Geographical split



Residential: Detail of deliveries in 2018


Rosales Residencial (Madrid)


Residencial San Cosme (Madrid)


Villas Bahia Rocas (Málaga)

Note
(1) ASP: Average Selling Price

Development	Province	Municipality	Delivery units
Mirador San Blas	Alicante	Alicante	23
Birdie & Falcon	Almería	Pulpí	62
Gregorio Marañon	Almería	Almería	104
Locales Sotorebolo	Cádiz	Algeciras	1
Reserva Sotorebolo	Cádiz	Algeciras	8
Puerta del Mediterráneo	Castellón	Oropesa del Mar	4
Residencial San Cosme	Madrid	Valdemoro	42
Rosales Residencial	Madrid	Madrid	130
Terrazas III	Málaga	Marbella	10
Villas Bahia Rocas	Málaga	Manilva	12
Lago de Arrosadía	Pamplona	Pamplona	41
Vedat Cuatro	Valencia	Vedat del Torrent	1
Vedat Seis	Valencia	Vedat del Torrent	8
Vedat Siete	Valencia	Vedat del Torrent	16
Vedat Ocho	Valencia	Vedat del Torrent	9
Hacienda cuatro	Valladolid	Aldeamayor	15
Hacienda Cinco	Valladolid	Aldeamayor	9
Hacienda Seis	Valladolid	Aldeamayor	5
Cándida Peña	Tenerife	Arona	9
Gaztelondo Berría	Vizcaya	Bilbao	13
TOTAL			**520**

Target deliveries reached with an ASP (1) of €218k per unit

Residential: Planned deliveries for 2019

Birdie & Falcon (Pulpí, Almería)

Gaztelondo Berria (Bilbao)

Le Mirage III (Estepona, Málaga)

Development	Province	Municipality	Target deliveries 2019	% sold	License obtained	Under construction
Birdie & Falcon	Almería	Pulpí	79	*9%*	✓	Completed
Gregorio Marañon	Almería	Almería	9	*0%*	✓	Completed
Gaztelondo Berría F1	Vizcaya	Bilbao	9	*22%*	✓	Completed
Mirador de Guadarrama	Madrid	Collado Villalba	64	*84%*	✓	Completed
Puerta del Mediterráneo	Castellón	Oropesa del Mar	12	*25%*	✓	Completed
Le Mirage I & II	Málaga	Estepona	72	*100%*	✓	Completed
Gaztelondo Berría F2	Vizcaya	Bilbao	21	*14%*	✓	Completed
Other			7	*100%*	✓	Completed
Momentum	Barcelona	Montornés	78	*21%*	✓	✓
Villas de Miramadrid	Madrid	Paracuellos del Jarama	46	*98%*	✓	✓
Majestic Heights	Málaga	Manilva	24	*54%*	✓	✓
Sunrise Heights	Málaga	Manilva	23	*61%*	✓	✓
Le Mirage III	Málaga	Estepona	66	*95%*	✓	✓
Le Mirage IV	Málaga	Estepona	29	*83%*	✓	✓
Serenity Views	Málaga	Estepona	66	*48%*	✓	✓
Residencial Oasis	Cádiz	Algeciras	32	*19%*	✓	✓
Villas de la Calderona	Valencia	Bétera	19	*84%*	✓	✓
Res. Vivaldi	Valencia	Sagunto	21	*86%*	✓	✓
Mirador del Jalón	Valladolid	Valladolid	18	*83%*	✓	✓
Hacienda Cinco	Valladolid	Aldeamayor	5	*40%*	✓	✓
TOTAL			**700**	***59%***	**100%**	

2019 deliveries are 59% pre-sold, with a 57% construction WIP (1)

Notes
Data as of February 26, 2019
(1) Calculated as a weighted average of the total target deliveries

Residential: Status of deliveries 2019-2021 (1)

