



ConsorcioARA®

November 2023

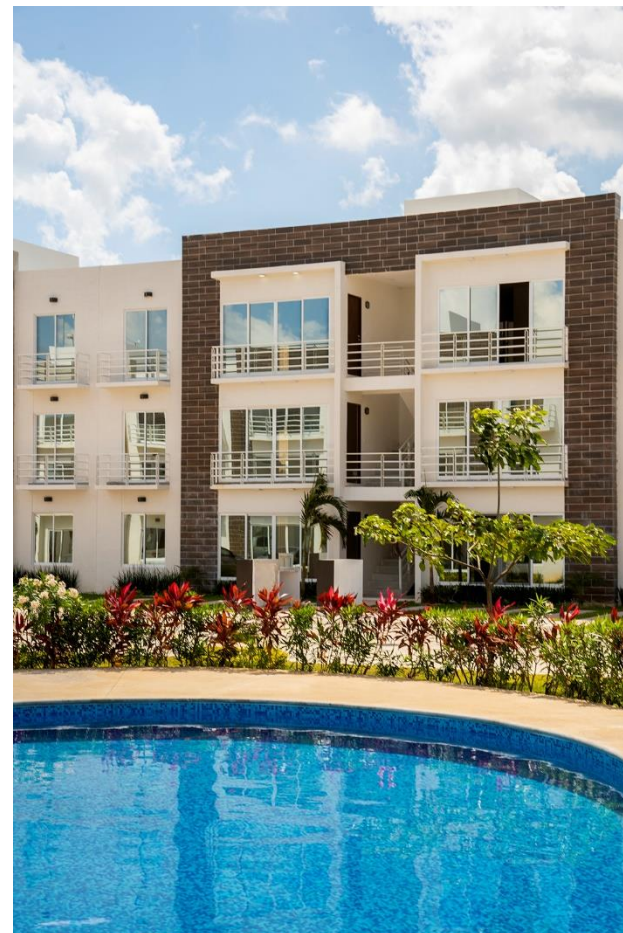




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## I. Housing sector

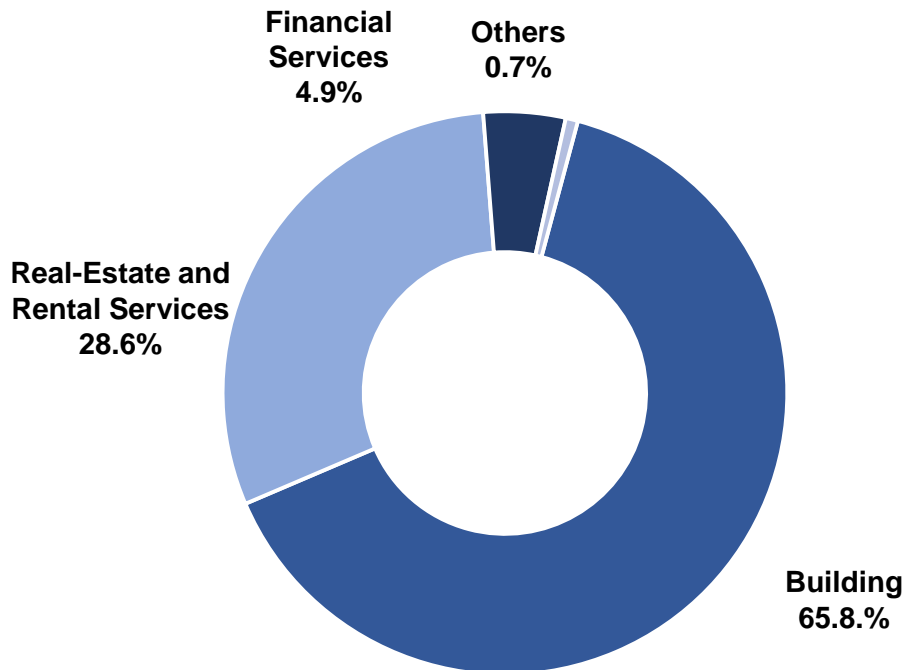




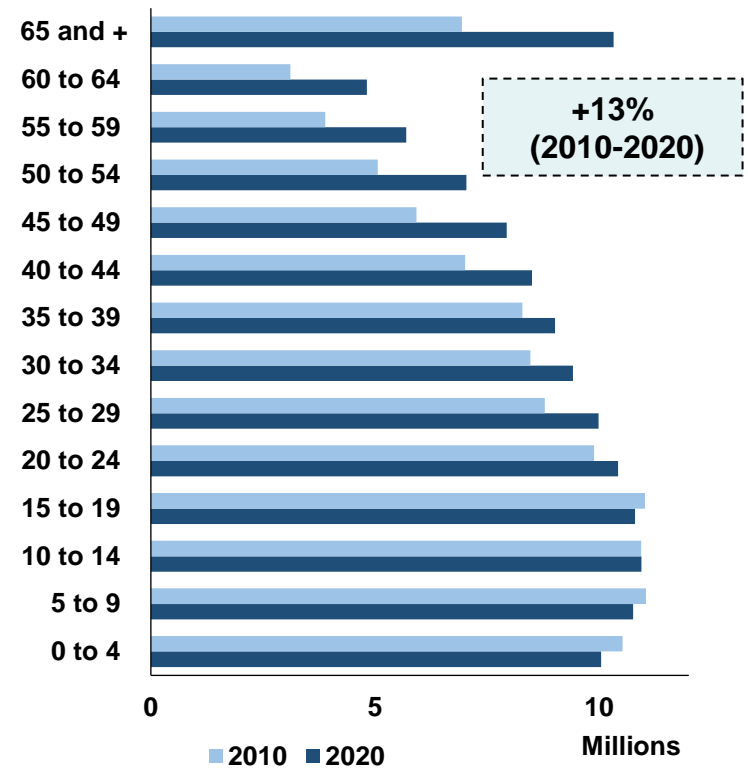
# Macroeconomic factors in the Housing Industry

In 2021, Mexico's housing industry GDP reached 1.39 trillion pesos, or 5.7 of national GDP.

### Housing Industry GDP by Economic Activity Sector 2021



### Mexican population growth



Sources: The information in this slide comes from public sources and was obtained from: Mexican Housing Satellite Account 2021, INEGI (<https://www.inegi.org.mx/temas/viviendasat/>) and INEGI's 2010 and 2020 censuses (<https://inegi.org.mx/programas/ccpv/2020/>)



