

9 M
23

RESULTS PRESENTATION

OCTOBER 26, 2023





Legal notice

This presentation is the exclusive property of INMOBILIARIA DEL SUR. S.A. (INSUR). Its total or partial reproduction is strictly prohibited and it is covered by current law. Offenders will be legally prosecuted both in Spain and abroad. The use, copy, reproduction or sale of this publication may only be undertaken with the explicit authorization in writing by INSUR. This document has been drawn-up by INSUR, exclusively for use in the presentation of results of the Grupo Consolidado Inmobiliaria del Sur S.A. corresponding to the 9M23 Results.

This document is purely informative and does not constitute an acquisition, exchange or sales offer, nor an invitation to form a purchase offer on securities issued by the Company. Except for financial information included in this document (which has been taken from the 9M23 Results of Inmobiliaria del Sur S.A.) the document contains statements on intentions, expectations and future prospects. All declarations, except those based on past data, are future declarations, including those regarding our financial position, business strategy, management plans and objectives for future operations. These intentions, prospects or forecasts are subject, as such, to risks and uncertainties which may determine that what actually occurs does not correspond to them. These risks include the evolution and competition of the real estate sector, preferences and expenditure and investment trends of consumers and their access to credit, economic, financing and legal conditions, plus others. The risks and uncertainties that could possibly affect information provided are difficult to predict. The information included in this document has not been checked or revised by INSUR auditors. The Company assumes no obligation to revise or publicly update these declarations in the event of changes or unforeseen events that may affect them. The Company provides information on them and other factors that may affect future declarations, the business and financial results of INSUR Group, in the documents presented before the Spanish National Stock Exchange Commission. Anyone interested is invited to consult these documents.

INSUR, its subsidiaries or other companies of the group or companies in which INSUR has an interest, will not be held responsible, regardless of whether negligence of any other circumstance is involved, for damage or loss that may arise from the improper use of this document or its contents.

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**.



Edificio Insur (Sevilla)



Main Highlights

9M23

- ▶ **Ebitda** has increased by 53.9% due to the strong contribution of the result from asset rotation.
- ▶ **Ebit and Net Income for 9M23** show drops of 27.5% and 49.8%, respectively, due to the registration in 9M22 of the result of the takeover of DMS.
- ▶ **Homebuilding revenues** impacted by the lower delivery of homes in 3Q23 vs 3Q22, given the concentration of deliveries planned for 4Q23.
- ▶ The volume of pre-sales corresponding to promotions scheduled for delivery in 4Q23 amounts to €74.0m (€63.4m proportionally).
- ▶ **Excellent performance of the commercial activity in 3Q23 (presales +49.1% vs 3Q22) despite the macroeconomic environment.** Pre-sales formalized in 9M23 of €92.9m (€70.2m proportionally). Accumulated pre-sales at the end of September of €249.0m (+23.2% vs 4T22; +15.4% proportionally).
- ▶ **Sale in 3Q23 of a plot of land and an ongoing promotion to two new JVs (Group participation 50%),** for a sale price of €11.9m (€5.9m proportionally) with the objective of increasing the volume of promotions developed through JVs.
- ▶ **Asset turnover:** €14.4m in asset sales in 9M23, -2.8% vs CBRE valuation.
- ▶ **Good performance of the rental activity,** whose turnover has increased by 0.8% despite asset rotation and contract resolutions, mainly in 2Q23.
- ▶ **Relevant investment effort in 9M23 (€78.1m proportionally).**



Executive summary 9M23

Main highlights

Figures by proportionate method
 €m = million Euros
 Var % y-o-y

Datos financieros

	Revenues*		Homebuilding*
	▶ €69,3m -0,6%		▶ €38,6m -10,0%
	EBITDA (1)(2)		Rentals
	▶ €20,0m +53,9%		▶ €13,1m +0,8%
	Adjusted EBITDA (1)(3)		Construction
	▶ €11,0m -6,0%		▶ €8,9m -23,3%
	EBIT (2)(4)		Services
	▶ €14,2m -27,5%		▶ €2,8m +23,8%
	Net Profit (2)(4)		
	▶ €6,0m -49,8%		
	NFD		
	▶ €250,5m (+€23.5m vs FY22)		
	Total Investment		
	▶ €78,1m (Plots €13,5m + Capex €3,2m + €61.4m in works execution)		

Homebuilding operating data

	Deliveries
	▶ 195 units
	Pre-sales 9M23
	▶ 289 units
	Accumulated pre-sales
	▶ 774 units
	Total units
	▶ 3.626 units

Rental operating data

	Occupancy rate
	▶ 87,7% (+0,8 p.p. vs 2Q23)
	In portfolio
	▶ 126,000 sqm y +3.000 parking spots

* Consolidated revenues include €5.9m from the sale of a plot of land and an ongoing promotion to two new Jvs in 3Q23. In order to reflect the true image of the evolution of the homebuilding business, this amount has not been included in the homebuilding revenues.

