

1Q 22 Results Presentation

28th April, 2022



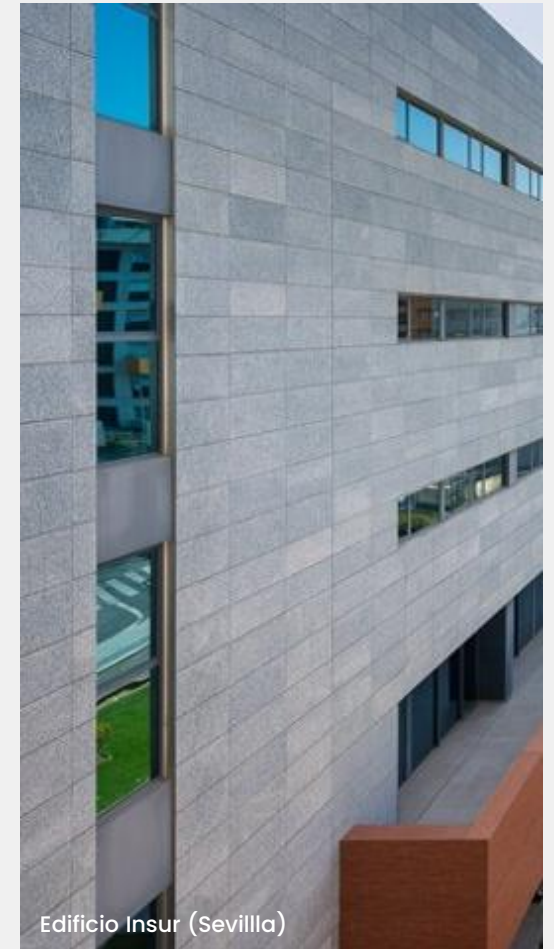
Jardines del Olivar (Valdemoro-Madrid)

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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.

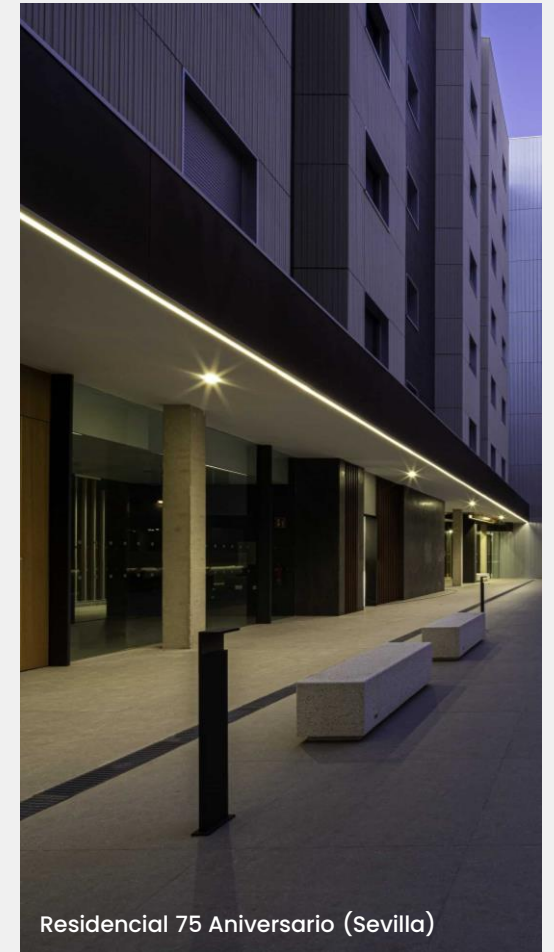
The rental activity is carried out by Insur Patrimonial, S.L.U. (IPAT), fully owned by Insur, as well as by other companies which are also fully owned by IPA (except for IDS Madrid Manzanares, S.A. where Insur has a 90% stake)

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 1Q 2022.

MAIN HIGHLIGHTS (1/2)



▶ **Group turnover, ebitda, and net profit** have been greatly affected by the lower delivery of homes in 1Q22, which will be corrected in the coming quarters with estimated deliveries of 330 units.



