

MAIRENA HOMES - SEVILLA
DELIVERED Q2 2020



Neinor
HOMES

H1 2020

RESULTS PRESENTATION

> 30th JULY 2020

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Business &
Financial Review

2

Q&A

A

Appendix

H1 2020 EXECUTIVE SUMMARY



Profitability despite the COVID outbreak:

- > **€100m+ revenues / 28% gross development margin / €15m EBITDA**



Sales and Construction Progress:

- > Commercial activity recovery: **pre-sales of 225 units in June** (332 in Q2)
- > **686 units pre-sold in H1** taking order book above 3,000 units
- > **49 sites (4,500+ units) WIP + c.350 units finished (in notarization)**



Rental Platform: 300 units in Construction + 300 to start works in the upcoming months

SHORT-TERM CONTINGENCY PLAN EXECUTED

Capex and corporate financing:



- > 100% developer financing committed for 2020, 2021 and most 2022 developments - **c. €280m signed YTD (c. €250m since April¹)**
- > **New €40m corporate line** to strengthen cash position

Strong pre-sales: 332 units sold in Q2 (225 pre-sales in June)



- > Implementation of Virtual Visits
- > First Units pre-sold 100% online



- > **Exceptional cash position** with €130m+ on balance sheet **to face the new opportunities arising in the market**

¹ Including c. €130m signed in July



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Business & Financial Review



ALBORADA HOMES – MALAGA
Delivered Q2 2020

H1 2020 OPERATING HIGHLIGHTS

JUNE 2020 SNAPSHOT

H1 2020 PROGRESS



Development Activity

10,500+ units
LandBank

c. 5,000 units
WIP & FP

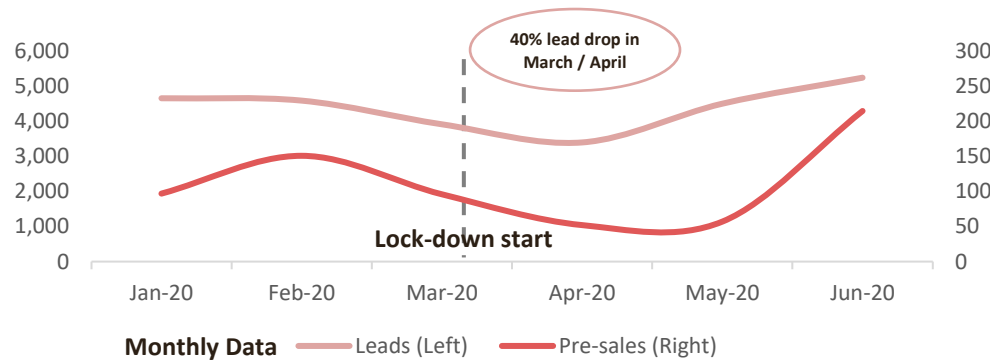
Licenses
600 obtained
600+ acc. submitted⁽¹⁾

500+
WIP Starts

254
Deliveries



Leads



4,500+ leads⁽²⁾

In June, same as before the crisis

Strong curve recovery

In leads and sales



Pre-Sales Activity

3,013 (€980m+)
Orderbook units

686 units
Pre-sold in H1

No spike in cancellations⁽³⁾
In line with previous years



Order Book Quality


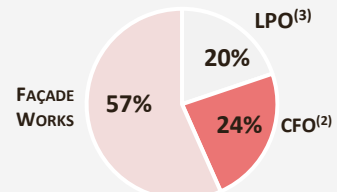

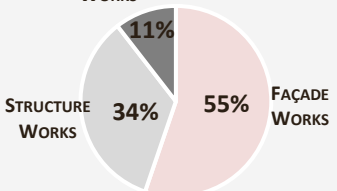
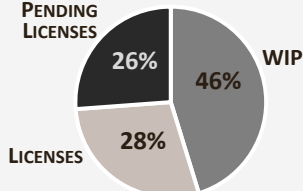
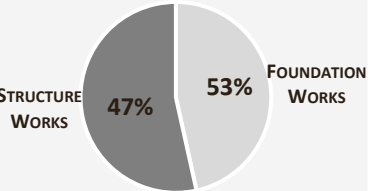
81%
Contracts