Year of delivery	Target deliveries (units)	Launched	ASP Forecast (€ '000) (1)	Gross Margin-Forecast (1)	% Units sold	Construction licence		% Under construction	Deliveries
						Requested	Granted		
2019	700	100%	242	23% (2)	59%	100%	100%	100%	0%
2020	c 2.600	100%	295	+24%	20%	100%	70%	44%	0%
2021	c 4.000	44%	310	+26%	1%	24%	3%	0%	0%

Notes
Data as of February 26, 2019
(1) Estimates of average selling price (ASP) and Gross Margin assuming a 3.4% annual HPA (as disclosed in IPO Business Plan) for 2020 and 2021 deliveries, as well as a CCI of 4% for 2021 deliveries. Each percentage increase of 1% in HPA translates into an increase in gross margins of approximately 1.5%. Gross Margin includes capitalized financial expenses
(2) Adjusted gross margin, without considering the cumulative effect of the reversal of provisions for project impairment. Lower margins due to projects launched pre-IPO following cash flow criteria, as reported during IPO process

Land Sales: 2018 target surpassed

Development	Province	Use	Buildable sqm	Revenues (€m)	Gross Margin[1] (€m)	Gross Margin[1] (%)	Uplift on GAV IPO	Date
Almogavers	Barcelona	Office	17,346	22.0	1.0	4%	6%	Q2 18
Balius	Barcelona	Office	9,573	14.0	0.8	6%	13%	Q4 18
C/ Marconi, 126	Barcelona	Residential	8,087	4.4	1.4	31%	31%	Q4 18
Parcela PP-03- S. Isabel	Córdoba	Residential	214	0.1	0.0	8%	8%	Q2 18
Parcela PP-05 Turruñuelos	Córdoba	Residential	3.570	1.9	0.4	23%	23%	Q4 18
Parcela 3.3 Torija	Guadalajara	Logistics	20,342	1.4	0.2	13%	13%	Q4 18
Valdebebas	Madrid	Retail	3,000	5.4	1.1	21%	21%	Q4 18
Sector Levante [2]	Mallorca	Hotel	18,500	14.0	(0.1)	(1%)	26%	Q2 18
Soto de Lezkairu L45.6	Navarra	Residential	658	0.4	0.1	17%	17%	Q4 18
TOTAL			**81,291**	**63.5**	**4.9**	**8%**	**16%**	

Target 2018 > €30m → Actual sales €63.5m

Uplift of 16% over GAV IPO
89% commercial land, 11% residential land assets

Notes
(1) Gross Margin includes sales costs but not commercialization expenses
(2) Classified as an investment property in the balance sheet, therefore accounted for its fair market value, which explains a gross margin close to 0

Land Management FY 18: €117m of land transformed to fully permitted

Organized → **Fully permitted** [1]

Land plot	Region	Municipality	Buildable sqm
1. Balius	Catalonia	Barcelona	9,477
2. Can Fábregas	Catalonia	Mollet del Vallés, Barcelona	11,948
3. Pere IV	Catalonia	Barcelona	32,819
4. Sector Llevant	Catalonia	Viladecans, Barcelona	9,040
5. Av. De Madrid	Center-North	Zaragoza	5,610
6. Torre del Río	Costa del Sol	Málaga	44,592
7. Moli d´Animeta	Levante	Quart de Poblet, Valencia	20,288
8. Villas de Bes	Levante	Ibiza, Islas Baleares	945
TOTAL			**134,719**

Fully permitted GAV

8 plots transformed to fully permitted during 2018, representing a GAV of €117m

Note
(1) Fully permitted defined as land with both urbanization and rezoning plans appoved

Commercial: Turnkey Projects and JVs

Land Sales

- **5 assets sold** for a total of €57m, implying a 16% revaluation vs. GAV IPO
- **Locations**: Madrid, Barcelona, Mallorca and Guadalajara