▶ **Homebuilding revenues** stood at €9.2m, 60.9% lower than that registered in 1Q21 but accumulated pre-sales amounted to €197.1m (€120.7m in proportionate), 12.6% higher vs 2021 year end.



▶ **Excellent commercial performance for another quarter.** Total pre-sales formalized in 1Q22 amount to €38.3m (€24.6m adjusted by the percentage of participation of the Group).



▶ **Strong boost in the tertiary promotion of offices** with two important projects in Malaga capital with an area above ground of 20,400 sqm.



▶ **Solid behavior of the patrimonial activity.** The turnover has increased by 16.8% compared to the same period of the previous year and new surfaces have been rented for 2,488.27 sqm.



▶ **Asset turnover.** Sales of real estate investments for €4.8m that have generated a profit before taxes of €1.2m. **Sales made for a price 14% higher than CBRE's valuation as of 12.31.21.**



▶ **Net profit** stood at €1.8m, 44.0% less vs. 1Q21.

EXECUTIVE SUMMARY 1Q 2022.

MAIN HIGHLIGHTS (2/2)

Figures by proportionate method

€m= million Euros

Var % y-o-y

REVENUES	➤	€19.0m	-45.9 %
EBITDA	➤	€4.8m	-28.7 %
ADJUSTED EBITDA*	➤	€3.5m	-47.9 %
EBIT	➤	€3.7m	-35.8 %
NET PROFIT	➤	€1.8m	-44.1 %
NET FINANCIAL DEBT	➤	€195.7m	(€2.2m lower vs 2021)