16%
Avg. paid up-front (of 20% deposit)

2,042 (c.68%)
Units with Family Home Protection

Note: Pre-sales rate as of June 2020. ⁽¹⁾ Average accumulated time since submission of licenses is c.18 months. These 600+ units for which license have been requested, are in addition to the c.5,500 units that already had licenses as at June 2020 ⁽²⁾ For detail on weekly leads evolution see Appendix ⁽³⁾ Trailing 12-month cancellation ratio of reservations, excluding the one-off effect of rental launch related cancellations, is 6.2% at the end of June. Cancellations for private contracts are <1%.

DEVELOPMENT STATUS

	STATUS	WIP STATUS ¹	REVENUE VISIBILITY	
2020	<p>15% DELIVERED</p> 		<p>CURRENT PRE-SALES 83%</p>	<ul style="list-style-type: none"> • c.600 units delivered or in delivery process • 254 units delivered by Jun. 30th • c.350 units in delivery process • Awaiting LPO³ for 400 units
2021	<p>100% WIP 100% LICENSES</p> 		<p>CURRENT PRE-SALES 50%</p> <p>EXPECTED PRESALES BY YEAR-END ~65%</p>	<ul style="list-style-type: none"> • 55% of units started façade works • 50% of units already pre-sold
2022			<p>CURRENT PRE-SALES 30%</p> <p>EXPECTED PRESALES BY YEAR-END ~40%</p>	<ul style="list-style-type: none"> • c.1,900 units with license • c. 50% units WIP • Pre-sales on track to end of year target

¹ Status as of end of June ²CFO stands for Certificado Final de Obra, last milestone before requesting the first occupancy license (LPO, see next footnote). ³ LPO stands for Licencia de Primera Ocupación, the municipal certificate that allows developers to notarize and deliver the units to the buyers.

H1 2020 FINANCIALS HIGHLIGHTS

> EBITDA of €15M and Net Income of €7M

Financial KPIs



P&L

€101m

Revenues

€15m

EBITDA

€7m

Net Income



Balance Sheet

€1.3bn

Development
Stock

82%

Of Development
Stock is Active

€133m

Cash¹



Leverage

€249m

Net Debt

€325m

Adjusted Net Debt

19%

LTV



Servicing

€1.4bn

AuM

€11.4m

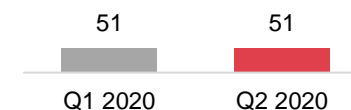
Revenues

58%

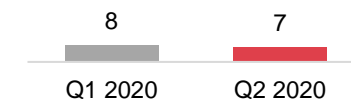
EBITDA Margin

Quarterly Progress

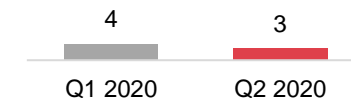
Revenues



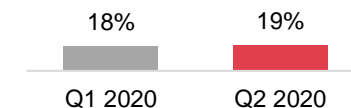
EBITDA



Net Income



LTV



¹ Includes €38m of restricted cash

CLOSING REMARKS

H1 results: €100m+ revenues with €15m EBITDA and **c.700** units pre-sold

Rental Platform: 1,200-unit seed portfolio full on-track

Short-term Contingency Plan successfully executed:

- › **100% Capex Financed** + new **€40m** Corporate Debt
 - › €130m+ Cash on Balance Sheet + **High cash generation**
 - › Digital Acceleration: Virtual Visits + **Units pre-sold 100% online**
-

Delivery guidance unchanged based on the minimal delays and strong recovery of the demand

