



9M22 Results Presentation

October 27th, 2022



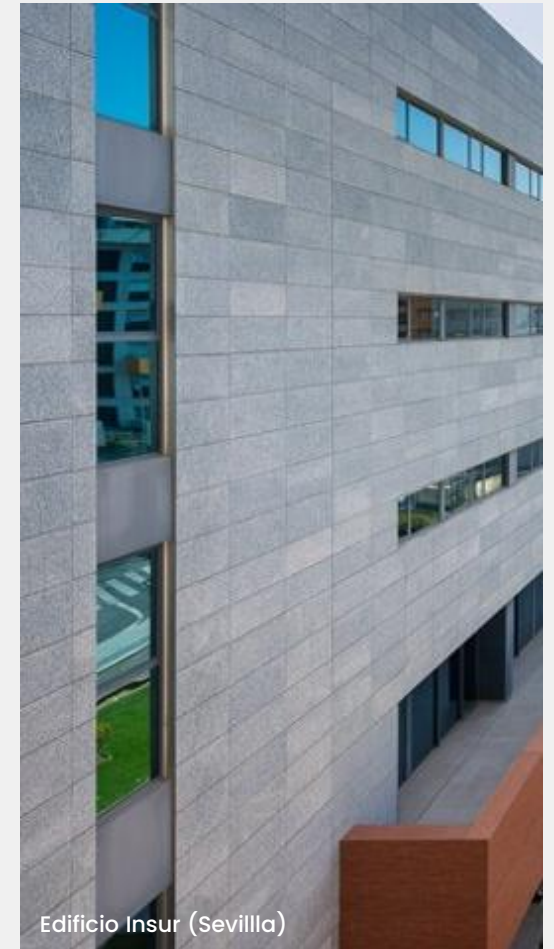
Insur Altos del Aire Mistral (Tomares-Sevilla)

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Edificio Insur (Sevilla)

RATIONALE BEHIND THE USE OF THE PROPORTIONATE METHOD

Grupo INSUR (Insur), whose parent company is Inmobiliaria del Sur, S.A., develops two main activities, housing development and rental.

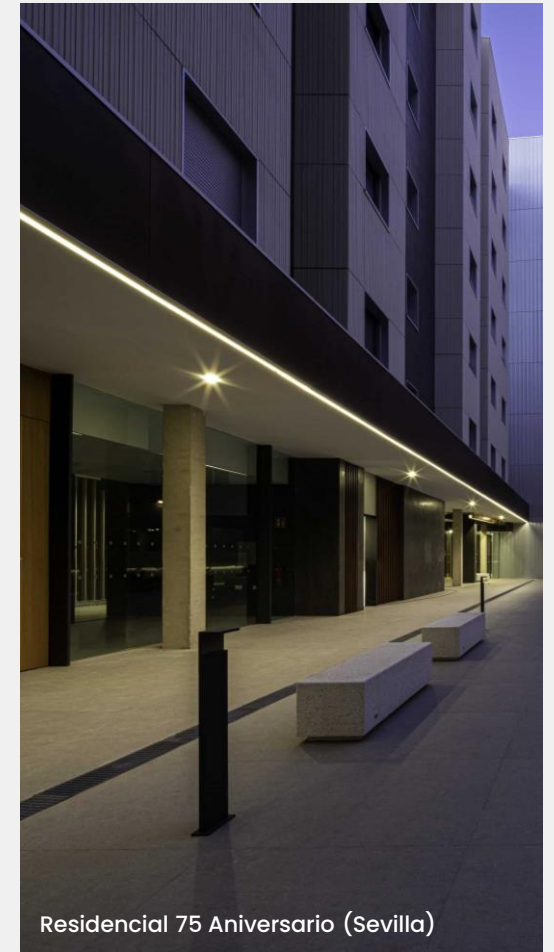
The rental activity is carried out by Insur Patrimonial, S.L.U. (IPAT), fully owned by Insur, as well as by other companies which are also fully owned by IPA (except for IDS Madrid Manzanares, S.A. where Insur has a 90% stake)

The housing development activity is conducted through a company fully owned by Insur, Insur Promoción Integral, S.L.U. (IPI), which in turn holds shares in different companies. In order to increase the activity and also to diversify the risks, a significant part of this business is carried out through joint ventures in companies where Grupo Insur has a significant stake (usually 50%). With a view of increasing the quality of the houses, obtaining better customization options and a stricter control on the works, the Group develops the construction activity both for its fully owned developments and for the JV's. This instrumental activity is carried out by IDS Construcción y Desarrollos, S.A.U, which is fully owned by IPI.

