

AEDAS  
HOMES

# Investor Presentation

July 2024

Odina (Campolivar, Valencia)

*Building sustainable communities,  
delivering long-term value*



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**The definition and purpose of the Alternative Performance Measures are available on the Company’s website [here](#).**

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01  
**Who we are**



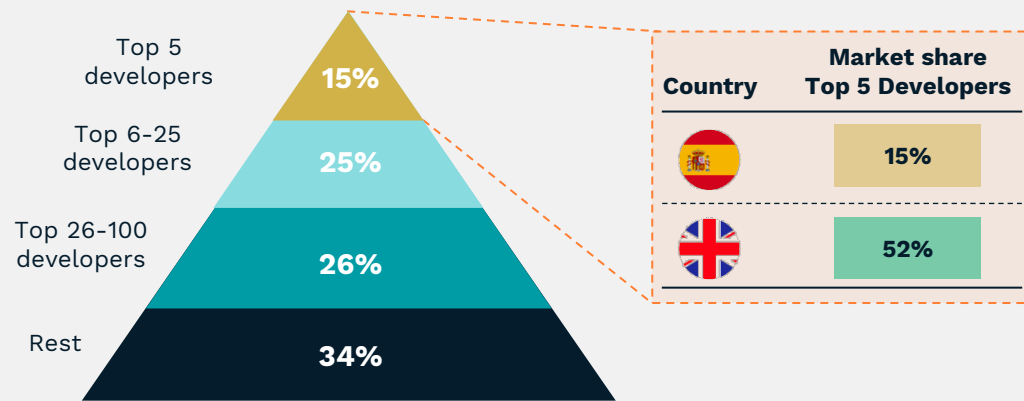
*Amaire (San Juan de Alicante, Alicante)*

# Only pure play homebuilder in Spain, leading the fragmented development market

## Leading market position in a highly fragmented market...

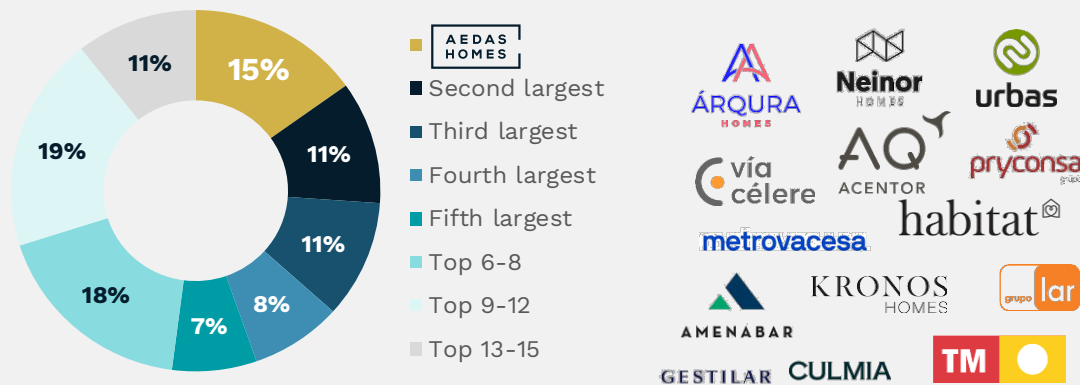
### Highly fragmented market of the Spanish homebuilding sector

Market share in terms of units delivered in 2021 and 2022



### AEDAS Homes remains market leader in unlocking access to quality land plots, debt financing and a large number of reliable contractors

Market share in terms of expected units to be delivered in 2023-24 by 15 developers

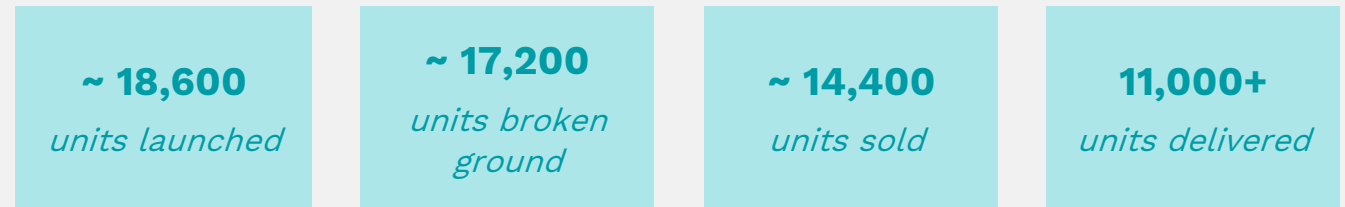


## ...backed by a proven track record<sup>1</sup>

### Selective and disciplined approach to quality land acquisitions



### Proven ability to deliver on operational goals since founding



### Financial strength with broad access to a variety of funding sources



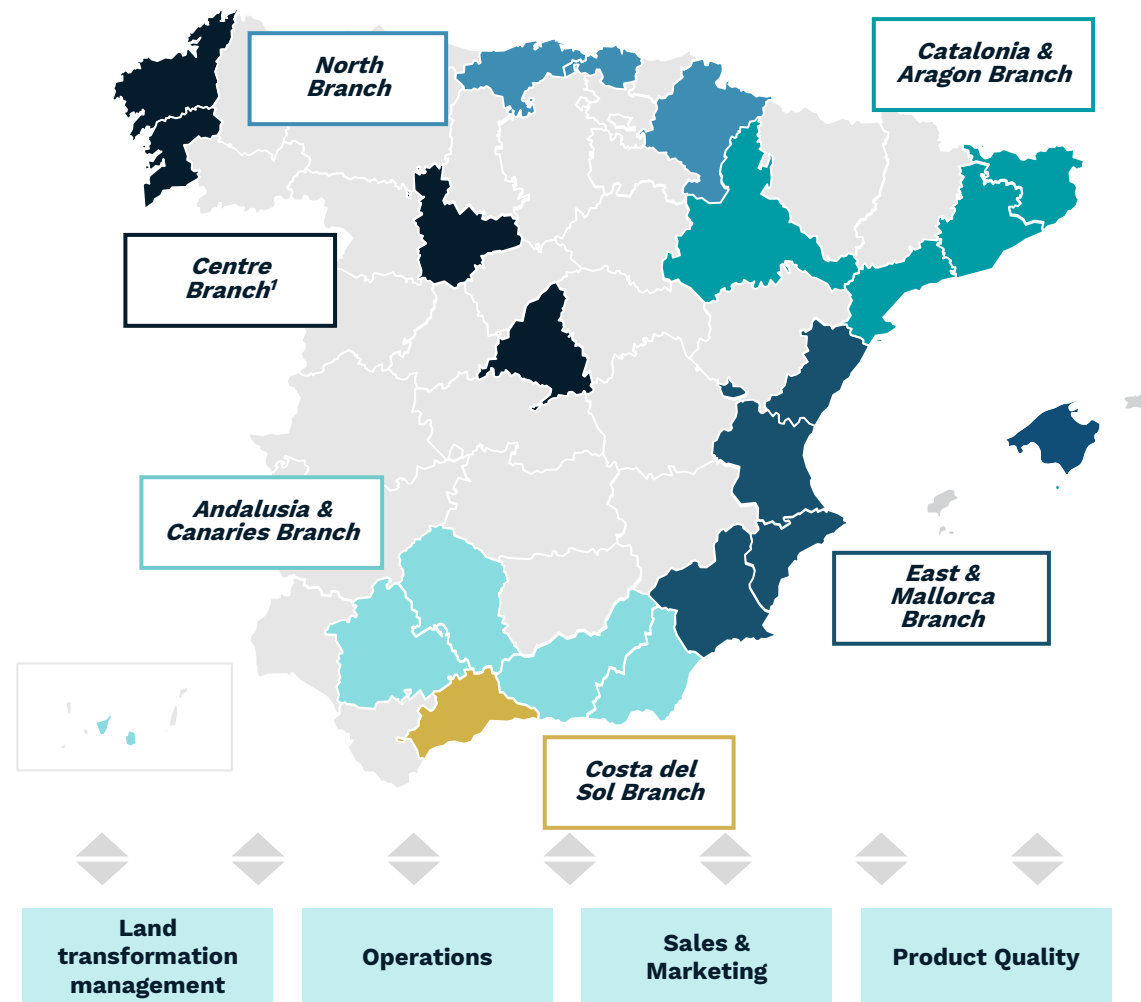
Source: Companies, Alimarket, AEDAS Homes  
Note: (1) Cumulative data as of 31 March 2024

# Decentralised organisation led by an unrivalled senior management with complementary skillset

An experienced, multidisciplinary Management Team supporting ...

	<b>David Martínez Montero</b> <i>Chief Executive Officer</i>	25+ years of experience
	<b>Alberto Delgado</b> <i>Chief Operating Officer</i>	20+ years of experience
	<b>David Botín</b> <i>Chief Real Estate Services Officer</i>	30+ years of experience
	<b>María José Leal</b> <i>Chief Financial Officer</i>	25+ years of experience
	<b>Javier Sánchez</b> <i>Chief Technology &amp; Communications Officer</i>	25+ years of experience
	<b>Patxi Castaños</b> <i>Chief Legal Officer</i>	15+ years of experience
	<b>Esther Duarte</b> <i>Chief Corporate Resources Officer</i>	25+ years of experience

... 6 Regional Branches with extensive local experience, coordinated by 4 core Operations Teams at headquarters in Madrid...

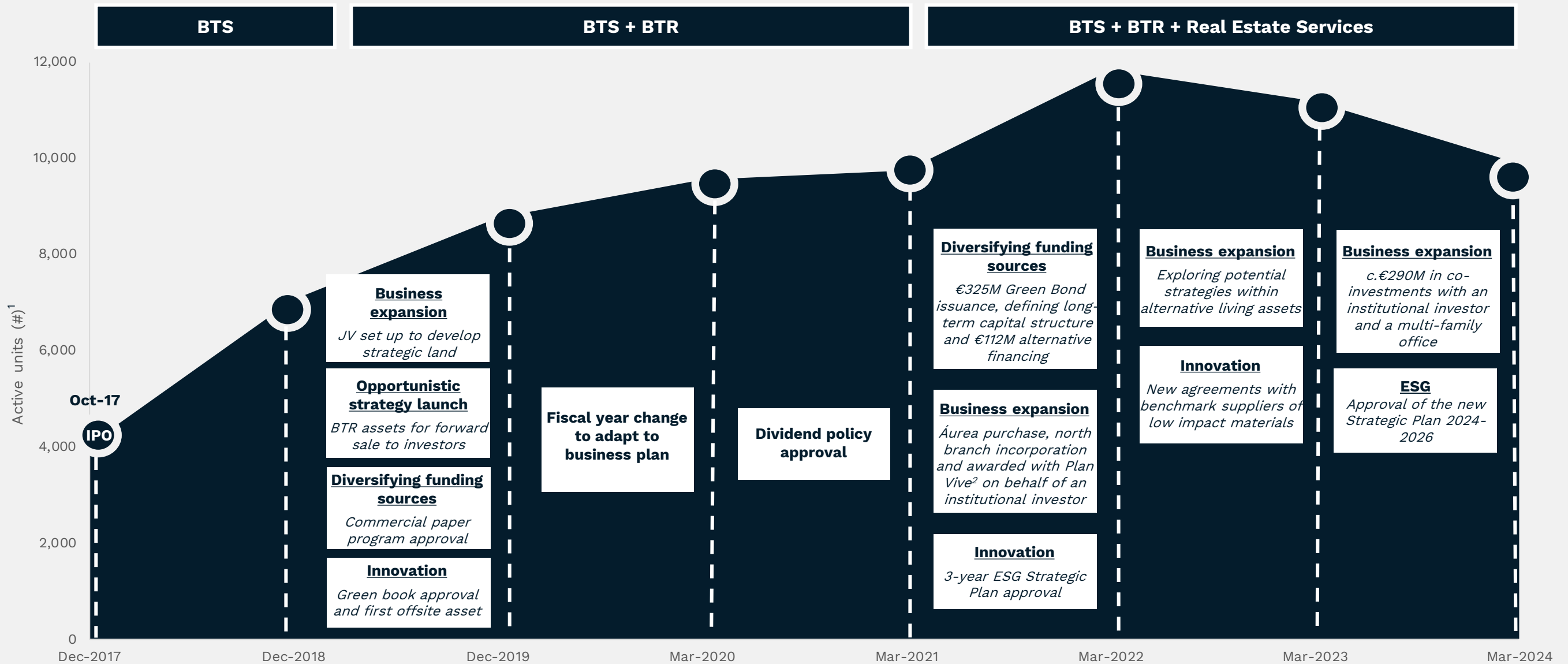


...and an efficient, professional decentralized organization

- Headquarters located in Madrid
- 6 independent Regional Branches
- c.300 high-performing employees
- 100% control over full development value chain

Note: (1) Galicia market is part of the Centre Branch since April 2024

# Diversification, innovation, professionalisation and expansion as key drivers of our historical growth

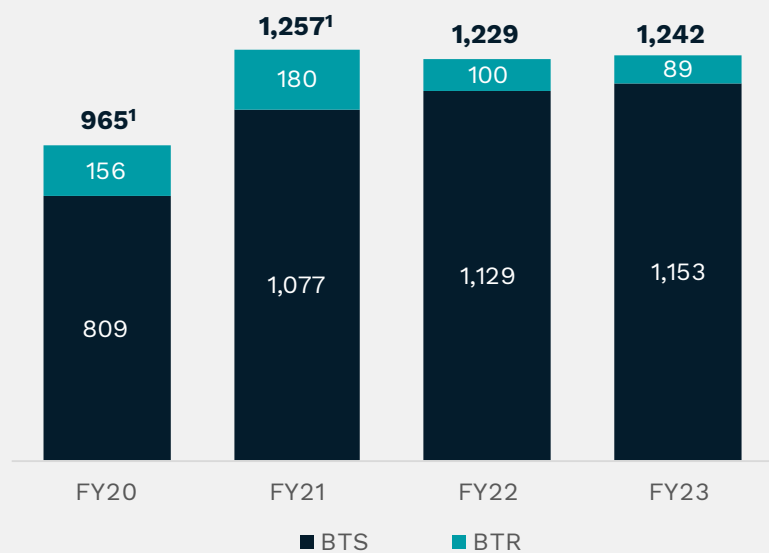


Notes: (1) Excluding the units managed by the Real Estate Division; (2) ~ 3,600 units across 23 developments

# On track to consolidate a €1bn-revenue company, backed by...

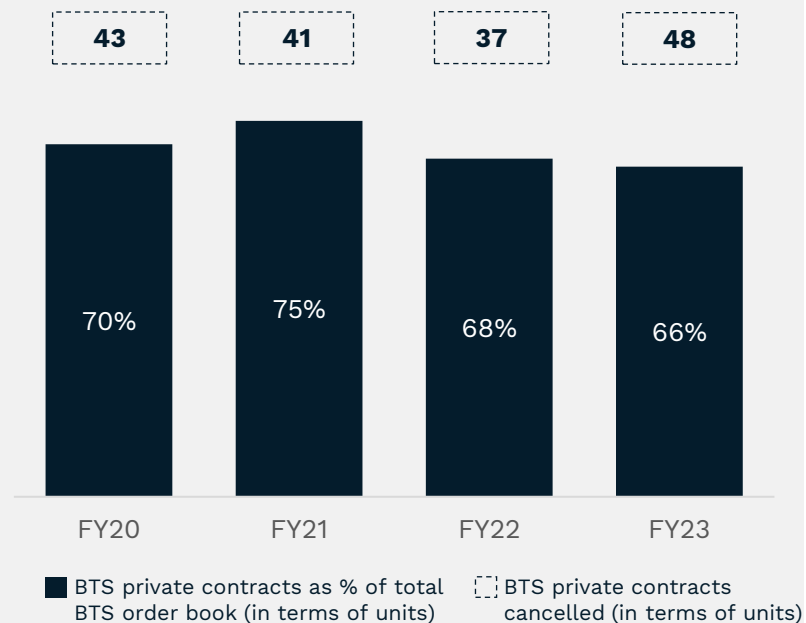
## Sizeable Order Book

Order Book evolution (€M)



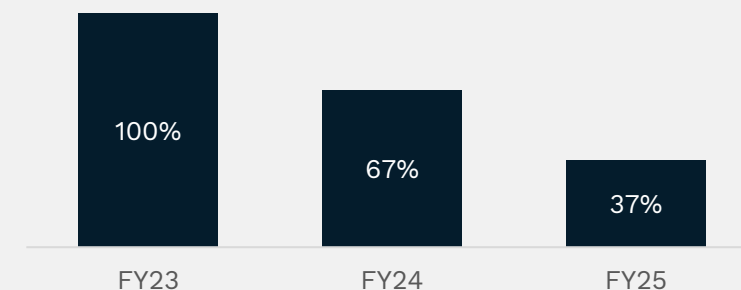
## Quality Order Book

On average 70% BTS Order Book has been under private contract with negligible number of cancellations

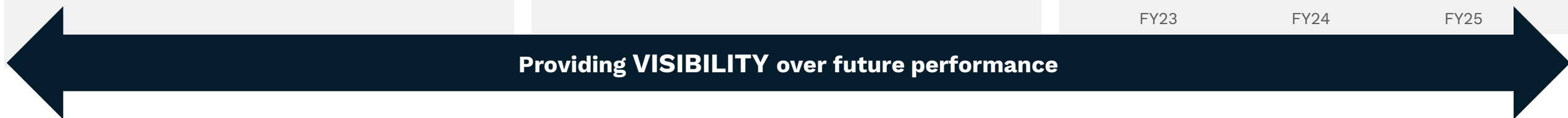
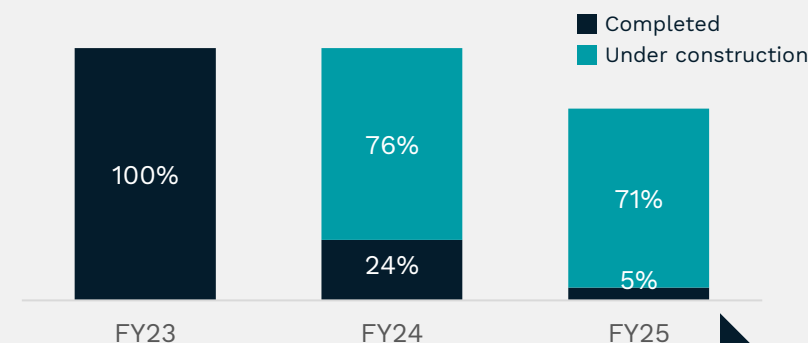


