

Neinor
H O M E S

9M22 RESULTS

Nov 2022

STRONG PERSPECTIVES
OF CASH FLOW
GENERATION





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**9M22
RESULTS:
KEY
TAKEAWAYS**



Neinor
HOMES

1

**9M22
RESULTS:
KEY
HIGHLIGHTS**

SKY HOMES



Delivery: **4Q22**



Units: **429**



Region: **Levante**



9M22 RESULTS: KEY HIGHLIGHTS

NAVIGATING MACRO UNCERTAINTY WITH A UNIQUE STRATEGY AND STRONG RESIDENTIAL FUNDAMENTALS

1

9M22 RESULTS: 1,548# DELIVERIES, €506mn REVENUES, €81mn EBITDA, €53mn ADJ. NET INCOME¹

▶ **REITERATE FY22 GUIDANCE** with **2,500-3,000# DELIVERIES** and **€140-160mn EBITDA**

2

STEADY BUSINESS PLAN EXECUTION AND DE-RISKING STRATEGY

- ▶ **GOOD VISIBILITY²** for upcoming years with **c8,400# ACTIVE** and **c5,900# WIP&FP** strategically split between BTS and BTR products
- ▶ **COMMERCIALIZATION PERFORMANCE REMAINS RESILIENT (6.1%³)**, above long-term avg. of 4.8%
- ▶ **TIGHT COST CONTROL INITIATIVES** to protect margins and shareholders' value
- ▶ **NO REFINANCING RISK** on corporate debt until 2026 with a fixed cost of c4%
- ▶ **VARIABLE INTEREST RATE RISK FULLY HEDGED** through the acquisition of **€300mn** caps at **2%** covering **100%** of capex financing until 2026-27

3

FOCUS ON CASH FLOW GENERATION AND SHAREHOLDER REMUNERATION

- ▶ **DIVIDEND** of **€100mn** paid during 2022
- ▶ **SHARE BUYBACK** of **€20mn** executed – currently own c5.7mn treasury shares (c7.1% share capital)
- ▶ **EXPECTED CASH POSITION** of **+€250mn⁴** by 22YE

1. Adjusted for non-recurrent expenses. 2. As of Dec22. 3. LTM net pre-sales calculated over units pending commercialization. 4. Total cash position.

9M22 RESULTS: KEY HIGHLIGHTS

NAVIGATING MACRO UNCERTAINTY WITH A UNIQUE STRATEGY AND STRONG RESIDENTIAL FUNDAMENTALS



DEVELOPMENT ACTIVITY

c12,100#

LAND
BANK

c600#

LAND
ACQUISITIONS

5,607#

ACTIVE

3,614#

WIP & FP

2,518# (€679mn)

ORDERBOOK

1,548#

DELIVERIES

6%

HPA¹

1,251#

GROSS PRE SALES²



RENTAL PLATFORM

c3,700#

LAND
BANK

1,125#

HMB³

3,160#

BTR PIPELINE⁴

542#

OPERATING

96%

OCCUPANCY⁵

28%

EFFORT RATE

€4.9mn

PASSING GRI^{5,6}

15%

RENT INCREASE⁷



FINANCIALS

- ▶ **€506mn** TOTAL REVENUES
- ▶ **€81mn** EBITDA
- ▶ **€53mn** ADJ. NET INCOME⁸
- ▶ **11%** ROE
- ▶ **€456mn** ADJ. NET DEBT (25% LTV)
- ▶ **€175mn** CASH
- ▶ **€1,791mn** GAV⁹

1. Applied over units pending commercialization. 2. Net pre-sales stood at 1,082#. 3. Equivalent to 25% stake in Habitatge Metròpolis Barcelona (HMB) joint venture (4,500#). 4. At the date of presentation and excluding HMB. 5. Stabilized portfolio at the date of presentation. 6. Excluding incentives. 7. 13% including Catalonia where rents are regulated. 8. Adjusted for one-offs. 9. Includes Neinor's stake on HMB.