As the Group does not have the control over the JVs, in the sense that it cannot decide unilaterally the financial and activity policies, but it shares these decisions with the rest of the partners, these JVs are consolidated by the equity method as established in the IFRS 11. Accordingly, the IFRS consolidated financial statements do not include the proportional part of the Group in the assets, liabilities, incomes and expenditures of such JVs. The Group is fully involved in the management of these JVs which consolidate by the **equity method**, not just because it holds at least the 50% of the equity, but because it carries the operating management based on the management, construction and marketing contracts undersigned, as these JVs lack from human and material resources.

Therefore, since the activities of these companies are monitored internally on a proportional basis, based on the percentage of ownership in each one, the Parent's directors consider that for a better understanding and analysis of its consolidated business and, above all, of the true magnitude of its activities, the volume of assets managed and the size of its financial and human resources, it is more appropriate to present this information using the **proportional consolidation method**.

At the end of this presentation can be found a **conciliation between the financial statements consolidated by both methods**.



Residencial 75 Aniversario (Sevilla)

EXECUTIVE SUMMARY 9M 2022.

MAIN HIGHLIGHTS (1/2)



▶ **Group turnover and Ebitda** reflect the impact of lower housing deliveries in 9M22 vs 9M21, impact that will improve with deliveries scheduled in the 4Q22 amounting to €35.9m.



▶ **Accumulated pre-sales** amounted to €217.6m (€178.3m proportionally), 24.3% higher than at the end of 2021. The global amount of pre-sales formalized in 3Q22 amounts to €16.6m (€11.7m adjusted by the percentage of the Group's participation), 65.8% lower than those of 3Q21.



▶ **Building license** granted for Agora Project in 3Q22.



▶ **Solid behavior of the patrimonial activity.** The turnover has increased by 16.7% compared to the same period of the previous year and the occupancy rate has stood at 88.4%, +0.7 p.p vs. the end of 2021. The annualized rental income of the contracts in force on 30th September 2022 stood at €18.6m.



▶ **Investment of €50.3m (proportionally) in 9M22:** €34.5m allocated to the purchase of plots in the first nine months of the year, €13.7m in the framework of the **takeover of Desarrollos Metropolitanos del Sur** (net of 50% of the company's cash) and €2.1m in Capex.



▶ **Net profit** stood at €12.0m, 107.9% higher vs 9M21 mainly due to the result of the takeover of DMS.

EXECUTIVE SUMMARY 9M 2022.

MAIN HIGHLIGHTS (2/2)

Figures by proportionate method

€m= million Euros

Var % y-o-y

REVENUES	➤	€69.7m	-15.6 %
EBITDA	➤	€13.0m	-12.8 %
ADJUSTED EBITDA*	➤	€11.7m	-9.0 %
EBIT**	➤	€19.6m	+ 67.8 %
NET PROFIT**	➤	€12.0m	+ 107.9 %
NET FINANCIAL DEBT	➤	€258.8m	(+30.8% vs December 2021)
TOTAL INVESTMENT	➤	€50.3m	(Plots €34.5m + Capex €2.1m + net investment in DMS €13.7m)



HOMEBUILDING



€42.9m -12.1%



RENTAL



€13.0m +16.7%



CONSTRUCTION



€11.6m -41.9%



SERVICES



€2.2m -14.4%

*Does not have into account assets turnover, excluding stock impairments

** Includes the result from the takeover of DMS (€12.5m before taxes and €9.4m after taxes)

ACQUISITION OF 50% OF DESARROLLOS METROPOLITANOS DEL SUR, S.L.

- On June 16, 2022, it was acquired to Anida Operaciones Singulares, S.A.U. (BBVA Group) the 50% it held on Desarrollos Metropolitanos del Sur, S.L. (hereinafter DMS), with Grupo INSUR reaching a 100% stake and taking control of DMS.