## Optimal coverage ratios for coming years

Sales coverage ratio (as of FY23)



Construction coverage ratio (as of FY23)



**REVENUES (FY23)**  
€1,145M

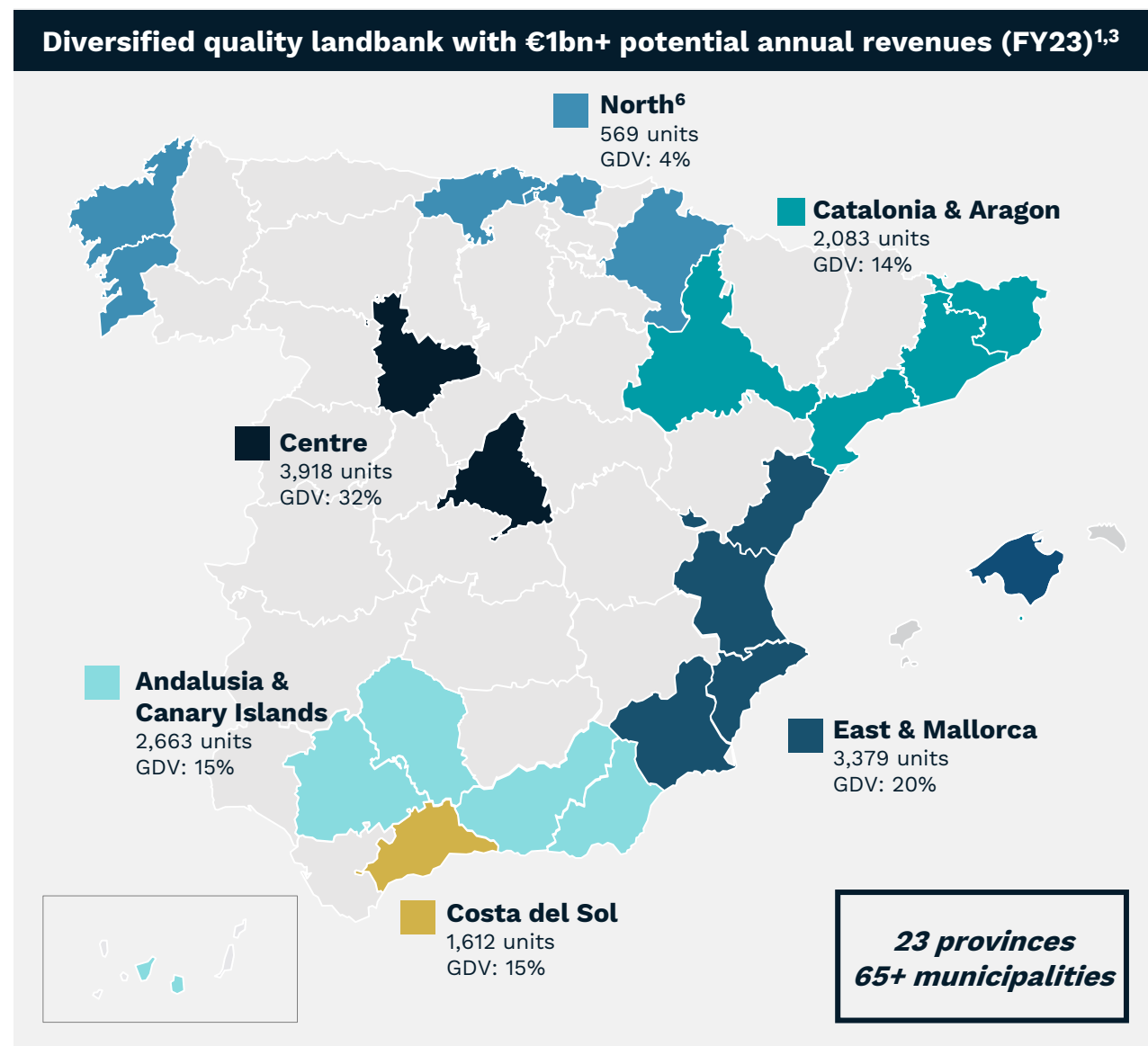
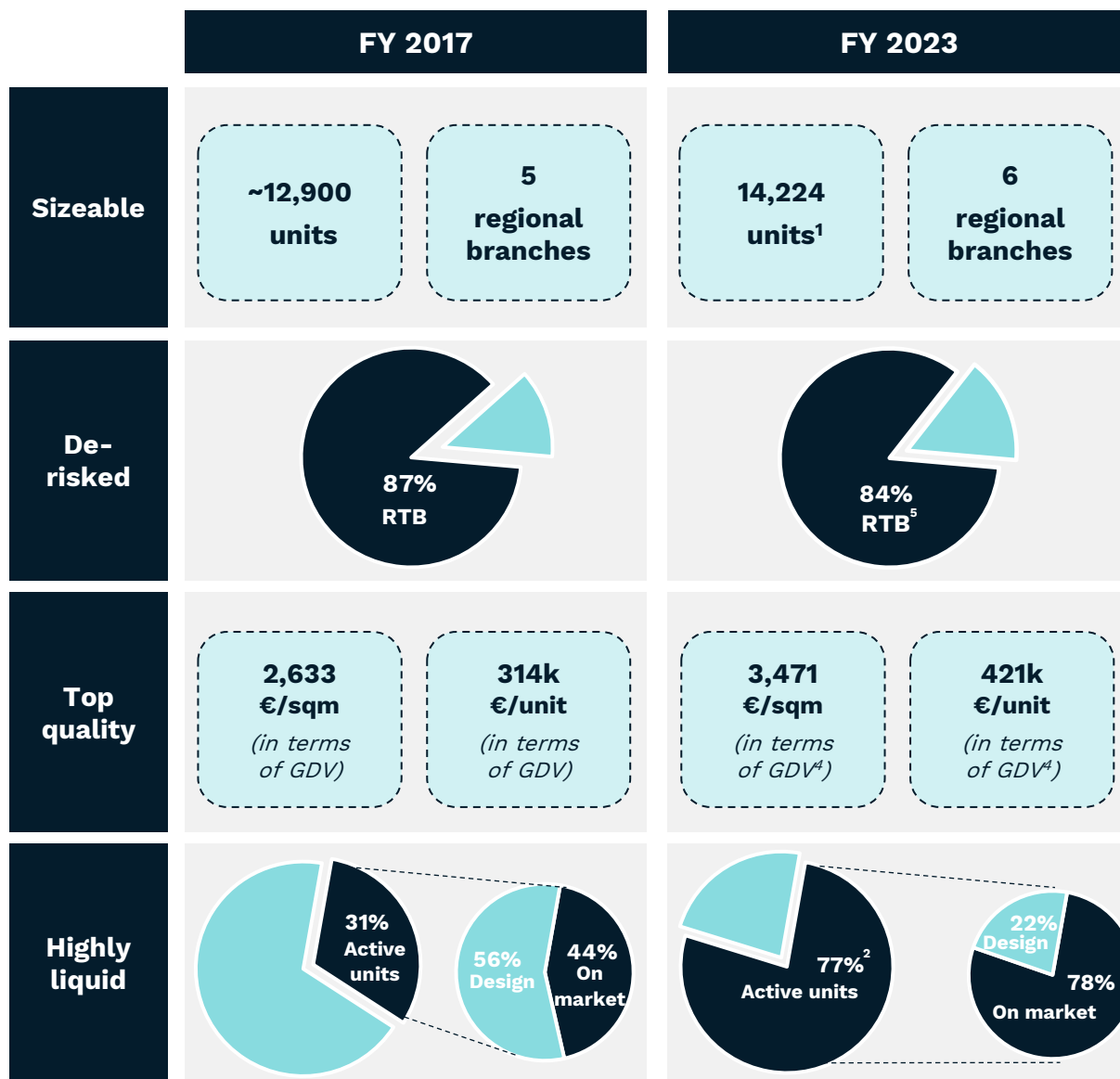
**EBITDA (FY23)**  
€173M

**FREE CASH FLOW<sup>2</sup> (FY23)**  
€233M

Notes: (1) Adjusted by Mislata project, which had a MoU signed but not a SPA; (2) After tangible and intangible capex



# ...Spain's best-in-class landbank...

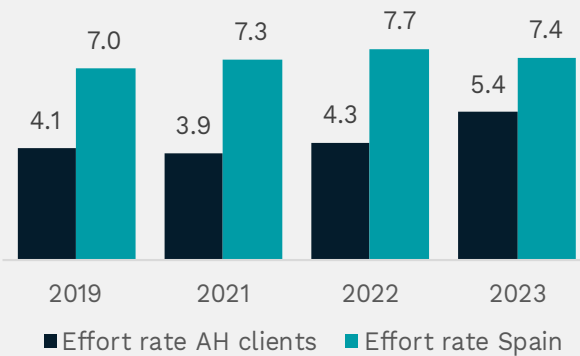


Notes: (1) Landbank March 2023 (15,255) + new Investments completed in FY 2023 (1,161) + committed investments but pending to be executed as of March 2024 (1,403) – deliveries FY 2023 (2,839) – land sales without including the transfer of assets to co-investment vehicles (809) + adjustments (53) = 14,224 units; (2) Excluding committed investments pending to be executed as of March 2024; (3) The GDV is the result of adding to 100% of the GDV of the assets 100% owned by AEDAS Homes that emerge from the Savills valuation, the GDV (according to Savills valuation) of the co-investment vehicles in which AEDAS participates, but only for its final participation, as well as the forecast of future revenue from the new investments committed but not executed in FY 2023; (4) Total GDV, including committed investments but no adjusted by the stake held in the co-investment vehicles; (5) GAV equals to the GAV of the landbank recorded in the balance sheet as of March 2024 (including the 100% of the GAV attributed to assets transferred to co-investment vehicles) and in terms of RTB cost for the committed investments as of March 2024; (6) Galicia market was part of the North branch as of March 2024

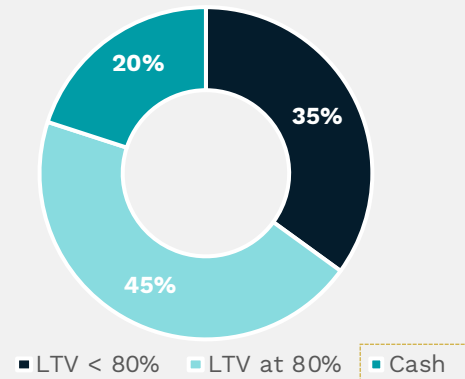
# ...a customer-centric approach targeting mid-to-high demand segment...

## Targeting the solvent, mid-to-high demand segments...

Effort rate AH<sup>1</sup> vs. Spain (years)

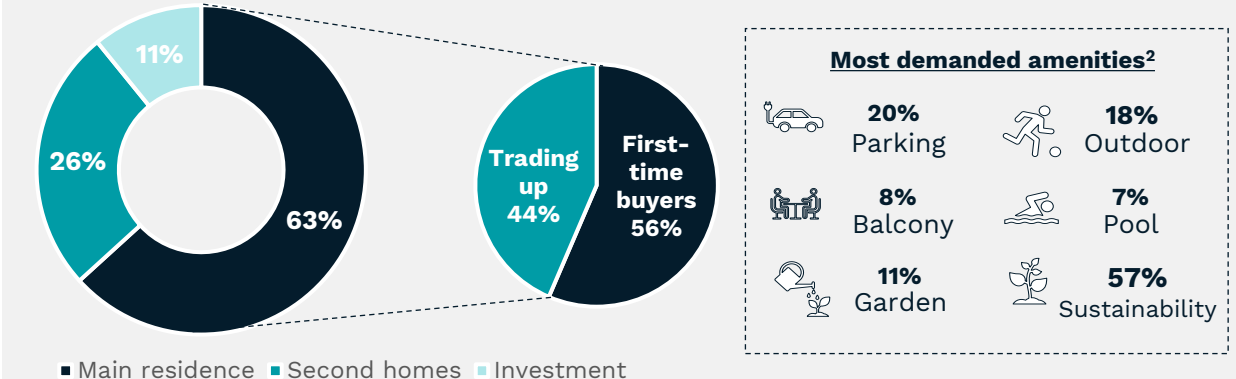


AH's client credit profile until FY 2023



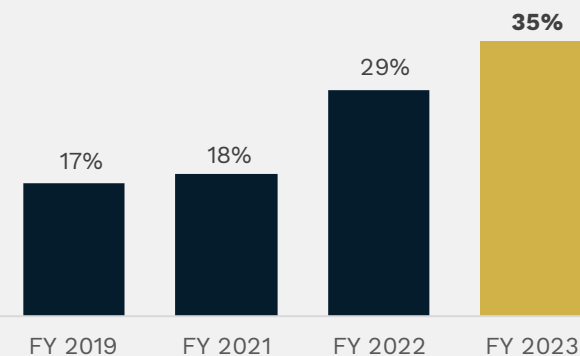
## ...who seek a quality, sustainable primary residence or second home...

AH's client acquisition purpose and reasons to buy a new build house (FY 2023)

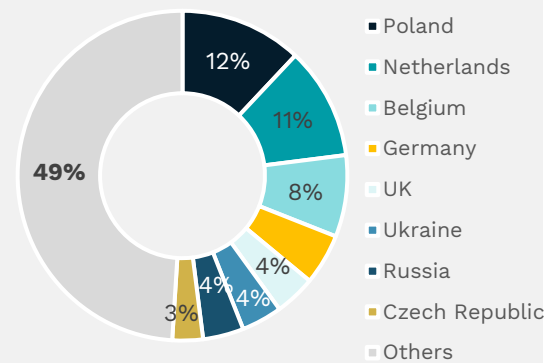


## ...with increasing exposure to a diversified international demand...

% of international customers

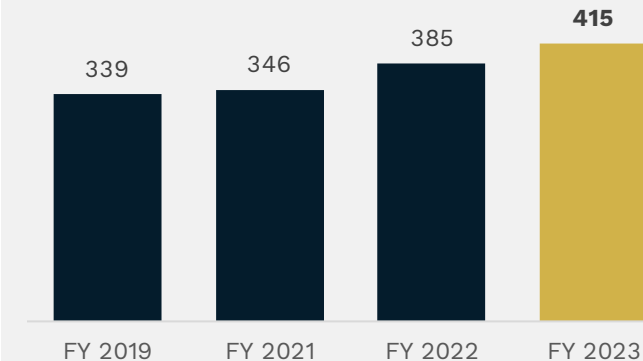


Well-diversified demand (FY 2023)



## ...resulting in an optimally-positioned product offering

BTS ASP evolution (€k)



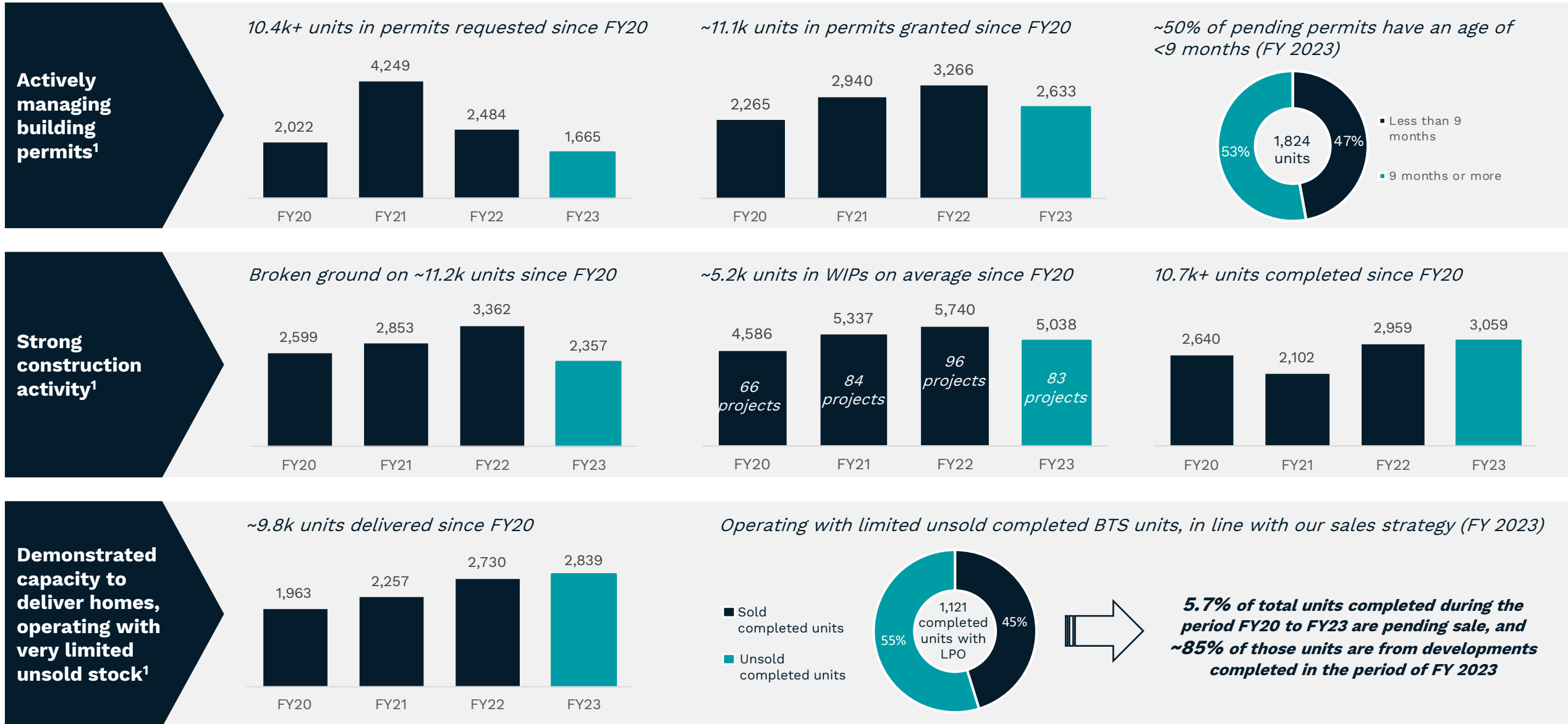
**ASP**  
**€462k**

Based on the total active units on the market pending sale as of March 2024

Notes: (1) AH effort rate is calculated using customers' gross income (within the sample, all-cash customers (0% financing) are excluded as well as outliers) and the Spanish data is the average rate, for each of the dates referred to in the chart, that are provided by the Bank of Spain; (2) Idealista data 2023