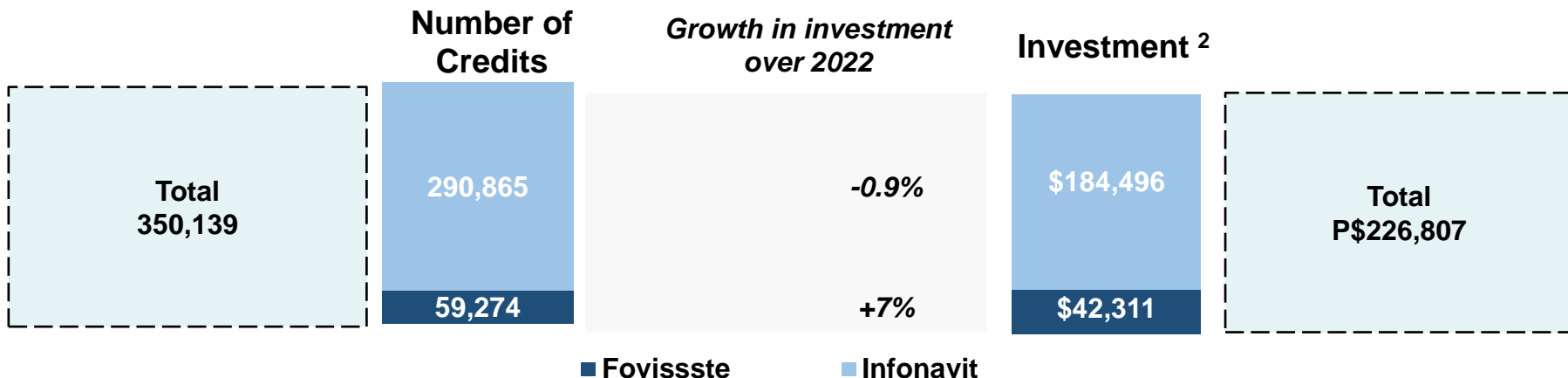


# Mortgage lending

## Results 2022

	Infonavit	Fovissste	Commercial Banking
<b>Number of Credits</b>	<b>276,576</b>	<b>48,220</b>	<b>119,415</b>
<i>Change vs. 2021</i>	-11.6%	-3.5%	-2.3%
<b>Total Investment</b>	<b>P\$153,701</b>	<b>P\$36,024</b>	<b>P\$235,299</b>
<i>Change vs. 2021</i>	-1.6%	-0.4%	+12.5%
<b>Average Amount</b>	<b>P\$555,731</b>	<b>P\$747,079</b>	<b>P\$1.97</b>
<i>Change vs. 2021</i>	+11.3%	+3.2%	+15.2%

## Mortgage lending plan 2023



Notes: 1. Figures include financing for new and used homes  
2. Figures rounded up to the nearest million.

Sources: The information contained in this section comes from public sources and was obtained from the National Housing Commission (CONAVI) <https://sniiv.conavi.gob.mx/cubo/financiamientos.aspx>, 2023-2027 Strategic and Financial Plan Infonavit [https://portalmx.infonavit.org.mx/wps/wcm/connect/d1701565-fa09-493b-a391-bea597236d26/Plan\\_Estrategico\\_y\\_Financiero\\_2022-2026.pdf.pdf?MOD=AJPERES&CVID=nSR2YY0](https://portalmx.infonavit.org.mx/wps/wcm/connect/d1701565-fa09-493b-a391-bea597236d26/Plan_Estrategico_y_Financiero_2022-2026.pdf.pdf?MOD=AJPERES&CVID=nSR2YY0) and Agreement 30.1375.2021 approving the financing program for the National Housing Fund 2023 [https://www.dof.gob.mx/nota\\_detalle.php?codigo=5639351&fecha=24/12/2021](https://www.dof.gob.mx/nota_detalle.php?codigo=5639351&fecha=24/12/2021).