INVESTMENT:

Purchase price of the shares:	€18,2m	
Assignment of certain loans:		€5.6m
- 50% DMS treasury at the time of takeover:	(€10.1m)	
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Net cash investment:	€13.7m	

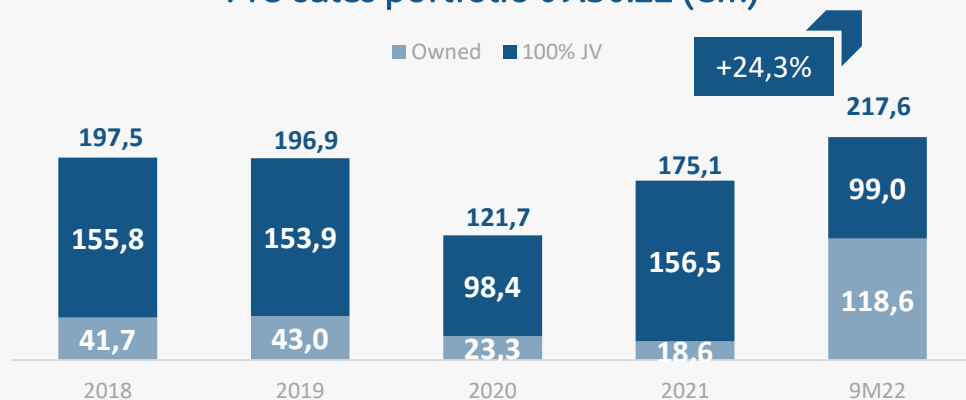
- GAV of DMS at the date of taking control amounts to €85.8m.
- IFRS 3 on business combinations (taking control in stages) is applicable to the purchase of the company shares.
- The application of IFRS 3 implies recording the assets and liabilities of DMS in the financial statements of Grupo INSUR at fair value (FV), recording the difference between the assets and liabilities and the cost of the business combination (price paid for the purchase of the shares plus the consolidated value of the stake in DMS prior to taking control) as a profit/loss in the income statement.

Assets - liabilities of DMS at fair value:	€44.7m
Cost of the business combination:	(€32.2m)
Takeover result:	€12.5m
Corporate tax of the takeover:	(€3.1m)
Net result of takeover:	€9.4m

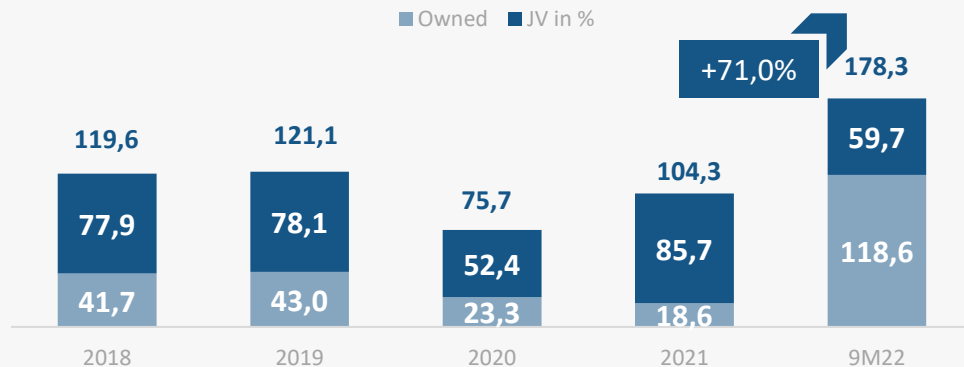
- Intragroup benefits eliminated prior to takeover: **€3.9m**
- Difference between fair value and cost of assets: **€8.7m**
- Difference between the 50% equity of DMS on the date of takeover and the price paid: **(€0.07m)**

HOMEBUILDING

Pre-sales portfolio 09.30.22 (€m)