Neinor
HOMES

2

**BUSSINES
PERFORMANCE
REVIEW**

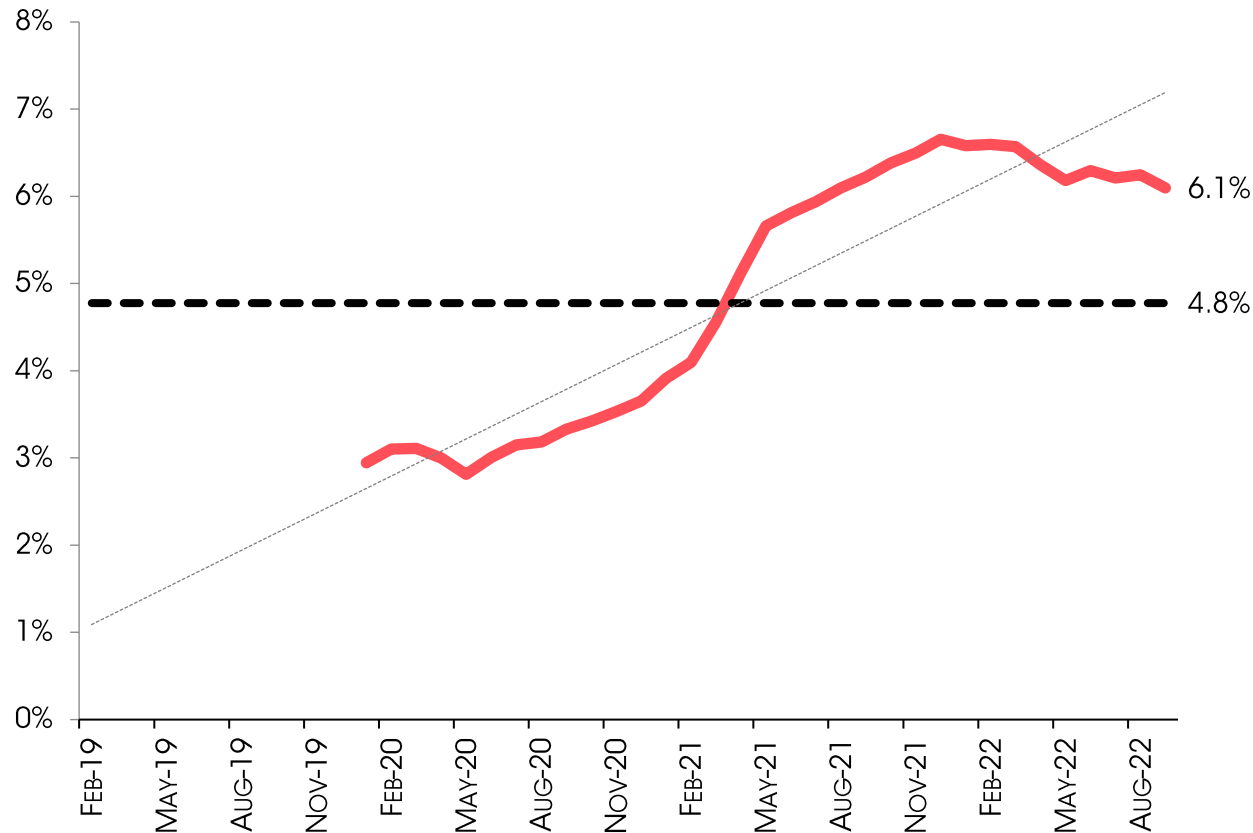
ARTOLA HOMES

 Delivery: **4Q21**

 Units: **56**

 Region: **South East**

MONTHLY NET ABSORPTION RATE¹ (%)