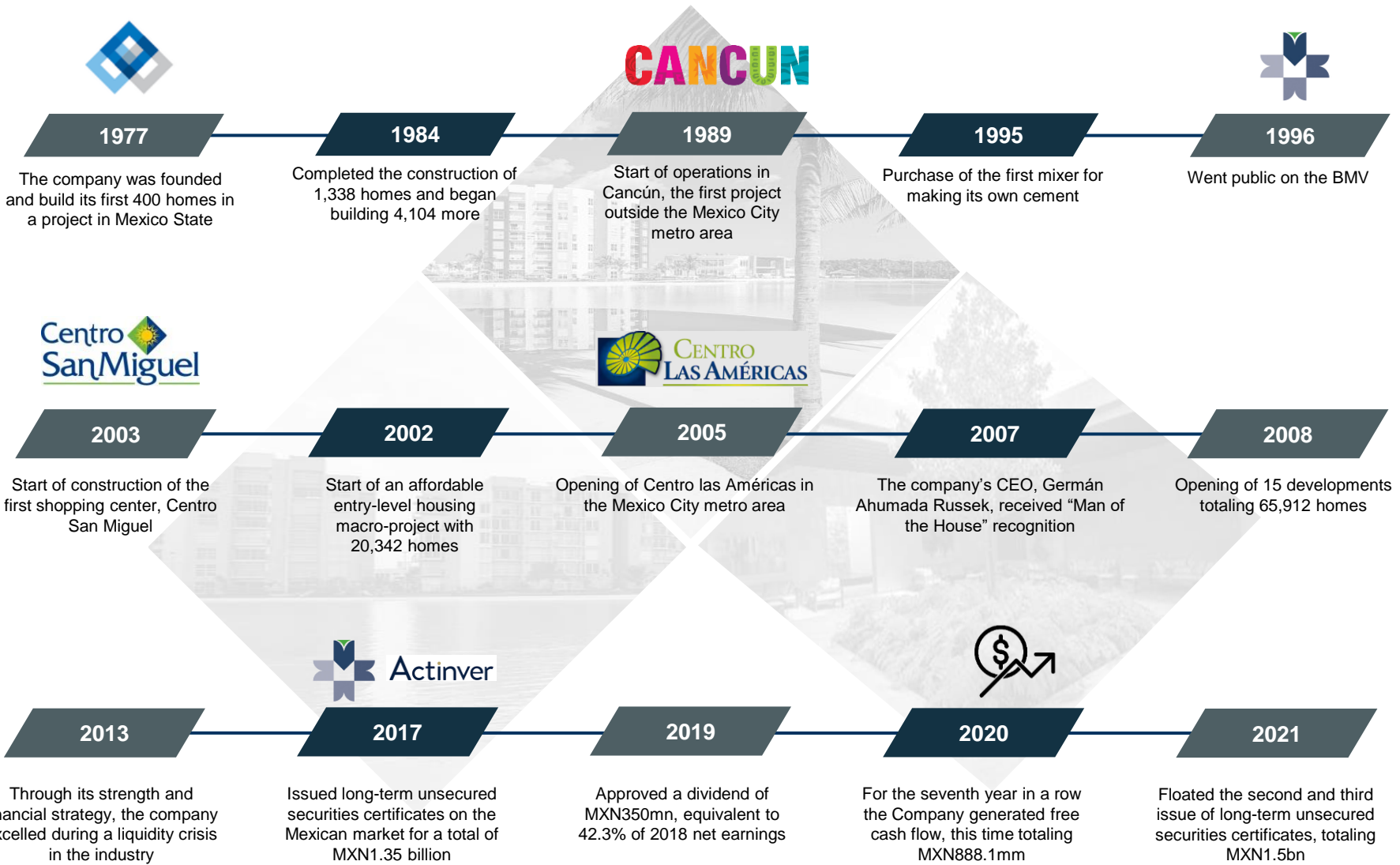


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## II. ARA'S Strengths



# Company History





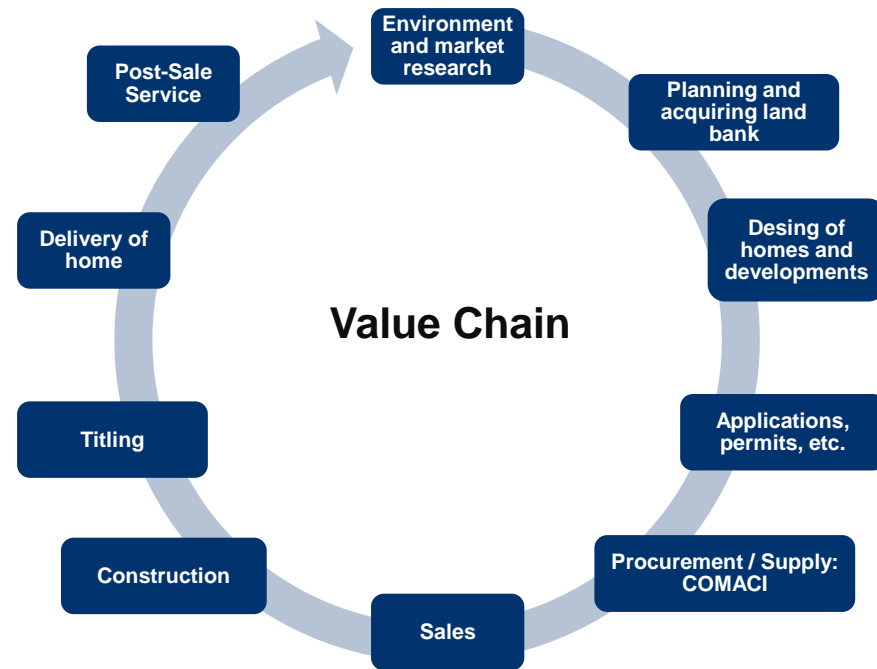
# Experience

With more than 46 years of experience, ARA has built and sold more than 389,200 homes inhabited by approximately 1,557,000 Mexicans. ARA is currently present in 15 states and has 41 developments in operation.

For the past 17 consecutive years, ARA has maintained the highest credit risk rating in the Mexican housing industry from S&P Global Ratings, at “mxAA-”. Starting in 2017, the Company also obtained a credit rating from HR Ratings, currently at “HR AA+”, also the highest among Mexico’s publicly traded housing developers. Also, in 2021, Fitch Ratings assigned ARA a long-term national-scale rating of “A+(mex)”.



ARA has developed a value chain that vertically integrates its operations:





# Type of Products

ARA has succeeded in diversifying its portfolio into various types of product and positioned itself throughout the Mexican territory.

## Affordable Entry Level

*Price Range: P\$500,000 to P\$840,000*