# ...proven operational capabilities...

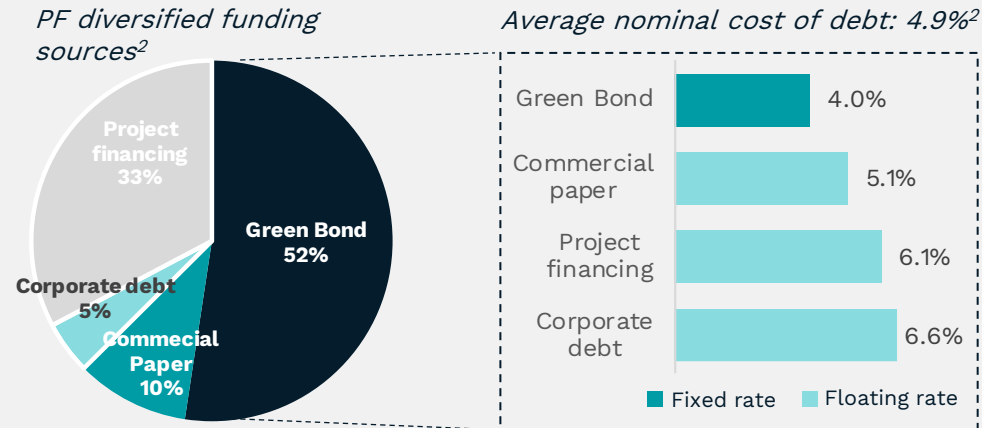


Note: (1) Excluding activity developed by the Real Estate Services division

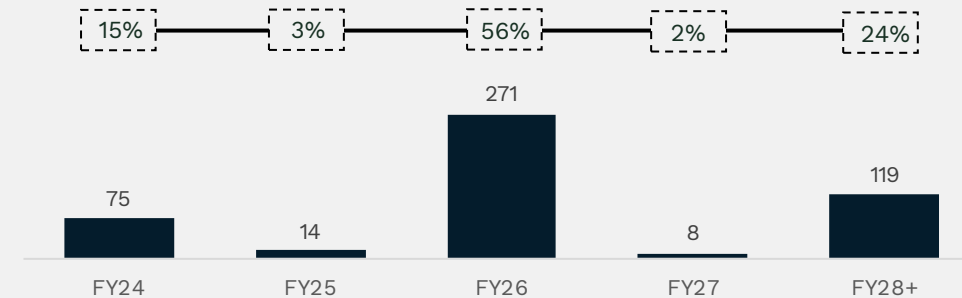
# ...and a sound financial profile reflected in our credit rating, which is among the highest in the European sector

## Trusted borrower with 52% of FY23 gross finance debt at fixed rate...

- 1 **Broad access to funding sources attending to capital needs:** developer loans, capital markets (bonds & commercial paper) and alternative financing
- 2 **Quick access to developer loans:** average 34% pre-sales levels
- 3 **Attractive developer loan terms:** 2.4% average spread with average 65% LTC for loans signed in FY23
- 4 **Long-standing relationships with top Spanish banks**



82% of the €487M<sup>2</sup> gross financial debt matures post FY25 (expressed in €m)



## ...with solvent credit profile targeting LTV <20%

(€m)	31/03/24	31/03/23	31/03/22
Gross financial debt	549.1	495.3	459.0
Available cash	239.5	198.7	185.7
<b>Net financial debt</b>	<b>309.6</b>	<b>296.7</b>	<b>273.3</b>
Net LTV	16.3%	14.2%	13.2%
Interest coverage	7.0x	6.9x	7.5x
<b>NFD/EBITDA</b>	<b>1.8x</b>	<b>1.9x</b>	<b>1.8x</b>

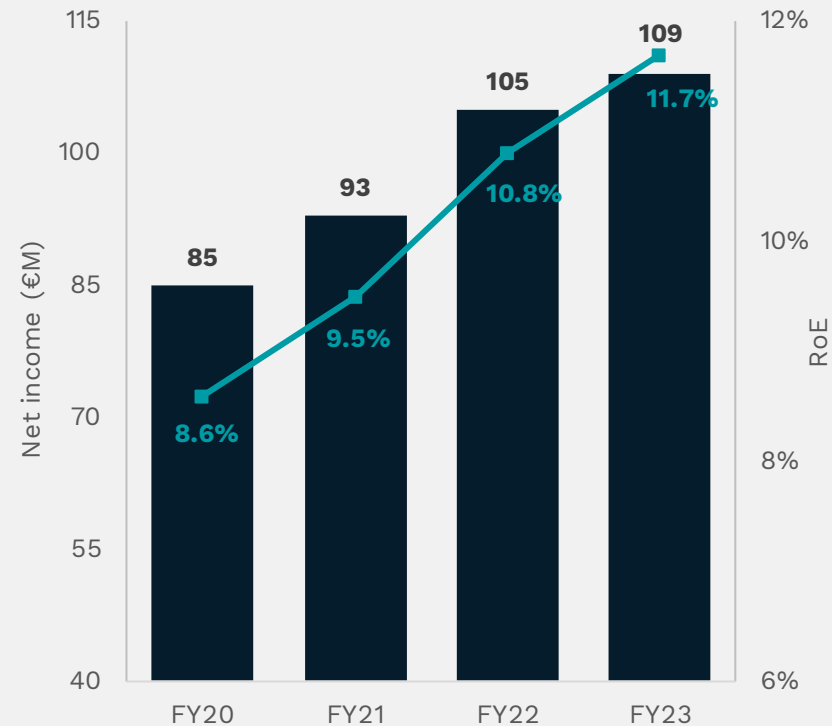
CREDIT RATING <sup>1</sup>	<b>S&amp;P Global Ratings</b>	<i>Last update: July 2023</i>	<b>B+ / BB-</b>	<b>MOODY'S</b>	<i>Last update: August 2023</i>	<b>Ba2 / Ba2</b>	<b>FitchRatings</b>	<i>Last update: June 2024</i>	<b>BB- / BB</b>

Notes: (1) The first rating refers to the corporate rating and the second rating refers to the bond issue rating; (2) Adjusted for the partial repurchase of the Green Bond



# Delivering attractive returns to shareholders

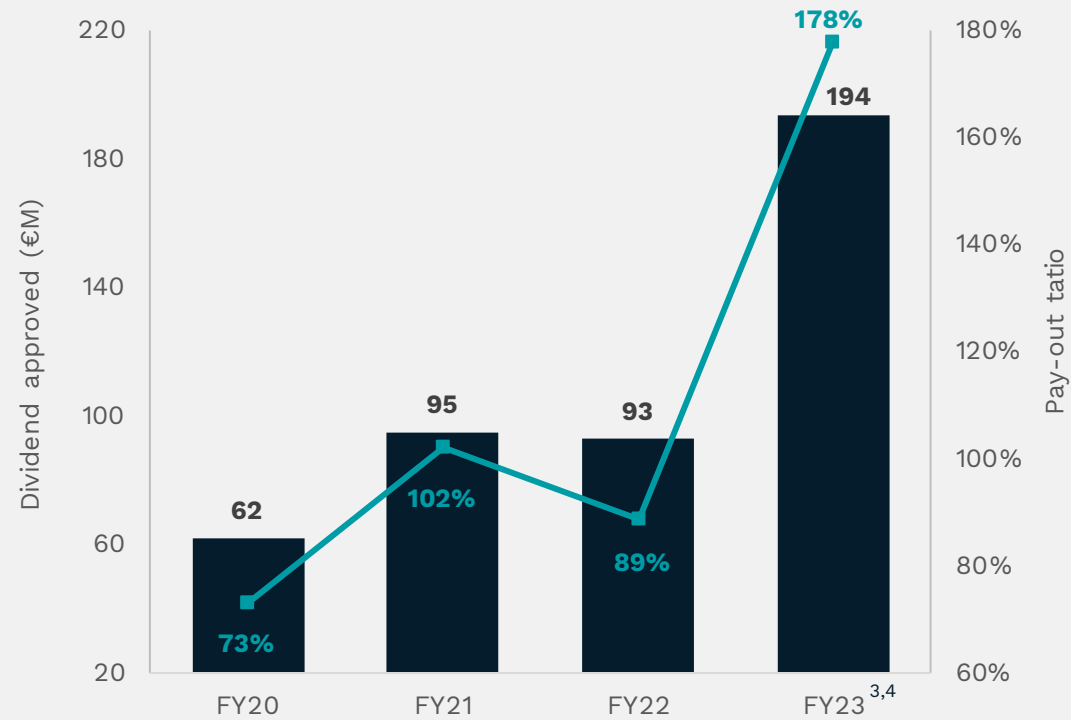
## Improving returns as run-rate is achieved



## Increasing our diluted EPS



## €440m+ in dividends distributed<sup>1</sup>



## Conservative dividend policy set and approved in FY20

- **Ordinary dividend equivalent to 50% of the consolidated attributable net income**
- **Potential extraordinary dividend** based on market conditions and AH's leverage **capped at 20% LTV** (in line with maximum LTV policy)

## Active share buy-back program



## Third program approved in July 2022

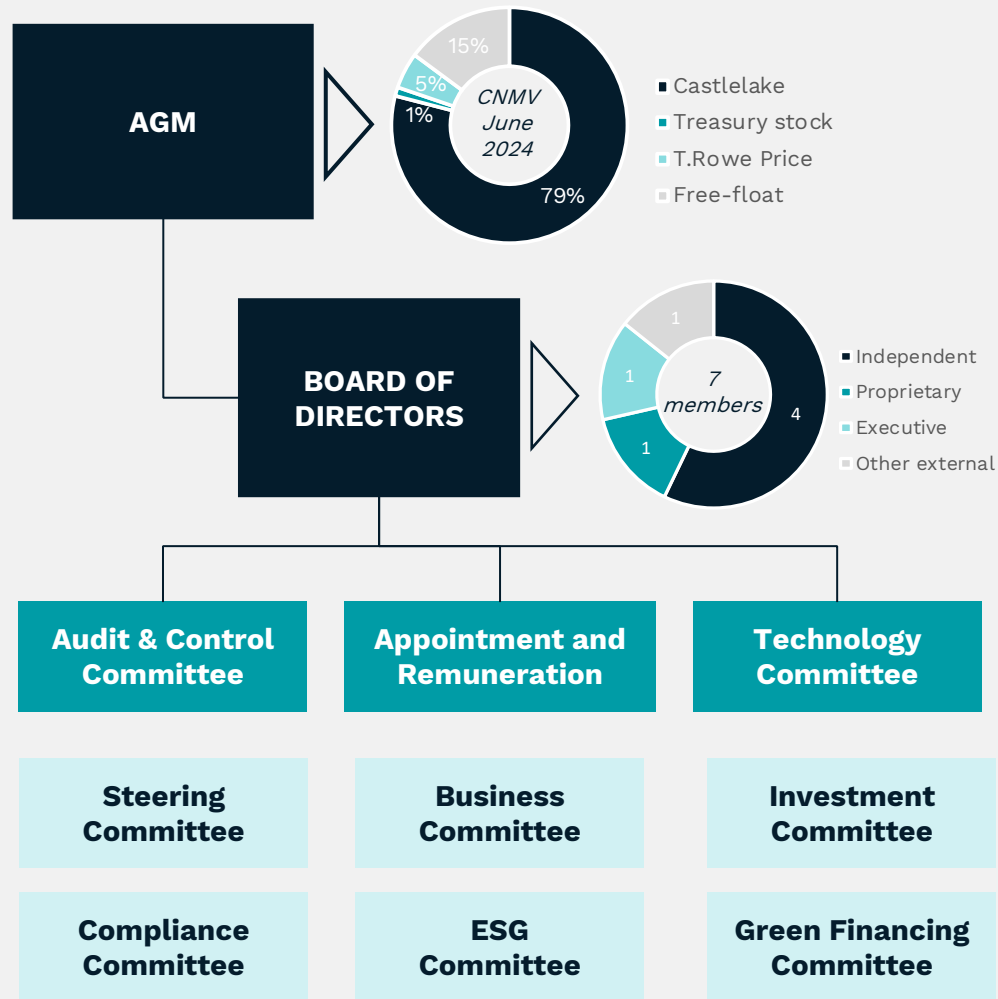
- Buyback of up to **€50M** or up to **2.5 million shares** to be run for a period of **36 months** starting in September 2022

Notes: (1) Excluding €83 million of treasury stock amortization (€23 million in August 2021 and €60 million in October 2023); (2) Excluding the investment made for the acquisition of shares delivered to AH's management team under the LTIP (as of FY23) and including the investment made in the treasury shares amortized; (3) FY23 dividend subject to approval by the Shareholders Meeting expected to be held in July 2024; (4) Including an extraordinary dividend of €2.01 per share

# Business supported by governance bodies and analysts

## Strong corporate governance and supportive capital base

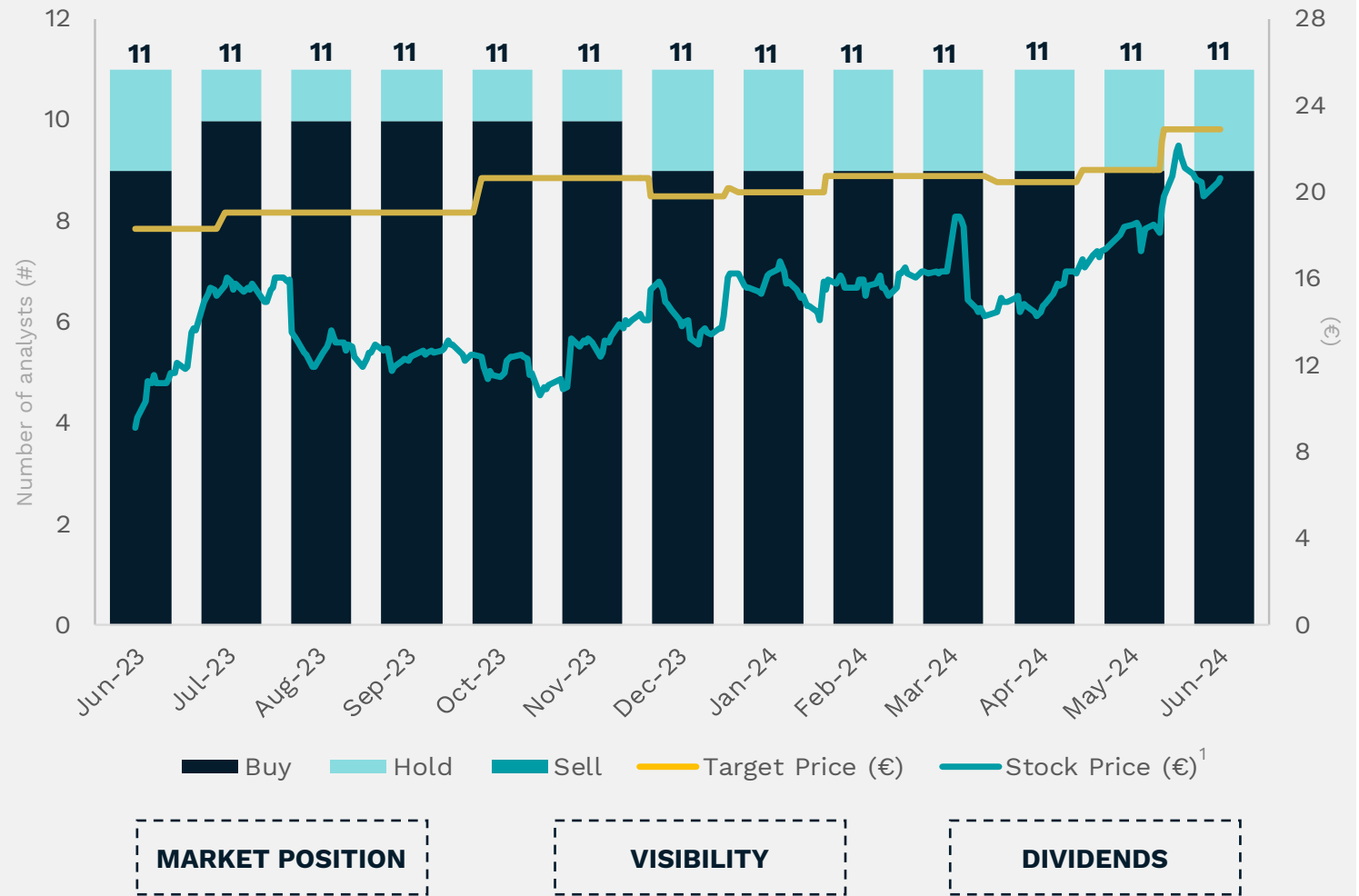
Business strategy supported by the AGM and a well-diversified independent Board of Directors



## Positive views on AH's ability to deliver

Strong buy recommendation with an average target price of €23.27 per share

(Bloomberg)