1. Calculated with LTM net monthly pre-sales and units pending commercialization.



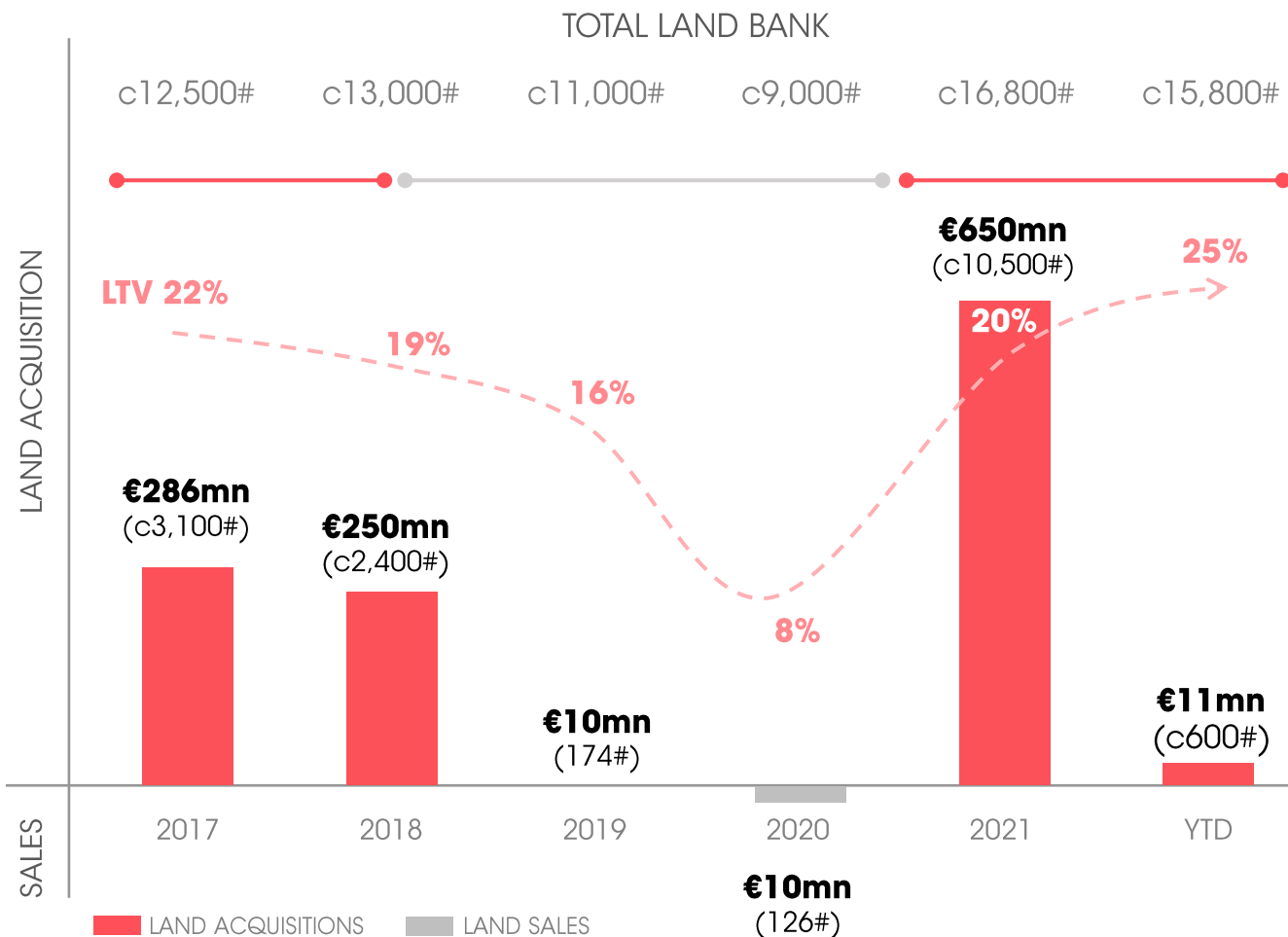
Commercial activity

- ▶ **Orderbook:** 100% and 55% of 22-23 target deliveries already pre-sold, fully aligned with business plan curves
- ▶ **Commercial strategy:** No changes in HPA and CCI expectations in order to protect margins (c6% and c10%, respectively)
- ▶ **Net absorption rate:** Remained resilient during at 6.1% vs long-term average of 4.8%
- ▶ **Cancellation rates:** Continue at historical low levels of c1%. Neinor costumers without troubles in obtaining mortgages from Spanish banks