(1) Eliminating from the cost of sales for 9M23 the effect (€2.4m) of the revaluation of assets recorded in 1H22 due to the takeover of DMS.

(2) Includes €9.0m of gross profit from the sale of real estate investments (€8.5m from Capitolio building in 2Q23).

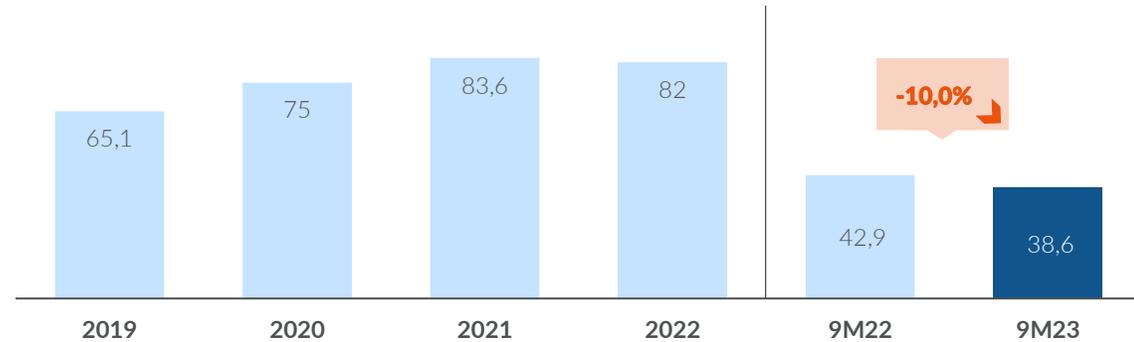
(3) Does not have into account assets turnover, excluding stock impairments

(4) Y-o-y variation impacted by the result of the takeover of DMS in 9M22 (€12.5m before tax and €9.4m after tax)

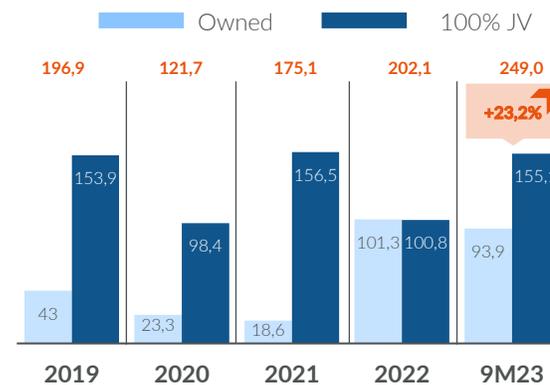
Homebuilding

- ▶ In 9M23 a total of 195 homes were delivered with an ASP⁽¹⁾ of €236,007* (140 owned and 55 through JV), +3,2% compared to 189 homes delivered in 9M22 (86 owned and 103 through JV) with an ASP⁽¹⁾ of €309,180. (1) Average sale price
- ▶ Revenues stood at €38.6m, -10.0% vs 9M22
- ▶ The volume of pre-sales corresponding to promotions whose delivery is scheduled for 4Q23 amounts to €74.0m (€63.4m proportionally).
- ▶ 289 units sold in 9M23 (85 in 3Q23; +49.1% y-o-y) amounting to €92.9m (€70.2m proportionally) with an ASP of €321,575.
- ▶ Pre-sales portfolio of 774 units for an amount of €249.0m (€190.1m proportionally), +23.2% vs 4Q22 (+15.4% proportionally).
- ▶ Pre-sales coverage for 2023 and 2024 of 96% and 53%, respectively.
- ▶ €61.4m (proportionally) of investment in work executions in 9M23.
- ▶ Investment in land of €13.5 M in 9M23 for 353 housing units.
- ▶ Expected start of construction of 197 homes in the next six months.

