

Neinor Homes, S.A. (the "**Company**"), pursuant to article 17 of Regulation (EU) 596/2014 on market abuse and article 228 of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of October 23<sup>th</sup> , hereby informs of the following:

### **MATERIAL FACT**

Neinor Homes has just released the results for the 12-month period ended on December 31<sup>st</sup> , 2017, with revenues of EUR 225.1 million, net cash flow of EUR 14.1 million and cumulative pre-sales of EUR 746 million.

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

Madrid, 22<sup>nd</sup> February 2018.

Neinor Homes, S.A.



**Neinor**  
HOMES

February 22<sup>nd</sup>, 2018

**FY 2017**

**Annual Results  
Presentation**

Dehesa Homes – Madrid – Delivered in Q4 2017

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# TODAY'S AGENDA



Juan Velayos Lluís  
Chief Executive Officer



Jordi Argemí García  
Chief Financial Officer



Juan Gómez Vega  
Chief Investor Relations Officer

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1.

# 2017 Business Review

# 2017: STRONG OUTPERFORMANCE

CONSOLIDATING AND GROWING THE TANGIBLE FIRST-MOVER ADVANTAGE

 Macro	<p><b>+3.1%</b> GDP increase</p>	<p><b>-2%</b> Unemployment down to <b>16.6%</b></p>	<p>Demand &gt; housing starts by <b>c. 70,000 units</b></p>
 Land Bank	<p><b>c.12,500 units</b> 176 developments of fully permitted land bank (1.5 million sqm)</p>	<p><b>€286m</b> Or c. <b>3,100</b> units acquired in 2017 at <b>c. 27%</b> gross margin</p>	
 Launches	<p><b>c. 8,300 active units</b> 5,500+ units launched in 2017</p>	<p><b>2/3 of the land bank is launched</b> 2020 run-rate secured</p>	
 Construction	<p><b>2,400+ units under construction</b> c.800 units started construction in 2017</p>	<p><b>c. 28% WIP reported gross margin</b> HPA outperforming construction costs inflation</p>	
 Pre-Sales	<p><b>€746m Order Book</b> 2,200+ units providing revenue visibility</p>	<p><b>€459m sold in 2017</b> 1,300+ units: optimizing sales speed to capture HPA</p>	
 Embedded Margins	<p><b>3.9% EXTRA REVENUE CAPTURED</b> Extra revenues of <b>€17.3m</b></p>	<p><b>3%+ Margin Impact</b> Representing <b>€11.7m</b> net of construction inflation</p>	
 Deliveries	<p><b>313 units delivered</b> Road to run-rate</p>	<p><b>c.28% gross margin</b> Increased weight of the core business in P&amp;L</p>	
 Ancillary Businesses	<p><b>€85m Remaining Legacy BV</b> €126m sold in 2017</p>	<p><b>€18.5m Servicing EBITDA</b> 60%+ margin financing ramp-up</p>	
 Financials	<p><b>Positive Adjusted EBITDA</b> €8.3m</p>	<p><b>+8% NAV</b> €1,291m and LTV at 22%</p>	



# STRONG TAILWINDS SUPPORTING THE HOUSING MARKET

## Macro and Sector Indicators Underpin Continued Recovery

**+611k jobs created in 2017 – Unemployment at 9 year low**

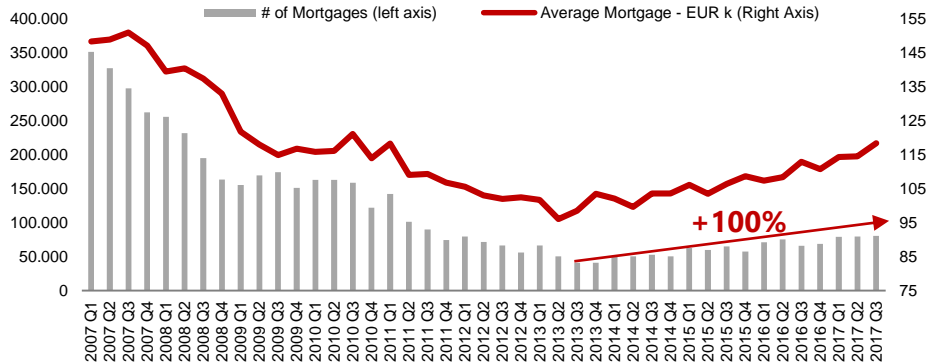
**Banks increasing lending (mortgages granted still 80% off the peak)**

**Housing starts at c.80k in 2017 – 88% below the peak**

**New Housing Sales had first increase in 7 years, now 17% of all transactions**

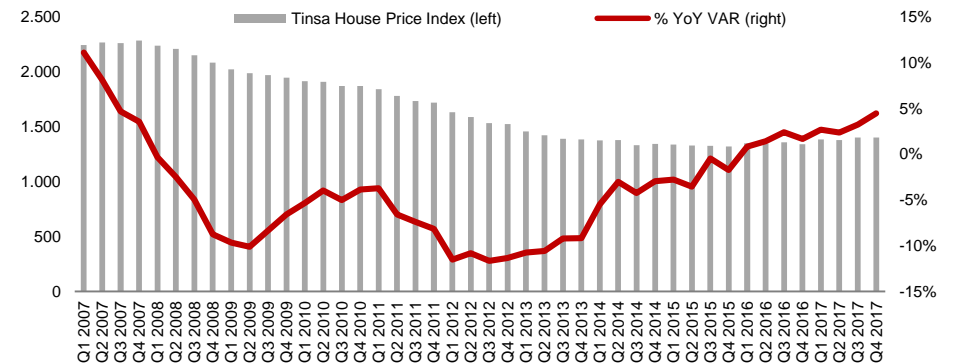
### Mortgage Availability Improving

# of mortgages granted have increased 100% from trough but are still 80% off the peak

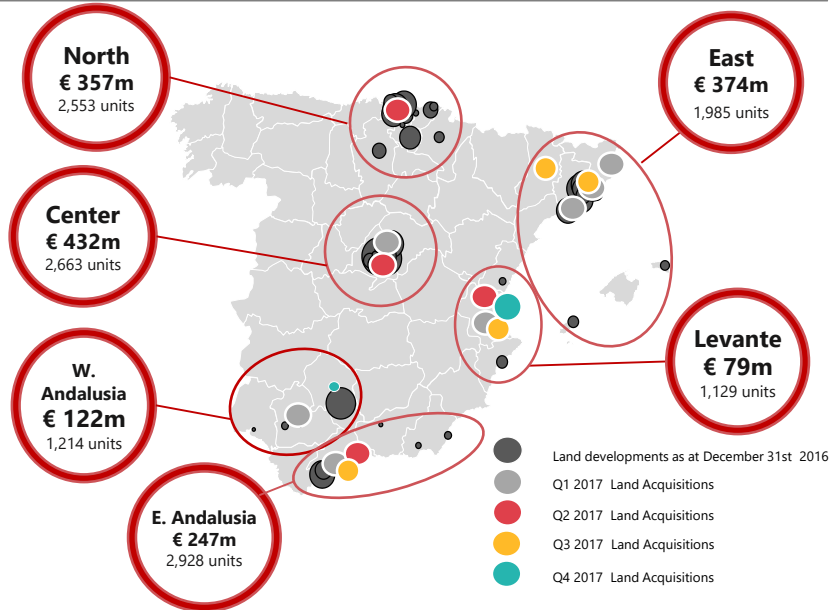


### Supply-Demand Imbalance Pushing the Price Recovery

4.5% YoY HPA in Q4' 2017  
Prices Still 39% Below 2007



### Land Bank Snapshot - € 1,610m GAV <sup>(1)</sup>



### 2017 Land Acquisition Activity Summary

**c. 12,500 units <sup>(2)</sup>**  
 176<sup>(3)</sup> developments of fully permitted land bank

**c. 3,100 units acquired**  
 reinforcing existing positions and **entering new high-demand markets like Valencia and Malaga**

**€500+m acquisition pipeline**

**Strategic land**  
 Company is in advanced negotiations to secure a number of strategic land deals. Introducing a **capital efficient way to control non-fully permitted land**, following the anglo-saxon model.