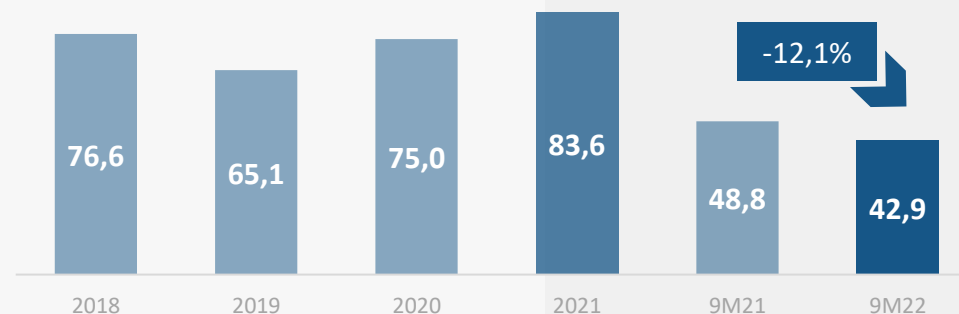


Pre-sales portfolio (€m proportionate) 09.30.22



(1) Average sale price

Homebuilding revenues



- In 9M22 a total of **189 homes were delivered (85 homes in 3Q22)** with an ASP⁽¹⁾ of €309,000, (86 owned and 103 through JV), compared to 220 homes delivered in 9M21 (87 homes in 3Q21), (59 owned and 161 through JV) with an ASP⁽¹⁾ of €315,000.
- **Scheduled deliveries in 4Q22 amounting to €35.9m.**
- **338 sold units in 9M22 (57 in 3Q22)** amounting to €101.4m (€64.6m proportionally).
- At the end of 9M22, Grupo Insur had a **pre-sales portfolio of 779 units** for an amount of €217.6m (€178.3m proportionally).
- **Revenues** stood at €42.9m compared to €48.8m in 9M21.
- Ability to pass on cost increases to ongoing promotions.
- **€15.3m (proportionally) of investment in work executions in 3Q22.**

ACTIVE RESIDENTIAL DEVELOPMENTS AND LAND PORTFOLIO

MADRID

162 units under construction

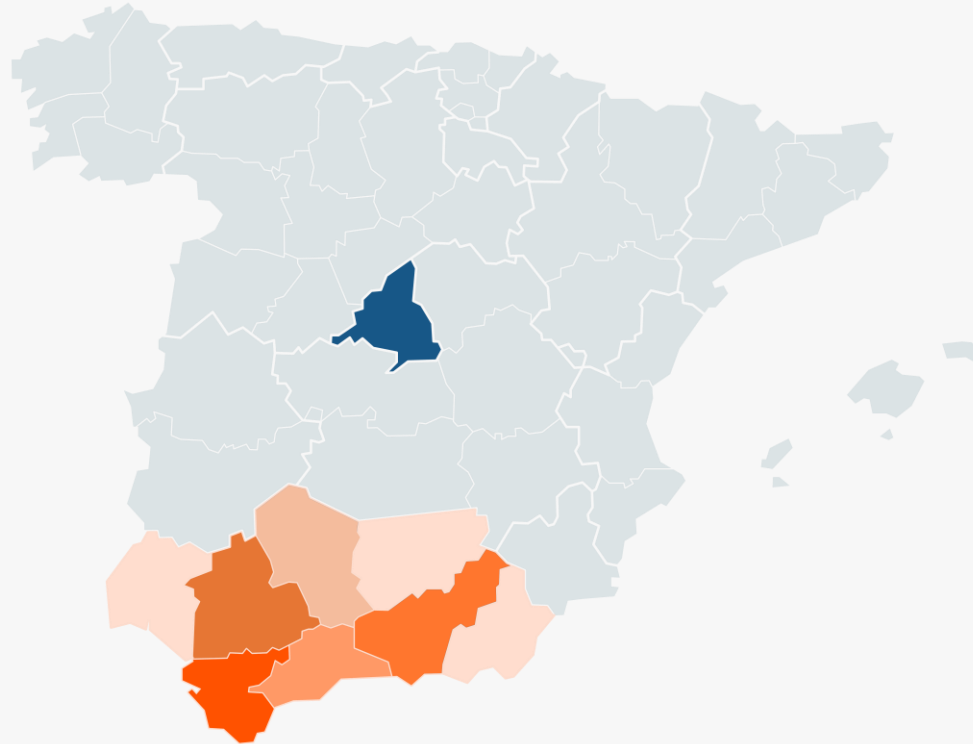
17 units under development

ANDALUCÍA

571 units under construction

1,048 units under development

2,205 in land portfolio



4,003 units

UNDER CONSTRUCTION

11 projects

733 units

(479 owned; 254 JVs)

Planned start of construction of **840 units (406 owned and 434 JVs)** in the next six months

UNDER DEVELOPMENT

11 projects

1,065 units

(425 owned; 640 JVs)

LAND PORTFOLIO

2,205 units

(1,941 owned; 264 JVs)

1,671 units in commercialization*

(47% sold)