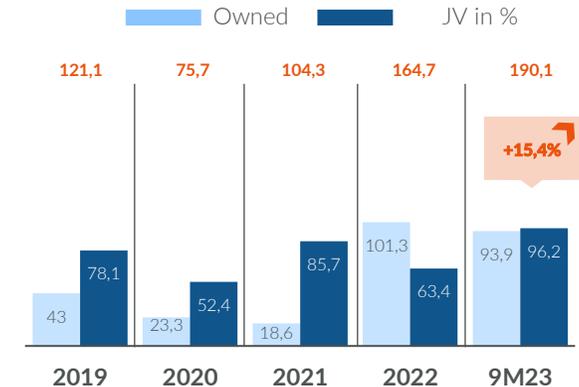
Homebuilding revenues



Pre-sales portfolio (€m)



Pre-sales portfolio (€m proportionate)



* ASP influenced by the delivery in Q3 of an own development (47 homes and €157,185 average price) of affordable price. The average price of the rest of the homes delivered in Q3 amounts to €295,550.

3,626 UNITS

▶ 1,613 units in active promotions

Under construction

16 promotions
1,276 units
(561 owned; 715 JVs)

Under development

5 promotions
337 units
(107 owned; 230 JVs)

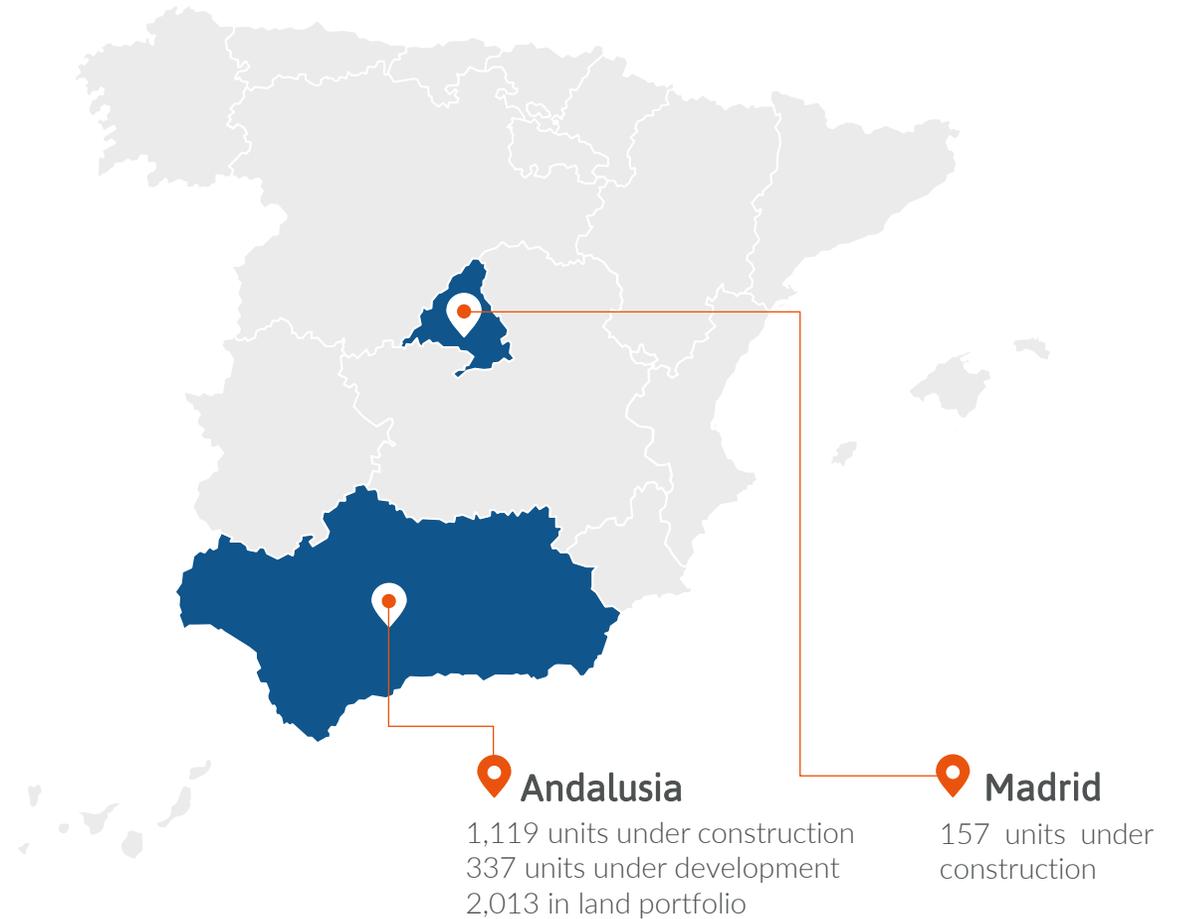
▶ 2,013 units in land portfolio

(1,729 owned; 284 JVs)