### Premium Land Acquisitions in 2017

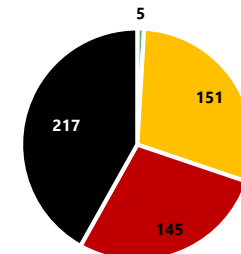
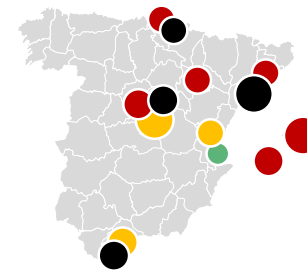


Land plot located in Colinas del Limonar, Málaga suitable for the development of more than 400 units acquired in Q3 2017



Land plot located in Las Rozas, Madrid suitable for the development of mor than 330 units acquired in Q2 2017

### €500m+ High Quality Pipeline



- DD/Closing
- Offer
- Under Analysis
- Strategic Land

(1) GAV breakdown by region does not add up €1,610m due to rounding / (2) Savills appraisal includes 12,472 units, which is higher than total units in the annual accounts due to adjustments after product definition / (3) Some adjacent sites were merged during Q3 2017





# NAV INCREASED BY 8% SINCE IPO

SAVILLS VALUATION UP ON STRONG PRE-SALES, HPA AND ACCRETIVE ACQUISITIONS



**GAV: €1,717m**

Includes €107m GAV of remaining legacy

**NAV: €1,291 / +8% YoY**

NNAV up to €1,196m

Back to IPO relative valuation following market turbulence



**+19% Like-for-like**

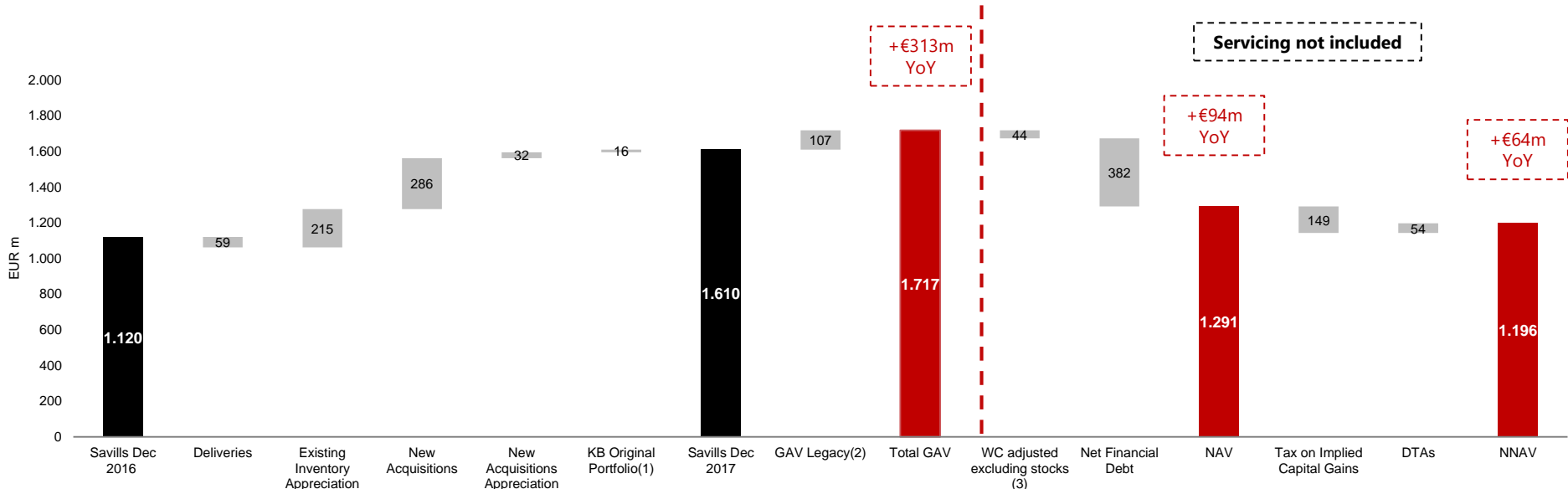
Land bank @ IPO re-valuation based on sales and HPA, CapEx invested and lower rates as sites de-risk

**+11% 2017 acquisitions**

Strong HPA + off-market nature of transactions

## December 2016 to December 2017 GAV Bridge

## From GAV to NAV and NNAV



(1) Kutxabank Original Portfolio: fully permitted land representing more than 500 units initially kept for "sale as is" now transferred to the land bank. All of them are located in areas that meet the characteristics sought by Neinor: structural undersupply, lack of competition, positive population evolution and unsatisfied demand ) (2) GAV for Legacy is the Savills appraisal from December 2016 for the remaining assets (3) Net difference between receivables and payables to suppliers



# CONFIRMING DECISION TO INCREASE RUN-RATE

## TARGETING 4,000+ UNITS FROM 2020 ONWARDS

### Accelerated Launching Activity in 2017

**c. 8,300 active units**

90 sites in production

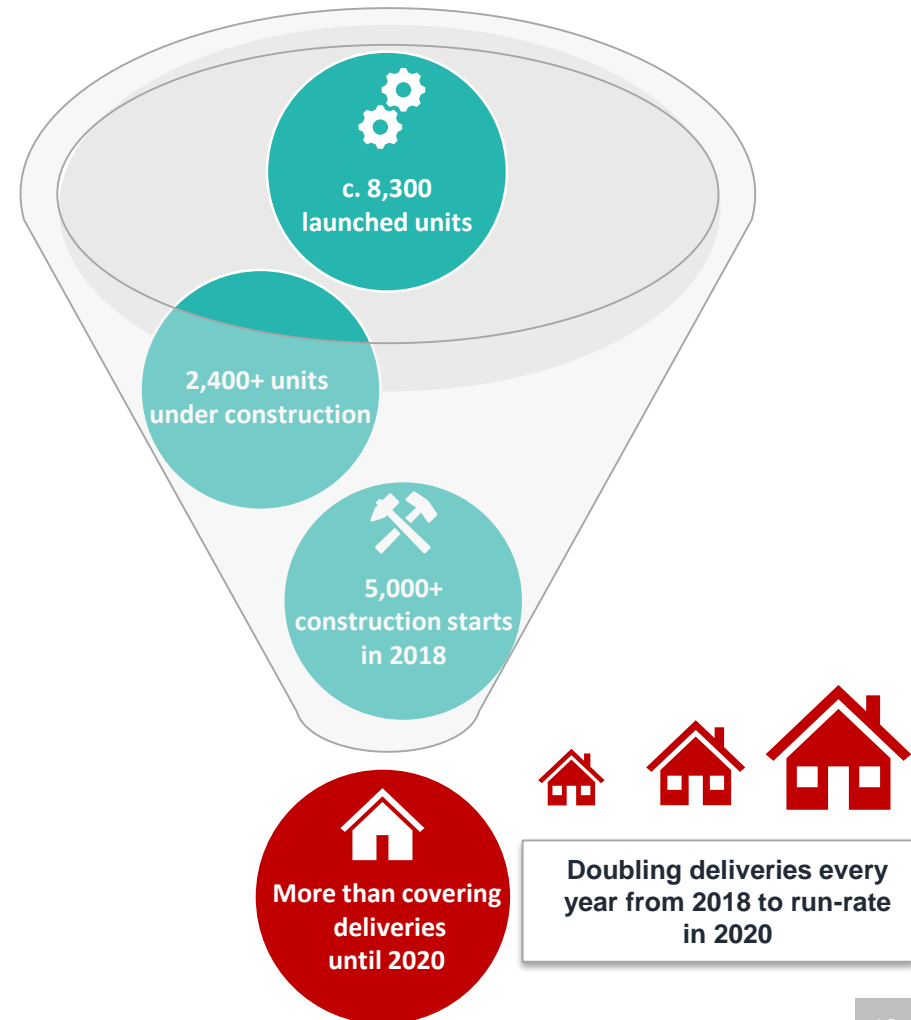
**5,517 units** launched in 2017

Sustaining and increasing first-mover advantage

### Ramp-up to 2020

- ✓ Doubling deliveries every year until 2020
- ✓ More conservative phasing: anticipating up to 6 months potential delays in '18 and '19 deliveries due to interaction with municipalities and to focus on margin protection and earnings quality improvement
- ✓ Confirming run-rate of 4,000+ units p.a.