Growth: Strong position to tackle **new opportunities**



2

Q&A



MAIRENA HOMES – SEVILLA
Delivered Q2 2020



A

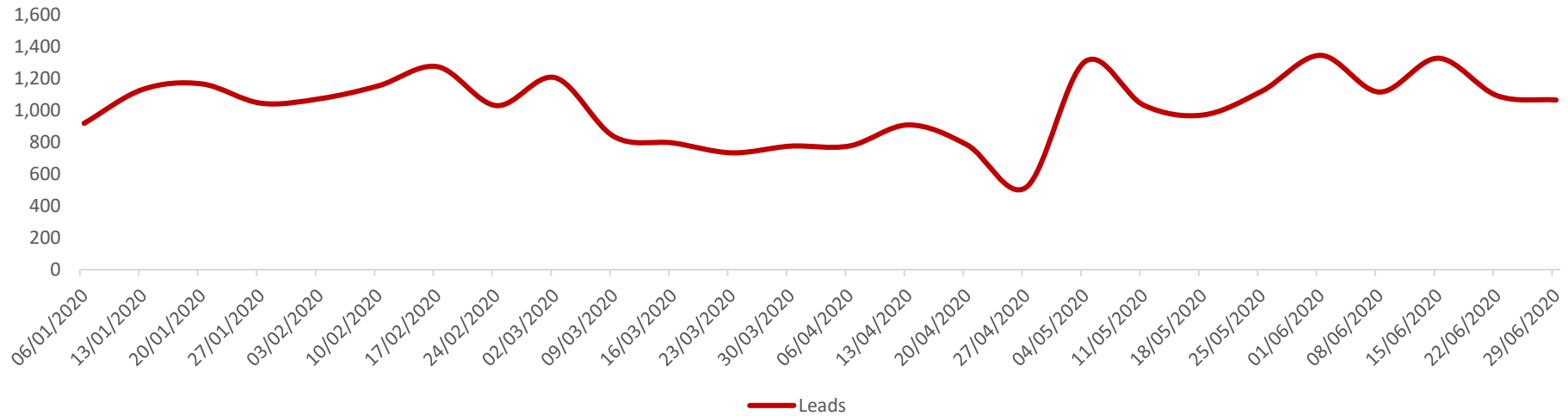
Appendix



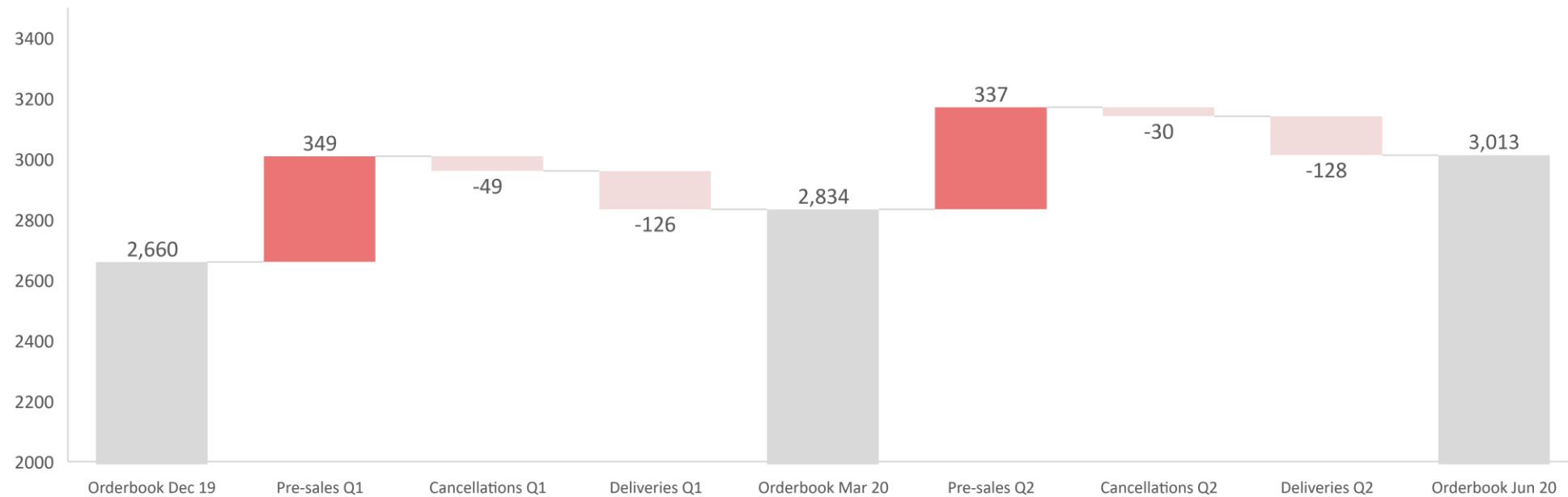
ITURRIBARRI II - BILBAO
Delivered Q2 2020