Note: (1) Bloomberg as source used using as latest trading day 20 June 2024



02

**Our focus: creating  
sustainable long-term  
value**



# Strengthening our leadership as a catalyst for sustainable growth and value creation...

GOALS — — — — ► GROWTH & VALUE — — — — ► STAKEHOLDERS

1 ENHANCE MARGINS

2 ACCELERATE ASSET ROTATION

3 COMPLEMENTARY BUSINESS LINES

4 ENCOURAGE ESG ACTIONS



*LONG-TERM VALUE IS OUR DRIVING PRIORITY*

SHAREHOLDERS

CUSTOMERS

ENVIRONMENT

COMMUNITY

A

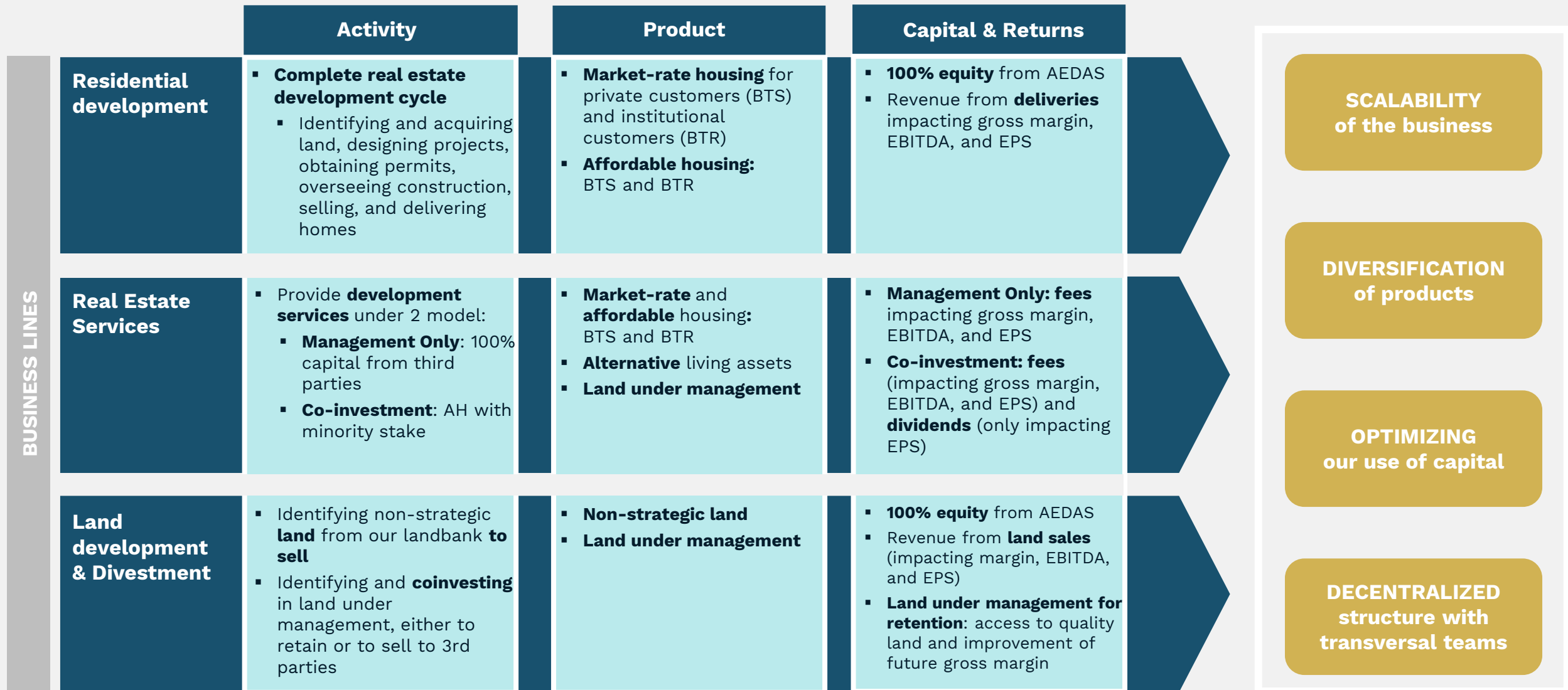
B

C

D



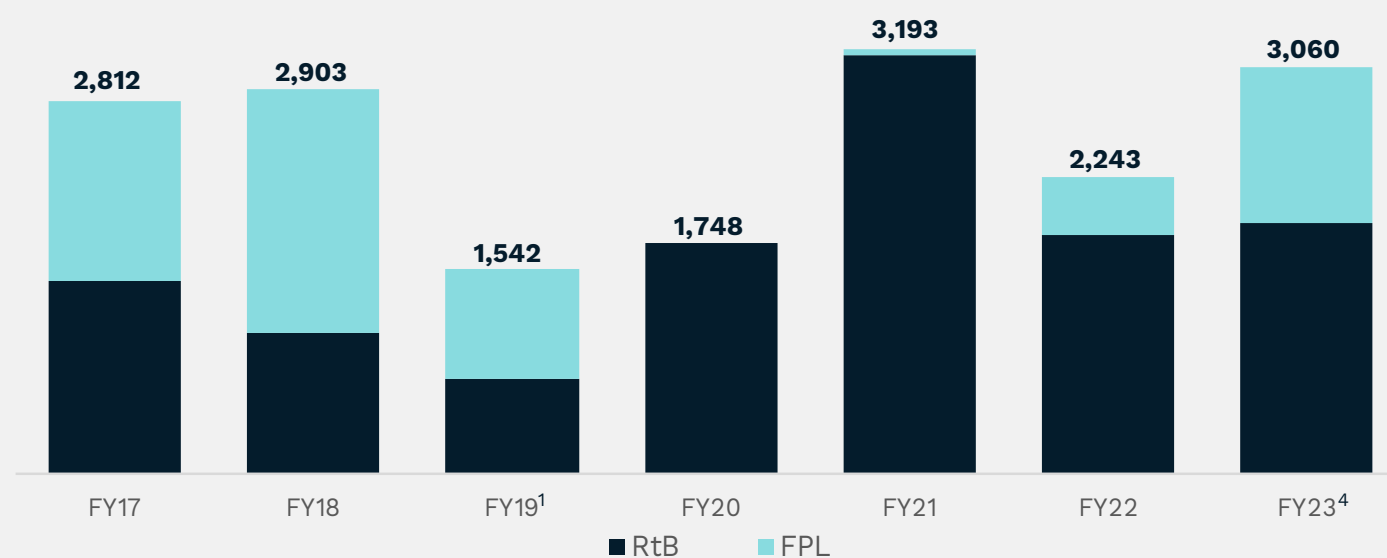
# ...through three complementary business lines with a clear path to efficiently scale the business



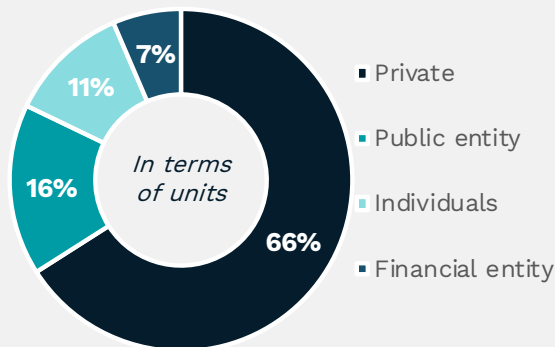
# Selective, rigorous and efficient land investment approach

**Proven investment capabilities supported by the acquisition of ~17,500 quality units (o/w ~70% RTB)...**

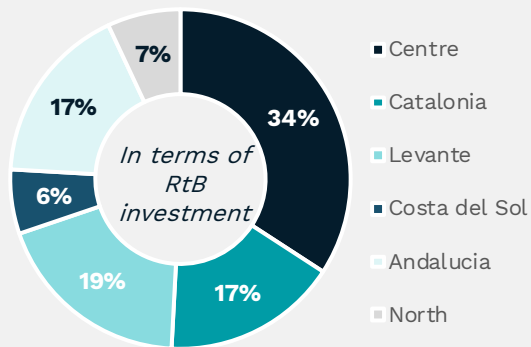
*Focus on investing in quality land to optimize our time to market (in terms of units)<sup>2</sup>*



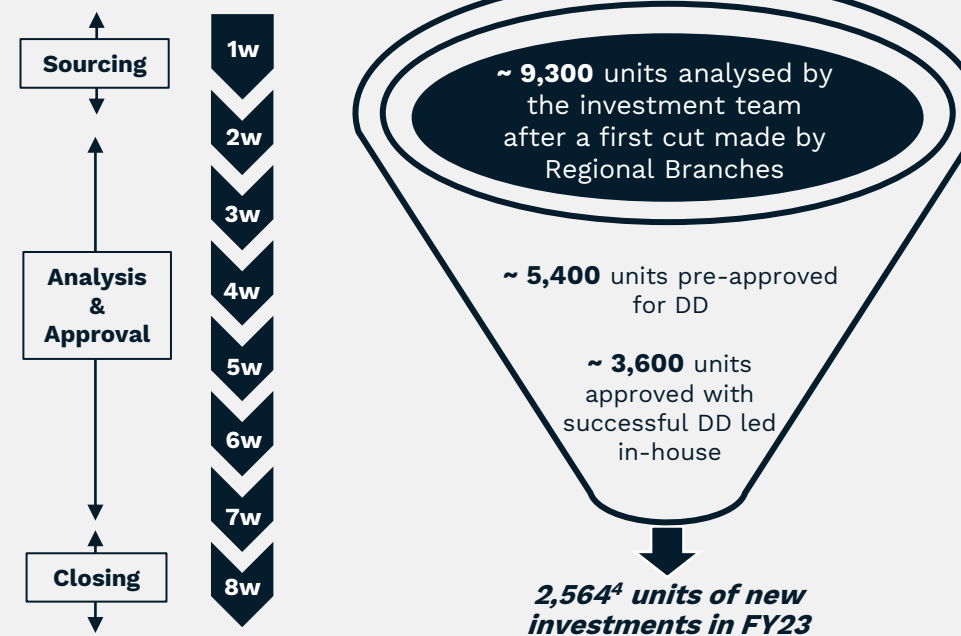
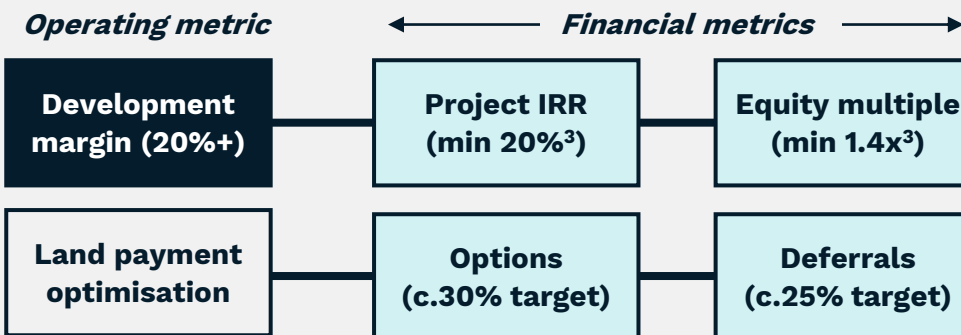
*Access to a broad variety of land market players*



*Across all regional branches*



**... and the ability to cherry pick and rapidly execute deals under strict investment criteria and efficient use of equity**



Notes: (1) Including 283 units executed in the interim period January 2020-March 2020; (2) Investments effectively completed in each of the referred dates (each year includes the completion of investments committed in prior years); (3) Pre-tax and depending on the urban development status; (4) Including 1,403 units under option agreements or earnest money contracts signed in FY23 but execution date expected to occur after FY23 as well as new investments identified and execute (i.e. excluding completed investments sourced in prior years)

# Developing living assets with a lean and well-honed management process

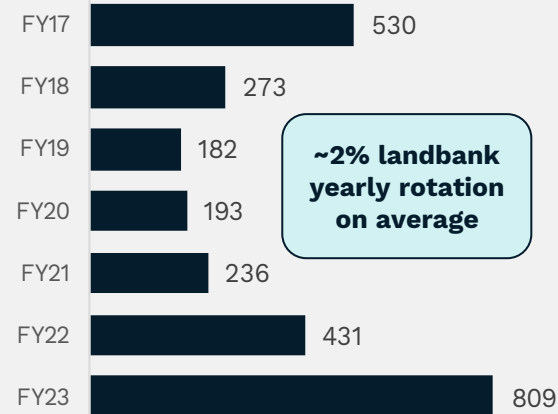
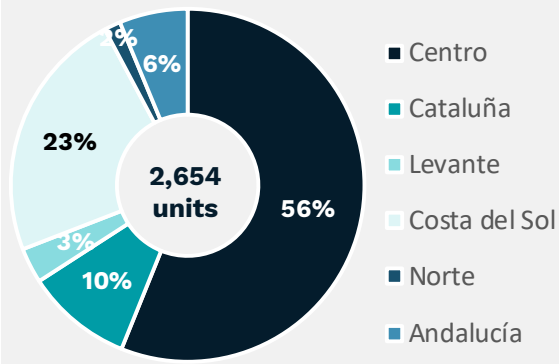




# Disciplined and active asset rotation strategy

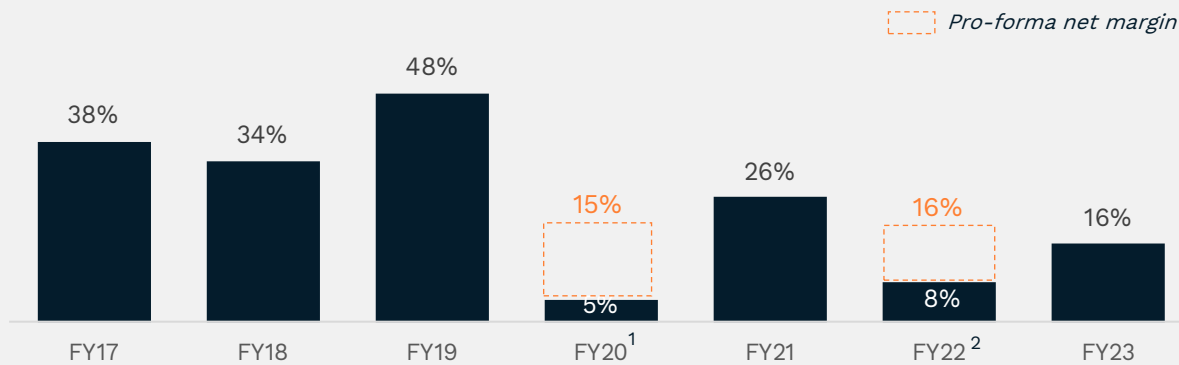
## Active strategic non-core asset disposal program results in positive impact on ROE

More than €190M in divestments since 2017 via disposal of 2,600+ units...



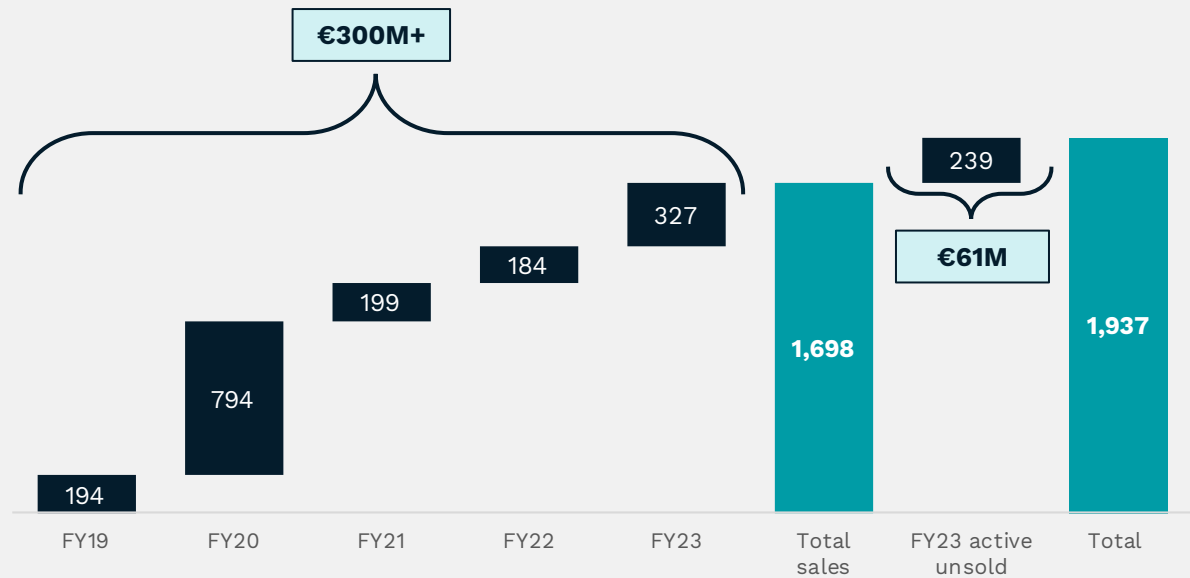
~2% landbank yearly rotation on average

...at attractive terms, with an average net margin of 24% since FY17



## Opportunistic business consisting of selecting existing land plots to be developed under forward-sale structures

~€380M in potential sales under forward-sale contracts, with an average net margin above 15%

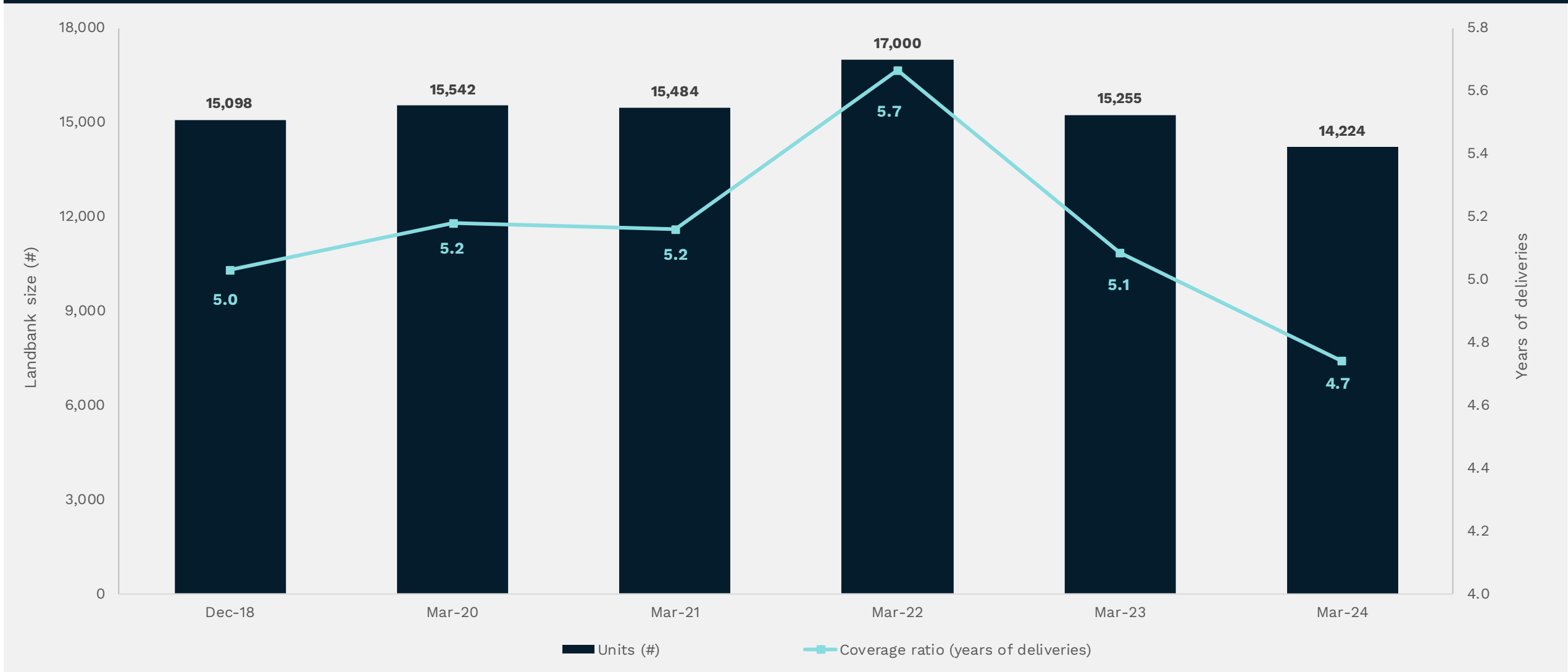


Asset type	Goal	Target: single client
SECTORS WITH CONCENTRATION OF PLOTS	DE-RISK STRATEGY	INSTITUTIONAL INVESTORS