### 100% deliveries until 2020 in production

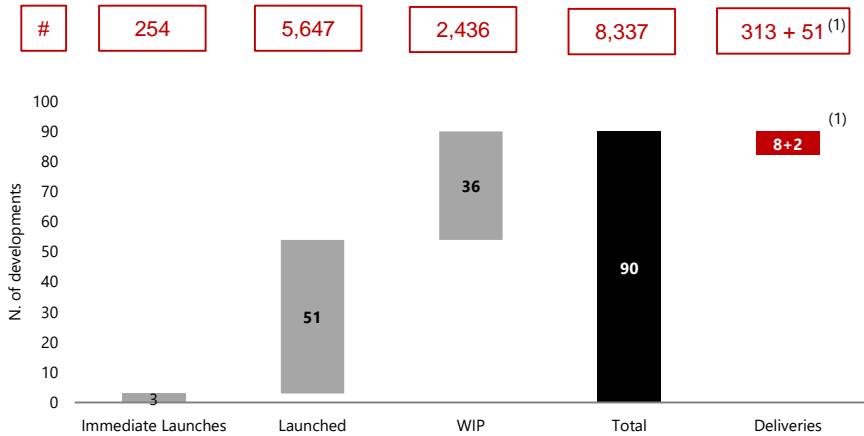




# 2,400+ UNITS UNDER CONSTRUCTION

## THE TANGIBLE FIRST MOVER ADVANTAGE

### Development Activity Snapshot\*



\*At the time of IPO - Immediate Launches: 10 sites (#789); Launched: 20 sites (#1,208); WIP: 30 sites (2,005#); Delivered: 2 sites (119#)

### Construction Activity Summary

**2,400+ units** under construction  
**36 sites on time and on Budget**<sup>(2)</sup>

Construction starts of **c .800 units**  
**16 sites**

**c. 28%+**  
**reported WIP gross margin**

### 36 sites in construction around Spain



Avenida Homes  
Aluche, Madrid

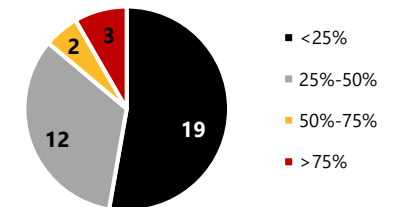


San Roke Homes  
Portugalete, Biscay



Port Forum Homes II  
Sant Adrià de Besos, Barcelona

### Degree of Completion of the 36 WIP



Working with 25 contractors

(1) The 2 sites (51 units) for which the Company had a fee development agreement were promptly delivered in Q2 (2) On time and on budget on aggregate. Cost criteria: +/-5% to BP (4 sites above and 5 sites below). Timing criteria: +/- 6 months (1 site behind)



Pre-Sales

# PRE-ORDER BOOK DOUBLED TO €746M

## SALES STRATEGIES ADAPTED TO PROTECT AND MAXIMISE MARGINS

### 2,246 units in pre-order book

1,353 units (€459m, +39% VS 2016 ) pre-sold in 2017 – ASP €339k

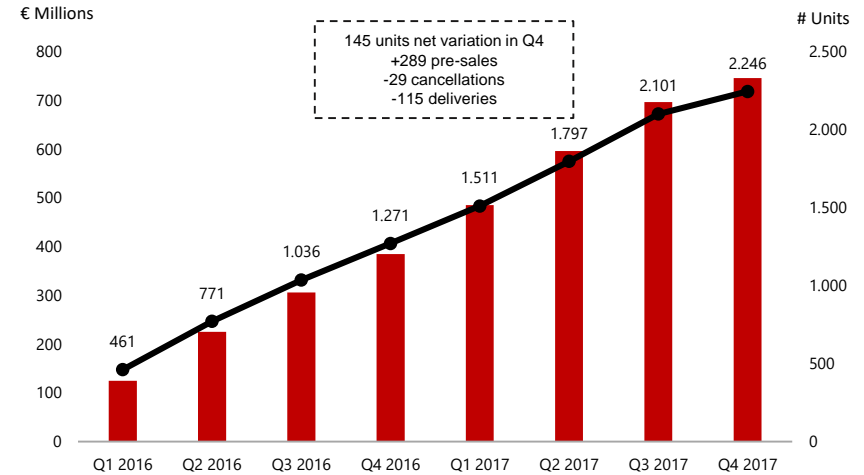
**Catalonia: led 2017 pre-sales, and represents 40% of order book.** Leads dropped 10% in Oct-Nov compared to FY17 average. Since then, Company observed solid recovery in Dec-Jan aligned with FY17 average

**Strong revenue visibility:** 80%+ in 2018, c. 60% in 2019

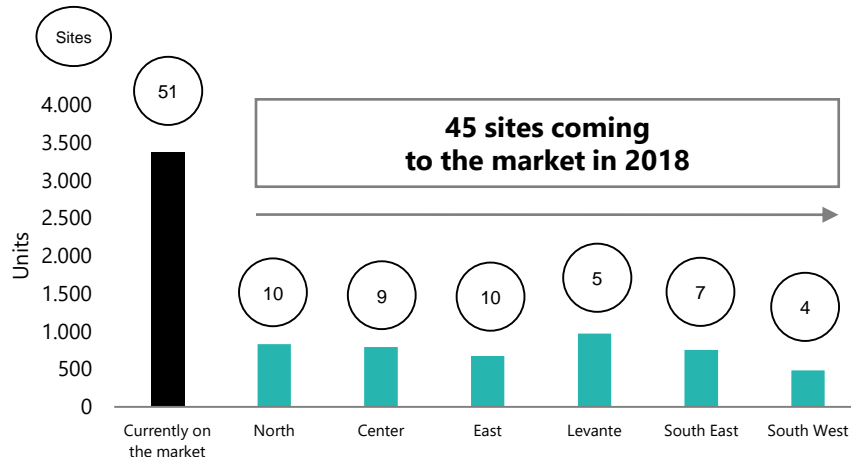
### Optimized Tails/Jewels Pre-Sales Strategy