1,597
units
in
commercialization*

(48.5% sold)

*Includes 90 units
pending to be delivered
from finished projects



P&L: Homebuilding

€m (proportionate)	09.30.23	09.30.22	Var %
Homebuilding revenues	38,6	42,9	-10,0%
Cost of sales*	(30,3)	(33,6)	-9,7%
Gross Margin	8,3	9,3	-10,9%
% Gross Margin	21,5%	21,7%	-0,2 p.p.
Net Margin	4,8	6,1	-22,0%
% Net Margin	12,4%	14,3%	-1,9 p.p.
Contribution from the sale of land and WIP ⁽¹⁾	0,6		
Ebitda	4,9	4,5	9,6%
Adjusted Ebitda	4,3	4,5	-3,3%
% Adjusted ebitda margin	11,2%	10,5%	+0,7 p.p.
Takeover result after tax	-	6,8	n.m.
Profit before tax	1,6	10,3	-84,1%
Net Profit	1,2	7,7	-84,1%

*In order to reflect the true image of the profitability of the development business, the effect (€2.4m) of the revaluation of assets recorded in 1S22 due to the takeover of DMS is not included in the cost of sales for 9M23.

(1) Result of the sale in 3Q23 of a plot of land and an ongoing promotion to two new Jvs (50% Group participation) for €5.9m not included in the homebuilding revenues. The cost of sales corresponding to this operation of €5.3m is also not included.

Tertiary promotion Ongoing projects

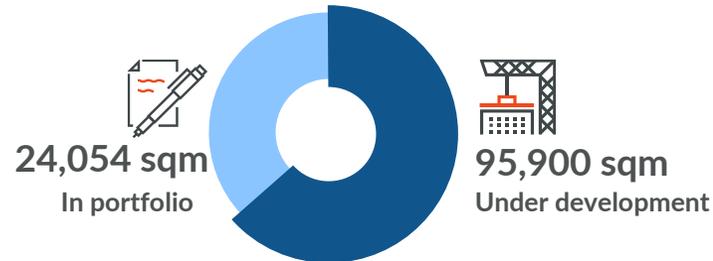
Fulfilling the objective established for 2021-2025:

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



119,954 sqm

Total



24,054 sqm
In portfolio

95,900 sqm
Under development



Ágora project-Málaga capital

9,500 sqm of offices
Planned investment €37m
Construction works started in 1Q23
In commercialization



Martiricos project-Málaga capital

10,900 sqm of offices
Planned investment €37m
Estimated construction start in 4Q23
In commercialization



Hotel Project in Atlanterra – Tarifa (Cádiz)

30,000 sqm buildable
Planned investment €85m



Project in Las Tablas Madrid Nuevo Norte – Madrid

9,000 sqm of offices
Planned investment €39m
Building license obtained in 2Q23
Construction works started in 4Q23



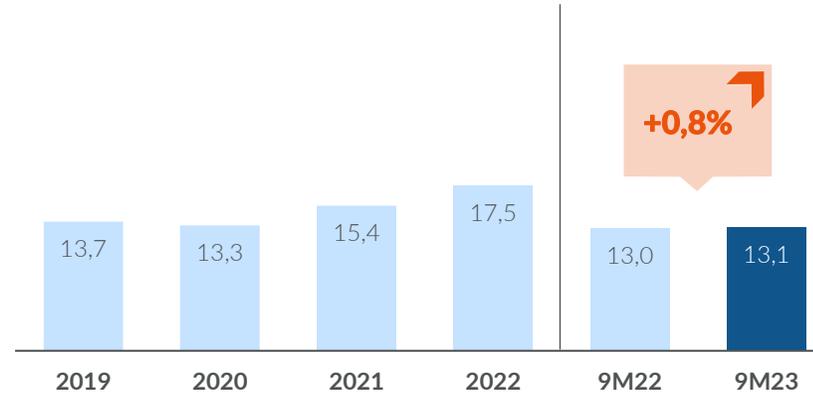
Business Campus in Valdebebas – Madrid

36,500 sqm of various tertiary uses
Planned investment €95m
In commercialization for various tertiary uses