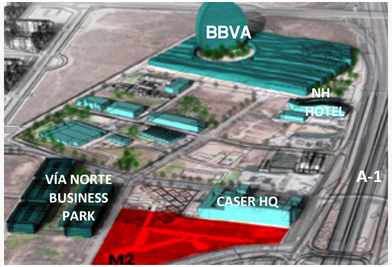
Turnkey deliveries

Josefa Valcárcel

- 9,081 sqm office building in Madrid delivered to Colonial in Sept. 18
- Sold for €30m, with a gain of 17% (1)

Turnkey Projects and JVs

- JV with Tishman Speyer signed in Q3 2018 (56,652 sqm). Phase I under project design
- In advanced negotiations in multiple projects for> 20,000 sqm in Madrid and Barcelona



Note
(1) Including rental guarantee

4. Outlook and Positioning

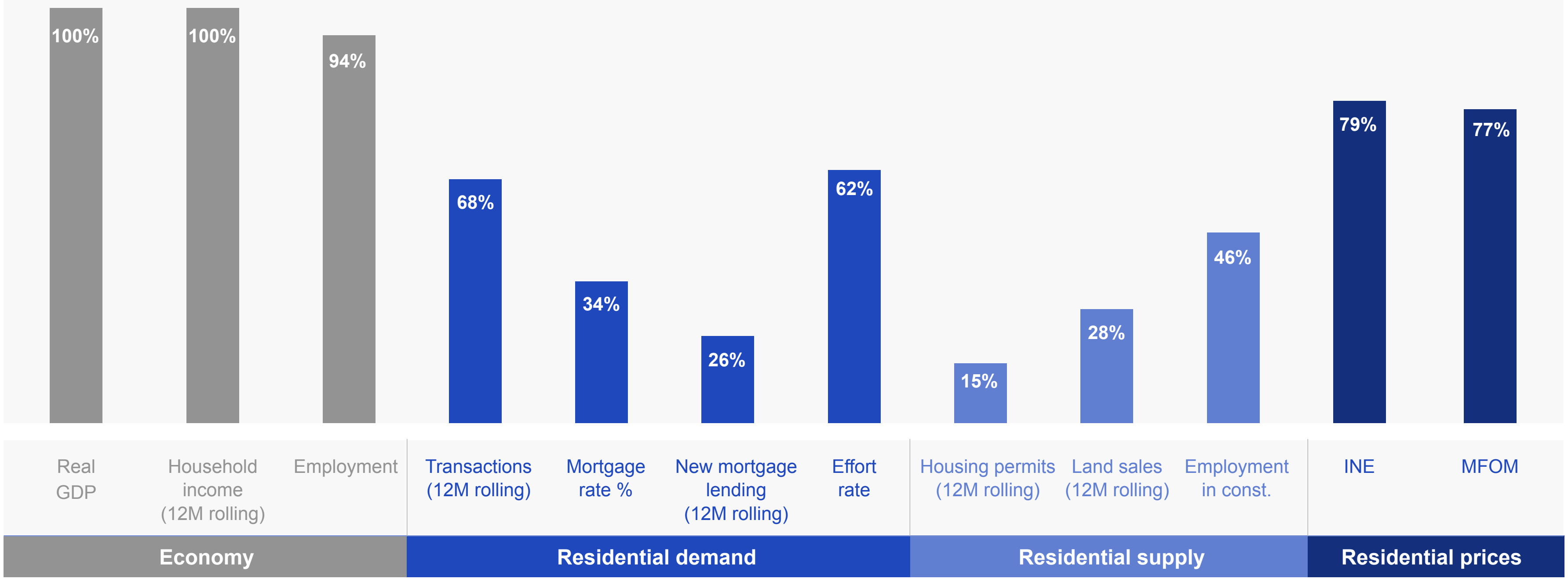
Villas de la Calderona (Bétera, Valencia)