Implemented and improving pre-sales since H2 2017

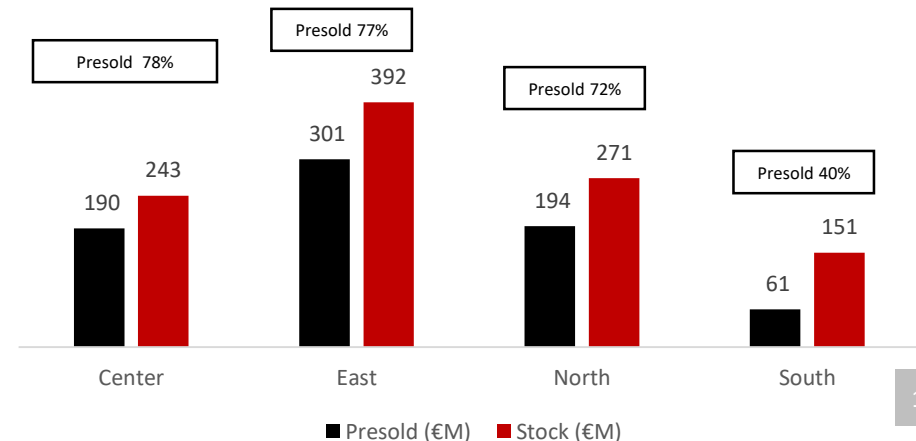
### 93% GROWTH IN THE ORDER BOOK YoY



### 4,500 UNITS TO START PRE-SELLING IN 2018



### ORDER BOOK AND STOCK BY REGION



# PRE-SALES 2017: 3%+ MARGIN IMPACT

EXISTING LAND BANK WITH EMBEDDED MARGIN OF C.29%

**3.9% EXTRA REVENUE CAPTURED**  
+€17.3m (Actual Pre-Sales minus BP Sales)

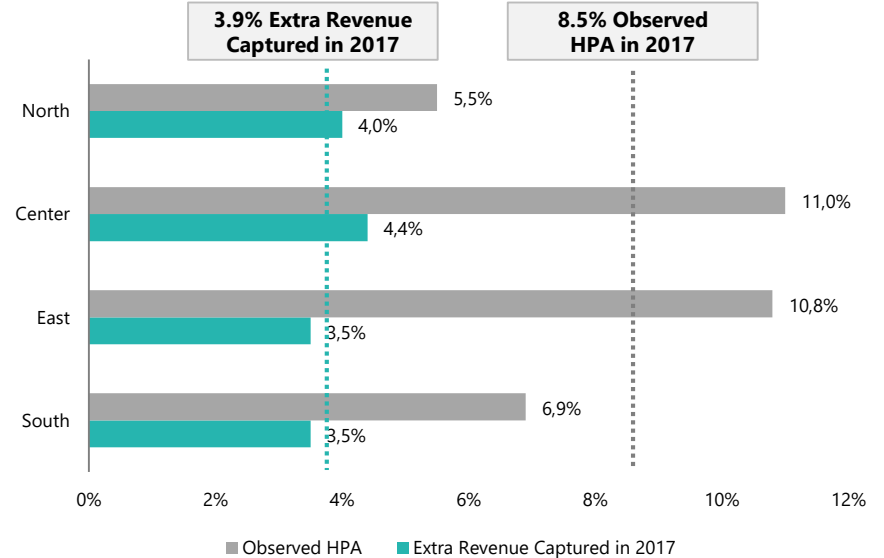
**8.5% OBSERVED HPA IN 2017**  
In comparable units during the year

**SALES PRICE INCREASE OUTSTRIPPING COST INFLATION**

**3%+ margin impact** on units pre-sold in 2017

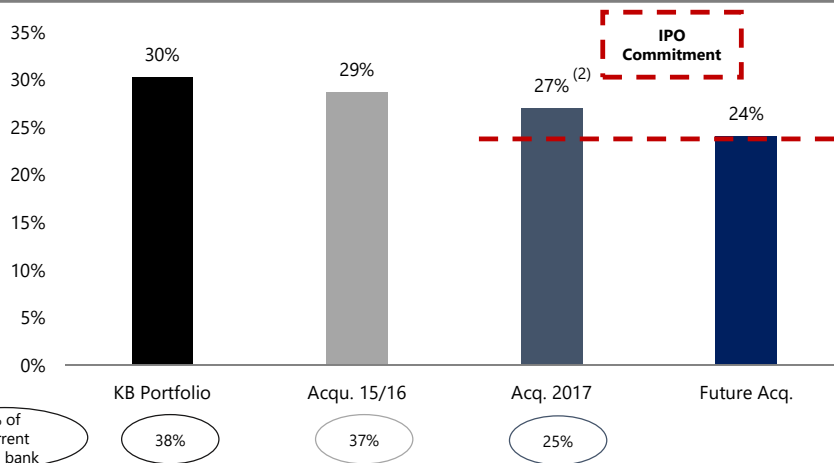
**LAND BANK WITH c.29% GROSS MARGIN**  
Acquisitions in 2017 outperforming IPO commitment

## EXTRA REVENUE CAPTURED VS. OBSERVED HPA<sup>(1)</sup>

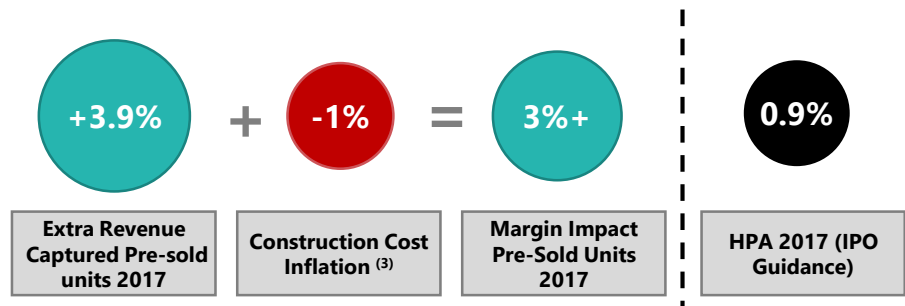


(1) Measured by 1) developments that have been on the market for most of the year and 2) that had pre-sales in comparable units at the beginning and end of the year. Sample of 7 developments (ca. 18% of the average number of sites in commercialization).

## 2017 ACQUISITIONS MARGINS AHEAD OF TARGET



## MARGIN IMPACT OF EXTRA REVENUE CAPTURED



(2) Does not include financing costs (3) Resulting from updating BP construction costs to observed costs. Analysis includes launched and WIP sites



Deliveries

# 313\* DELIVERED UNITS ON TIME/ON BUDGET

## C. 28% GROSS MARGIN ON 8 DELIVERED SITES

### €76.6M IN REVENUE IN 2017

2 sites anticipated from 2018 for a total of 3 sites delivered in Q4

### DELIVERIES SINCE 2015\*\*: 432 UNITS WITH GROSS MARGIN OF C. 28%

### DEHESA AND PINTOR ALSAMORA FIRST PURE NEINOR HOMES

Developments are the first land plots acquired in 2015 to be designed, sold and delivered by the Company



#### Dehesa Homes



Region	Center
Location	San Sebastián de los Reyes, Madrid
Units (#)	77
Sqm	9.741
Construction Company	Arpada
Construction Started	Q1 2016
Construction Finished	Q3 2017
Delivery	Q4 2017
Pre-sales at Delivery	100%
Gross Margin (%)	Above 28%

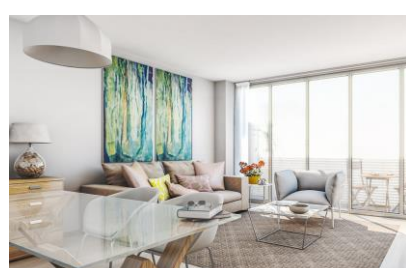
#### Jardines de Zabalgana IV



Region	North
Location	Vitoria, Álava
Units (#)	17
Sqm	1.770
Construction Company	Urrutia
Construction Started	Q3 2016
Construction Finished	Q4 2017
Delivery	Q4 2017
Pre-sales at Delivery	100%
Gross Margin (%)	Above 18%



#### Pintor Alsamora Homes



Region	East
Location	Barcelona
Units (#)	34
Sqm	2.925
Construction Company	Beta Konkret
Construction Started	Q2 2016
Construction Finished	Q3 2017
Delivery	Q4 2017
Pre-sales at Delivery	100%
Gross Margin (%)	Above 31%

\* Of the 313 units delivered in 2017, 18 units will be notarized in 2018 (13 already notarized as of Feb. 12<sup>th</sup>) \*\*This number does not include the 2 sites (51 units) that the Company promptly delivered in Q2 2017 that were developed under a fee development agreement