HOMEBUILDING



€9.2m -60.9%



RENTAL



€4.3m +16.8%



CONSTRUCTION



€4.7m -34.4%



SERVICES

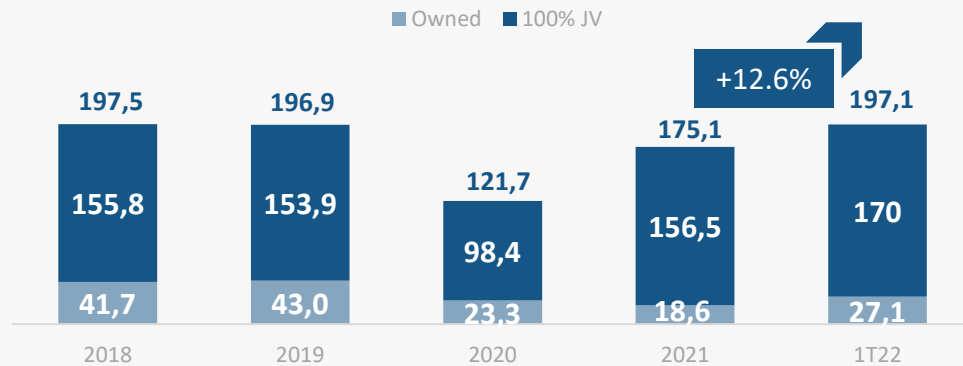


€0.8m +8.0%

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

HOMEBUILDING

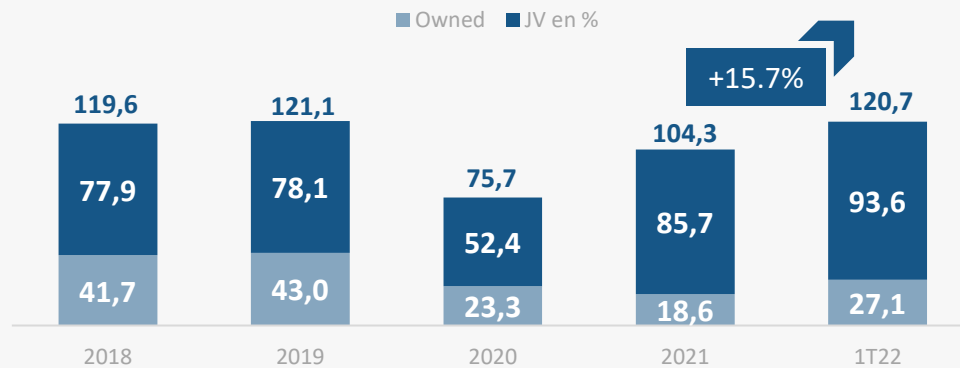
Pre-sales portfolio 03.31.22



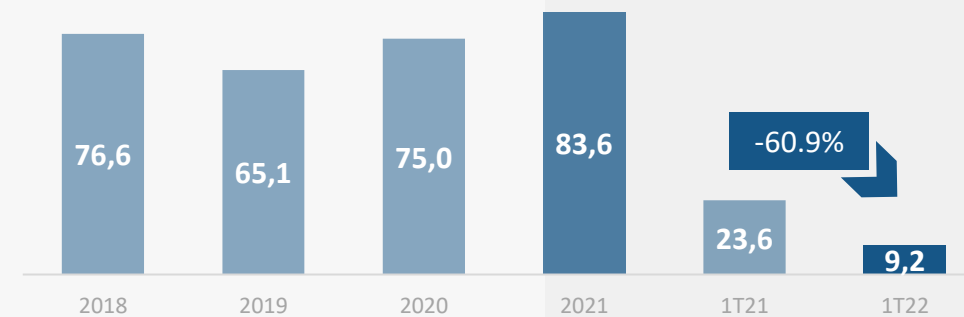
- **60 units** (4 owned and 56 through JVs) were delivered in 1Q22 with an ASP⁽¹⁾ of €272,000 vs 84 units delivered in 1Q21 (32 owned and 52 through JVs).
- **120 units sold in 1Q22** amounting €38,3m (€25,6m in proportionate), -15.7% vs 1Q21 but still reflecting the good trend of recent quarters.
- At the end of 1Q22, Grupo Insur had a **pre-sales portfolio of 690 units** for an amount of €197.1m (€120.7m in proportionate).
- **Revenues** stood at €9.2m compared to €23.6m in 1Q21 due to lower home deliveries in the quarter and a lower proportion of own home deliveries compared to JVs.
- Ability to pass on cost increases to ongoing promotions.
- **Successful commercial launch** of new promotions.