Sector Outlook for 2019

Housing **demand**	• **Favourable outlook** for housing demand underpinned by: · **Job creation and higher disposable income** leading to higher purchasing power · **Demographics:** growth in household formation (+120k annual average) · **Affordability ratios** still below the historical average (1995-2017) · **Improving availability of mortgage** financing in a low interest rate environment • Buy vs rent: **it is now more economical to buy than to rent**, so turnkey developments have become a relevant customer for developers
Housing **supply**	• **Housing permits growing (71k)** but still coming from very depressed levels (vs 665k in 2006) • New homes account for **only 9%** of total annual housing transactions
House price appreciation	• **Positive outlook** though more moderate in 2019. Metrovacesa's estimate at 5% average • **Heterogeneous price performance;** gradually gaining traction in Tier 2 sub-markets • **Scarcity of quality land already visible,** leading to higher land prices
Construction **cost inflation**	• Construction cost is up due to the scarcity of specialised labor force, but the sector is starting to adapt its capacity • We do not expect cost rise to accelerate. **MVC estimates +6/7% cost increase for 2019 and moderating afterwards** • **Gross margin is not eroded** in a context of rising house prices
Delivery **calendars**	• Some delays in the sector coming from the timing of building licences granted by municipalities and the tendering process with construction companies, now improving • Keeping an eye on local and **regional elections** this year in May

Sector Outlook: relevant metrics still far from peak levels

Spanish residential metrics in 2018 as a % of peak year (2006-2019)



Source: Metrovacesa from national statistics
Notes: INE=Instituto Nacional de Estadística, MFOM= Ministerio de Fomento

Buying vs Renting comparative exercise

Decision Tree - Renting vs Buying in Spain

	2007	2010	2014	2018
Avg house price in Eur (100 sqm)	205,605	184,303	145,940	161,073
Avg rental price in Eur/month (100 sqm)	968	829	683	818
Total cost for a buyer (24-yr mortgage)	284,828	239,037	166,597	189,590
Total cost for a tenant (accum. 24-yr)	254,846	214,994	177,414	214,617
Accum. cost saving for buyer vs tenant (Eur)	-29,982	-24,042	10,817	25,027
Cost saving for a buyer vs a tenant (as % of price)	**-17%**	**-13%**	**+6%**	**+13%**

Sensitivity analysis: how much would prices or rents have to change to make them economically neutral

	Madrid *(tier 1)*	Valencia *(tier 2)*	Huelva *(tier 3)*
Rent today (€/m2)	-28%	-42%	-25%
House Price today (€/m2)	+28%	+49%	+20%

Note: Metrovacesa Research calculations based on house price and rental price statistics for each year. The total cost for the buyer is calculated with the accumulated mortgage payments at historical average terms (24 years and rate of 3,6%), transaction costs, monthly community charges and municipal taxes, and adjusted for a house price appreciation of 0.7% p.a. in real terms. The total cost for a renter is calculated over a period of 24 years, and adjusting for the opportunity cost of a buyer's initial downpayment.

Key considerations

- Buying is economically more attractive than renting at today's market conditions: 13% cost saving, based on our analysis
- This is true across all Tiers analyzed and greater in cities that have experienced faster rental growth
- Sensitivity analysis: rents have to rise, or house prices to decline, significantly to make the decision neutral
- Nevertheless, residential for rent turnkey developments have become an additional client and we expect part of MVC´s output to target investors / operators

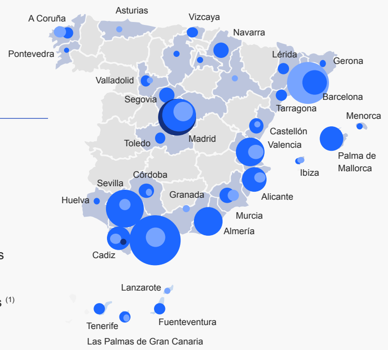
Key value drivers: becoming more relevant in today´s market