### LEGACY

**€126m<sup>(1)</sup>** sales in 2017  
**3% gross margin<sup>(1)</sup>** on book values

**€85m Remaining BV<sup>(2)</sup>**

Of original €650m acquired to Kutxabank

**Tackling the challenge to fully liquidate in 2018**

### SERVICING

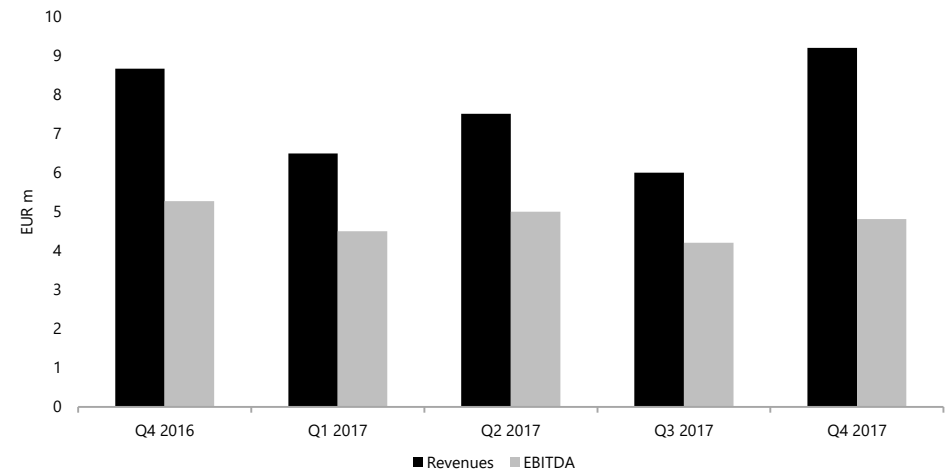
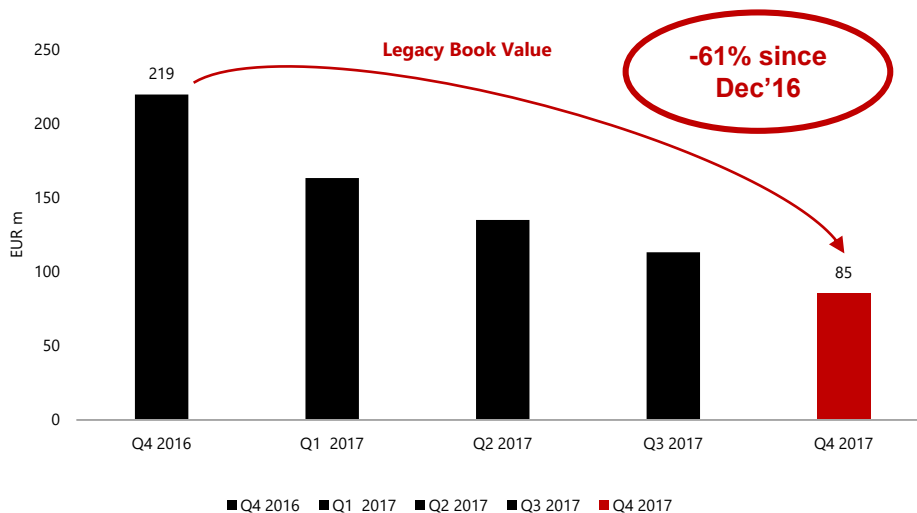
**€1.5bn AUM**

Stable AuM given asset boarding performed as expected  
 compensating for registered sales

**€18.5m EBITDA**

60%+ margin, ahead of expectations

**Maintaining solid relationship with  
 Kutxabank as a strategic partner**



(1) Includes €11.9m of sales related to assets that were under rental contracts.

(2) Legacy stock BoP 2017 amounted to 219M€. The decrease to 85M€ of stock EoP 2017 is due to i) book value sold (108M€), ii) book value sold related to Non-current assets (11M€), iii) Impairment (7M€) and iv) land "sale as is" moved to land bank (8M€)



## 2. 2017 Financial Overview





# P&L: €8.3M POSITIVE EBITDA ADJUSTED

## CORE BUSINESS WEIGHT GROWING AS THE COMPANY DELIVER UNITS

### Summary P&L (in €M)

€M	FY 2017
<b>Revenues<sup>1</sup></b>	<b>225,1</b>
Gross Margin	61,3
Gross Margin (%)	27,2%
OpEx & Other <sup>2</sup>	-53,8
Gains (Losses) on disposals <sup>4</sup>	0,7
<b>EBITDA Adjusted</b>	<b>8,3</b>
Change in Trade Provisions <sup>5</sup>	-4,5
<b>EBITDA</b>	<b>3,7</b>
Amortization	-0,7
<b>Operating Profit (Loss)</b>	<b>3,0</b>
Operating Margin	1,3%
Finance Costs	-7,7
<b>Profit (Loss) before Tax</b>	<b>-4,7</b>
Tax charge	0,0
<b>Profit (Loss) for the period<sup>3</sup></b>	<b>-4,6</b>

**FULL AUDIT BY DELOITTE:  
UNQUALIFIED OPINION**

## €225M REVENUES

Legacy sales €113.9m<sup>8</sup> / Development €76.6m / Servicing €29.2m /  
Other Revenues<sup>6</sup> €5.4m

## DEVELOPMENT GROSS MARGIN: 28%

8 sites and 313<sup>7</sup> units delivered in 2017

## TOTAL GROSS MARGIN: 27.2%

Up from 24% in 9 months to September

## EBITDA ADJUSTED OF €8.3M

Above expectations

#### Reconciliation vs. Audited Financial Statements

- Total revenues include 219.7€M of sales and 5.4€M Other Revenues. Audited Financial Statements report additional revenues of 0.9€M (mainly reinvoices) considered as less OpEx.
- Total OpEx amounts to 75.1€M including MIP fully paid by LS (19.0€M) and IPO Costs (2.3€M), but excluding 2.4€M of impairment on a legacy asset sold in 2017
- Profit (Loss) for the period of audited Financial Statements amounts to -€25.9M

#### Other Comments

- It relates to sales of Non-Current assets (Legacy) for c. 11.9€M, 0.7€M above book value.
- Impairment related to legacy assets unsold.
- Other Revenues 2.7€M tax income; 0.7€M rentals revenues; 0.4€M contract penalties; 1.6€M other mainly legacy related revenues
- 18 units to be notarized in 2018 (13 notarized as of Feb.12th)
- Does not include sales of Non-Current assets (Legacy) for c. 11.9€M



# CF: POSITIVE NET CASH FLOW

## OPERATING CASH AND JP MORGAN BRIDGE INVESTED INTO HIGH QUALITY LAND

### Summary Cash Flow (in €M)

€M	FY 2017
Profit (Loss) before Tax <sup>1,2</sup>	-4,7
Adjustments <sup>2</sup>	9,1
Amortization	0,7
Finance Costs/Revenues	7,7
Change in provisions	4,1
Gains (Losses) on disposals	-0,7
Debt cancellation w/ ShareHold.	-2,7
<b>CF from Operating Activities</b>	<b>4,5</b>
<b>Working Capital Variation</b>	<b>-191,1</b>
Change in Inventories	-224,9
Book Value Sold <sup>5</sup>	163,8
Land Acquisition <sup>6</sup>	-271,2
Capex	-115,6
Other	-1,9
Other WC Variations <sup>3</sup>	33,8
<b>Net Operating Cash Flow</b>	<b>-186,6</b>
<b>CF from Investments Activities</b>	<b>10,5</b>
<b>Free Cash Flow</b>	<b>-176,1</b>
<b>CF from Financing Activities</b>	<b>190,2</b>
Change in Share Capital/Premium <sup>2,7</sup>	95,8
Change in Bank Borrowing	114,0
Change in Deferred Land Debt	-11,9
Finance Costs/Revenues	-7,7
<b>Net Cash Flow</b>	<b>14,1</b>
Change in Cash Not-Available	19,8
<b>Cash BoP</b>	<b>45,3</b>
<b>Cash EoP<sup>4</sup></b>	<b>76,8</b>