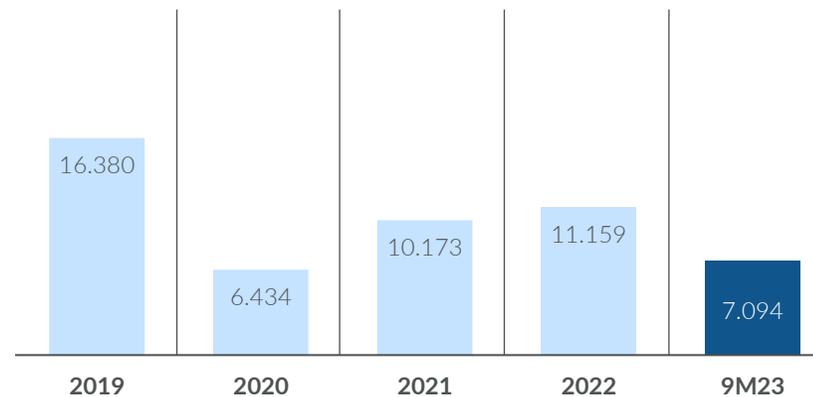
Rentals

- ▶ In 9M23, new areas were sold for a total of 7,094 sqm (1,842 sqm in Q3) and there have been contract terminations of 11,750 sqm (2,017 sqm in Q3) mainly due to the vacancy of the Suecia building on Isla de la Cartuja in Seville in 2Q23.
- ▶ Occupancy rate stood at 87.7% (+0.8 p.p. compared to the closing rate for 2Q23).
- ▶ €14.4m of sale of assets in 9M23 (-2.8% vs CBRE's valuation) mainly due to the sale of the Capitolio building for €11.7m in Q2 (-6.5% on CBRE's valuation at 12.31.22) and the sale in Q3 of a commercial premise for €2,2 m, 17.8% higher vs CBRE's valuation at 06.30.23.
- ▶ The annualized rental income of the contracts in force on 30th September 2023 stood at €18.1m vs €18.9m at the end of 2022 due to asset turnover and contract terminations during the 9 month period.
- ▶ Investment in 9M23 of €3.2m allocated to the reform and remodeling of buildings.
- ▶ 126,000 sqm of offices, hotels and commercial premises portfolio and more than 3,000 parking spots

Rental Revenues



Square meters sold



P&L: Rentals

€m (proportionate)	09.30.23	09.30.22	Var %
Rental revenues	13,1	13,0	0,8%
Operating expenses	(2,6)	(2,6)	1,7%
Result on the sale of investment property	9,0	1,1	n.m.
Ebitda	18,7	10,9	71,4%
Adjusted Ebitda*	9,8	9,8	-0,3%
% Adjusted Ebitda margin	74,8%	75,6%	-0,8 p.p.
Profit before tax	12,7	9,1	39,0%
Net Profit	9,4	6,8	39,3%

*Does not include the result on the sales of investment properties

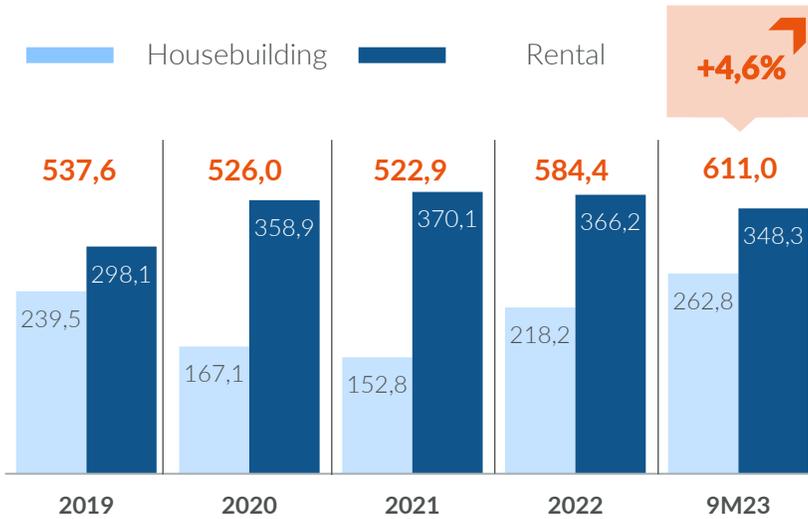
- ▶ The variation in rental revenues reflects the negative effect of the vacancy of the Suecia building and the sale of the Capitolio building in 2Q23, although it has been more than offset by the increase in rental prices and the recovery of income from parking and business center in 9M23.
- ▶ **Asset turnover:** result impacted mainly by the sale in 2Q23 of the Capitolio building, which has reported a gross profit of €8.5m.