(1) Average sale price

Pre-sales portfolio (proportionate) 03.31.22



Homebuilding revenues



ACTIVE RESIDENTIAL DEVELOPMENTS AND LAND PORTFOLIO

MADRID

58 units under construction

121 units under development

ANDALUCÍA

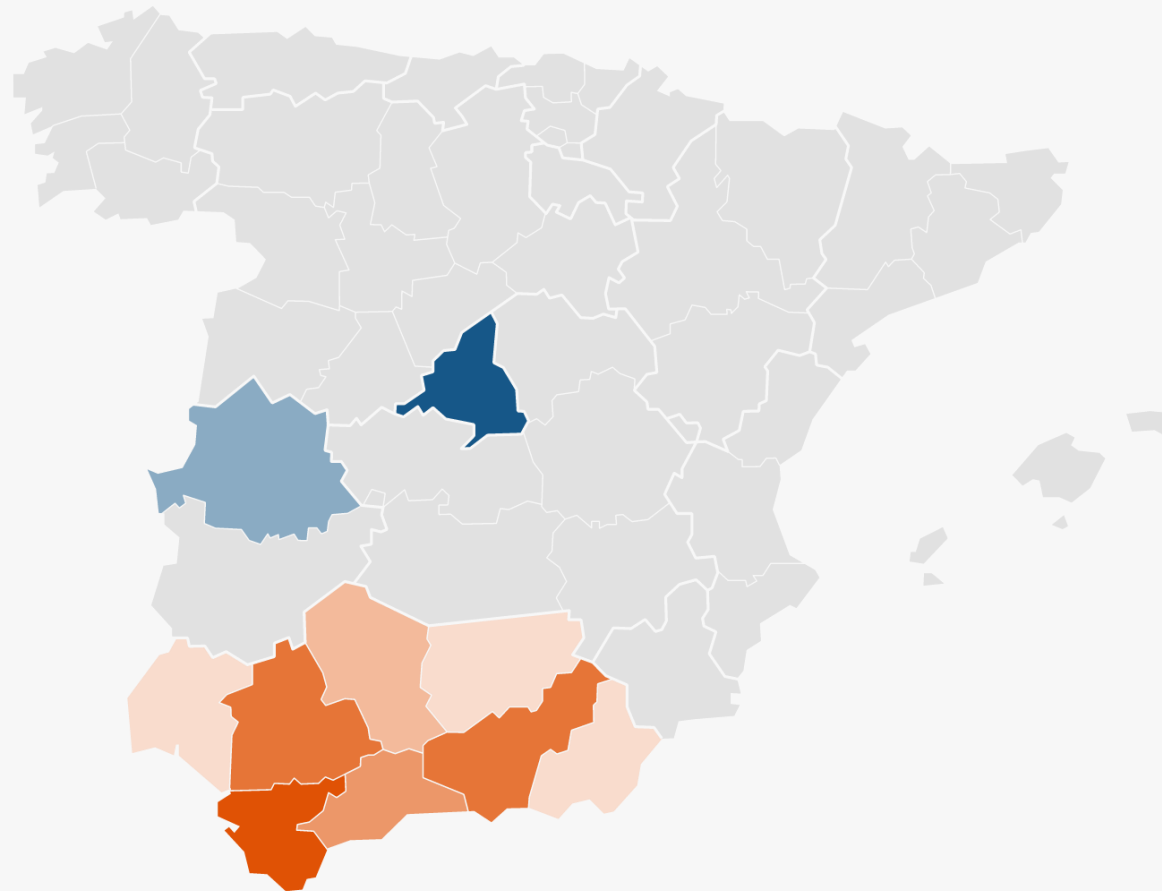
595 units under construction

1,443 units under development

2,259 in land portfolio

CÁCERES

80 units under construction



4,556 UNITS

UNDER CONSTRUCTION

11 projects

733 units

(196 owned; 537 JVs)

UNDER DEVELOPMENT

13 projects

1,564 units

(72 owned; 1,492 JVs)

LAND PORTFOLIO

2,259 units

(820 owned; 1,439 JVs)

1,178 units in
commercialización*

(58% sold)

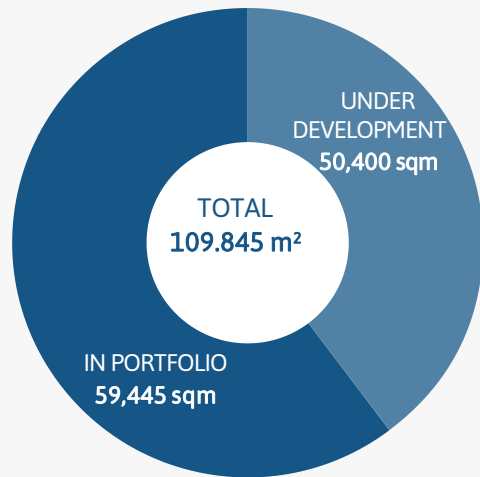
*Includes units pending to be delivered from finished projects

P&L: HOMEBUILDING

€m (proportionate)	03.31.2022	03.31.2021	Var %
Homebuilding revenues	9,2	23,6	-60,9%
Cost of sales	(7,3)	(17,9)	-59,7%
Gross Margin	2,0	5,7	-64,4%
% Gross Margin	21,8%	24,0%	-2,2 p.p.
Net Margin	1,4	4,2	-67,1%
% Net Margin	15,1%	17,9%	-2,8 p.p.
Ebitda	1,1	4,7	-77,0%
% Ebitda Margin	11,8%	20,0%	-8,2 p.p.
Profit before tax	0,8	4,5	-82,2%
Net Profit	0,6	3,4	-82,2%

- ▶ Gross margin: 21.8% in 1Q22.
- ▶ Net margin: 15.1% in 1Q22.
- ▶ Ebitda margin: 11.8% in 1Q22.
- ▶ Net margin and ebitda margin have been affected by the lower turnover in 1Q22, situation that will be corrected in the coming quarters.