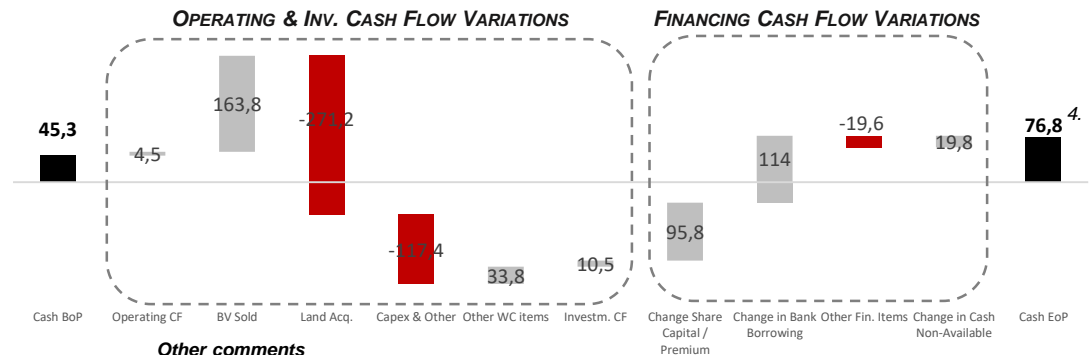
## +€4.5M CF FROM OPERATIONS

## €387M INVESTED IN GROWTH: €271M IN LAND, €116M CAPEX

## LEGACY DIVESTMENT €119M<sup>5</sup> DELIVERIES €56M

## FINANCING: PRIMARY EQUITY AND BRIDGE LOAN

### Cash Flow Bridge (in €M)



#### Reconciliation vs. Audited Financial Statements

- Profit (Loss) before Tax does not include 2.3€M of IPO Costs
- Table does not include 19€M of MIP cost fully paid by Lone Star. Audited Financial statements adjust cash flow for an amount of 13.6€M in Adjustments and of 5.2€M in Change in Share Capital
- Other WC variations includes variations in Cash not available (+19.8€M included post-Net Cash Flow) and excludes Deferred land payment (-11.9€M included in CF from financing activities)
- Cash EoP assumes 2.3€M of IPO Costs to reconcile with Audited Cash EoP.

#### Other comments

- Book Value sold includes 55.6€M of Development Book Value and 108.1€M of Legacy Book Value (additional 11.1€M book value sold of non-current assets included in CF from Investment Activities)
- Reconciliation with headline land acquisition (€286m): i) €271.2m paid for, ii) €7.9 m of pending urbanization works iii) €3.5m of closing costs (€1.9 already paid) and iv) €3.1m pre-construction costs (paid through CapEx)
- Change in Share Capital includes i) 100M€ of IPO Capital injection and ii) -4.2M€ of Treasury Shares



# BS: GROWING ASSET BASE

## BUSINESS RAMP-UP REFLECTED IN GROWING INVENTORIES

### Summary Balance Sheet (in €m)

€M	FY 2017	FY 2016	Change	
PPE	1,9	1,6	0,3	20,9%
Investment Property <sup>(1)</sup>	1,6	12,9	-11,3	-87,5%
Other Non-Current Assets	1,6	1,1	0,5	47,0%
<b>Non-Current Assets</b>	<b>5,1</b>	<b>15,5</b>	<b>-10,4</b>	<b>-67,2%</b>
Inventories	1.143,3	925,4	217,9	23,5%
<i>ow Liquidation<sup>(1)</sup></i>	83,1	206,5	-123,3	-59,7%
<i>ow Development</i>	1.060,1	718,9	341,2	47,5%
Debtors	53,7	29,6	24,1	81,4%
Cash & Equivalents	76,8	45,3	31,5	69,6%
<i>ow Not Available</i>	41,1	21,4	19,8	92,5%
<b>Current Assets</b>	<b>1.273,9</b>	<b>1.000,3</b>	<b>273,6</b>	<b>27,3%</b>
<b>Total Assets</b>	<b>1.279,0</b>	<b>1.015,8</b>	<b>263,1</b>	<b>25,9%</b>
<b>Equity</b>	<b>722,4</b>	<b>631,0</b>	<b>91,4</b>	<b>14,5%</b>
Bank Borrowings	17,9	26,6	-8,7	-32,8%
Other Non-Current Liabilities	0,2	0,4	-0,2	-46,5%
<b>Non-Current Liabilities</b>	<b>18,1</b>	<b>27,0</b>	<b>-8,9</b>	<b>-32,9%</b>
Bank Borrowings	399,8	277,1	122,7	44,3%
Creditors	55,1	49,2	5,9	12,0%
<i>ow Def. Land Payment</i>	0,0	11,9	-11,9	-100,0%
Other Current Liabilities	83,5	31,5	52,0	164,9%
<b>Current Liabilities</b>	<b>538,4</b>	<b>357,8</b>	<b>180,6</b>	<b>50,5%</b>
<b>Total Liabilities</b>	<b>1.279,0</b>	<b>1.015,8</b>	<b>263,1</b>	<b>25,9%</b>

€M	FY 2017	FY 2016	Change	
<b>WC Adjusted</b>	<b>1.100,9</b>	<b>920,0</b>	<b>180,9</b>	<b>19,7%</b>

**WC Adjusted** calculated as Inv. Property & Inventories + Debtors + Cash not available less Creditors (net of deferred land payment) less Other Current & Non-Current Liabilities

## €1.3BN BALANCE SHEET

€263M growth during FY

## LEGACY REDUCED BY 61%<sup>2</sup>

## €1.06BN IN DEVELOPMENT

€737M Land / €318M WIP

SAVILLS VALUATION 52% ABOVE BOOK VALUES

## STRONG LIQUIDITY POSITION

€100M+ of free cash + undrawn bridge loan

## €1.1BN WORKING CAPITAL

Increase of €180M+ compared to Dec. 2016

#### Other Comments

1. Legacy remaining book value is the result of adding investment property and liquidation inventories
2. Legacy stock BoP 2017 amounted to 219M€. The decrease to 85M€ of stock EoP 2017 is due to i) book value sold (108M€), ii) book value sold related to Non-current assets (11M€), iii) Impairment (7M€) and iv) perimeter change to development (8M€)



# NET DEBT: PRUDENT LEVERAGE MANAGEMENT

## LOAN-TO-VALUE AT 22% DESPITE ACCELERATION OF ACQUISITIONS

### Net Debt (in €m)

€M	FY 2017	FY 2016	Change	
<b>Gross Debt</b>	<b>417,7</b>	<b>315,6</b>	<b>102,1</b>	<b>32,4%</b>
<b>Non-Current Bank Borrowing</b>	<b>17,9</b>	<b>26,6</b>	<b>-8,7</b>	<b>-32,8%</b>
Corporate Financing	17,9	26,6	-8,7	-32,8%
<b>Current Bank Borrowing</b>	<b>399,8</b>	<b>277,1</b>	<b>122,7</b>	<b>44,3%</b>
Land Financing	236,3	200,9	35,4	17,6%
WIP	107,8	46,3	61,5	132,9%
No WIP	128,5	154,7	-26,1	-16,9%
Capex Financing	3,2	2,1	1,0	48,4%
Corporate Financing	134,3	66,9	67,4	100,8%
VAT Financing	25,5	6,9	18,6	269,8%
Interests	0,5	0,2	0,3	139,7%
<b>Other Debt</b>	<b>0,0</b>	<b>11,9</b>	<b>-11,9</b>	<b>-100,0%</b>
Deferred Land Payment <sup>1</sup>	0,0	11,9	-11,9	-100,0%
<b>Available Cash</b>	<b>35,7</b>	<b>23,9</b>	<b>11,8</b>	<b>49,1%</b>
<b>Net Debt</b>	<b>382,0</b>	<b>291,6</b>	<b>90,3</b>	<b>31,0%</b>