BUSINESS PERFORMANCE REVIEW: DEVELOPMENT ACTIVITY

PROVEN CAPACITY TO READ INVESTMENT CYCLE TOGETHER WITH HIGHLY DISCIPLINED APPROACH

HIGHLY DISCIPLINED INVESTMENT STRATEGY



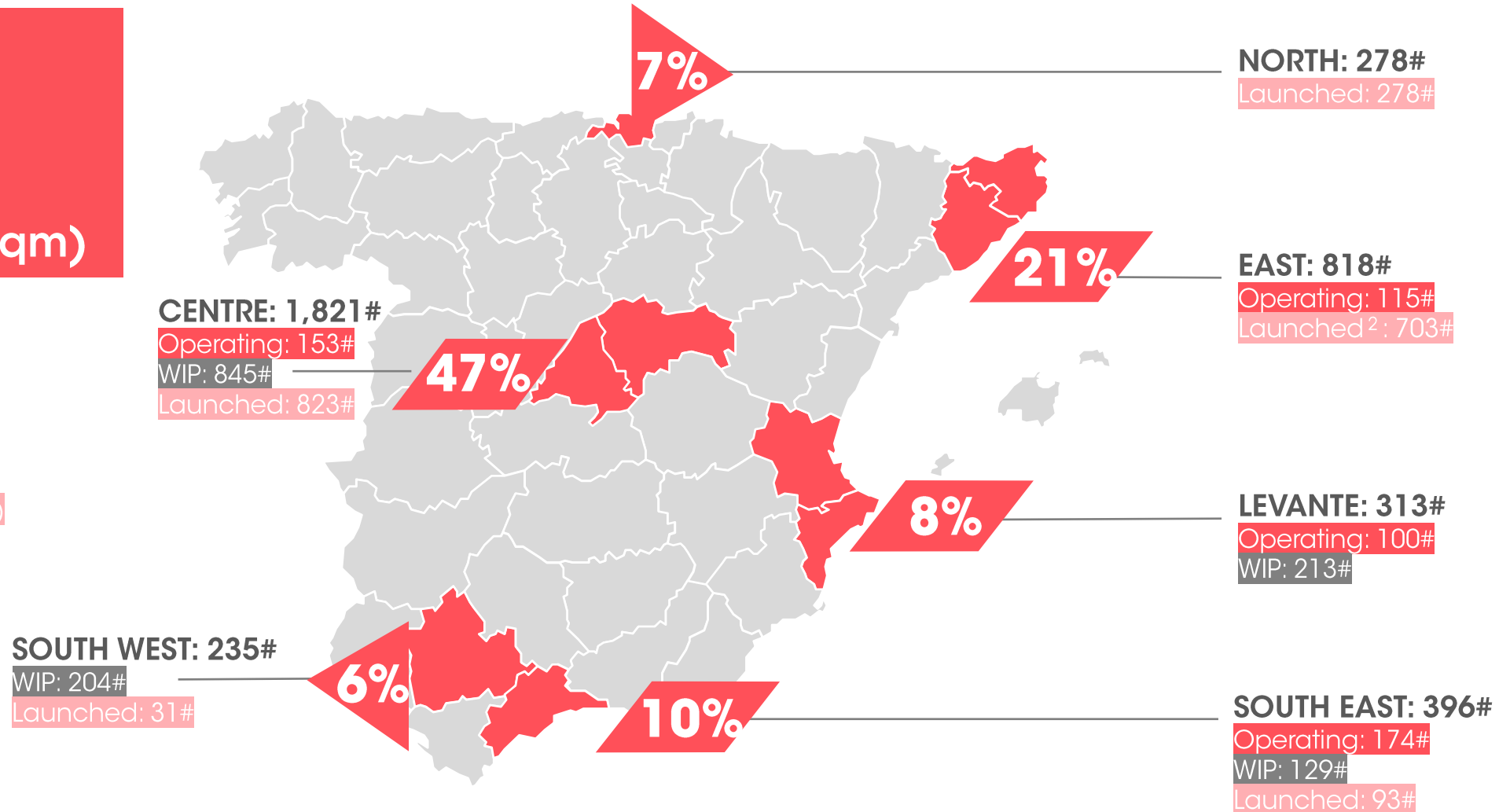
Land acquisitions activity

- ▶ **Land bank:** Sitting on one of the biggest land banks (c€1.8bn GAV) in our history that was bought opportunistically and is concentrated in the Top-6 regions
- ▶ **Land acquisitions:** c20% IRR deals over c600# located in strategic areas for Neinor
- ▶ **Capital allocation:** Given macroeconomic uncertainty and current land bank visibility, capital allocation focus is shifting towards cash flow generation and to increase shareholder remuneration

Total: 3,861#^{1,2}
GRI: +€42mn^{2,3}
GAV: +€900mn
 =€260k/#
 =€2,600/sqm)

PORTFOLIO SNAPSHOT:

Operating: 542# (14%)
 WIP¹: 1,669# (43%)
 Launched^{1,2}: 1,650# (43%)

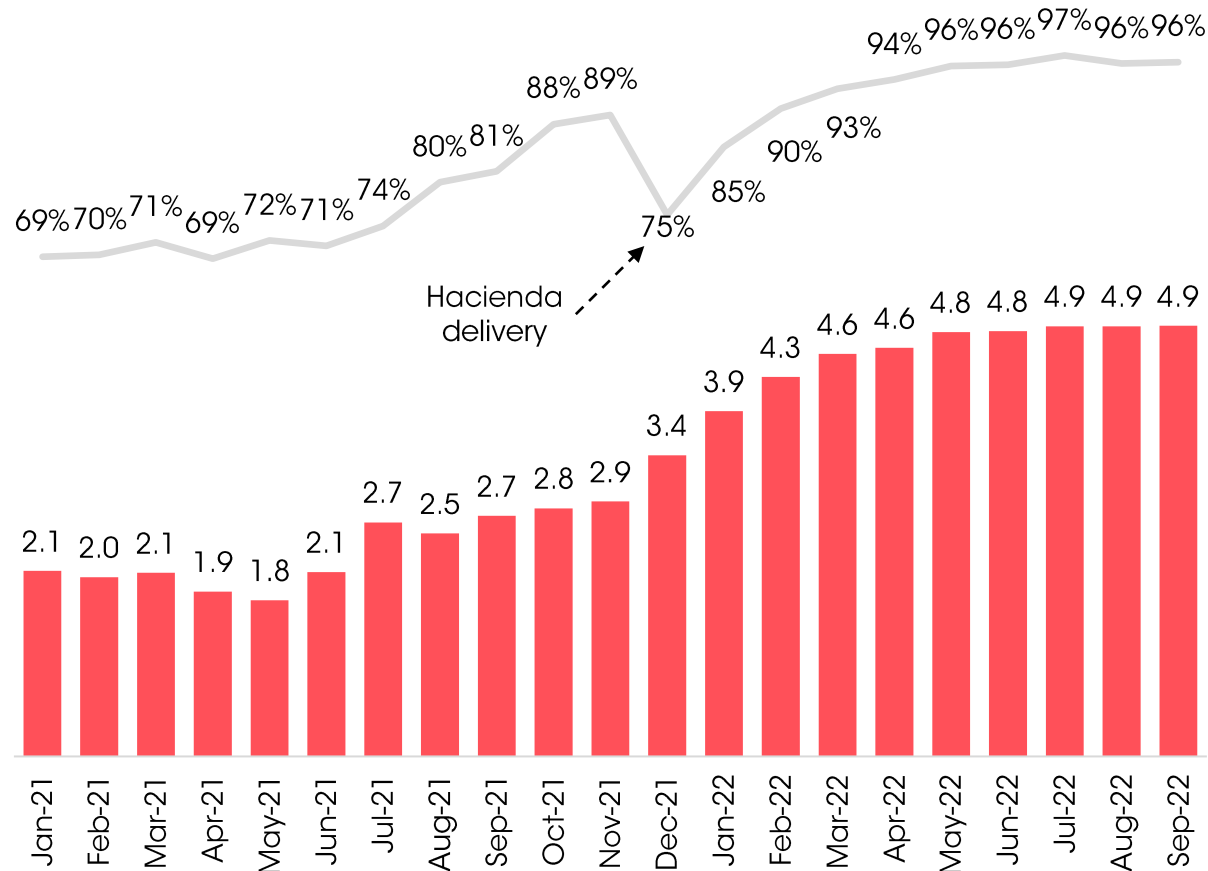


1. At the date of presentation. 2. Includes HMB launches with Neinor's 25% stake. 3. Target stabilized rents.

BUSINESS PERFORMANCE REVIEW: RENTAL PLATFORM

EXCELENT OPERATING PERFORMANCE WITH 15% RENTAL GROWTH AND BEATING INFLATION

EVOLUTION OF PASSING GRI¹ AND OCCUPANCY



Rental activity

- ▶ **Rents:** 121 contracts renegotiated YTD with c15%² rental growth showing the strong underlying dynamics of the Spanish rental market
- ▶ **Occupancy:** Stabilized at 96%, slightly above full occupancy target of 95%
- ▶ **Next deliveries:** In the process of delivering c400# (Sky Homes, Buena Vista and Europa Homes) with strong pre-commercialization indicators (+1,600 potential tenants)