* Includes units pending to be delivered from finished projects

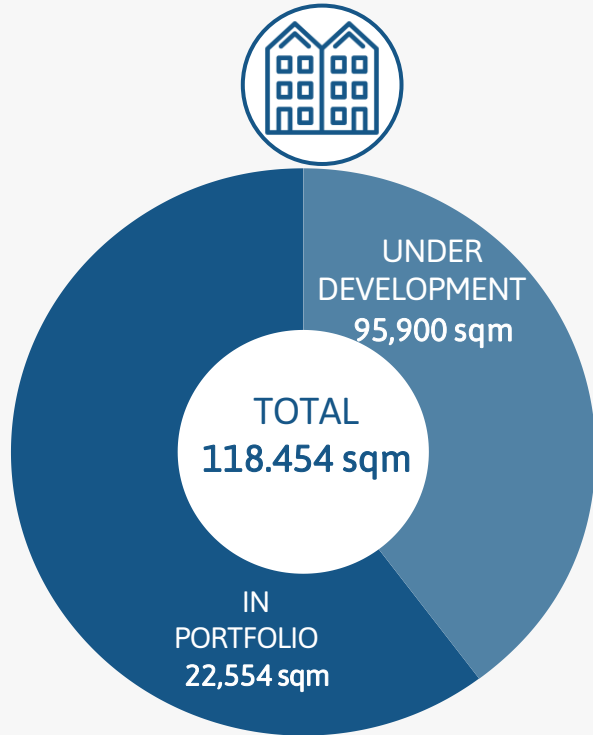
P&L: HOMEBUILDING

€m (proportionate)	09.30.2022	09.30.2021	Var %
Homebuilding revenues	42,9	48,8	-12,2%
Cost of sales*	(33,6)	(36,8)	-8,7%
Gross Margin	9,3	12,0	-22,8%
% Gross Margin	21,7%	24,7%	-3,0 p.p.
Net Margin	6,1	8,1	-24,6%
% Net Margin	14,2%	16,6%	-2,4 p.p.
Ebitda*	4,4	7,5	-41,1%
% Ebitda Margin	10,4%	15,5%	-5,1 p.p.
Takeover result*	6,9	-	n.s.
Profit before tax	10,3	7,5	36,8%
Net Profit	7,7	5,6	36,8%

* In order to reflect a true picture of the profitability of the development business, the result of the takeover of Desarrollos Metropolitanos del Sur, S.L. has been adjusted by €2.5m for the difference between the fair value and the cost in DMS of the homes delivered by this company from the date of taking control (06.16.22) until 09.30.22, amount that is presented as lower cost of sales and higher EBITDA.

TERCIARY PROMOTION

Ongoing projects:



Ágora project – Malaga capital
 9.500 sqm of offices
 Planned investment €31m
 Building license granted in Q322



Martiricos project – Malaga capital
 10,900 sqm of offices
 Planned investment €31m



Hotel Project in Atlanterra – Tarifa (Cadiz)
 30,000 sqm buildable
 Planned investment €66m