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

## NET DEBT €382M

Prudent debt policy during the ramp-up phase

## HEADLINE RATIOS IN CHECK

LTV 22%, LTC 33%

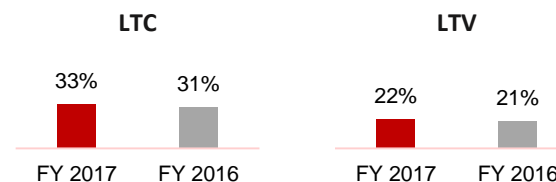
## BRIDGE LOAN: 51% DRAWN

€150M JP Morgan Facility Still with Dry Powder

## BALANCED BANKING POOL

All lenders < 20% of total

### Key Ratios (%)





# 3. 2018 Milestones & Challenges

# 2018 MILESTONES

## STEPPING UP THE EXECUTION

FOCUS ON SECURING THE 8,300 ACTIVE UNITS PROGRESS ON TIME / ON BUDGET

 Land Bank	<p><b>€ 200m+</b> OF LAND ACQUISITION</p>	<p>FIRST STRATEGIC LAND ACQUISITIONS</p>
 Launches	<p><b>2,500+</b> LAUNCHES</p>	<p>OPTIMIZE DESIGN TO VALUE AND DESIGN TO COST TO MAXIMIZE /SECURE MARGINS</p>
 Construction	<p><b>5,000+</b> CONSTRUCTION STARTS</p>	<p>IMPROVE TIMING TO WORKS LICENSES OBTENTION THROUGH ACTIVE MANAGEMENT</p>
 Pre-Sales	<p><b>€ 750m+</b> PRE-SALES</p>	<p>OPTIMIZE SALES PACE OF 4,500+ NEW UNITS ON THE MARKET TO MAXIMIZE CAPTURED HPA</p>
 Deliveries	<p><b>1,000+</b> DELIVERIES</p>	<p>POST-SALES MANAGEMENT BY NEINOR EXPERIENCE</p>
 Embedded Margins	<p><b>Margin Protection</b></p>	<p>CAPTURE HPA THROUGH LATER SALE / IMPROVED COST EFFICIENCY THROUGH CONSERVATIVE PHASING</p>
 Ancillary Businesses	<p><b>Full Legacy Disposal Servicing</b></p>	<p>FULL DISPOSAL OF €85M BOOK VALUE KEEP HIGH STANDARDS WITH 50%+ EBITDA MARGIN</p>
 Financials	<p><b>SOLID POSITIVE EBITDA</b></p>	<p><b>DISCIPLINED LTV BALANCE SHEET OPTIMIZATION</b></p>

# 2018 CHALLENGES

## SUSTAINING MARKET LEADERSHIP

MAINTAIN AND INCREASE 2-YEAR ADVANTAGE AMIDST GROWING COMPETITION

### Competition

3 listed players + newcomers

- ✓ Fragmented market, room for more disciplined competitors
- ✓ Forecasted consolidation starting to happen

### Land Price Inflation

More capital pushing up prices

- ✓ Discipline and track record of execution with sellers
- ✓ Big portfolio operations expected from non-natural holders
- ✓ Strategic land

### Transitional Cost Inflation

Running at c.5%

- ✓ Current transitional inflation based on labor shortages
- ✓ Expected to ease in next 12-18 months as supply chain adjusts
- ✓ Neinor Homes focused on better projects, industrialization and applying key learnings from almost 100 active sites
- ✓ Framework agreements with strategic suppliers

### HPA

National average c.5%

- ✓ Balancing visibility with additional HPA
- ✓ 2018 first full year of Tail/Jewel strategy

### Embedded Margins

Keep 24%+ gross margins in 2021 and beyond

- ✓ Crystalize embedded margins in existing portfolio (c.29%)
- ✓ Accretive acquisitions of portfolios, off-market, new regions

### Operational Challenge

Manage 100+ active sites

- ✓ Deepen industrialization in 2018 and 2019 to reach run-rate in 2020, up from the 300+ deliveries in 2017

### On-time Deliveries

Meet delivery targets

- ✓ More conservative phasing in 2018 and 2019 (1,000+ and 2,000+ units) to protect margin and improve earnings quality, and deliver run-rate of 4,000+ units p.a. from 2020 onwards

### Run Rate Guidance

Sustain 4,000+ pace after 2020

- ✓ Adapt the acquisitions program to replenish land-bank
- ✓ Increase the delivered unit gap vs. big competitors



# 4. Non-Financial Reporting



# TRANSFORMING THE SECTOR, REALLY

SEVERAL MILESTONES ACHIEVED HIGHLIGHTING THE COMPANY'S STRONG ETHICAL COMMITMENTS



## Environmental

- ✓ **Dehesa Homes** first site to obtain **BREEAM certification for finished product** / **27 BREEAM** certificates for projects in **design phase**
- ✓ **100% of developments launched in 2017 with A or B energy certification**
- ✓ Company offices had a **per capita 14% reduction in energy consumption** and **11% reduction in paper use**



## Social

- ✓ **Home Protect** – Insurance for clients to provide for job loss / death during construction period
- ✓ **Mobility Pack** – Agreement with Ilunion to provide solutions for the elderly and disabled in Neinor Homes developments
- ✓ Signed alliance with **Foretica**, a leading CSR association in Spain and Latin America



## Excellence

- ✓ **Achieved Global Excellence Award (EFQM 300+)** – **First Spanish residential developer** to obtain certificate after the crisis
- ✓ Certifications obtained/maintained: **ISO 9001** (Quality Management Systems), **ISO 14001** (Environmental Management) and **ISO 27001** (Information Security Management System), **UNE 166002** (R&D+Innovation) and **OHSAS 18001** (Occupational Health & Safety)
- ✓ **White Paper** (Neinor's Design and Construction Manual) currently in **version #11**



## Digital Transformation and Innovation

- ✓ Launched in 2017, resulted already in tools already being used based on **Big Data, Augmented Reality and Artificial Intelligence**
- ✓ **BIM: full implantation in design**, currently being integrated into construction and go-to market strategy
- ✓ **Neinor Next**: Launched in Q4 2017, selection of **10 selected prop-tech start-ups to work with pilots within Neinor Homes in Q1**



**Risk control - Integrated Governance, Risks and Compliance System** - Covering regulatory and operational aspects of Company's risk matrix



## Looking after all stakeholders

- ✓ **235 direct employees**: Gender balance + Career development + Mentoring + Agreements with 4 leading universities to hire interns
- ✓ **Indirect employees**: Neinor has created **13,000+ indirect construction jobs - Incident index 35% below the national average** in 2017
- ✓ **Suppliers: Code of Good Practices** for Land Brokers; **Pre-Qualification and Periodic Audits** to suppliers (232 conducted in 2017)
- ✓ **Clients: 3.2 out of 4.0 customer satisfaction** in latest survey (January 2018, 899 responses)
- ✓ **Investment Community (shareholders and research analysts)**: pro-active, transparent and two-way communication channel to communicate with all investors and analysts regarding results and strategy



# 5. Key Take-Aways

# KEY TAKE-AWAYS



**Continued strong recovery in the Spanish homebuilding sector and supply-demand imbalance providing visibility for long term growth**



**Excellent operational progress in 2017 consolidating first mover advantage: only Spanish listed homebuilder with 8,300+ active units and clear revenue visibility**



**Confirmation of increased run-rate to 4,000+ units per year**



**Re-profiling of 2019 to maximize returns through HPA in a bullish market, and ensuring operational efficiency through cost control design**



**Strong visibility of 2018 guidance given launches, pre-sales and progress on sites under construction**

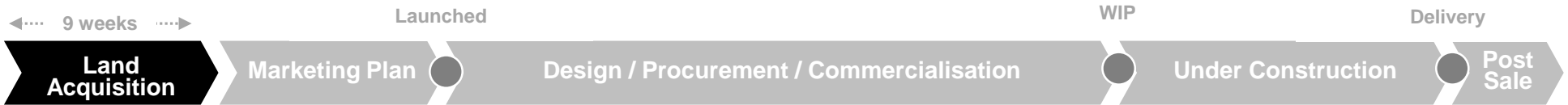
# Q&A





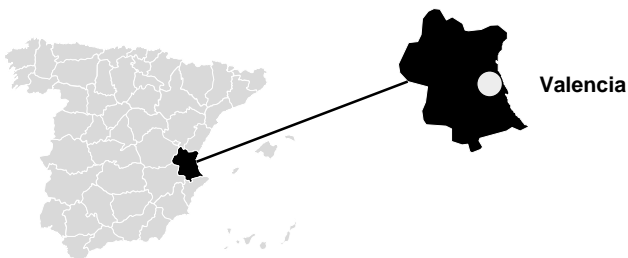
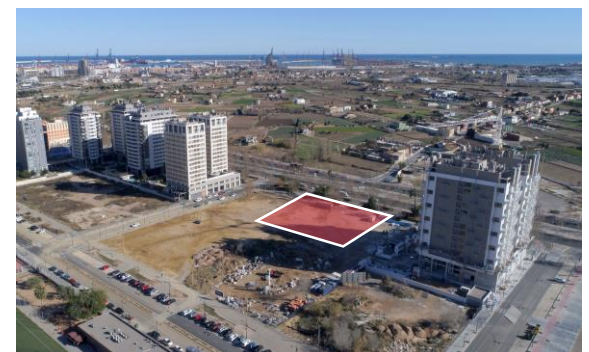
# 6. Case Studies