1. Excluding rent incentives. 2. 13% including Catalonia where rents are regulated.





Neinor
HOMES

3

FINANCIAL PERFORMANCE REVIEW

ROYAL HOMES

 Delivery: 4Q21

 Units: 49

 Region: South East

FINANCIAL PERFORMANCE REVIEW

FULLY ON TRACK TO MEET FY22 GUIDANCE OF €140-160MN EBITDA

(€mn)	9M21	9M22	YoY (%)	LTM
Total revenues	498.9	506.1	1%	923.2
Gross profit	136.4	132.5	-3%	240.8
Margin (%)	27.3%	26.2%	-1.1 pp	26.1%
Adj. EBITDA	84.1	81.4	-3%	138.8
Margin (%)	16.9%	16.1%	-0.8pp	15%
Adj. Net income¹	61.3	53.0	-14%	101.1
Shareholders' equity	923.6	879.1	-5%	-
EPS ^{1,2} (€/sh)	0.74	0.67	-9%	1.26
ROE ^{1,3} (%)	13%	11%	-2.2 pp	-
Adj. net debt	524.9	456.4	-13%	-
ND/EBITDA ³ (x.x)	3.1	3.2	4%	-
LTV (%)	25%	25%	+0.2 pp	-
GAV	2,078	1,791	-14%	-



Key financials

- ▶ **Total revenues:** Slightly higher at €506mn (+1% YoY) as the negative impact from discontinuing the servicing contract (May) was fully offset by higher development revenues
- ▶ **Adj. EBITDA:** Stood at €81mn (-3% YoY) with slightly lower margins (-0.8pp YoY) also impacted by the Servicing business, which had higher margins
- ▶ **Adj. net income:** Reached €53mn (-14%) and the difference is mainly attributed to the higher developer BTR margin recorded during 2021 (€11.6mn). This gap is expected to be closed during 4Q22 as 2022 BTR deliveries take place
- ▶ **Adj. net debt:** Increased QoQ to €456mn driven by higher land investments (-€21mn during 3Q22) and the dividend payment (c€50mn). LTV remains at a conservative level of 25%

FINANCIAL PERFORMANCE REVIEW

FULLY ON TRACK TO MEET FY22 GUIDANCE OF €140-160MN EBITDA

(€mn)	9M21	9M22	YoY (%)	LTM
Development				
Deliveries (#)	1,471 ¹	1,548	5%	2,811
ASP (€/#)	323	310	-4%	314
Devel. revenues²	477.6	492.6	3%	901.8
Other revenues ³	19.7	10.3	-48%	17.4
Total revenues	497.3	502.8	1%	919.2
Gross profit	134.8	129.2	-4%	236.7
Margin (%)	27.1%	25.7%	-1.4pp	25.8%
Contribution profit	107.2	102.7	-4%	172.6
Margin (%)	21.6%	20.4%	-1.1pp	18.8%
Rental				
Occupancy (%)	74%	92%	+18.4pp	
Monthly rent (€)	601	736	+23%	
GRI	1.6	3.3	109%	
Property expenses	-1.0	-1.1	7%	
NRI	0.6	2.3	307%	
Margin (%)	35%	68%	+33.1pp	



Segment results

Development business

- ▶ **Revenues:** Stood at €493mn (+3% YoY) with 1,548# notarized (+5% YoY) and lower ASP of €310k/# (-4% YoY).
- ▶ **Gross profit:** Margins decreased YoY (-1.4pp YoY) mainly due to the 48% YoY reduction in other revenues.

Rental business

- ▶ **Avg. Occupancy:** Increased by 18pp YoY to 92%, driven by higher occupancy at both Sardes and Hacienda
- ▶ **GRI:** €3.3mn (+109% YoY) due to the reversionary potential of the Sardes portfolio and Hacienda BTR delivery
- ▶ **NRI:** GRI doubled while property expenses were only slightly up (+7%) driving +300% NRI growth and higher margins (+33pp)

1. Deliveries notarized in the P&L. 2. Development revenues include legacy and construction activity. 3. Other revenues includes Servicing and Renta Garantizada.





Neinor
HOMES

4

**9M22
RESULTS:
KEY
TAKEAWAYS**

TORRESOLO HOMES

 Delivery: **2Q22**

 Units: **122**

 Region: **North**

9M22 RESULTS: KEY TAKEAWAYS

NAVIGATING MACRO UNCERTAINTY WITH A UNIQUE STRATEGY AND STRONG RESIDENTIAL FUNDAMENTALS

1

SPANISH RESI FUNDAMENTALS REMAIN INTACT WITH A GROWING IMBALANCE BETWEEN DEMAND AND SUPPLY

- ▶ **NEW HOUSEHOLD CREATION +161k** during 2021 (+29% YoY); 2022-37 projects suggest annual household growth of **181,000** (Statistics Spain)
- ▶ **SIGNIFICANT CONCENTRATION EFFECT** with **c75%** of total household growth forecasted (**c2mn**) located in Neinor's strategic regions
- ▶ **NEW SUPPLY REDUCING** new homes finished reached **84,000** in 2021 ▶ **NO UNSOLD STOCKS** in Neinor's Top-6 regions
- ▶ **BUILDING PERMITS ARE DOWN** from April to August 2022 by **-10% YoY**