## Residential

*Price Range: +P\$1,730,001*



## Middle Income

*Price Range: P\$840,001 to P\$1,730,000*



## Geographic and product diversification



- ◆ 15 States
- ◆ 21 Cities
- ◆ 31 Municipalities
- ◆ 41 Developments





# Land Bank

Over the course of its history, ARA has invested heavily in the acquisition of land.

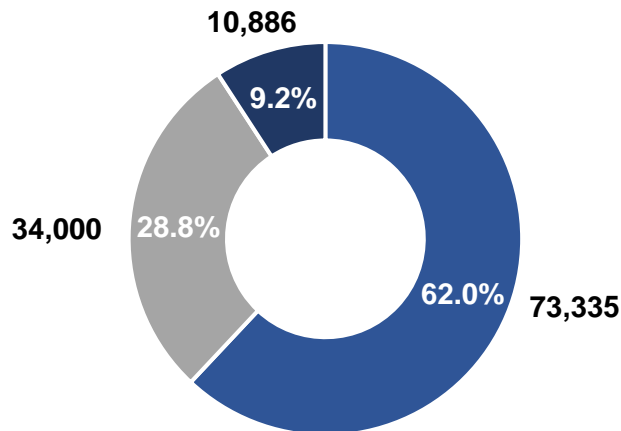
At present, the company's land bank has a book value of MXN4.25bn, and consists of 30.5 million m<sup>2</sup>, sufficient to build 118,221 homes. This reserve includes 2 million m<sup>2</sup> set aside for non-housing real-estate projects, like commercial developments, tourist resorts and industrial zones.

State	Units	%
State of Mexico	34,258	29.0%
Quintana Roo	32,649	27.6%
Guanajuato	6,982	5.9%
Guerrero	6,495	5.5%
Nayarit	6,470	5.5%
Jalisco	6,446	5.5%
Veracruz	5,241	4.4%
Puebla	4,961	4.2%
Hidalgo	3,158	2.7%
Nuevo León	2,080	1.8%
Baja California Sur	1,600	1.4%
Baja California	1,570	1.3%
Morelos	868	0.7%
Sonora	800	0.7%
Varios (4 state)	4,643	3.9%
<b>Total</b>	<b>118,221</b>	<b>100%</b>

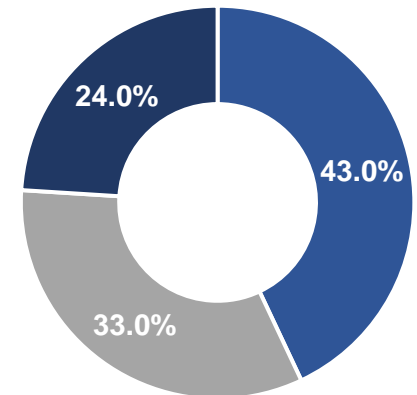


ARA's land bank is fully paid and 95% free of liens.