# Acquisition: Quatre Carreres, Valencia (Levante)



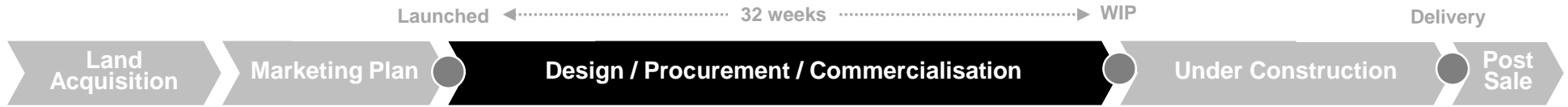
- ✔ Quatre Carreres is a consolidated residential area of Valencia with more than 75,000 inhabitants and is located 2 km South the city centre
- ✔ Medium-sized land plot that allows the development of a mid-quality residential complex

<b>Location</b>	Valencia
<b>Units (#)</b>	96
<b>Sqm</b>	12.979
<b>Acquisition Date</b>	November 2017
<b>Seller Type</b>	Investment Fund
<b>Angle</b>	Execution Track Record
<b>Legal Due Diligence</b>	Uría
<b>Technical Due Diligence</b>	Hill International
<b>Target Gross Margin(%)<sup>(1)</sup></b>	c. 25% <sup>(1)</sup>



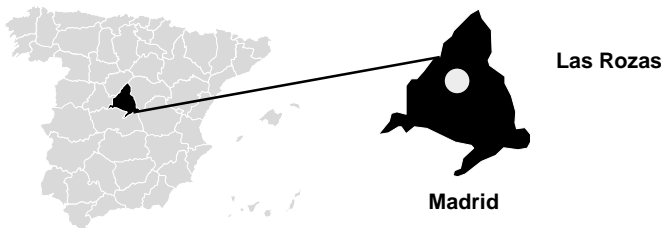
(1) Target Gross Margin refers to the project level gross margin in the business plan

# Launched: Amara Homes, Las Rozas de Madrid (Center)



- ✓ The project comprises 316 residential units located in Las Rozas, a consolidated residential area located 20 km North West of the city centre
- ✓ Las Rozas has c. 100,000 inhabitants and is the municipality with the 5th highest income per capita in Spain
- ✓ The company will develop mid-high quality residential units of 2, 3, and 4 bedrooms
- ✓ Commercialization will start in Q1 2018

<b>Location</b>	Las Rozas, Madrid
<b>Units (#)</b>	316
<b>Sqm</b>	72.564
<b>Commercialisation Start</b>	Q1 2018
<b>Architect</b>	L-35
<b>Broker</b>	Knight Frank
<b>Target Gross Margin (%)<sup>(1)</sup></b>	c. 25% <sup>(1)</sup>



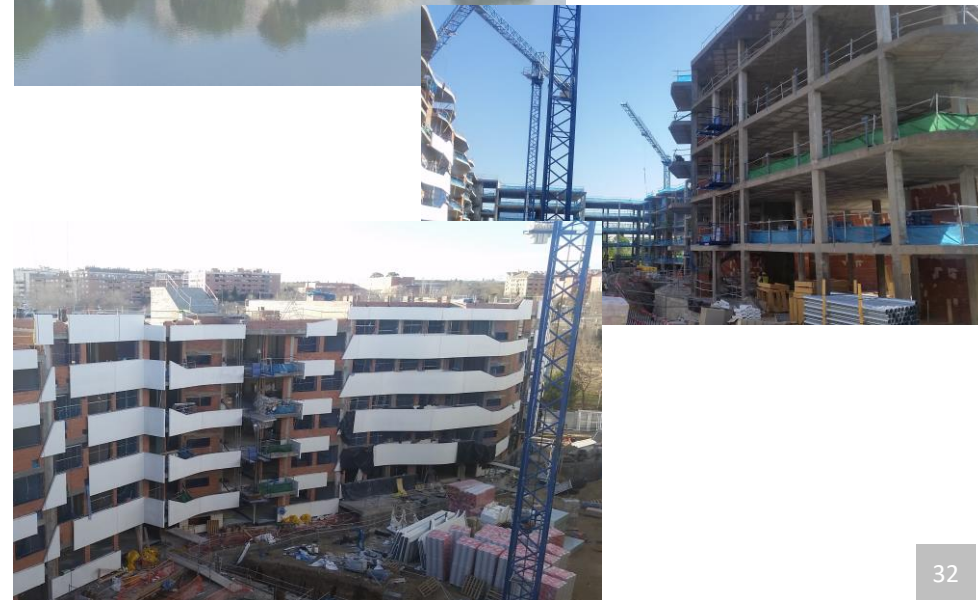
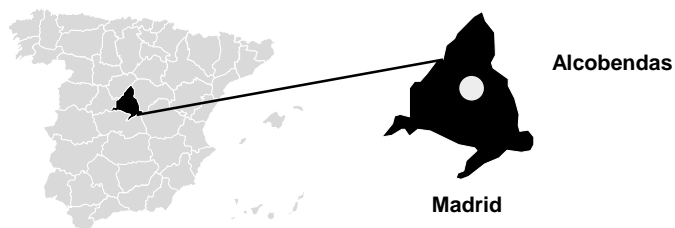
(1) Target Gross Margin refers to the project level gross margin in the business plan

# WIP: Atria Homes, Alcobendas (Center)



- ✓ Atria Homes is a residential complex located in Alcobendas, a municipality located 10 km North from the city centre
- ✓ Alcobendas has more than 110,000 inhabitants and is the in the municipality with the 9th highest income per capita in Spain
- ✓ The company is developing mid-high quality residential units of 2, 3, and 4 bedrooms
- ✓ The delivery is expected for Q4 2018

<b>Location</b>	Alcobendas, Madrid
<b>Units (#)</b>	148
<b>Sqm</b>	18.299
<b>Construction Company</b>	Sodelor
<b>Degree of Progress</b>	37%
<b>Expected Delivery</b>	Q4 2018
<b>% of Pre-sales to date</b>	94%
<b>Budget/Costs (2)</b>	On budget
<b>Timing</b>	On time
<b>Target Gross Margin (%)<sup>(1)</sup></b>	Above 30%





# APPENDIX



## Savills Appraisal December 2017 – Regional Detail

- ✓ 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
- ✓ Average discount rate at 10%

	North	Center	East	Levante	South East	South West	TOTAL	TOTAL 31.12.16	DIFF	%
Total Number of Units	2.553	2.663	1.985	1.129	2.928	1.214	12.472	9.025	3.447	28%
Total Buildability Area (sqm)	288.283	335.749	223.869	127.395	331.809	161.689	1.468.792	1.036.131	432.661	29%
Gross Development Value (€m)	728	929	659	256	756	321	3.649	2.549	1.100	30%
Average Selling Price per Unit (€)	285.224	348.919	331.787	226.908	258.133	264.318	292.561	282.385	10.176	3%
Average Price per Sqm (€)	2.526	2.767	2.942	2.011	2.278	1.985	2.484	2.460	25	1%
Costs Pending to Complete (€m)	271	335	202	120	340	148	1.416	1.021	395	28%
Construction Costs per Unit (€)	106.149	125.789	101.670	106.221	116.092	121.910	113.504	113.077	428	0%
Construction Costs per Sqm (€)	940	998	901	941	1.024	915	964	985	-21	-2%
Valuation (€m)	357	432	374	79	247	122	1.610	1.120	490	30%
Valuation per Sqm (€)	1.238	1.286	1.669	620	745	753	1.096	1.081	15	1%



Riverside Homes – Madrid (Center)