Notes: (1) Adjusted by the disposal of a land plot in Costa del Sol; (2) Adjusted by the disposal of 5 non-strategic land plots in Costa del Sol for the development of a total number of 5 single-family homes

# Focus on optimising capital allocation

On track to efficiently manage the landbank, aiming for a target size to cover ~4.0 to 4.5 years of deliveries



Note: (1) Based on estimated run-rate of deliveries

# Lever on third-party capital through our Real Estate Services to further grow the business

## Experienced team

- Supported by the team integrated from Áurea Homes acquisition in 2021
- Long-established relationships with family offices and institutional investors



**David Botín**  
Chief Real Estate Services

Investment team

Technical team

Financial controller

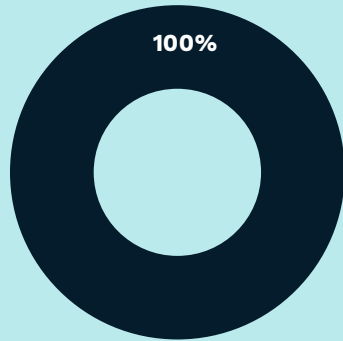
Supported by the rest of AH team

**~1,800 units delivered<sup>1</sup>**

## Plan VIVE End-to-end project management

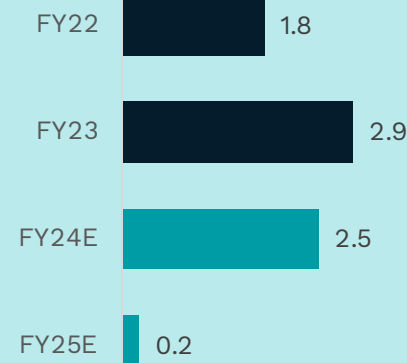
- 23 developments targeting affordable rental demand
  - All units under construction
  - Estimated delivery: 67% in FY24 / 33% in FY25

### Location



■ Madrid

### Projected revenue (€M)



**~3,600 units**

## Future pipeline

- Closing of two JVs in FY23 for an aggregate equity commitment of €290m
- Working on new agreements for “living” projects
  - Co-investment (5%-20%) / end-to-end project management



- 1 Diversification of capital sources,** consolidating a leadership position in the “living” development sector
- 2 Development of new “living” formats,** responding to new social needs, including potential new public-private partnerships
- 3 Improved ROE,** via an increase in the marginal margin (fees + capital remuneration) and lower consumption of capital

**Double digit IRR<sup>2</sup>**

Notes: (1) Units delivered from FY17 to FY23 by the team integrated in AEDAS Homes; (2) Estimated return via capital remuneration



# Embracing sustainability as a strategic value driver

## ENVIRONMENT (E)

- 1 **CLIMATE CHANGE** 
- 2 **HEALTHY & SUSTAINABLE RESIDENTIAL DEVELOPMENTS** 
- 3 **ECO-EFFICIENT OPERATIONS** 

## SOCIAL (S)

- 1 **EXCELLENCE & INNOVATION WITH CUSTOMERS** 
- 2 **HUMAN CAPITAL MANAGEMENT** 
- 3 **SOCIAL FOOTPRINT** 

## GOVERNANCE (G)

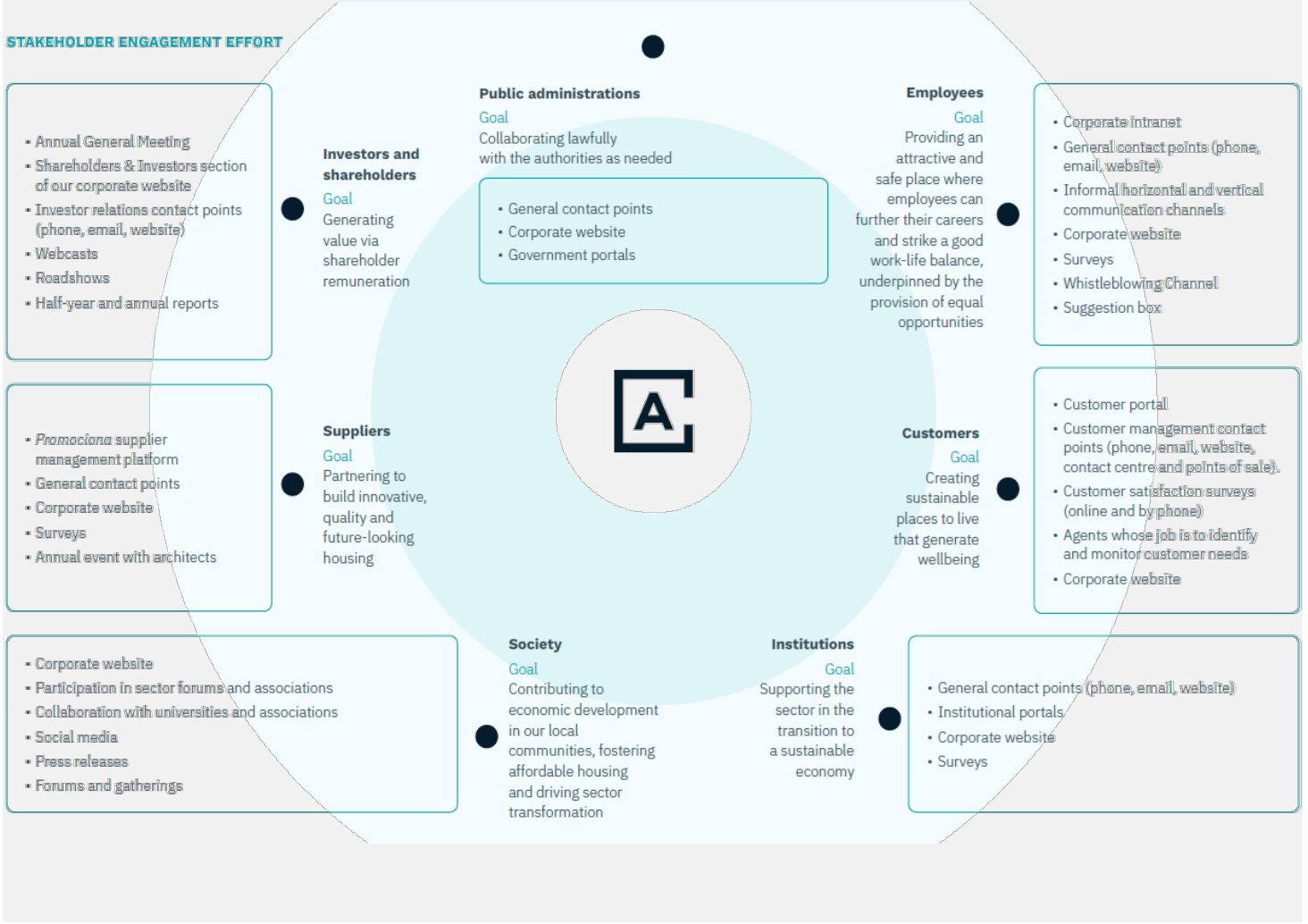
- 1 **ESG GOVERNANCE & VALUE CREATION** 
- 2 **TRANSPARENCY & BRAND** 

Full alignment with UN Sustainable Development Goals



# Delivering value to our community

## Engaging with stakeholders...



## ...who benefit from AH'S business activity

Business improvement may result in **further wealth distribution** to our stakeholders



Ongoing initiatives to facilitate **access to housing**, configure **future-proof housing** and **reduce emissions**

- ~4,600** affordable units *To be promoted or under management as of April-24*
- 100%** FY23 finished *Units carried out Life Cycle Analysis / achieved Green Book or other green seal of prestige*
- 63%** FY23 launched *Units targeting "AA" energy performance certificates*
- ~36%** *Units delivered built fully or partially **offsite***

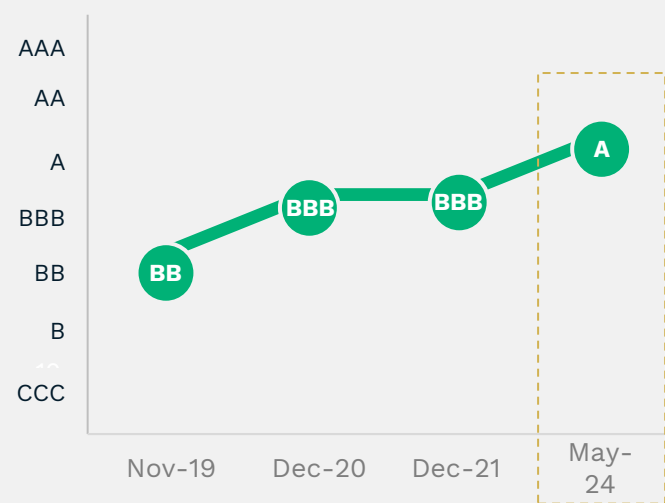
# On the path to further improve our ESG ratings

## FY23 ESG Achievements

- 100% of projects finalized in FY 2023 were developed according to AEDAS Homes' **Green Book** or another recognized standard (**BREEAM**, **Passivhaus**)
- 100% of projects finalized in FY 2023 had a **Life Cycle Analysis** carried out
- 62% of projects finalized in FY 2023 attained an energy certification rating of **AA**
  - 63% of projects **launched** in FY 2023 are targeting an energy certification rating of **AA**
- 36% of units delivered were **built partially or fully offsite**
- Incorporating **sustainable materials**:
  - Low carbon concrete, mass timber, and 100% recycled aluminium

## MSCI ESG

- MSCI ESG Rating aims to measure a company's management of financial relevant risks and opportunities
- Well-above average**, as 51% of corporates dedicated to Real Estate Development & Diversified Activities were rated at less than "A" as of May-24
- Current score: 6.2**



## Great Place to Work

- Great Place to Work is a global consultancy firm whose mission is to help organizations identify, create and maintain exceptional workplaces by building high trust cultures
- Rated as a Great Place to Work** in the real estate sector for the second year running

- 83%** of respondents believe people at AH are willing to give more of themselves (5 points above real estate sector average)
- 82%** of respondents said that their superiors trust them to do a good job without supervision
- 83%** of respondents said people are made to feel welcome when they join the company

## New ESG Strategic Plan 2024-2026

- Champion the use of Modern Methods of Construction:** 30% of deliveries will be built partially or fully offsite
- Calculate AEDAS Homes' **Carbon footprint** (Scopes 1, 2 y 3)
- Design and implement AEDAS' **decarbonization** roadmap
- Energy ratings: **AA** (at least **60%**) and **BA** (at least **15%**)
- Sustainable drainage** in at least **40%** of our developments and **water reuse systems** in at least **35%**
- Circular Economy Plan:** **80%** of non-hazardous construction waste generated at our developments by 2026

**SIGNIFICANT IMPROVEMENT OF OUR ESG SCORE SINCE THE APPROVAL OF OUR ESG STRATEGIC PLAN 2021-2023**

**KEY NEW SUSTAINABILITY GOALS**



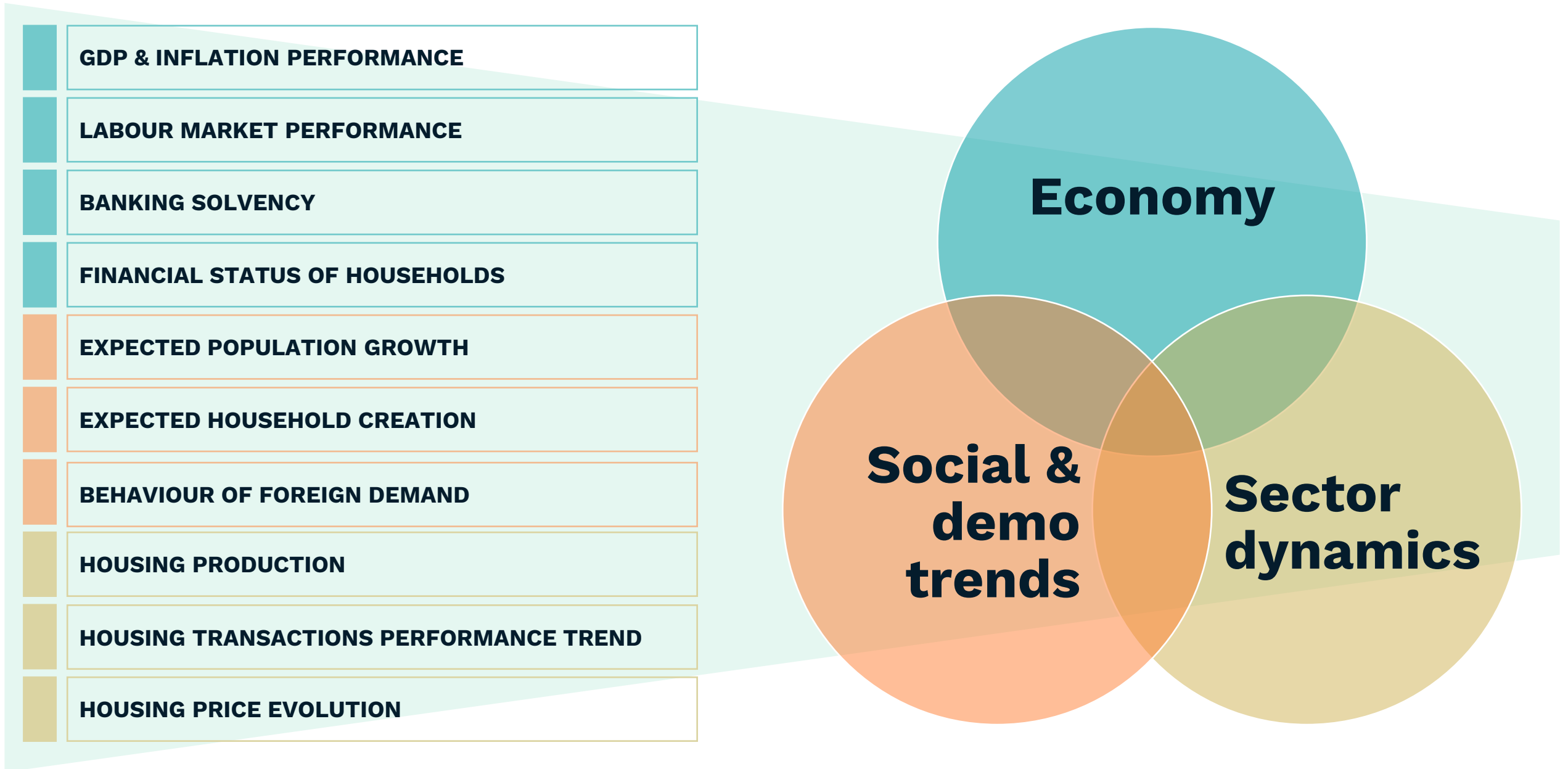
03

# Economic and sector update



*Tinné (Boadilla del Monte, Madrid)*

# Housing market fundamentals in-depth

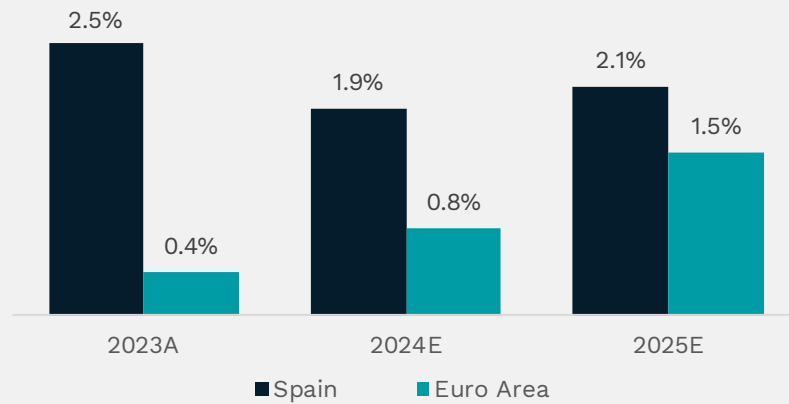


# Spain's economy still shows positive tailwinds

## Positive trends in the Spanish economy

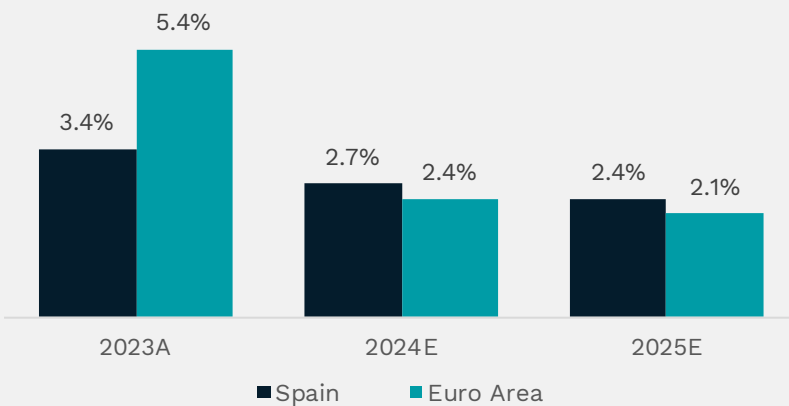
### Positive growth outlook for Spain...