Fulfilling the objective established for 2021-2025

To grow in terms of tertiary offices developments in Madrid and Málaga

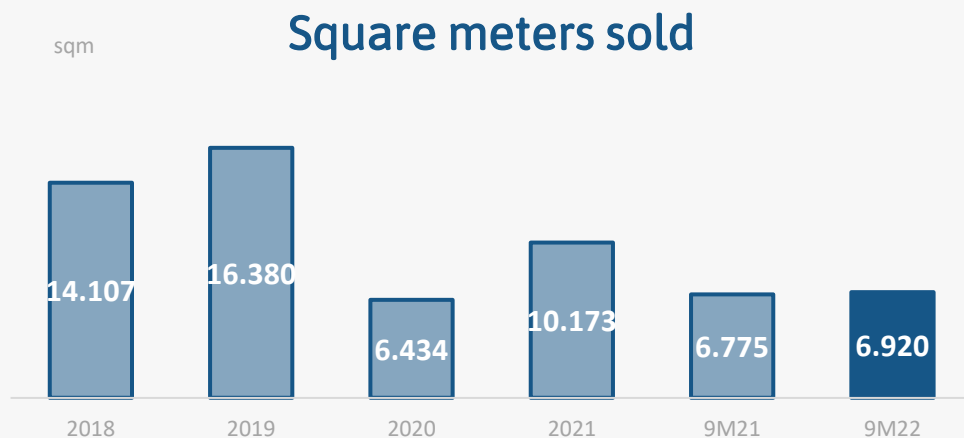
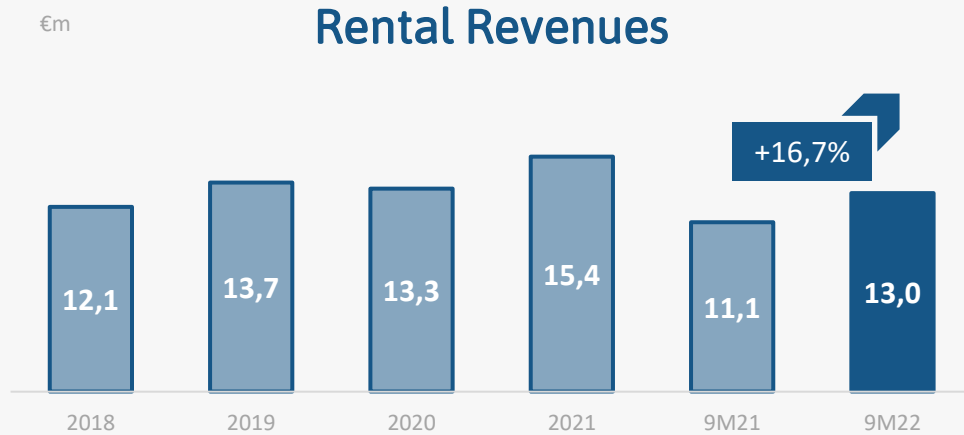


Project in Las Tablas Madrid Nuevo Norte – Madrid
 9,000 sqm of offices
 Planned investment €39m



Business Campus in Valdebebas – Madrid
 36,500 sqm of offices
 Planned investment €100m

RENTALS



- In 9M22, **new areas were sold** for a total of 6,920.2 sqm (3,634.6 sqm in 3Q22) and there have been contract terminations of 5,636.0 sqm (3,113.1 sqm in 3Q22).
- **Occupancy rate** stood at 88.4%, +0.7 p.p. vs the rate in 2021 year end and +0.2 p.p. vs 1H22.
- **The annualized rental income** of the contracts in force on 30th September 2022 stood at €18.6m vs €17.5m at the enf of 2021, increase due to the improvement in occupancy and the increase in rental prices.
- **Investment** in 3Q22 of **€1.3m** allocated to the reform and remodeling of buildings (€2.1m in 9M22).
- **130,881.8 sqm** of offices, hotels and commercial premises portfolio and **more than 3,000 parking spots**.