GAV

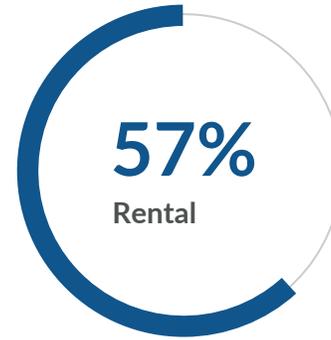
All figures in proportionate

GAV INSUR*

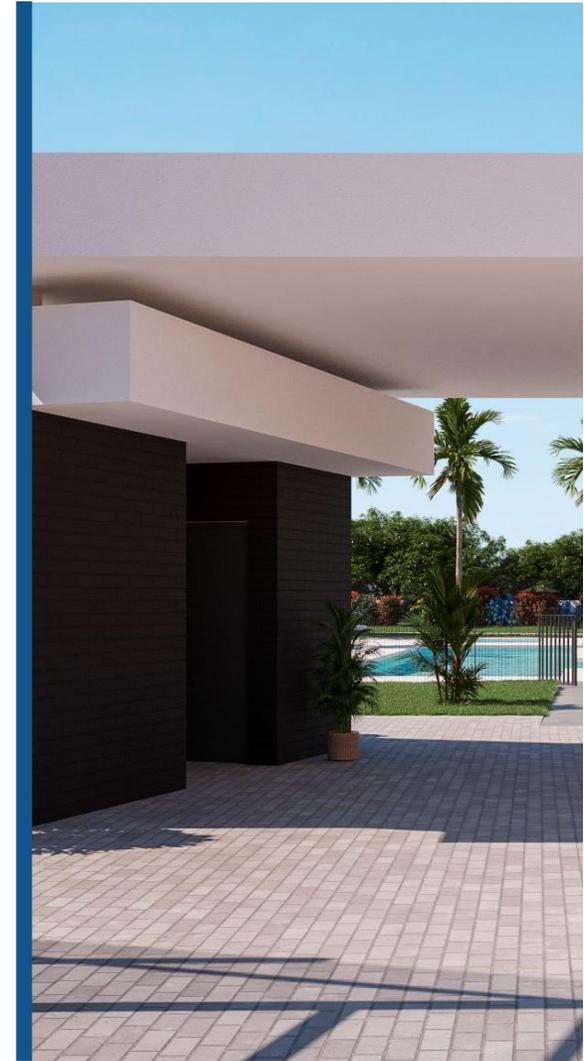
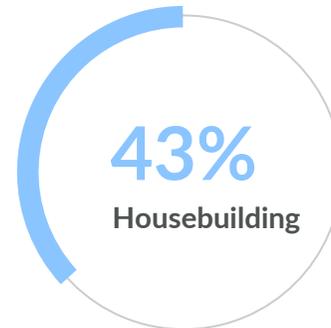
€m



*valuation at 09/30/23 estimated from CBRE valuation at 06/30/23 and revised with additions at cost value and disposals due to deliveries



€611,0 m
Total



Selecta Costa Salobreña 2 (Salobreña-Granada)