A larger land bank: as a competitive advantage

- No need to acquire land by 2023: lower re-investment risk and better visibility on margins
- Cashflow generation: greater and earlier than peers
- Geographical diversification provides wider client reach

Diversified presence in the most dynamic regions

31
provinces in Spain



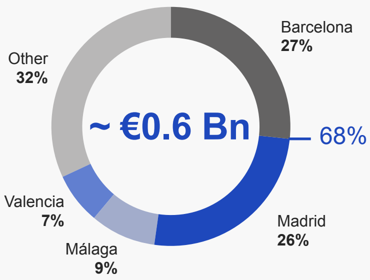
- Size of bubble represents - size of GAV
- Fully permitted
- Under permitting process [1]
- Non urban

It is increasingly difficult to buy quality land with good margin prospects

NFP land: active management creates value

- NFP land already reduced to 21% from 26% at IPO; on track to reach 93% target by 2021
- 68% of NFP value is located in Madrid, Barcelona, Málaga and Valencia
- Expert dedicated in-house team involved in the whole value-creation chain

NFP land by city (% GAV)

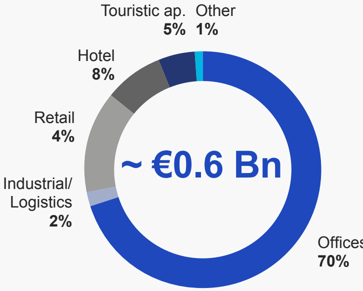


A key prime resource feeding new developments as well as land sales

Commercial land: already crystallizing value

- A vast portfolio (1.25 million sqm) with upside:
  - Mostly in Madrid/Barcelona (86%), and 94% fully-permitted
  - Mostly for office use but also suitable for alternative uses
- Case by case approach to unwind the portfolio

Commercial land by final use (% GAV)



Full value to crystallize in 4-5 years

Unique cashflow generation profile

Potential returns	Residential Dev't [1] (at run-rate)	Commercial Dev't [1] (at run-rate)	Land sales (residential & commercial)
Gross margin (% of sales)	~ 24-26% [2]	~ 21% [2]	
Project EBITDA margin (% of sales)	~ 20-21% [3]	~ 18% [3]	
Project FCF generation (% of sales)	**~ 40%** [4]	**~ 51%** [4]	**~ 97%** [5]
Forecast revenues 2019-2022	€ 3.0 Bn	€ 0.3 Bn	€ 0.6 Bn

FCFE generation in 2019-2022 should exceed Metrovacesa's current market capitalization

Notes
(1) Targeted cost structure for residential development at run-rate by 2021 excluding corporate overhead costs. When normalized by 2023 (i.e normal acquisition of land), MVC will target similar cost structure and EBITDA margins as peers; Targeted cost structure for commercial development at run-rate by 2021 excluding corporate overhead costs
(2) Assumes cost of land of 20-23% for residential and 32%-34% for commercial projects, including cost of urbanization; and construction costs of 51%-55% of sales for residential and 44%-46% for commercial projects, including soft and hard construction costs.
(3) Includes Opex related to each development project.
(4) FCF considering the project EBITDA margin plus the cost of the land minus land urbanization costs.
(5) Sale price minus selling expenses.

Targets for 2019 & mid-term

	Target for 2019	Mid-term targets
Residential	• Deliveries: 700 units • Launches: c. 4,630 units	• Run-rate deliveries of c. 4,000 units/year • Residential land bank size of < 4 years after 2021 vs. > 8 years now
Commertial	• Launch of > 45,000 sqm	• Accumulated sales 2019-2022 of € 0.3 bn related to developments
Land sales	• > €100m land sales · c. €40m residential · c. €60m commercial • Fully-permitted land c.84%	• Accumulated sales 2019-2022 of € 0.6 bn (residential & commercial) • Fully-permitted land c.93% by YE21