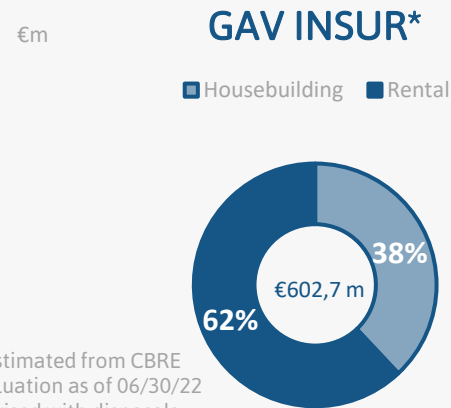
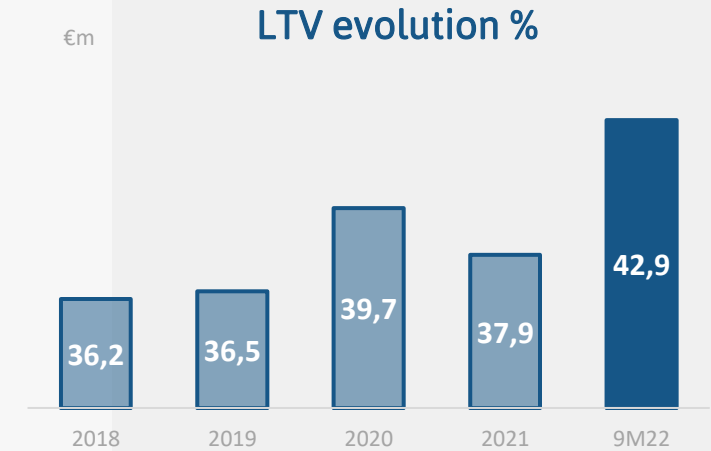
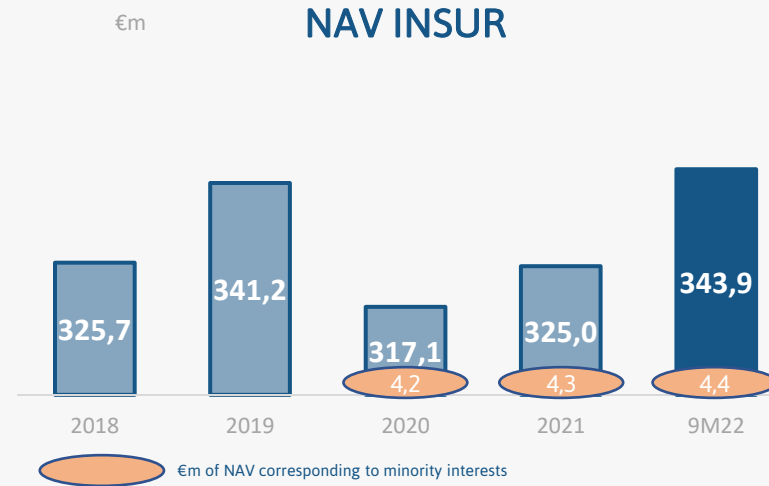
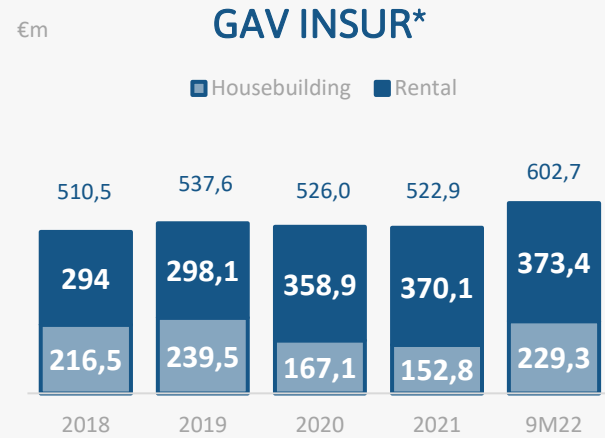
P&L: RENTALS

€m (proportionate)	09.30.2022	09.30.2021	Var %
Rental revenues	13,0	10,8	20,8%
Operating expenses	(2,6)	(1,7)	48,7%
Result on the sale of investment property	1,1	2,0	-42,3%
Ebitda	11,0	10,1	8,4%
Adjusted Ebitda	9,8	8,2	20,7%
% Adjusted Ebitda margin	75,7%	75,8%	-0,1 p.p.
Takeover result	3,1	-	n.s.
Profit before tax	9,2	4,7	95,2%
Net Profit	6,8	3,5	96,7%

- ▶ Solid rental income growth: +20.8%.
- ▶ Improvement in profit before taxes due to the improvement in EBITDA and the result from the takeover of DMS.
- ▶ Investment of €2.1m in maintenance and remodeling of our assets in 9M22.

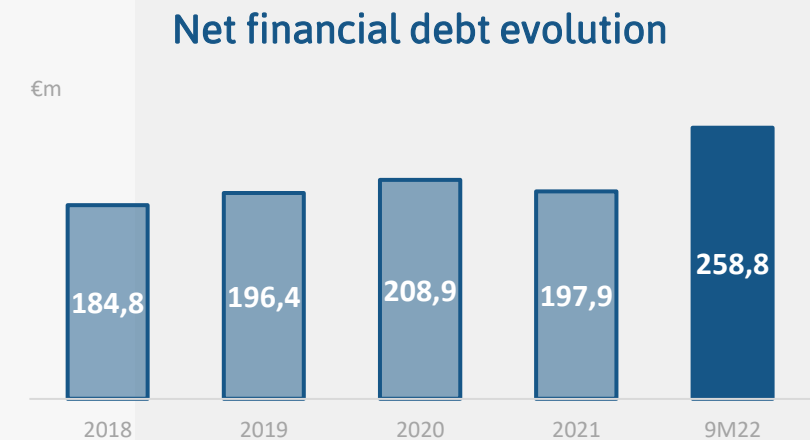
GAV, NAV, LTV and debt

All figures in proportionate



*Estimated from CBRE valuation as of 06/30/22 revised with disposals due to deliveries and additions at cost value