118,221 master plan units



% by Revenues <sup>1</sup>



■ Affordable Entry Level 
 ■ Middle Income 
 ■ Residential

Notes: 1. Percentage obtained by multiplying units per LTM average price.



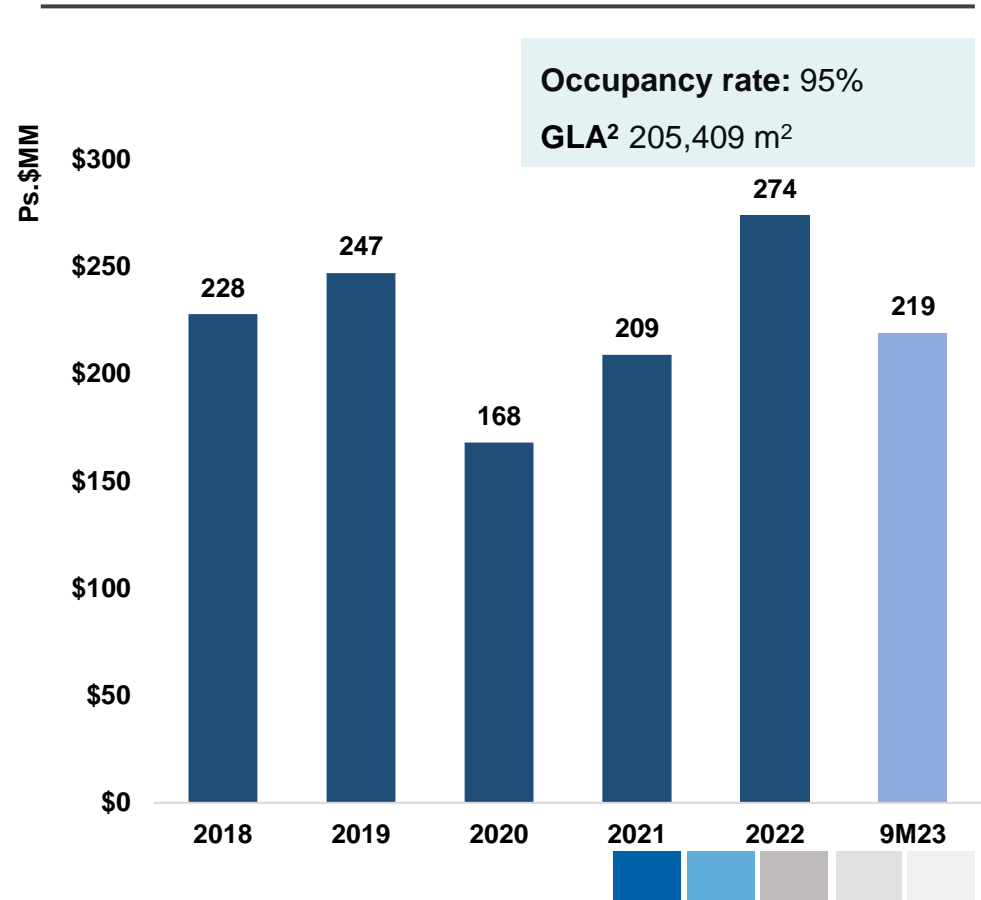
# Product Diversification

ARA owns 100% of Centro San Miguel, Plaza Centella, Centro Buenaventura, Plaza Carey and other “uni” and “mini”-centers. It also owns a 50% stake in Centro las Américas and Paseo Ventura.