DETAILED ORDER BOOK AND LEADS EVOLUTION

> Leads: weekly evolution



> Pre-sales: order book evolution during H1



REVENUES OF €101M WITH EBITDA REACHING €15M

➤ Sharp decline in revenues YoY explained by the lock-down deferring site deliveries into H2

Summary P&L (in €M)

€M	H1 2020	H1 2019	H1'20 vs H1'19	
Revenues	101.3	161.8	-60.5	-37%
Gross Margin	36.0	50.6	(14.6)	-29%
Gross Margin (%)	35.5%	31.3%	4.3%	14%
OpEx & Other	(20.2)	(25.3)	5.1	-20%
Gains (Losses) on disposals ¹	-	(0.1)	0.1	-100%
Operating EBITDA	15.8	25.2	(9.4)	-37%
Property Tax Provision	(1.0)	(1.2)	0.3	-22%
EBITDA	14.8	24.0	(9.1)	-38%
Amortization	(1.9)	(2.1)	0.3	-14%
Operating Profit (Loss)	13.0	21.8	(8.8)	-40%
Operating Margin	12.8%	13.5%	-0.7%	-5%
Finance Costs	(3.3)	(4.7)	1.4	-29%
Profit (Loss) before Tax	9.6	17.1	(7.5)	-44%
Tax charge	(2.8)	(4.7)	1.9	-40%
Profit (Loss) for the period	6.8	12.4	(5.6)	-45%

€101M REVENUES

Development
€88.5m

Legacy
€1.5m

Servicing
€11.4m

DEVELOPMENT GROSS MARGIN **28%**

SERVICING EBITDA MARGIN **58%**

254² DEVELOPMENT UNITS DELIVERED IN 2020

€15M EBITDA

€7M NET INCOME

¹ It relates to sales of Non-Current assets. ² Iturribarri II 39#, Almirajara 29#, Natura I 24#; Mairena 23#; Riverside 20#, Port Forum III 17#, Leioandi 15#, Abra 15#, Alborada 10#, Cañada 10#, Sant Just II 7#, Urban II, 6#, Medina 4#, Vollpalleres 4#, Can Mates II 3#, Iturribarri 3# and 25# Other.

CF | ACCELERATING CAPEX

> Positive operating activities Cash Flow: c.€14M

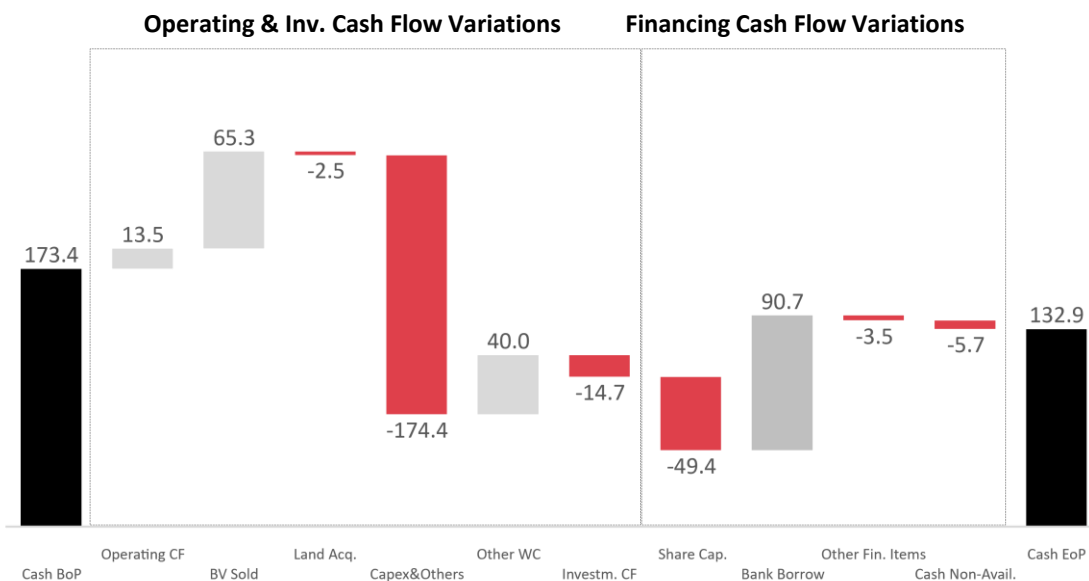
Summary Cash Flow (in €M)