2

A UNIQUE CAPACITY TO GENERATE CASH FLOW IN THE SHORT TO MEDIUM-TERM

- ▶ **ACTIVE BTS PORTFOLIO** (9M22) with **c5,600#** of which **c50%** is already pre-sold and expected to generate **+€700mn** operational cash flow
- ▶ **ACTIVE BTR PORTFOLIO** with **3,861#**, of which, **68%** is located in Madrid and Barcelona will generate a **+€42mn** GRI at an affordable monthly rent of **c€1,000/#**
 - ▶ **POTENTIAL +€900mn GAV**, at a conservative **c€260k/# (c€2,600/sqm)**, below our current retail prices. Analyzing different strategies to **ACCELERATE AND CRYSTALIZE VALUE FOR SHAREHOLDERS**
- ▶ **A DE-RISKED BUSINESS MODEL, A UNIQUE CAPACITY TO GENERATE CASH FLOW** while pursuing equity efficient strategies to improve shareholder returns



Neinor
HOMES

A APPENDIX

ALMENARA HOMES

🔑 Delivery: **1Q22**

🏠 Units: **117**

📍 Region: **South East**

APPENDIX INCOME STATEMENT¹

(€mn, unless stated otherwise)	9M21	9M22	Change (%)
Revenues	498.9	506.1	1%
Gross profit	136.4	132.5	-3%
Margin (%)	27.3%	26.2%	-1.1 pp
Operating expenses	-30.1	-27.6	-9%
Overheads	-22.1	-23.8	7%
Adj. EBITDA	84.1	81.4	-3%
Margin (%)	17%	16%	-0.8 pp
Developer BTR margin	11.6	0.0	-100%
EBITDA	95.7	81.4	-15%
Margin (%)	19.2%	16.1%	-3.1 pp
One-offs	-4.5	-3.0	-33%
EBITDA w/ one-offs	91.2	78.4	-14%
D&A and other ²	-4.1	-0.2	-95%
EBIT	87.1	78.2	-10%
Net financial costs	-13.4	-16.2	21%
EBT	73.7	62.0	-16%
Corporate income tax	-15.8	-11.2	-29%
Net income	57.8	50.8	-12%
Adj. net income³	61.3	53.0	-14%
Adj. EPS^{3,4}	0.78	0.71	-8%