TERCIARY PROMOTION



2021-2025 commitment
 To grow in terms of tertiary offices
 developments in Madrid and Málaga

Ágora project – Malaga capital
 9.500 sqm of offices
 Planned investment €31m

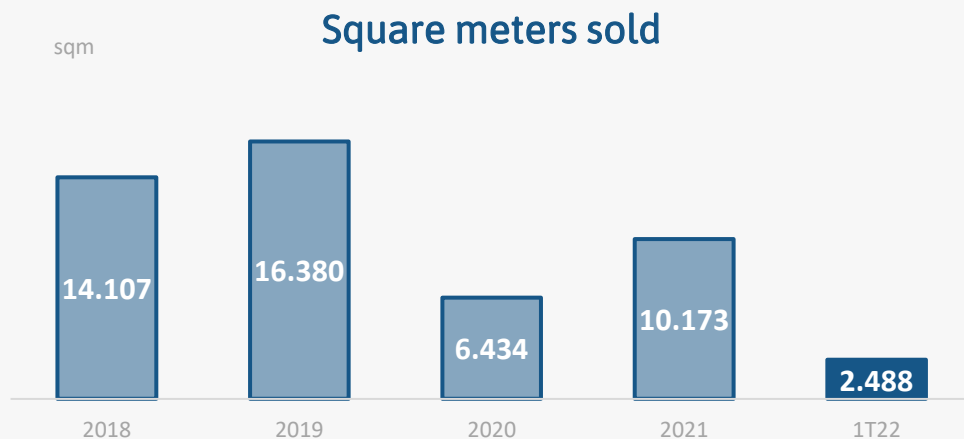
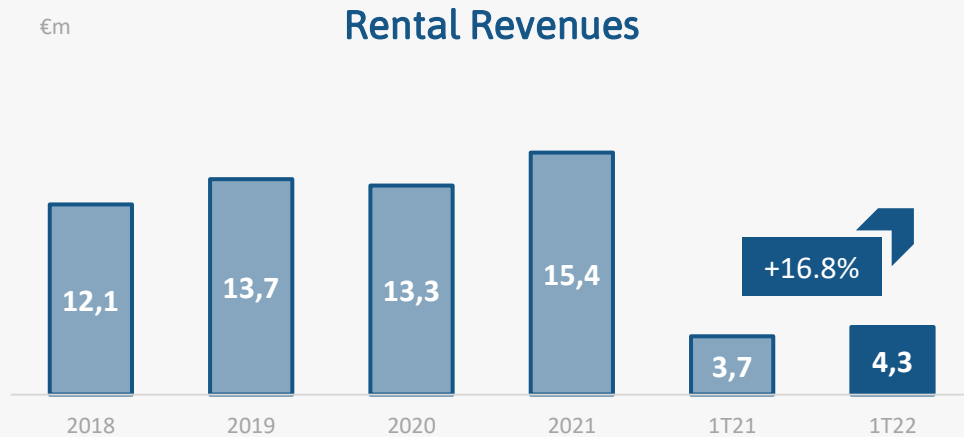


Martiricos project – Malaga capital
 10,900 sqm of offices
 Planned investment €31m

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



RENTALS



- In 1Q22, **new areas were sold** for a total of 2,488.27 sqm and there have been contract terminations of 1,533.54 sqm.
- **Occupancy rate** stood at 88.3%, +0.6 p.p. vs the rate in 2021 year end.
- **The annualized rental income** of the contracts in force on 31st March 2022 stood at €17.3m vs €17.5m in 4Q21, slight decrease due to the sale of real estate investments during 1Q22.
- Capacity to pass on CPI increases to tenants.
- **Asset turnover.** Sales of real estate investments for €4.8m that have generated a profit before taxes of €1.2m. **Sales made for a price 14% higher than CBRE's valuation as of 12.31.21.**
- **129,557.48 sqm** of offices, hotels and commercial premises portfolio and **more than 3,000 parking spots.**