(IMF "World Economic Outlook, April 2024")



### ...with downward trend in inflation rate

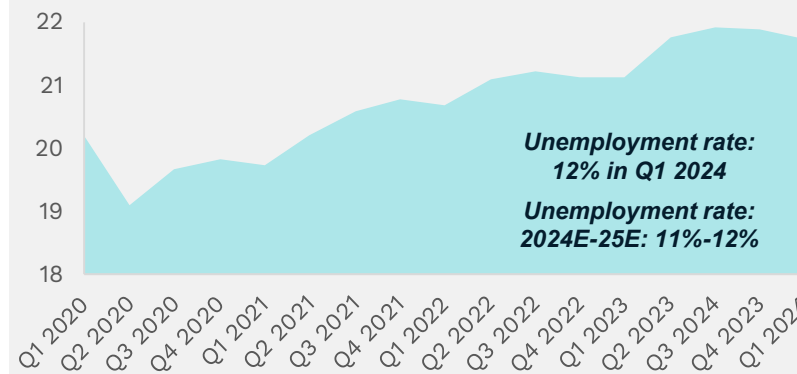
(IMF, April 2024)



## Stable labour market in Spain

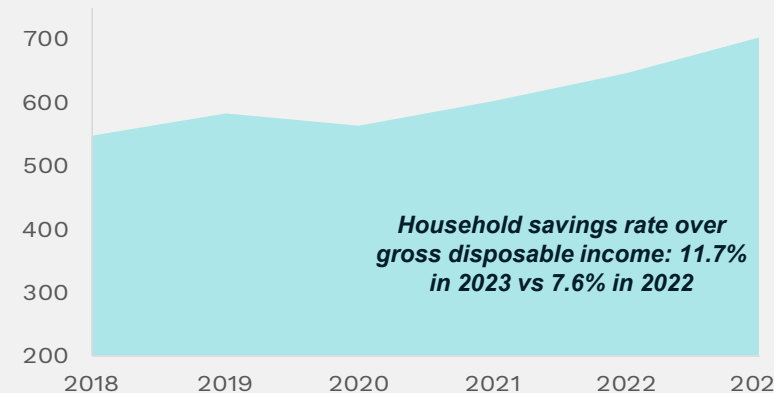
### Steady employment growth (21M+ in employment)...

(evolution of workforce in million people, INE, IMF April 2024)



### ...with an increasing trend in total payroll and households' ability to keep saving capacity

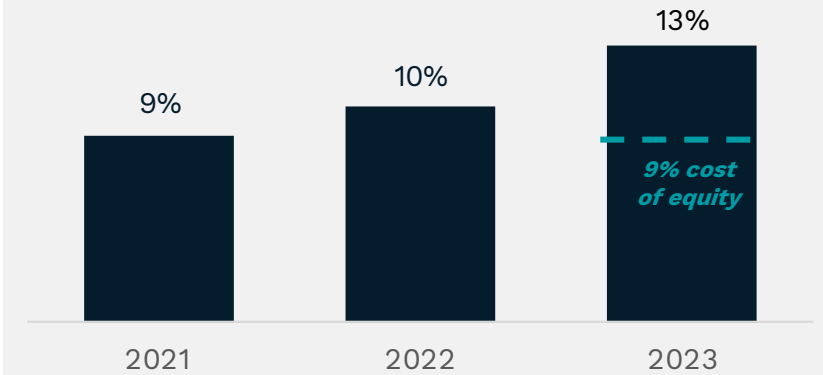
(evolution of total payroll in €bn, INE)



## Healthy banking system

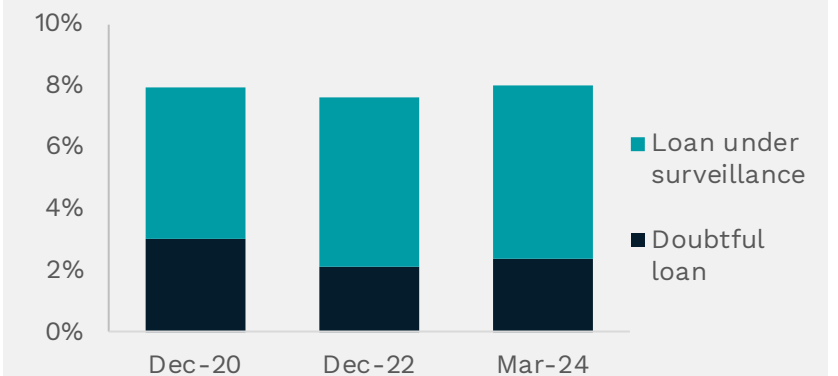
### Banking ROE well-above its cost of capital

(RoE<sup>1</sup>, Bank of Spain)



### Favourable situation due to quality of Spanish households' credit, with real estate as collateral

(Bank of Spain)



Note: (1) Excluding non-recurring items

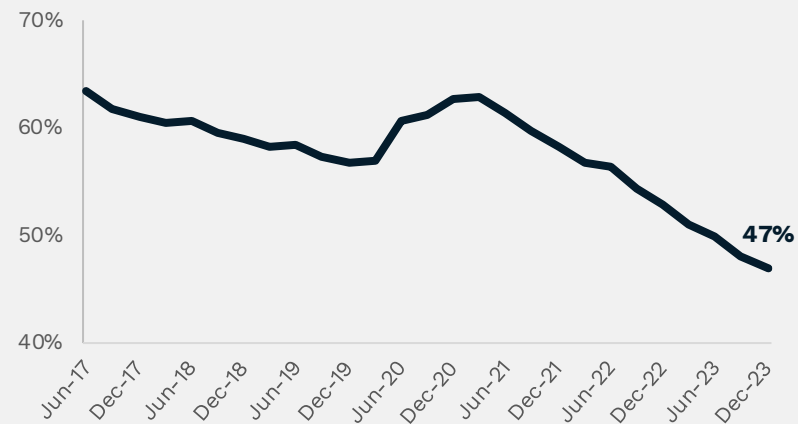


# Healthy financial situation of Spanish households & disciplined mortgage market

## Healthy financial status of Spanish households

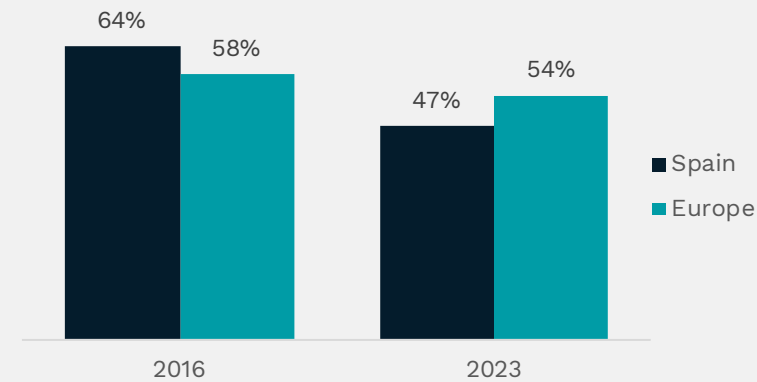
### Progressive deleveraging of Spanish households...

(household debt as % of GDP, Bank of Spain)



### ...placing the ratio below the European average

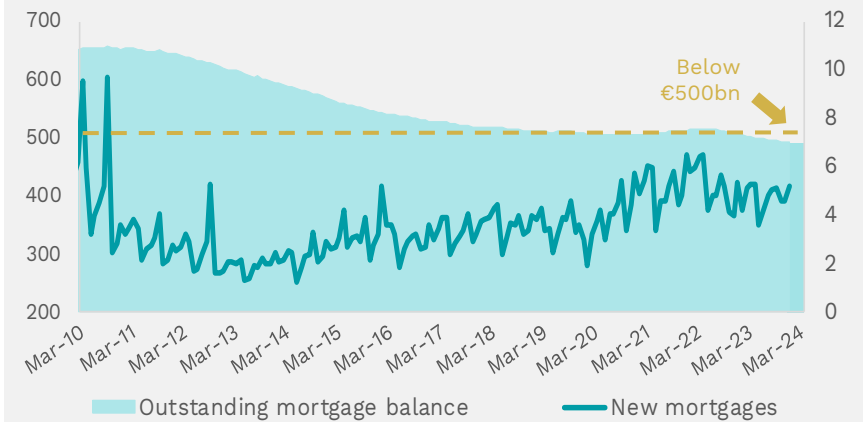
(household debt as % of GDP, Eurostat and Bank of Spain)



## Impact on outstanding mortgage balance

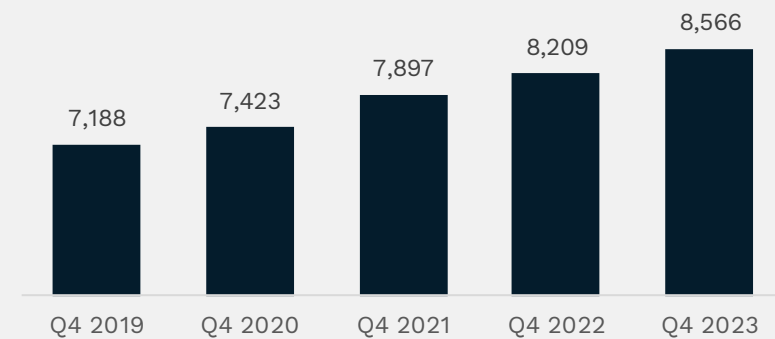
### Reduction in outstanding mortgage balance...

(€bn, Bank of Spain)



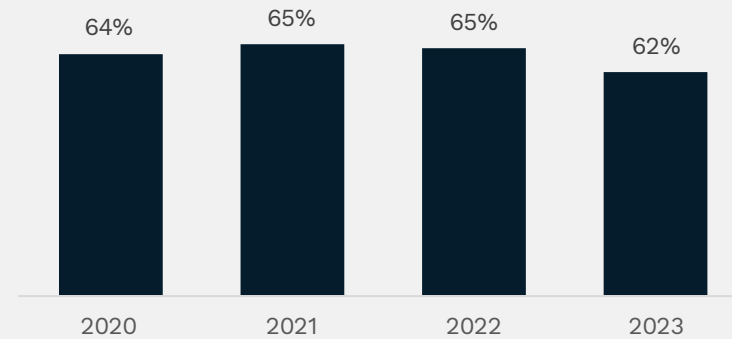
### Improvement in total net wealth

(evolution of net household wealth, €bn, Bank of Spain)



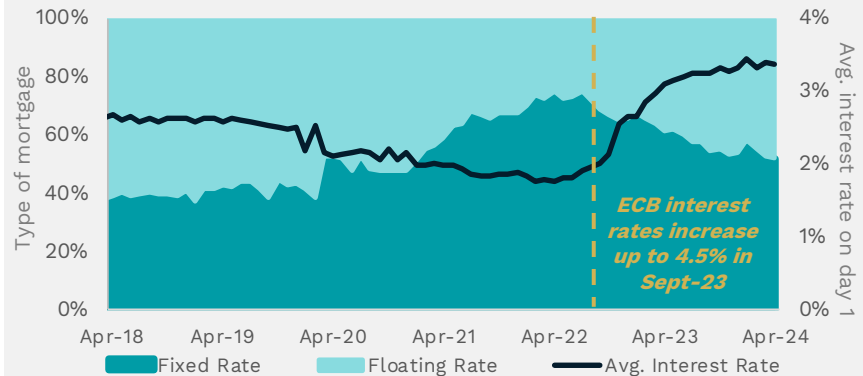
### Prudent indebtedness with LTV standing at 62%

(LTV<sup>2</sup> evolution, %, Bank of Spain)



### ...with new mortgages still at attractive conditions

(interest rate<sup>1</sup> and type of loans for new mortgages, INE)



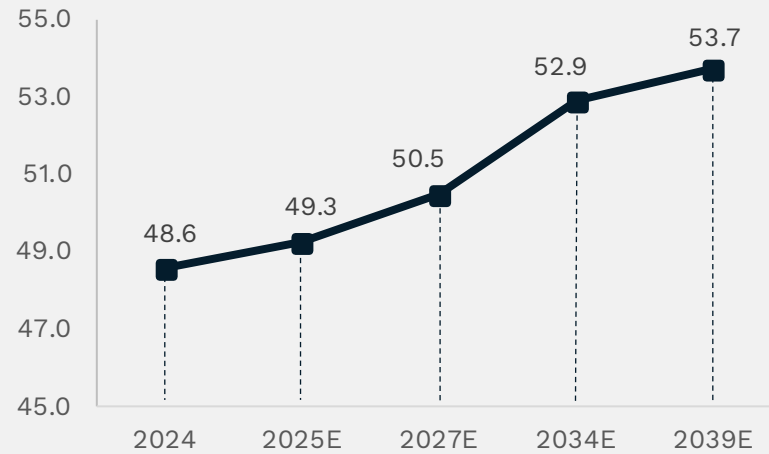
Note: (1) Average interest rate on the date on which the mortgage starts; (2) Refers to "Relación préstamo-valor" metric provided by the Bank of Spain

# Solid long-term underlying sociodemographic trends

## Expected population growth and...

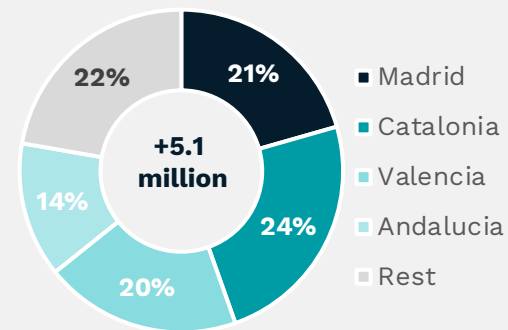
### +10.6% expected population growth in absolute terms

(expected population evolution in Spain, million, INE)



### 78% of population growth concentrated in 4 areas and due to positive net migration

(%, INE)



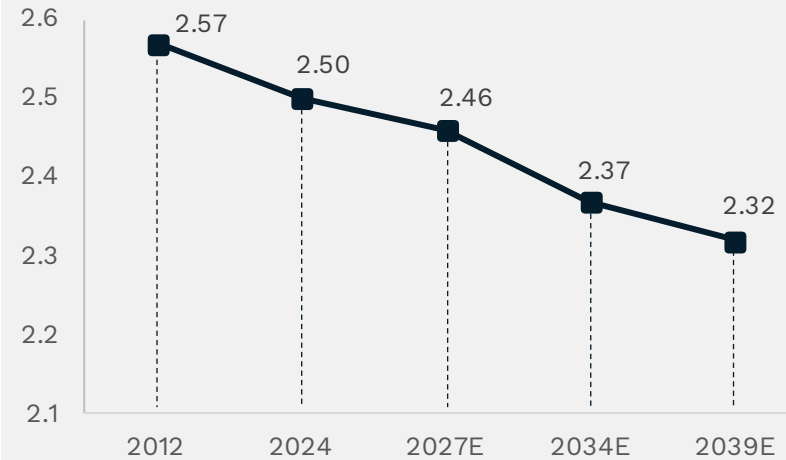
**82%** of total population is born in Spain as of Jan-24

**71%** of total population would have been born in Spain as of Jan-39

## ...continued reduction in household size...

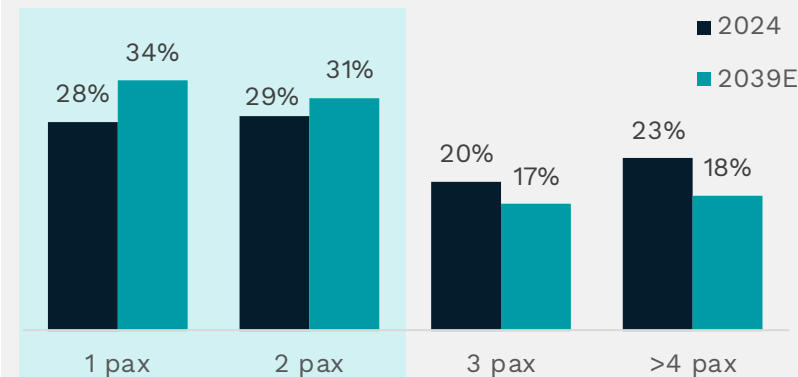
### 7% decrease in household size by 2039

(pax per household, #, INE)



### Increasing number of 1- and 2-person households

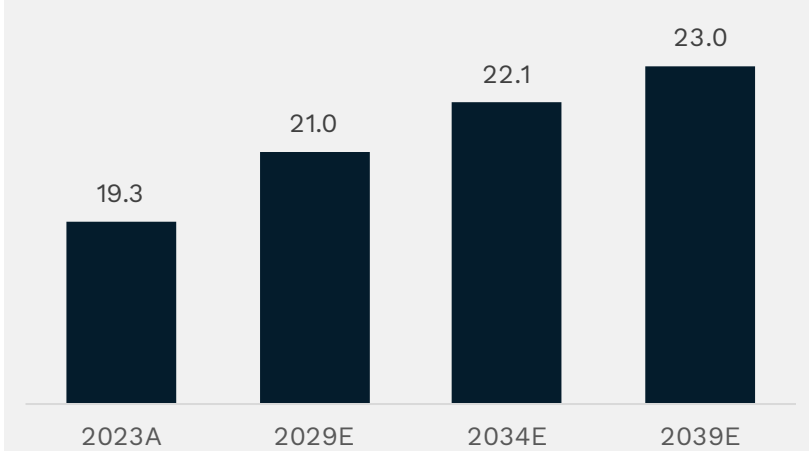
(%, INE)



## ...result in an expected increase in the number of households

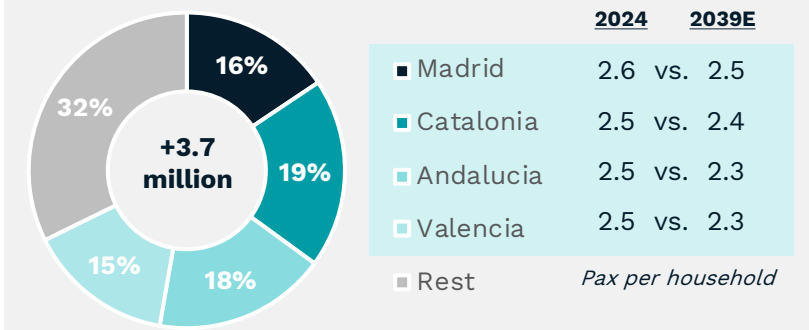
### +3.7 million of new households by 2039

(evolution of number of households, million, INE)



### 68% of new households expected to be concentrated in 4 areas

(%, INE)



	2024	2039E
Madrid	2.6	vs. 2.5
Catalonia	2.5	vs. 2.4
Andalusia	2.5	vs. 2.3
Valencia	2.5	vs. 2.3
Rest		