Targeting to distribute >80% FCFE generation to investors

Closing Remarks

- **Room for growth in the residential market:**
  - Relevant metrics still far from peak levels

- **Gradually approching full speed:**
  - Higher visibility on run-rate targets quarter after quarter

- **Very well positioned to benefit from market dynamics:**
  - Land bank: no need to buy additional land in the medium term
  - Value creation via land management and commercial projects

- **Attractive shareholder remuneration policy:**
  - Well supported by strong cashflow generation

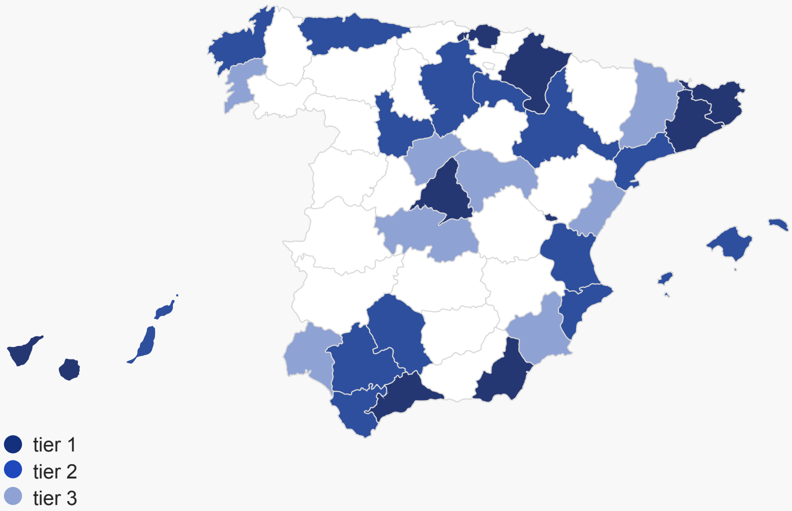
5. Appendix

Le Mirage III y VI (Estepona, Málaga)

Geographical capillarity in the right locations for residential projects

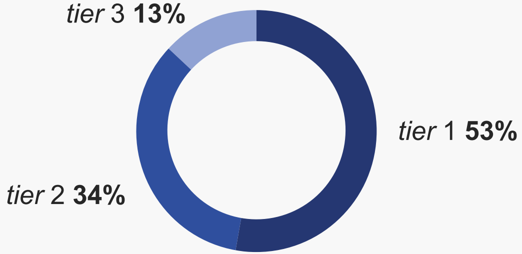
Distribution by province according to tier: 8 tier 1 (27%), 14 tier 2 (47%) and 8 tier 3 (27%)

units



Distribution by tier municipality (%GAV dec.18)

Total portfolio
(€ 2.672 m)



€m	Residential		Commercial		TOTAL	
Fully permitted	1,505.2	74%	597.5	94%	2,102.7	79%
Organized	157.9	8%	20.1	3%	178.0	7%
Developable	261.4	13%	9.5	1%	270.8	10%
Non urban land	109.2	5%	11.6	2%	120.7	5%
TOTAL MVC	**2,033.6**	**100%**	**638.6**	**100%**	**2,672.2**	**100%**

- Municipality tier distribution results in a *tier* distribution by province leading to a less complex macro analysis
- In provinces with municipalities with different *tiers*, classification by province is weighted according to GAV

Xardins de Gaiteira (under project design)

Key metrics

Location	A Coruña
Region	Galicia
Units	72
Sqm for sale	8,221
Construction Company	n.a
Construction Completion	n.a
Sales to date	n.a
Target Gross Margin	c.25% (1)

Key highlights

- Three buildings very well located in the Rua Gaiteira, next to the Corte Inglés
- 70 homes with 1,2,3 and 4 bedrooms. Parking spaces and storage rooms
- Unique services in the center of A Coruña such as: green open areas, indoor heated pool, children's play area and gourmet room
- 2 commercial premises