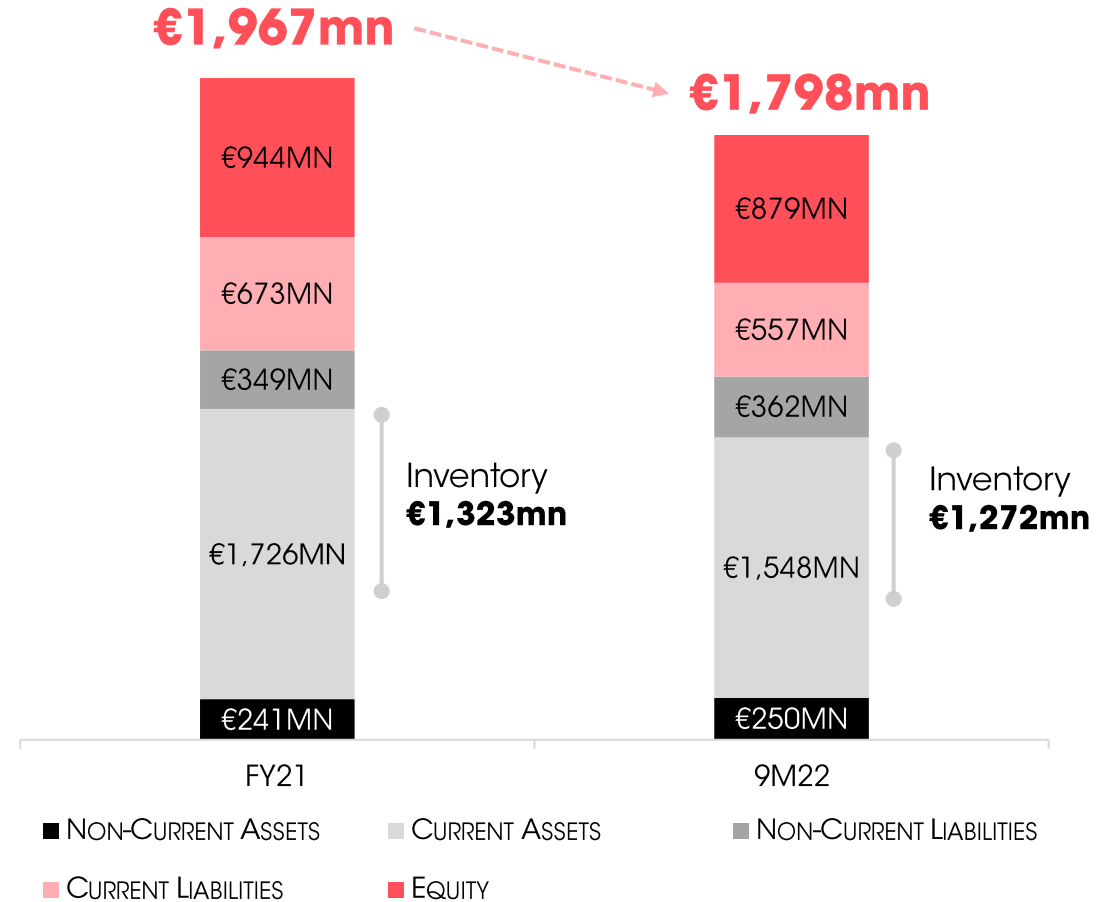
9M22 REVENUE BRIDGE



1. Development activity includes residential services and construction. 2. Includes changes in fair value of investment properties. 3. Adj. net income excludes non-recurrent expenses. 4. Adj. EPS adjusts for treasury shares.

(€mn, unless stated otherwise)	FY21	9M22	Change (%)
Investment property	105.6	106.5	1%
Other non-current assets	36.7	50.5	38%
Deferred tax assets	98.3	93.0	-5%
Non-current assets	240.7	250.0	4%
Inventories	1,322.7	1,272.1	-4%
Other current assets	93.7	100.6	7%
Cash & equivalents	309.6	175.2	-43%
Current assets	1,726.0	1,547.9	-10%
Total assets	1,966.7	1,797.9	-9%
Equity	944.5	879.1	-7%
Bank borrowings	44.8	63.0	40%
Other non-current liabilities	304.1	299.2	-2%
Non-current liabilities	348.9	362.2	4%
Bank borrowings	213.9	165.5	-23%
Creditors	348.4	289.8	-17%
Other current liabilities	111.0	101.3	-9%
Current liabilities	673.3	556.6	-17%
Total liabilities	1,022.2	918.8	-10%
Shares outstanding (mn)	80.0	80.0	0%
Treasury shares (mn)	3.6	5.7	57%

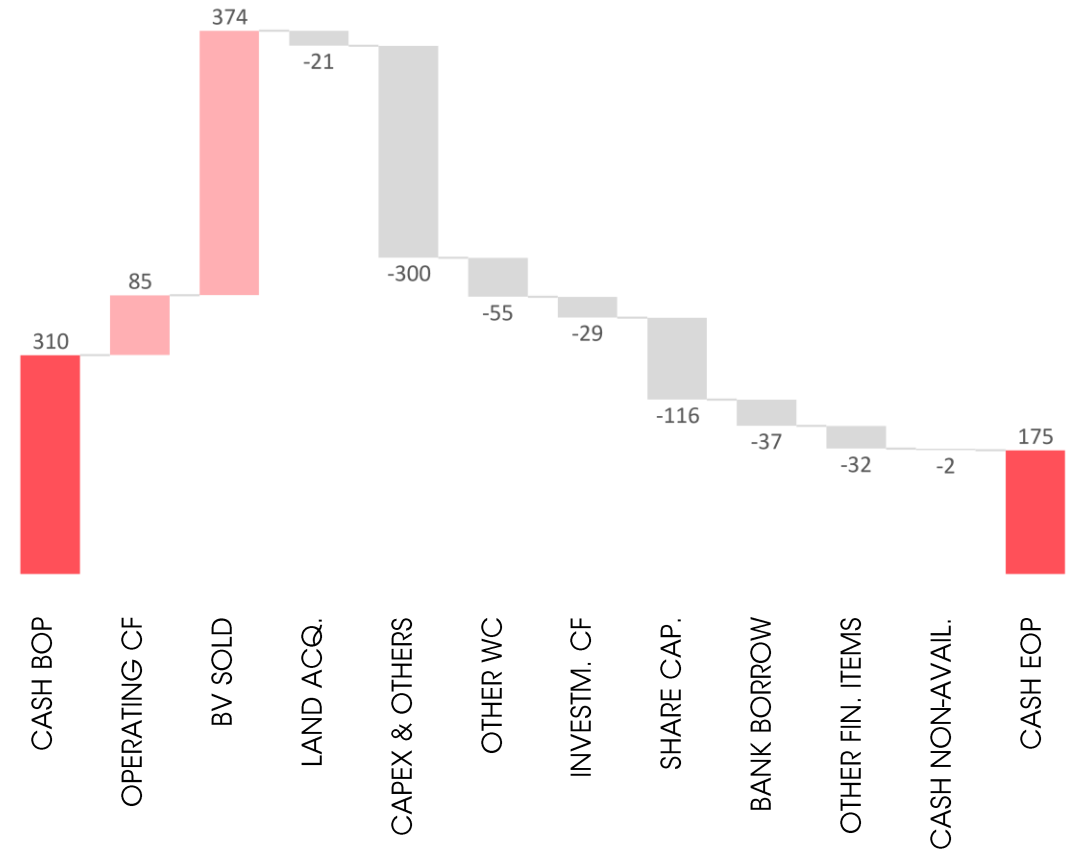
CHANGES IN BALANCE SHEET



APPENDIX CASH FLOW STATEMENT

(€mn, unless stated otherwise)	9M21	9M22	Change (%)
EBT	73.7	62.0	-16%
Adjustments	1.5	22.7	N.M.
CF from operating activities	75.2	84.7	13%
Working capital change	-52.0	-2.5	-95%
Change in inventories	12.3	52.9	331%
Book value sold	362.5	373.7	3%
Land acquisition	-139.9	-21.1	-85%
Capex & others	-210.3	-299.7	42%
Other WC change	-64.3	-55.4	-14%
Net operating cash flow	23.1	82.2	255%
CF from investing activities	-69.1	-29.2	-58%
CF from financing activities	33.1	-185.3	N.M.
Change in share capital/premium	-53.6	-116.2	117%
Change in bank borrowing & other	54.7	-36.9	N.M.
Change in deferred land debt	46.7	-15.1	N.M.
Net financial costs	-13.4	-16.1	21%
Proceeds from leasing & other	-1.4	-1.0	-26%
Net cash flow	-12.9	-132.3	928%