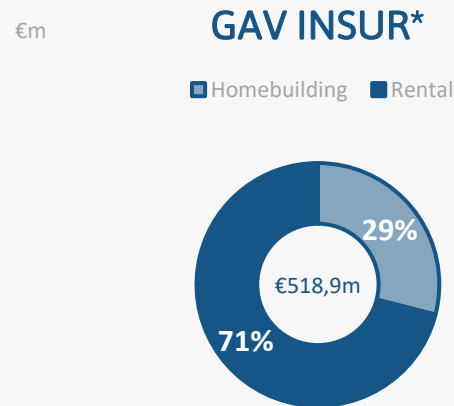
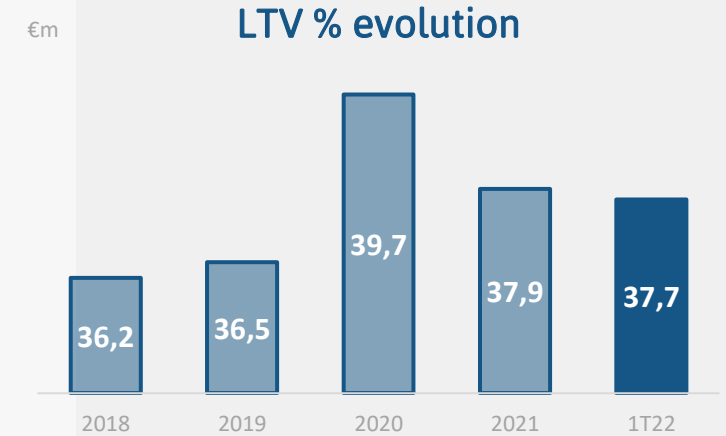
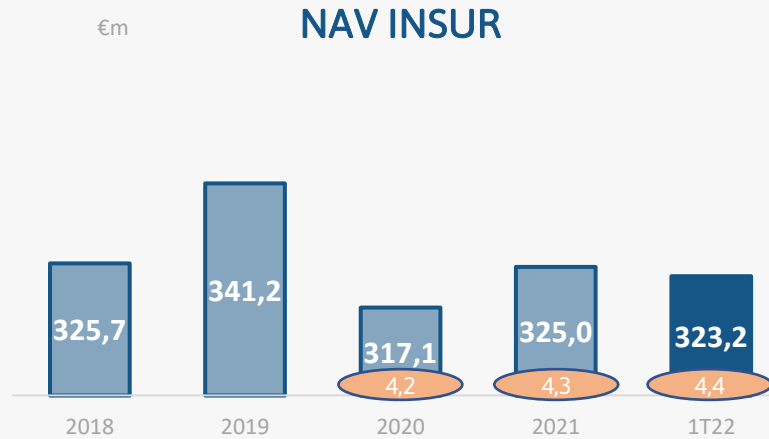
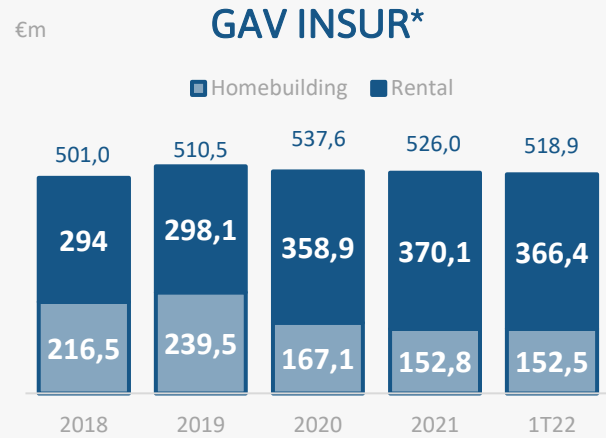
P&L: RENTALS

€m (proportionate)	03.31.2022	03.31.2021	Var %
Rental revenues	4,3	3,7	16,8%
Operating expenses	(0,7)	(0,7)	0,7%
Result on the sale of investment property	1,2	-	n.s.
Ebitda	4,6	2,8	63,0%
Adjusted Ebitda	3,5	2,8	25,0%
% Adjusted Ebitda margin	80,0%	76,5%	3,5 p.p.
Profit before tax	3,2	1,3	152,8%
Net Profit	2,3	0,9	157,1%

- ▶ **Solid rental income growth:** +16.2%, closing the gap vs annualized rent at the end of 1Q22.
- ▶ **Ebitda margin improved** by 3.5 p.p. as a result of higher rental prices and greater repercussion of expenses to the lessee.
- ▶ **Asset turnover.** Sales of real estate investments for €4.8m that have generated a profit before taxes of €1.2m. **Sales made for a price 14% higher than CBRE's valuation as of 12.31.21.**