9M22 NFD has increase by 30.8% compared to the closing figure for 2021, mainly due to the large investments made in the period in the purchase of plots (€34.5m), the net investment in DMS (€13.7m) and 50% of the gross financial debt of DMS at the date of takeover (€9.7m). **NFD will be significantly reduced at the end of 2022 with the deliveries of scheduled promotions.**



CONCILIATION BETWEEN EQUITY AND PROPORTIONATE METHOD

CONSOLIDATED P&L €m	9M22			9M21		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	70,2	(0,5)	69,7	74,7	7,9	82,6
Housebuilding	27,0	15,9	42,9	28,1	20,7	48,8
Rental	12,9	0,1	13,0	11,0	0,1	11,1
Construction	27,7	(16,1)	11,6	32,1	(12,1)	20,0
Asset management	2,6	(0,4)	2,2	3,4	(0,8)	2,6
Result of entities valued by the equity method	1,2	(1,2)	(0,0)	0,6	(0,6)	0,0
EBITDA	12,4	0,6	13,0	13,9	1,0	14,9
Result on the sale of investment property	1,3	-	1,3	2,0	-	2,0
Adjusted EBITDA	11,1	0,6	11,7	11,9	1,0	12,9
Operating profit	19,0	0,6	19,6	10,8	0,9	11,7
Financial result	(3,3)	(0,2)	(3,6)	(3,6)	(0,4)	(4,0)
Profit before tax	15,7	0,4	16,1	7,2	0,5	7,7
Net profit	12,0	-	12,0	5,8	-	5,8
Profit attributable to parent company	11,9	-	11,9	5,7	-	5,7
Profit attributable to minority interest	0,1	-	0,1	0,1	-	0,1

Main adjustments:

- a) Housebuilding revenues: it increases as it adds the revenue figure of the JVs in the proportion in which Grupo Insur participates in them.
- b) Construction revenue: this figure is composed by the incomes generated by the works in the JV developments. When consolidating by the proportionate method, the incomes corresponding to the % of the participation of the Group in these companies are eliminated.
- c) EBITDA: the results of companies valued by the equity method in the EU-IFRS income statement are integrated net of income tax expense and include the financial results of joint ventures. In the consolidated P&L under the proportional method, the financial results of the joint ventures are not part of the operating result (and therefore not part of the EBITDA) and the operating result does not include the income tax expense corresponding to the results of the joint ventures.

CONCILIATION BETWEEN EQUITY AND PROPORTIONATE METHOD

CONSOLIDATED BALANCE SHEET €m

	09.30.22			12.31.21		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	217,6	0,1	217,8	216,8	-	216,8
Financial investments in JVs	29,6	(29,1)	0,4	38,9	(38,4)	0,5
Inventory	135,3	77,9	213,2	47,6	88,3	135,9
Debtors and other receivables	20,5	(3,3)	17,2	24,6	(6,1)	18,5
Other assets	69,0	(30,4)	38,6	56,4	(25,6)	30,8
Restricted cash MARF bond	19,7	-	19,7	30,0	-	30,0
Cash and equivalents	23,8	7,5	31,3	49,8	15,1	64,9
TOTAL ASSETS	515,5	22,8	538,2	464,2	33,3	497,5
Net equity	139,9	-	139,9	128,3	-	128,3
Minority interests	3,1	-	3,1	3,2	-	3,2
Amounts owed to credit institutions	251,2	16,7	267,9	227,8	18,0	245,8
Other financial liabilities	41,8	-	41,8	47,1	-	47,1
Trade and other payables	42,0	1,2	43,2	35,5	1,9	37,4
Other liabilities	37,3	4,9	42,2	22,3	13,3	35,7
TOTAL EQUITY AND LIABILITIES	515,5	22,8	538,2	464,2	33,3	497,5

Main adjustments:

- Financial investments in JVs: the cost of the financial investments in JVs on the assets of the consolidated balance according to the equity method is replaced by the assets and liabilities that these JVs incorporate in the proportionate balance sheet, in the participation held by the Group in them.
- Inventory: the proportionate method of consolidating the JVs implies the incorporation of the inventory figure in the proportion in which the Group participates in these companies.
- Amounts owed to credit institutions: the proportionate method of consolidating the JVs implies the incorporation of the debt figure in the proportion in which the Group participates in these companies.
- Trade and other payables : the integration of the JVs implies the incorporation of their accounts payable in the proportion in which the Group participates in these companies.



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