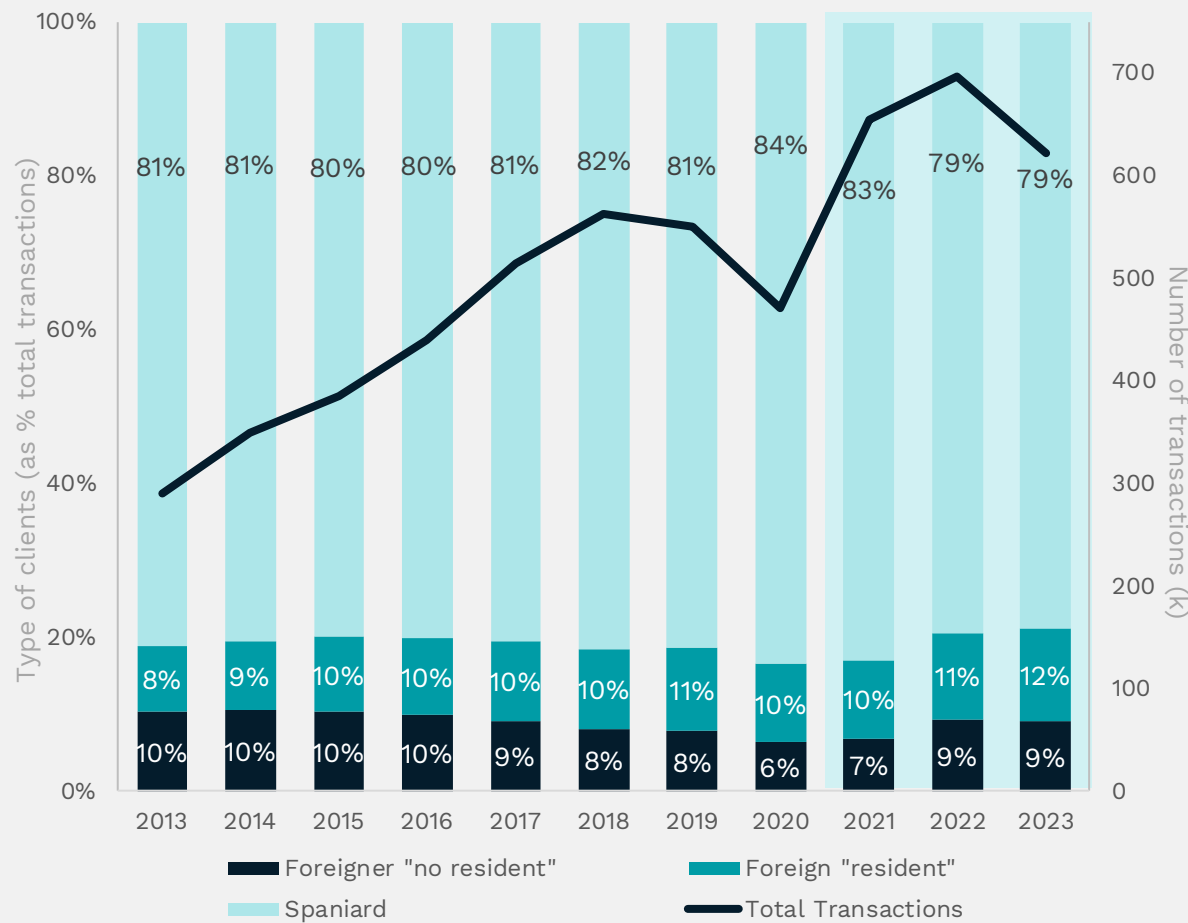
*Pax per household*

# Solid foreign demand with purchase power

## Growing foreign demand<sup>1</sup>

Transactions closed by foreign demand in FY23: +42% vs. average for 2013/22

(Consejo General del Notariado)

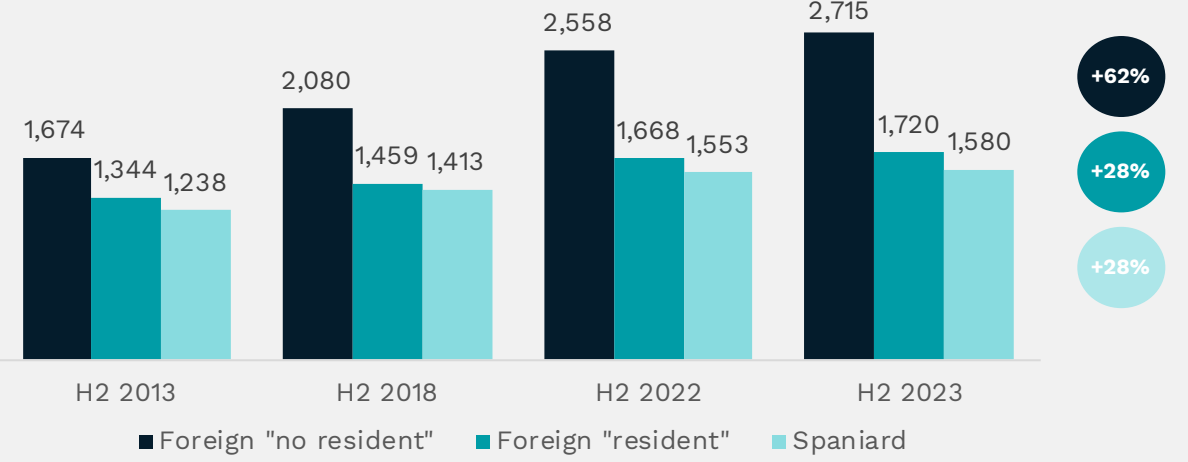


## Looking for quality homes majority located in the east of Spain

Foreign "no resident" demand tends to purchase more expensive houses

(evolution of the €/sqm paid by each type of client, Consejo General del Notariado)

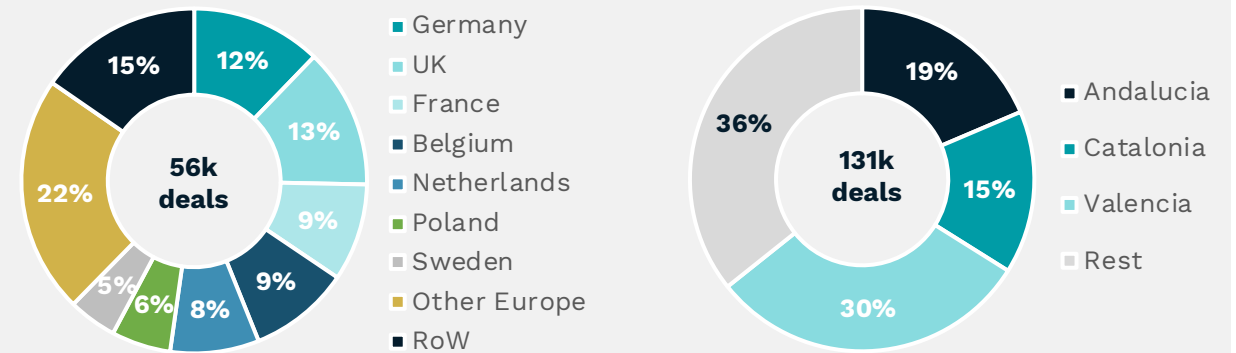
Absolute growth H2 2013-H2 2023



German, British, French and Belgians are top 4 customers looking for houses

(2023 foreign "no resident" split by nationality<sup>2</sup>)

(2023 foreign purchases by location<sup>2</sup>)



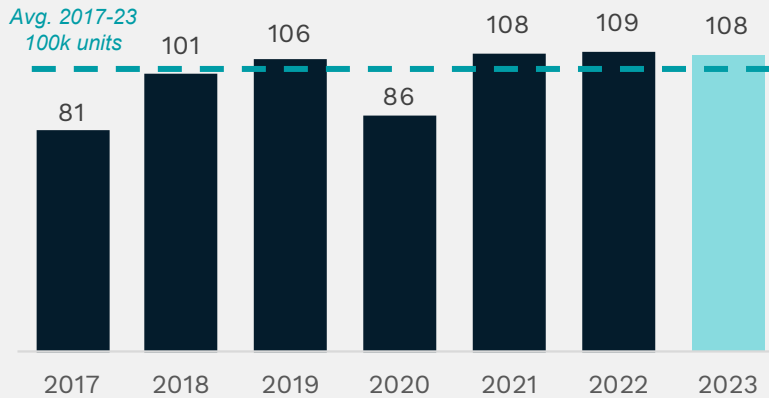
Notes: (1) Excluding restricted houses; (2) Consejo General del Notariado

# Tight housing production

## Limited production levels

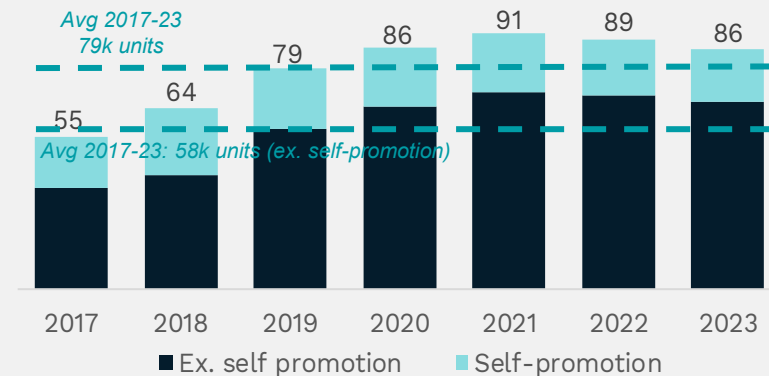
**100k -110k building permits results in 2.1-2.3 building permits per 1k inhabitants and...**

(thousands of building permits granted, MITMA)



**... in a limited supply of new-build homes: less than 90,000 units completing construction annually**

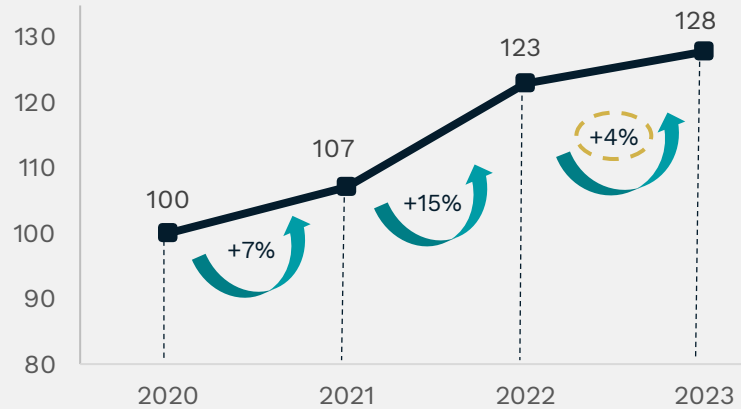
(thousands of new-build homes completed, MITMA)



## Potential concerns on upcoming new production

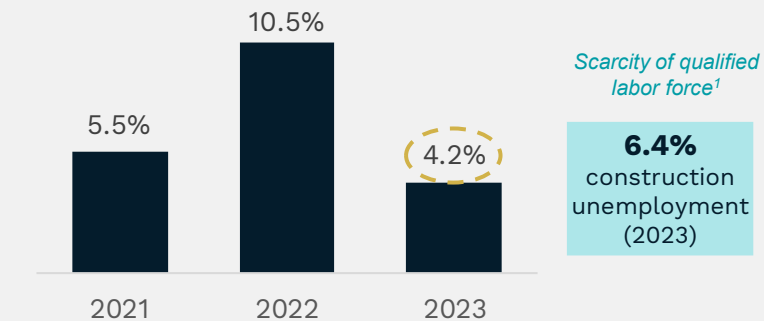
**Residential construction costs seem to stabilize...**

(2020 = base 100, MITMA)



**...although the sector may face pressure from an increase in labor cost**

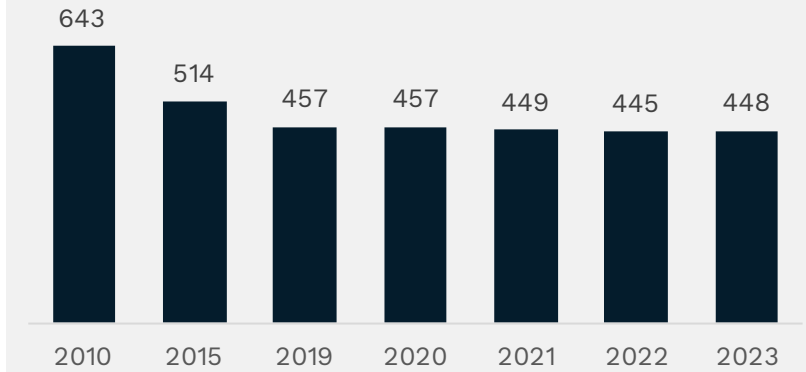
(construction cost growth, including labor cost, MITMA)



## New production is being absorbed

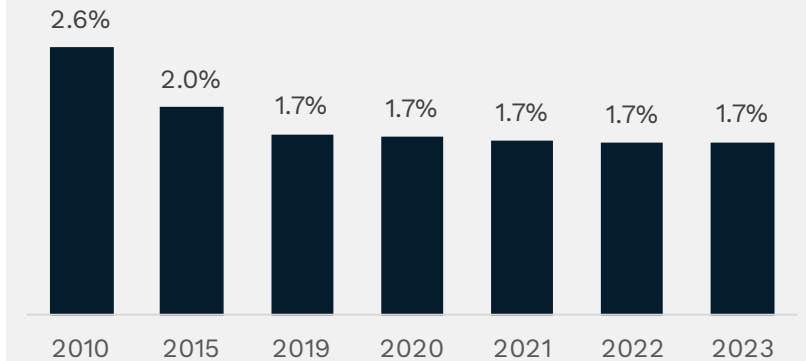
**Ongoing shrinking of the unsold stock, with 30% reduction since 2010...**

(in terms of thousand of units, MITMA)



**...and accounting for less than 2% of total residential stock**

(unsold stock as % of total housing stock, MITMA and INE)



Note: (1) Calculations based on data provided by INE. Total unemployed people in the construction sector divided by total active people in the construction sector



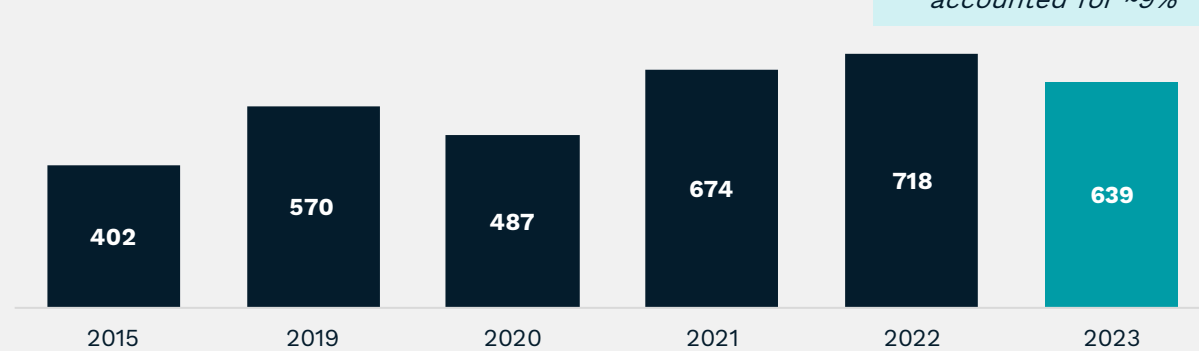
# Price stability despite a slight reduction in transactions

## Slow down in housing transactions in 2023, but prices show resilience

### Reduction in number of housing transactions in 2023 vs. 2022, but still above 2019 levels...

(thousand of units, MITMA)

New-build houses accounted for ~9%



### ...but prices show strength, in particular, in new-build homes

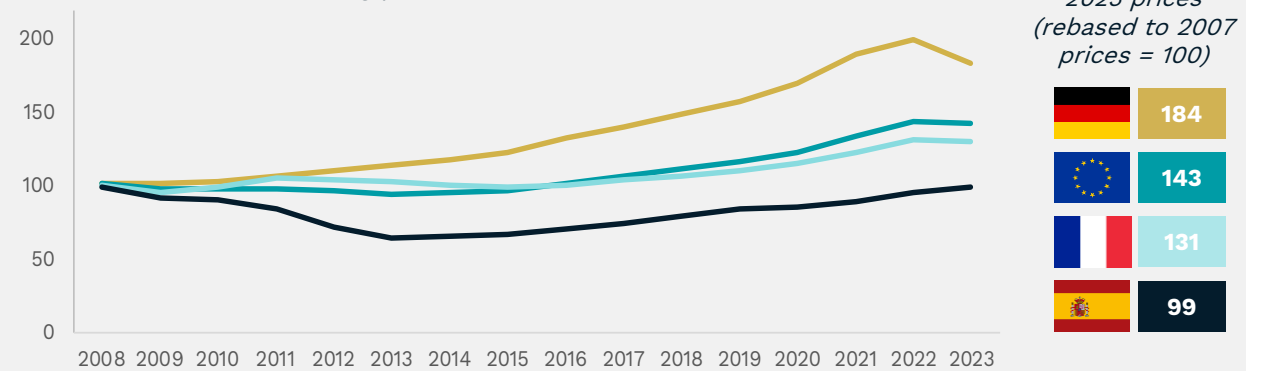
(annual rate on a quarterly basis, %, INE)



## The Spanish housing market seems not to be overheating

### Despite recent increases in housing prices, housing prices in Spain are in line with 2007 housing prices

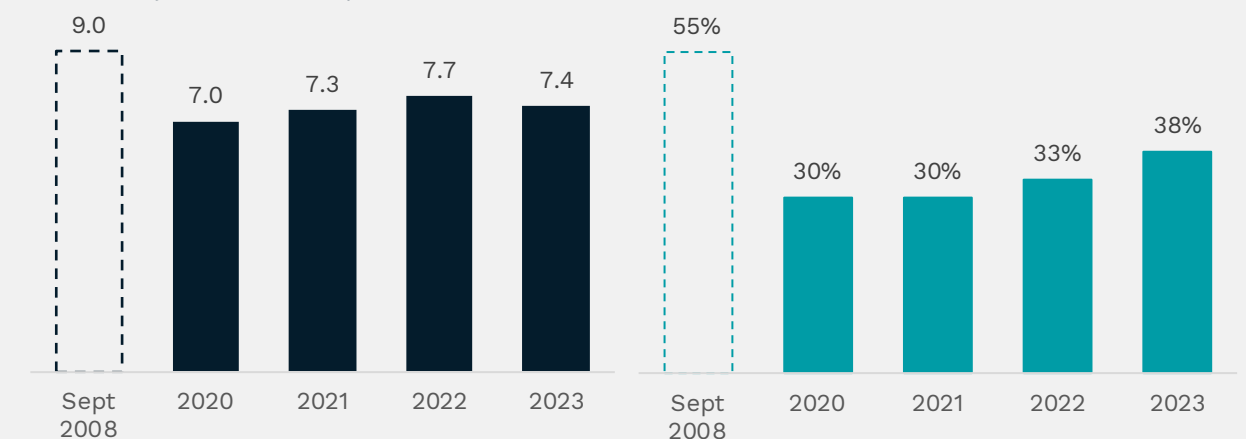
(evolution of nominal housing prices, 2007 = 100, Eurostat)