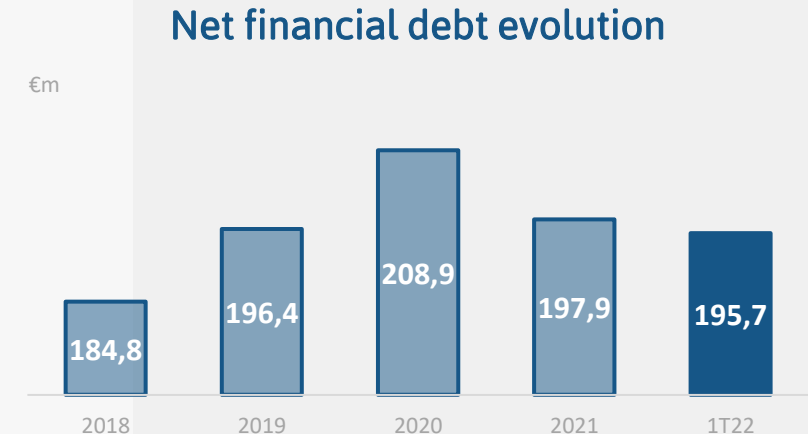
GAV, NAV, LTV and debt

All figures in proportionate



€m of NAV corresponding to minority interests

The Group continues to reduce the NFD, with a decrease of €2.2m compared to the closing figure for 2021 and improve the LTV ratio by 0.2 p.p.



* valuation at 03/31/22 estimated from CBRE valuation at 31/12/21 and revised with additions at cost value and disposals due to deliveries

CONCILIATION BETWEEN EQUITY AND PROPORTIONATE METHOD

CONSOLIDATED P&L €m	1Q22			1Q21		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	17,1	1,9	19,0	33,4	1,7	35,1
Housebuilding	1,8	7,4	9,2	17,3	6,3	23,6
Rental	4,3	0,0	4,3	3,7	-	3,7
Construction	10,0	(5,3)	4,7	11,5	(4,4)	7,1
Asset management	1,0	(0,2)	0,8	0,9	(0,2)	0,7
Result of entities valued by the equity method	0,7	(0,7)	(0,0)	0,5	(0,5)	0,0
EBITDA	4,4	0,4	4,8	6,4	0,3	6,7
Result on the sale of investment property	1,2	-	1,2	-	-	-
Adjusted EBITDA	3,1	0,4	3,5	6,4	0,3	6,7
Operating profit	3,3	0,3	3,7	5,5	0,2	5,7
Financial result	(1,1)	(0,1)	(1,2)	(1,3)	(0,1)	(1,4)
Profit before tax	2,2	0,3	2,5	4,2	0,1	4,3
Profit after tax	1,8	-	1,8	3,2	-	3,2
Profit attributable to parent company	1,8	-	1,8	3,2	-	3,2
Profit attributable to minority interest	0,024	-	0,024	0,025	-	0,025

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.
- 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

	03.31.12			12.31.21		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	212,9	0,0	212,9	216,8	(0,0)	216,8
Financial investments in JVs	39,1	(38,7)	0,4	38,9	(38,4)	0,5
Inventory	47,7	88,9	136,6	47,6	88,3	135,9
Debtors and other receivables	27,0	(4,7)	22,3	24,6	(6,1)	18,5
Other assets	86,5	(25,4)	61,1	86,4	(25,6)	60,8
Cash and equivalents	46,2	15,4	61,6	49,8	15,1	64,9
TOTAL ASSETS	459,4	35,5	494,9	464,2	33,3	497,5
Net equity	130,0	0,0	130,0	128,3	0,0	128,3
Minority interests	3,2	0,0	3,2	3,2	0,0	3,2
Amounts owed to credit institutions	221,5	17,9	239,4	227,8	18,0	245,8
Other financial liabilities	47,9	0,0	47,9	47,1	0,0	47,1
Trade and other payables	32,9	4,5	37,4	35,5	1,9	37,4
Other liabilities	23,8	13,1	37,0	22,3	13,3	35,7
TOTAL EQUITY AND LIABILITIES	459,4	35,5	494,9	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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