€M	H1 2020	H1 2019	H1'20 vs H1'19	
Profit (Loss) before Tax	9.6	17.1	(7.5)	-43.6%
Adjustments	3.9	6.6	(2.7)	-40.7%
Amortization	1.9	2.1	(0.2)	-11.9%
Finance Costs/Revenues	3.3	4.7	(1.4)	-28.8%
Change in provisions	(1.2)	(1.1)	(0.1)	11.5%
Incentive plans	(0.1)	0.7	(0.8)	n.s.
Gains (Losses) on disposals	-	0.1	(0.1)	-100.0%
CF from Operating Activities	13.5	23.7	(10.1)	-42.8%
Working Capital Variation	(71.6)	0.1	(71.7)	n.s.
Change in Inventories	(111.5)	(37.4)	(74.1)	n.s.
Book Value Sold ²	65.3	111.2	(45.9)	-41.3%
Land Acquisition ³	(2.5)	(0.4)	(2.1)	n.s.
Capex&Others	(174.4)	(148.2)	(26.1)	17.6%
Other WC Variations	40.0	37.5	2.5	6.6%
Net Operating Cash Flow	(58.0)	23.8	(81.8)	n.s.
CF from Investments Activities	(14.7)	(6.1)	(8.6)	n.s.
Free Cash Flow	(72.7)	17.7	(90.4)	n.s.
CF from Financing Activities	37.8	(49.9)	87.8	n.s.
Change in Share Capital/Premium	(49.4)	1.1	(50.4)	n.s.
Change in Bank Borrowing	90.7	(46.8)	137.5	n.s.
Change in Deferred Land Debt	0.5	0.5	(0.0)	-5.2%
Finance Costs/Revenues	(3.3)	(4.7)	1.4	-29.4%
Proceeds from leasing	(0.6)	-	(0.6)	0.0%
Net Cash Flow	(34.9)	(32.3)	(2.6)	8.0%
Change in Cash Not-Available	(5.7)	(5.8)	0.1	n.s.
Cash BoP	173.4	113.8	59.7	52.4%
Cash EoP	132.9	75.7	57.2	75.6%

c.€14M FROM OPERATING ACTIVITIES

CAPEX GROWTH: €174M€ vs €148M IN Q2 2019

Cash Flow Bridge (in €M)



BS | €1.5BN ASSET BASE

Summary Balance Sheet (in € m)