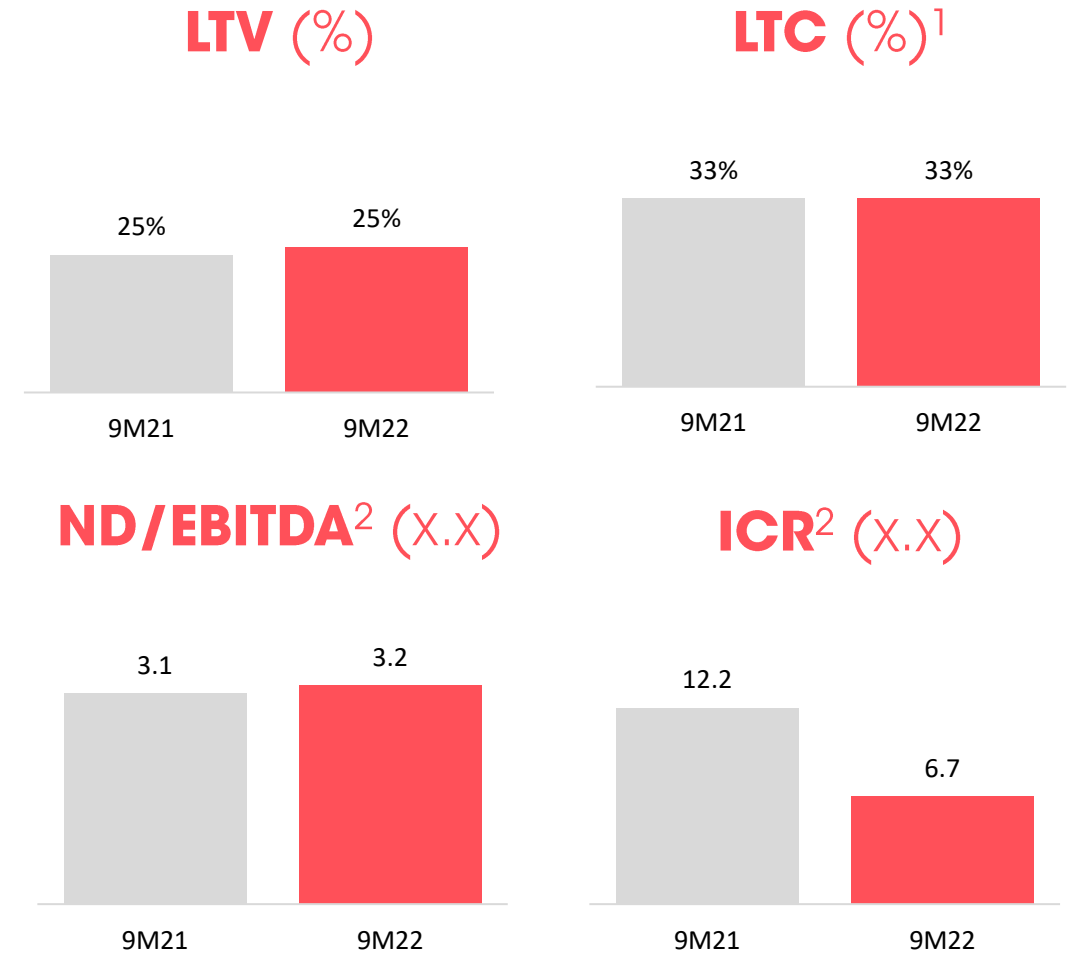
YTD CASH FLOW BRIDGE



APPENDIX

NET DEBT POSITION

(€mn, unless stated otherwise)	9M21	9M22	Change (%)
Gross debt	697.3	515.0	-26%
Non-current liabilities	327.7	343.0	5%
Bank borrowing	31.1	63.0	103%
Corporate financing	0.1	20.0	N.M.
Real Estate financing	31.0	42.9	38%
Financial liabilities	296.6	280.0	-6%
Current liabilities	369.6	172.0	-53%
Developer loan	295.7	130.3	-56%
Land	57.9	13.7	-76%
Capex	237.8	116.6	-51%
Land financing	60.2	33.2	-45%
Corporate financing & other	13.8	8.6	-37%
Cash & equivalents	291.1	175.2	-40%
Net debt	406.2	339.8	-16%
Adjustments	118.7	116.6	-2%
Deferred land payment	84.1	78.8	-6%
Restricted cash	34.6	37.9	9%
Adj. net debt	524.9	456.4	-13%



1. Loan-to-cost calculated with inventories at cost and investment properties at market value. 2. Last twelve months.



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