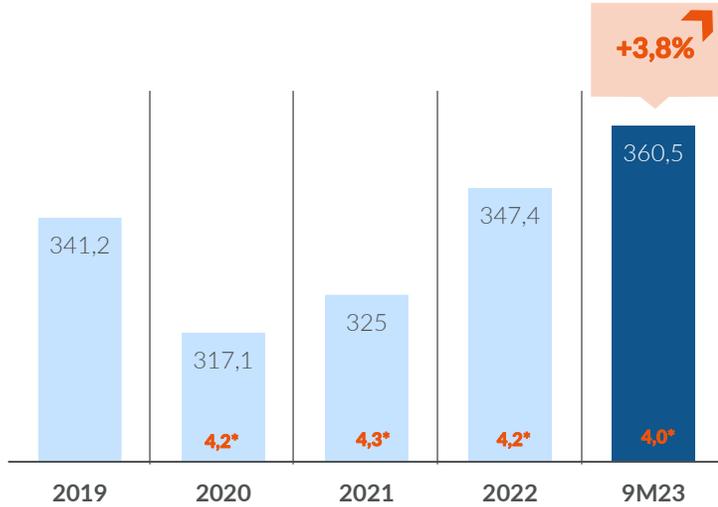


NAV, LTV and debt

All figures in proportionate

NAV Insur

€m



*€m of NAV corresponding to minority interests

The increase in the NFD vs. the end of 2022 is mainly explained by the investments of the first nine months of the year (€78,1m) and will present a reduction at the end of the year as a result of the significant volume of deliveries scheduled for the last quarter.



NAV per share

▶ €19,3

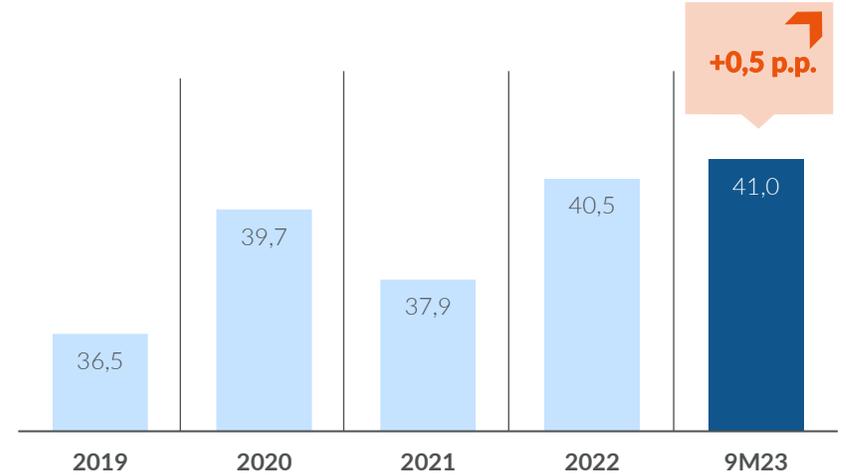


Discount vs NAV*

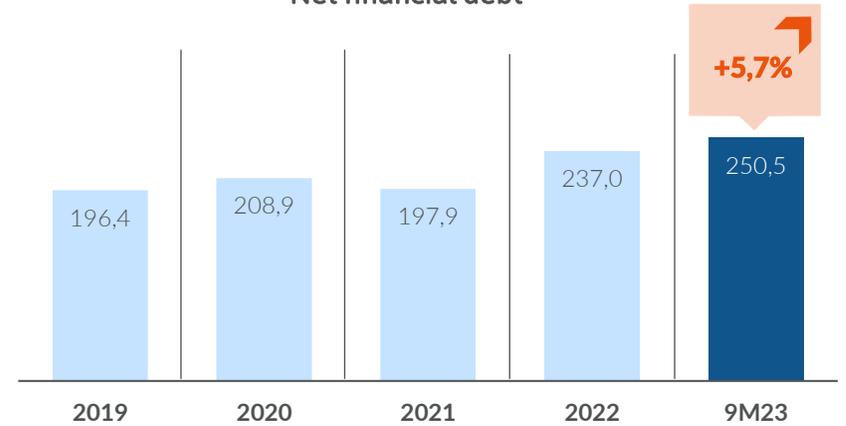
▶ 63,2%

* vs stock price as of 09.30.23

LTV%



Net financial debt



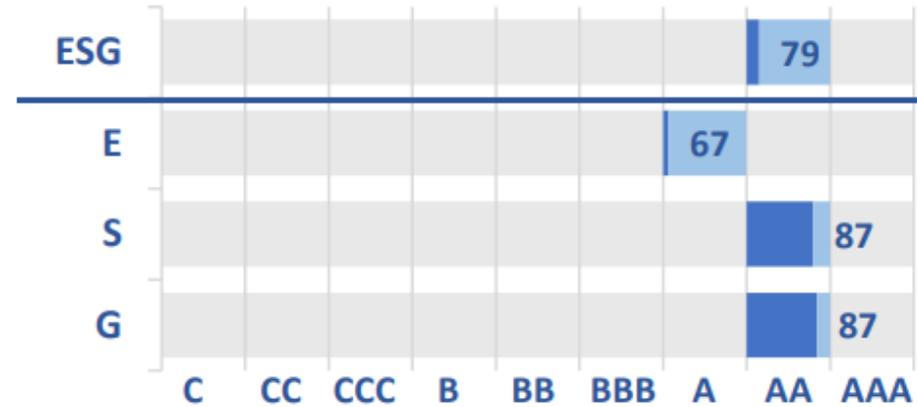
ESG

Grupo Insur, in its commitment to Sustainability and transparency, requested to be qualified by Lighthouse (Spanish Institute of Analysts) in terms of ESG, obtaining the following qualification:



“High performance”

ESG rating 2023⁽¹⁾ (by pillar)



(1) The dark blue area represents the classification achieved by the company in its ESG rating and the light blue area shows the distance until the next level of ESG rating is achieved.

Conciliation between equity and proportionate method:

Consolidated P&L (€m)	9M23			9M22			Var %
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate	Proportionate
Revenues	84,0	(14,8)	69,3	70,2	(0,5)	69,7	-0,6%
Housebuilding	46,1	(1,5)	44,5	27,0	15,9	42,9	3,9%
Rental	13,0	0,0	13,1	12,9	0,1	13,0	0,8%
Construction	24,4	(15,5)	8,9	27,7	(16,1)	11,6	-23,3%
Asset management	3,5	(0,7)	2,8	2,6	(0,4)	2,2	23,8%
Result of entities valued by the equity method	0,1	(0,1)	0,0	1,2	(1,2)	(0,0)	n.m.
EBITDA*	19,4	0,6	20,0	12,4	0,6	13,0	53,9%
Result on the sale of investment property	9,0	-	9,0	1,3	-	1,3	n.m.
Adjusted EBITDA	10,4	0,6	11,0	11,1	0,6	11,7	-6,0%
Operating profit	13,6	0,6	14,2	19,0	0,6	19,6	-27,5%
Financial result	(5,5)	(0,8)	(6,3)	(3,3)	(0,2)	(3,6)	75,8%
Profit before tax	8,1	(0,2)	8,0	15,7	0,4	16,1	-50,5%
Net profit	6,0	-	6,0	12,0	-	12,0	-49,8%
Profit attributable to parent company	5,9	-	5,9	11,9	-	11,9	-50,2%
Profit attributable to minority interest	0,077	-	0,077	0,070	-	0,070	10,0%

*In order to reflect a true picture of the profitability of the development business, EBITDA has been adjusted by €2.4m (€2.5m in 9M22) due to the difference between fair value and cost at Desarrollos Metropolitanos del Sur, S.L. of homes delivered by this company in 9M23.

Main adjustments

- Housebuilding revenues:** it increases as it adds the revenue figure of the JVs in the proportion in which Grupo Insur participates in them. In 9M23 it was reduced due to the elimination in the proportional of the sale in 3Q23 of a plot of land and an ongoing promotion to two new JVs (50% Group stake) for €5.9m. The adjustment excluding this operation is €4.4m.
- 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.
- 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	09.30.23			12.31.22		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	212,4	0,0	212,4	216,3	0,0	216,3
Financial investments in JVs	23,1	(22,7)	0,3	25,4	(25,1)	0,3
Inventory	127,6	103,5	231,1	116,5	82,1	198,6
Debtors and other receivables	28,6	(5,1)	23,6	21,7	(3,7)	18,0
Other assets	78,0	(35,9)	42,1	67,1	(33,6)	33,5
Restricted cash MARF bond	7,7	0,0	7,7	17,2	0,0	17,2
Cash and equivalents	20,1	10,2	30,3	32,9	6,3	39,2
TOTAL ASSETS	497,4	50,0	547,4	497,1	25,9	523,0
Net equity	140,0	0,0	140,0	137,3	0,0	137,3
Minority interests	3,1	0,0	3,1	3,1	0,0	3,1
Amounts owed to credit institutions	223,4	30,3	253,7	241,1	16,1	257,3
Other financial liabilities	36,8	0,0	36,8	39,0	0,0	39,0
Trade and other payables	66,5	17,8	84,3	50,5	(8,7)	41,9
Other liabilities	27,6	1,9	29,5	25,9	18,4	44,4
TOTAL EQUITY AND LIABILITIES	497,4	50,0	547,4	497,1	25,9	523,0

Main adjustments:

(a) **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.

(b) **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.

(c) **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.

(d) **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. Includes customer advances.



María Ferrer

Investor Relations Manager
accionistas@grupoinsur.com