€M	H1 2020	FY 2019	Q2'20 vs FY'19	
PPE	6.5	7.2	(0.7)	-9.7%
Right of use assets	2.8	3.3	(0.5)	-15.0%
Investment Property	0.2	0.2	(0.0)	-2.8%
Other Non-Current Assets	2.0	2.3	(0.3)	-13.7%
Deferred Tax assets	25.5	25.5	-	0.0%
Non-Current Assets	37.0	38.5	(1.5)	-3.9%
Inventories	1,322.2	1,210.7	111.5	9.2%
<i>ow Liquidation</i>	9.6	11.1	(1.4)	-12.8%
<i>ow Development</i>	1,312.6	1,199.6	113.0	9.4%
Other Current Assets	1.9	12.8	(10.8)	-85.0%
Debtors	31.6	33.6	(2.0)	-6.1%
Cash & Equivalents	132.9	173.4	(40.5)	-23.4%
<i>ow Not Available</i>	37.8	43.5	(5.7)	-13.0%
Current Assets	1,488.6	1,430.5	58.1	4.1%
Total Assets	1,525.6	1,469.0	56.6	3.9%
Equity	796.1	789.4	6.7	0.8%
Bank Borrowings	90.0	50.0	40.0	80.0%
Lease Liabilities	2.2	2.2	0.1	4.0%
Provisions	0.1	-	0.1	0.0%
Other Non-Current Liabilities	0.0	0.0	0.0	2.6%
Non-Current Liabilities	92.3	52.2	40.2	77.0%
Bank Borrowings	291.7	315.7	(24.0)	-7.6%
Lease Liabilities	0.7	1.3	(0.6)	-43.7%
Creditors	203.4	196.8	6.6	3.3%
<i>ow Def. Land Payment</i>	38.2	37.7	0.5	1.3%
Other Current Liabilities	141.3	113.6	27.7	24.4%
Current Liabilities	637.2	627.4	9.8	1.6%
Total Liabilities	1,525.6	1,469.0	56.6	3.9%

€M	Q2 2020	FY 2019	Change	
WC Adjusted	1,087.5	1,015.9	71,7	7%

€1.5BN BALANCE SHEET

€1.3BN DEVELOPMENT STOCK

€1.1BN ACTIVE DEV STOCK

€56M Finished Product, €848M WIP, €84M under pre-commercialization and €96M already launched

€1.1BN WORKING CAPITAL

RIVERSIDE HOMES – MADRID
Delivered 2019

CONSERVATIVE LEVERAGE: LTV AT 19%

Net debt (in € m)

€M	H1 2020	FY 2019	Q2'20 vs FY'19	
Gross Debt	381.7	365.7	16.0	4.4%
Non-Current Bank Borrowing	90.0	50.0	40.0	80.0%
Corporate Financing	90.0	50.0	40.0	80.0%
Current Bank Borrowing	291.7	315.7	(24.0)	-7.6%
Developer Loan	239.7	169.6	70.1	41.3%
Land	111.1	110.9	0.3	0.2%
Capex	128.6	58.8	69.8	118.8%
Land Financing	51.4	70.5	(19.2)	-27.2%
Corporate Financing	-	74.3	(74.3)	-100.0%
VAT Financing	0.1	0.0	0.1	n.s.
Interests	0.6	1.2	(0.6)	-50.9%
Current financial Assets	-	12.8	(12.8)	n.s
Cash & Equivalents	132.9	173.4	(40.5)	-23.4%
Net Debt	248.8	179.5	69.3	38.6%

Net Debt	248.8	179.5	69.3	38.6%
Adjustments	76.0	81.1	(5.2)	-6.4%
Deferred Land Payment ¹	38.2	37.7	0.5	1.3%
Restricted Cash	37.8	43.5	(5.7)	-13.0%
Net Debt Adjusted	324.8	260.7	64.1	24.6%

CONSERVATIVE DEBT RATIOS

LTV AT **19%**

NET DEBT OF **€249M**

NET DEBT ADJUSTED **€325M**

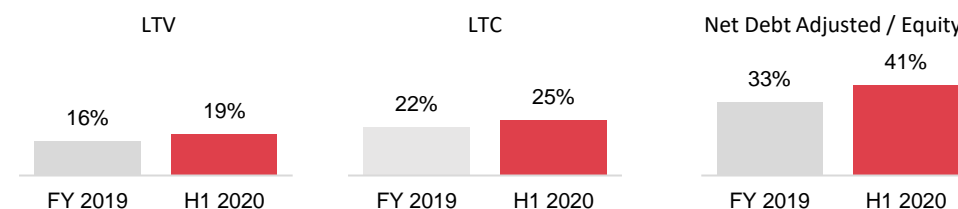
€40M NEW CORPORATE DEBT

CAPEX FINANCING OF **€129M**



ALBORADA HOMES – S. EAST REGION

Key Ratios (%)





Neinor

H O M E S

The Leading Residential Group

Video [ENG](#) / [ESP](#)