### Slight deterioration in access to the housing market due to interest rates increase

(housing price / household's gross income, number of years, Bank of Spain)

(theoretical effort rate, %, Bank of Spain)



04

# Closing remarks



*Argea (Colmenar Viejo, Madrid)*

# Closing remarks

- I** Continue to cement our leading position in the Spanish living development sector
- II** Quality landbank and targeting of solvent customer segment, underpinned by clear investment and marketing strategies
- III** Focusing on a “go-to-market” strategy combined with optimal asset rotation and business optimization actions to deliver long-term returns to our shareholders
- IV** Strengthening our ESG position as a catalyst to unlock further growth and make positive contributions to our communities
- V** Reading the market to adapt swiftly to changes in market trends

Annex

# AH financial accounts



Bayeu (Zaragoza)



# FY 2023 Consolidated P&L

(€m)	FY 2023	FY 2022	Δ (€m)	Δ (%)
Revenue derived from housing units delivered	949.5	884.6	65.0	7.3%
Revenue derived from land sales	185.7	30.2	155.6	515.4%
Revenue derived from services	9.4	5.1	4.3	84.9%
<b>TOTAL REVENUE</b>	<b>1,144.7</b>	<b>919.8</b>	<b>224.9</b>	<b>24.4%</b>
Cost of goods sold	(727.0)	(648.6)	(78.3)	12.1%
Cost of land	(154.9)	(27.8)	(127.1)	457.5%
Cost of services	(6.3)	(2.1)	(4.3)	206.1%
<b>GROSS MARGIN</b>	<b>256.5</b>	<b>241.3</b>	<b>15.2</b>	<b>6.3%</b>
<i>% Gross margin</i>	<i>22.4%</i>	<i>26.2%</i>	<i>N/A</i>	<i>(3.8 p.p)</i>
Sales and marketing costs	(29.1)	(33.1)	4.0	(12.2%)
Other operating expenses	(14.0)	(12.1)	(1.9)	15.6%
<b>NET MARGIN</b>	<b>213.4</b>	<b>196.1</b>	<b>17.3</b>	<b>8.8%</b>
<i>% Net margin</i>	<i>18.6%</i>	<i>21.3%</i>	<i>N/A</i>	<i>(2.7 p.p)</i>
Overheads	(35.1)	(37.6)	2.5	(6.6%)
Provision for LTIP	(6.5)	(4.8)	(1.7)	36.7%
Other income and expenses	1.1	1.7	(0.6)	(37.1%)
<b>EBITDA</b>	<b>172.9</b>	<b>155.5</b>	<b>17.4</b>	<b>11.2%</b>
<i>% EBITDA margin</i>	<i>15.1%</i>	<i>16.9%</i>	<i>N/A</i>	<i>(1.8 p.p)</i>
Strategic land margin	-	8.7	(8.7)	N/A
<b>ADJUSTED EBITDA</b>	<b>172.9</b>	<b>164.2</b>	<b>8.7</b>	<b>5.3%</b>
<i>% Adjusted EBITDA margin</i>	<i>15.1%</i>	<i>17.9%</i>	<i>N/A</i>	<i>(2.7 p.p)</i>
Depreciation and amortisation	(1.6)	(6.0)	4.4	(73.7%)
Financial result	(24.8)	(22.4)	(2.4)	10.9%
Share of profit/(loss) of associates	0.4	1.5	(1.1)	(73.0%)
<b>EARNINGS BEFORE TAXES</b>	<b>146.9</b>	<b>137.4</b>	<b>9.5</b>	<b>6.9%</b>
Corporate tax	(37.9)	(32.1)	(5.8)	18.2%
<b>CONSOLIDATED NET INCOME</b>	<b>109.0</b>	<b>105.3</b>	<b>3.7</b>	<b>3.5%</b>
Minority interests	(0.1)	(0.2)	0.1	(57.0%)
<b>NET INCOME ATTRIBUTABLE TO PARENT COMPANY</b>	<b>108.9</b>	<b>105.1</b>	<b>3.8</b>	<b>3.6%</b>
<i>% Net attributable margin</i>	<i>9.5%</i>	<i>11.4%</i>	<i>N/A</i>	<i>(1.9 p.p)</i>

**1 Significant increase in revenue:** higher volume of BTS deliveries (+16%), increased rotation of non-core assets, and transfer of assets to co-investment vehicles

**2 Reduction in gross margin** due to (i) decrease in gross development margin, and (ii) higher contribution from activities involving rotation and transfer of land, which have a lower margin (12% in FY 2023 vs. 1% in FY 2022, calculated based on total gross margin)

**3 Increase** largely due to higher costs associated with taxes related to the increased number of deliveries and land sales during the fiscal year

**4 Overhead costs stabilized** after allocating costs directly to the Real Estate Services division

**5** The **strategic land margin** only impacted FY 2022 due to the adjustment to market value of land acquired in that year through the exchange of shares in associated companies focused on managing strategic land, in which AEDAS held a minority stake

**6 Increase** mainly driven by higher volume of unsecured corporate debt arranged throughout the year, as well as rising benchmark interest rates

# Consolidated balance sheet at 31 March 2024

(€m)	31 March 2024	31 March 2023	Δ (€m)	Δ (%)
Other fixed assets	121.7	37.4	84.3	225.5%
Deferred tax assets	6.9	5.3	1.6	30.5%
<b>NON-CURRENT ASSETS</b>	<b>128.6</b>	<b>42.7</b>	<b>85.9</b>	<b>201.3%</b>
Inventories	1,487.0	1,610.7	(123.7)	(7.7%)
Trade receivables	60.9	42.9	18.1	42.2%
Other current assets	45.9	28.0	17.9	63.8%
Unrestricted cash	239.5	198.7	40.8	20.5%
Restricted cash	50.3	46.1	4.2	9.0%
<b>CURRENT ASSETS</b>	<b>1,883.6</b>	<b>1,926.3</b>	<b>(42.7)</b>	<b>(2.2%)</b>
<b>TOTAL ASSETS</b>	<b>2,012.2</b>	<b>1,969.0</b>	<b>43.2</b>	<b>2.2%</b>
<b>EQUITY</b>	<b>931.1</b>	<b>969.6</b>	<b>(38.6)</b>	<b>(4.0%)</b>
Non-current borrowings	320.7	319.0	1.7	0.5%
Other non-current liabilities	0.7	2.8	(2.1)	(75.6%)
Deferred tax liabilities	0.6	0.3	0.3	130.6%
<b>NON-CURRENT LIABILITES</b>	<b>322.0</b>	<b>322.0</b>	<b>(0.1)</b>	<b>(0.0%)</b>
Development financing due in the long term	153.9	125.6	28.3	22.6%
Development financing due in the short term	3.1	6.4	(3.3)	(51.6%)
Long-term financial borrowings	-	-	-	-
Short-term financial borrowings	71.4	44.4	27.0	60.9%
Trade and other payables and provisions	249.5	218.5	31.0	14.2%
Customer down payments	162.1	194.8	(32.7)	(16.8%)
Other current liabilities	119.2	87.7	31.5	35.9%
<b>CURRENT LIABILITIES</b>	<b>759.1</b>	<b>677.3</b>	<b>81.8</b>	<b>12.1%</b>
<b>TOTAL EQUITY AND LIABILITY</b>	<b>2,012.2</b>	<b>1,969.0</b>	<b>43.2</b>	<b>2.2%</b>

# FY 2023 Consolidated Cash Flow

(€M)	FY23			FY22		
	Mar-24	Subrogation adj.	Adj. Mar-24	Mar-23	Subrogation adj.	Adj. Mar-23
<b>Adjusted EBITDA</b>	<b>172.9</b>	-	<b>172.9</b>	<b>164.2</b>	-	<b>164.2</b>
(-) Other adjustments to profit	(4.5)	-	(4.5)	1.5	-	1.5
(+/-) Net interest	(52.4)	-	(52.4)	(46.8)	-	(46.8)
<b>Funds from operations (FFO)</b>	<b>116.0</b>	-	<b>116.0</b>	<b>119.0</b>	-	<b>119.0</b>
(+/-) Change in inventories <sup>1</sup>	111.4	-	111.4	35.8	-	35.8
(+/-) Change in payables and receivables <sup>1</sup>	(114.4)	107.8	(6.6)	(53.5)	100.0	46.5
(+/-) Net land acquisition / disposal	15.4	-	15.4	(121.5)	-	(121.5)
<b>Cash flow from operating activities</b>	<b>128.5</b>	<b>107.8</b>	<b>236.3</b>	<b>(20.2)</b>	<b>100.0</b>	<b>79.8</b>
(-) Cash flow from investing activities (ex. land acq.)	(3.6)	-	(3.6)	(5.9)	-	(5.9)
<b>Free cash flow from operations</b>	<b>124.9</b>	<b>107.8</b>	<b>232.7</b>	<b>(26.1)</b>	<b>100.0</b>	<b>73.9</b>
(+/-) Net investment (financial matters)	(87.7)	-	(87.7)	10.0	-	10.0
(+/-) Change in developer loans	156.2	(107.8)	48.3	127.6	(100.0)	27.6
(+) Drawdown	604.5	-	604.5	449.6	-	449.6
(-) Repayment	(448.3)	(107.8)	556.2	(322.0)	(100.0)	(432.0)
(+/-) Net change in bonds / marketable securities	4.4	-	4.4	5.6	-	5.6
(-) Share buybacks	(5.8)	-	(5.8)	(9.9)	-	(9.9)
(-) Dividends	(146.9)	-	(146.9)	(102.7)	-	(102.7)
<b>Change in available cash</b>	<b>45.1</b>	-	<b>45.1</b>	<b>4.7</b>	-	<b>4.7</b>

Note: (1) Excluding changes attributed to sales and acquisitions of land

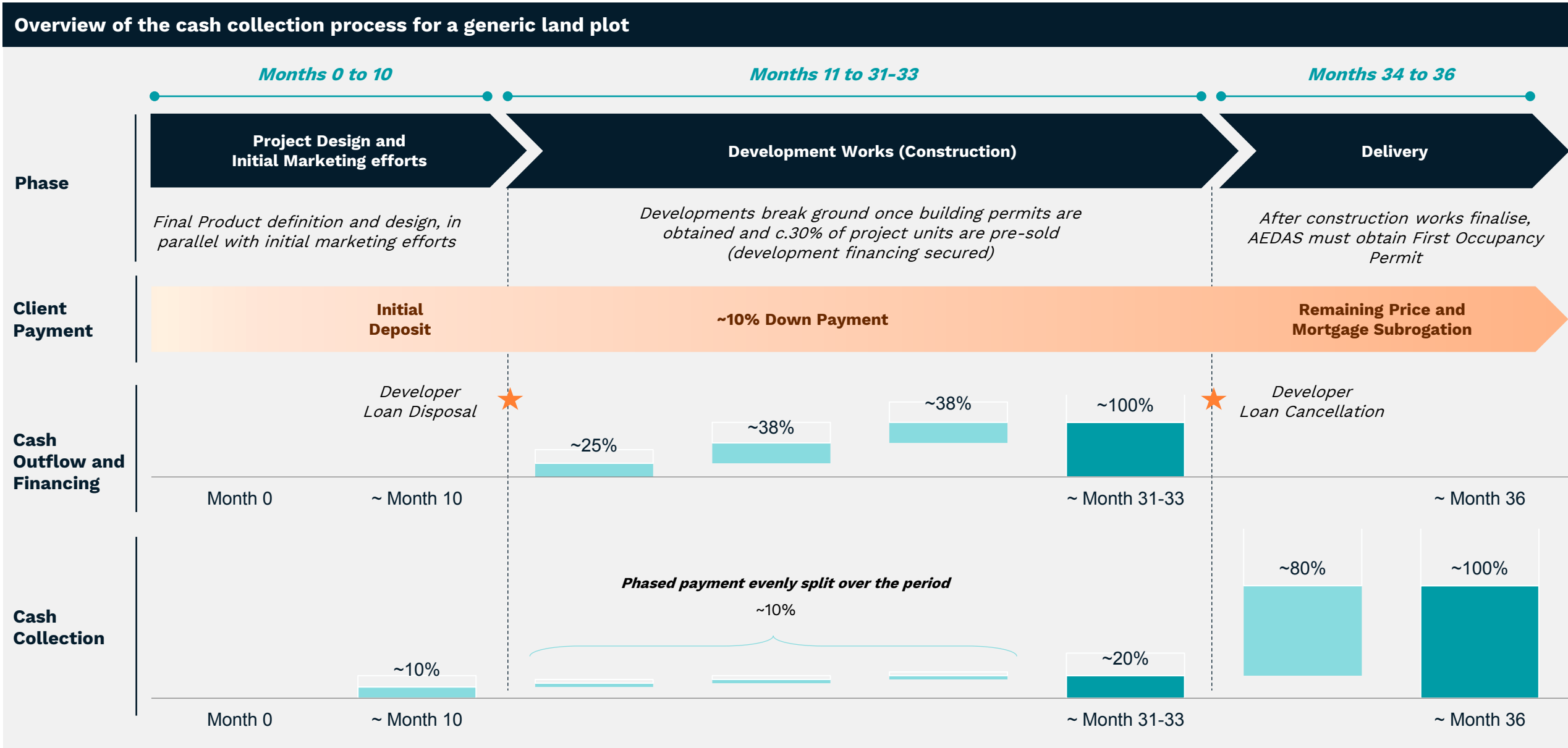
# Annex AB

## Homebuilding industry accounting





# Development process: ~3 years from Design to Delivery



# Overview of an income statement for a homebuilder

## Illustrative example of an income statement of a generic development project

Accounted in the P&L of the Delivery Year					Delivery Year P&L
% of Gross Sales	① Land Investment	② Marketing Activities	③ Construction Works	④ Delivery	
<b>Gross Sales</b>	-	-	-	<b>100%</b>	<b>100%</b>
Land Acquisition	(20%)	-	-	-	(20%)
Development Costs	-	-	(50%)	-	(50%)
Interest on Developer Loans	-	(2%)	-	-	(2%)
<b>Gross Development Margin</b>	<b>(20%)</b>	<b>(2%)</b>	<b>(50%)</b>	<b>100%</b>	<b>28%</b>
Direct Costs	-	(3%)	-	-	(3%)
<b>Margin Net Development Build-up</b>	<b>(20%)</b>	<b>(5%)</b>	<b>(50%)</b>	<b>100%</b>	<b>25%</b>

Accounting Focus

- ① **Land investment:** land is ~100% equity-financed at acquisition
- ② **Marketing activities kick off:** AEDAS begins marketing the units and collecting reservations from customers once the product definition is launched
- ③ **Development breaks ground:** construction works start once c.30% of units have been pre-sold and the building permit has been granted. Marketing continues in parallel
  - **Development costs** (hard and soft costs) are **up to 100% financed** via developer loans
  - **Occasionally, a % of land investment is financed** at the development stage in selected prime locations to the extent that equity deployed is at least 30%
  - Until construction process is completed, **AEDAS receives different payment inflows from customers** (~10% once the development permit is granted and a further ~10% during the development period)
- ④ **Completion and Delivery**
  - Upon delivery, customers pay the remaining ~80% to AEDAS Homes
  - Buyers normally **subrogate into the development loan upon delivery**
  - AEDAS Homes pays back the development loan when units are delivered
  - Tax is paid by AEDAS Homes at delivery

# Overview of cash flow accounting for a homebuilder

## Illustrative example of a cash flow statement of a generic development project

*Accounted in CFs Across Project-Life Impacted Years*

% of Gross Sales	① Land Investment	② Design & Marketing	③ WIPS	④ Delivery	Cumulated cash flow
<b>Cash Inflows</b>	-	-	20%	80%	100%
Land Acquisition	(20%)	-	-	-	(20%)
Development Costs (Hard/Soft Costs)	-	(4%)	(46%)	-	(50%)
Advertising	-	(0.5%)	(0.5%)	-	(1%)
Sales Costs	-	(0.7%)	(0.7%)	(0.7%)	(2%)
<b>Unlevered Cash Flow</b>	<b>(20%)</b>	<b>(5.2%)</b>	<b>(27.2%)</b>	<b>79.3%</b>	<b>27%</b>
Developer Loan (Hard/Soft Costs)	-	-	33%	(33%)	-
Cash Interest	-	-	(1%)	(1%)	(2%)
<b>Equity Cash Flow</b>	<b>(20)%</b>	<b>(5.2)%</b>	<b>4.8%</b>	<b>45.3%</b>	<b>25%</b>

*Accounting Focus*

- 1 **Land investment:** ideally land plot acquisition occurs between 24 months and 1 month before the development's units become "active units"
- 2 **Design & Marketing:** once the development's units become "active", the design phase starts. This phase takes 9-10 months, then marketing activities kick off and continue until all units have been sold.
- 3 **Breaking ground:** construction works start once 30% - 50% of units have been pre-sold (depending on whether it is primary residence or second home product), the construction permit has been granted and the turnkey construction contract has been signed
  - **Development costs** (hard & soft costs) are **up to 100% financed** via developer loans
  - **Payment inflows from customers when a unit is sold** (~10% once the construction permit is obtained (the moment in which a reserve is converted into a private sale agreement), and ~10% during construction phase)
- 4 **Completion & Delivery**
  - Upon delivery, customers pay the remaining ~80%
  - Buyers may **subrogate into the developer loan upon delivery**
  - If buyers do no subrogate, then AEDAS Homes pays back the developer loan when units are delivered; otherwise, the loan is cancelled
  - Tax associated with the sale of units is paid by AEDAS Homes at delivery





[aedashomes.com](https://aedashomes.com)

Middel Views III (Fuengirola, Málaga)