## 6 Shopping Malls



## Net Operating Income<sup>1</sup>



Notes: 1. NOI = Net Operating Income. 2. GLA = Gross Leasable Area.



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### III. Our Strategy





# Our Strategy

ARA's success has been achieved by following a long-term strategy based on various pillars on which it has achieved an outstanding place in the industry, overcome the 2013 liquidity crisis and also weather the pandemic crisis of 2020-2021.

## Pilares Estratégicos

- 

Crecimiento sostenible en ingresos y crecimiento de la utilidad neta
- 

Selectivos en la compra de terrenos
- 

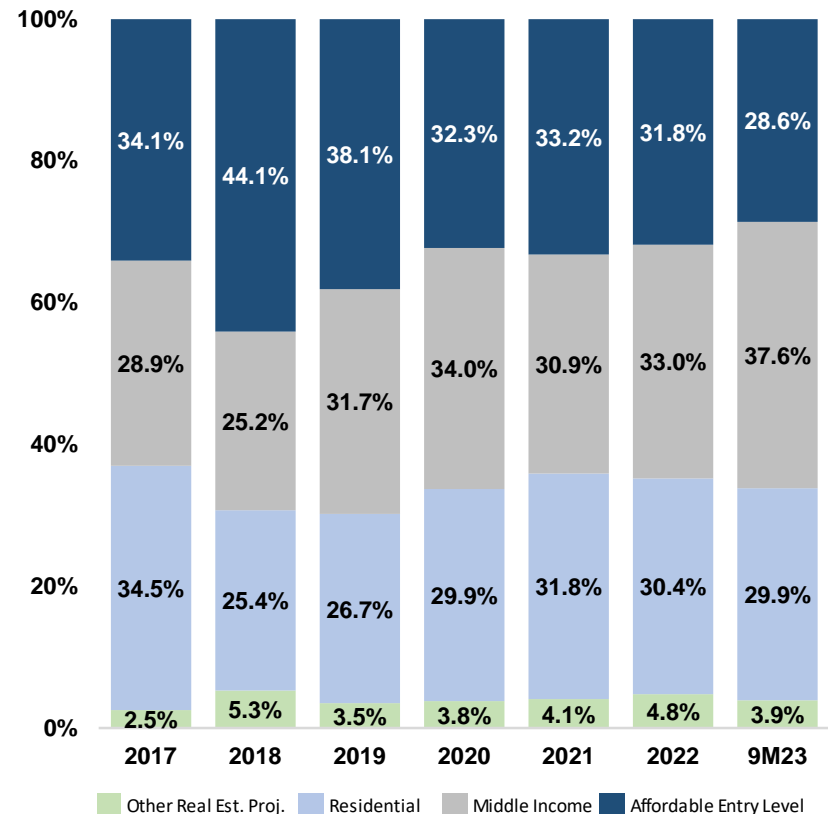
Healthy leverage ratios
- 

Generate free cash flow
- 

Generate free cash flow
- 

Maintain a diversified product portfolio

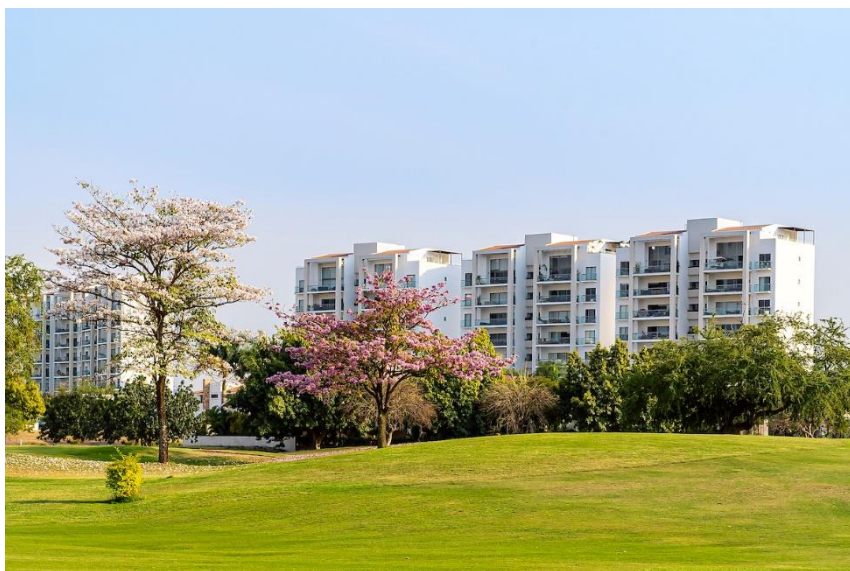
## Revenues





# Our Strategy

## Paraíso Country Club





# Our Strategy

Kuyaan Residencial



Altavela



Cascadas Cocoyoc



Puerta al Sol





# Our Strategy

Arona Residencial



Punta Mar Diamante



Izamal Residencial



Dream Diamante





# Our Strategy





## Vertical Integration

**14 plants to produce our own ready-mix.**

**11 million m<sup>3</sup> of ready-mix produced during the past twenty-five years, equivalent to building more than 250 structures the size of Azteca Stadium, one of the largest sports facilities in the world.**





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## IV. Administration and Organization





# Robust Corporate Governance

## **Germán Ahumada Russek** *Chief Executive Officer Housing Division*



Germán Ahumada Russek is Chairman of the Board of Directors and CEO of Consorcio ARA, and is also the company's founding partner. Over its 46 years of operation, Consorcio ARA has built and sold more than 389,200 homes inhabited by approximately 1,557,000 Mexicans. Mr. Ahumada has a degree in Civil Engineering from Universidad Iberoamericana and studied at St. John's University in Minnesota.