Notes
(1) Gross Margin includes capitalized financial expenses

Halia (in commercialization)

Key metrics

Location	Málaga
Region	East Andalusia
Units	99
Sqm for sale	12,985
Construction Company	Under tender process
Construction Completion	0%
Sales to date	44%
Target Gross Margin	c.24% [1]

Key highlights

- Located at a very close distance from the beach, after the three future towers that will be the emblematic project of the area
- Excellent communications with the city center and to the A-7
- 1 to 4 bedroom multi-family homes with 2 parking spaces each and storage room. All of them have a terrace
- Swimming pool, children´s play area, green areas and a gym

Notes
(1) Gross Margin includes capitalized financial expenses

Residencial Vivaldi (under construction)

Key metrics

Location	Sagunto, Valencia
Region	Levante
Units	21
Sqm for sale	3,509
Construction Company	Torrescamara
Construction Completion (1)	25%
Sales to date	76%
Target Gross Margin	c.21% (2)

Key highlights

- Sagunto is located close to Valencia. The complex will be just 10 min walk to the beach, and close to the center of the town, with many amenities, shops, etc
- 21 single-family attached houses, the majority with 4 bedrooms
- Swimming pool and open space garden areas

Notes
(1) Status as of December 2018 (2) Gross Margin includes capitalized financial expenses

Rosales Residencial (delivered)

Key metrics

Location	Villaverde, Madrid
Region	Center - North
Units	132
Sqm for sale	15,509
Construction Company	Ortiz
Construction Completion	100%
Sales to date	100%
Target Gross Margin	c.25% [1]

Key highlights

- Developed in an open block with a “U” shape, ground floor + 7 + attic. Has a security checkpoint
- 132 homes of 2, 3 and 4 bedrooms, with access to 2 basement floors divided into 4 garages and 220 parking spaces
- Common areas, including swimming pool, children’s games, gastrobar, gym and car wash

Notes
(1) Gross Margin includes capitalized financial expenses

NFP Land example: Arpo (Pozuelo, Madrid)

Buildable area:
45,000 sqm

# of units:
256

GAV at IPO:
€25m

Urbanisation works expected for:
2021

NFP Land case example: La Seda/Papelera (El Prat, Barcelona)

Buildable area:
176,000 sqm

# of units:
1,590

GAV at IPO:
€50m

Urbanisation works expected for:
2021

Land Management Q4: Continuous progress in urban management

Development	Municipality	Region	Urban status	Date	Key Milestones
1. Vininal	Alboraya, Valencia	Levante	Developable	December	**Admission** to the application process to initiate the internal rezoning plan
2. La Alborada	Benhavís, Málaga	East Andalusia	Fully permitted	December	**Start** of urbanization works
3. AD20	Barberá del Vallés, Barcelona	Catalonia	Organized	December	**Initial** approval of the Urbanization works project
4. Balius	Barcelona	Catalonia	Fully permitted	November	**Registration** of the Rezoning project
5. Pere IV (Loinsa)	Barcelona	Catalonia	Organized → fully permitted	December	**Agreement** of the Barcelona CityHall. Final approval of the rezoning plan
6. Edificio Normon	Madrid	Center-North	Fully permitted	October	**Initial approval** of the Partial Plan
7. Torre del Río	Málaga	East Andalusia	Organized → fully permitted	December	**Final approval** of Modification of the Partial Plan and approval of the Detailed Plan
8. San Marcos	Santiago de Compostela	Center-North	Fully permitted	December	**Reception** of urbanization works
9. Resid.Norte Albacerrado	Tarifa, Cádiz	East Andalusia	Non urban	November	**Approval** of Environmental proprosal
10. "La Cizaña" II	Torremolinos, Málaga	East Andalusia	Fully permitted	October	**Start** of urbanization works

Plots transformed into "fully permitted" metrovacesa

Render Torre del Río (Málaga)

Q&A