## **Miguel Lozano Pardinás** *Co-Chief Executive Officer Operating*



Currently Deputy Chief Operating Officer. From 2015 to February 2021 he was Deputy CEO, from March 2012 to March 2015 he was Chief Operating Officer, and he served as Corporate Director of Construction from 2007 to 2012. Before coming to ARA he was Director of Construction at Grupo Metropolitano DeMet from 1997-2007; at Grupo BAIA, S.A. de C.V. from 1995 to 1996; and at Grupo Elefante, S.A. de C.V. from 1972-1994.

## **Alicia Enriquez Pimentel** *Co-Chief Executive Administrative and Finance Officer*



Alicia joined Consorcio ARA in the year 2002. In 2009 she joined the Investor Relations Area and from 2014 to June 2017 she was Director of that area. In July 2017 she was appointed Chief Financial and Investor Relations Officer, playing a key role in the opening issue of long-term unsecured securities certificates on the Mexican market for a total of MXN1.35 billion. Since March 2021 she has held the title of Deputy Chief Administration and Financial Officer.

## Committees of the Board of Directors

1 Audit Committee

2 Corporate Practices Committee

## Board of Directors

69% of the Board of Directors are independent

<b>Germán Ahumada Russek</b>	Chairman
<b>Luis Felipe Ahumada Russek</b>	Vice Chairman
<b>Germán Ahumada Aduncin</b>	Vice Chairman
<b>Miguel Guillermo Lozano Pardinás</b>	Board Member
<b>Patricio Bustamante Martínez</b>	Board Member
<b>Sylvia Meljem Enríquez de Rivera</b>	Board Member
<b>Pedro Alonso Angulo</b>	Board Member
<b>Ricardo Paullada Nevárez</b>	Board Member
<b>Luis Ramón Carazo Preciado †</b>	Board Member
<b>Raúl Fernando Robledo Tovi</b>	Board Member
<b>Roberto Danel Díaz</b>	Board Member
<b>Pedro Manuel Zorrilla Velasco</b>	Board Member
<b>Salvi Rafael Folch Viadero</b>	Board Member

## Cotización



27 years of continuous listing on the Mexican Stock Exchange





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## V. Financial Information

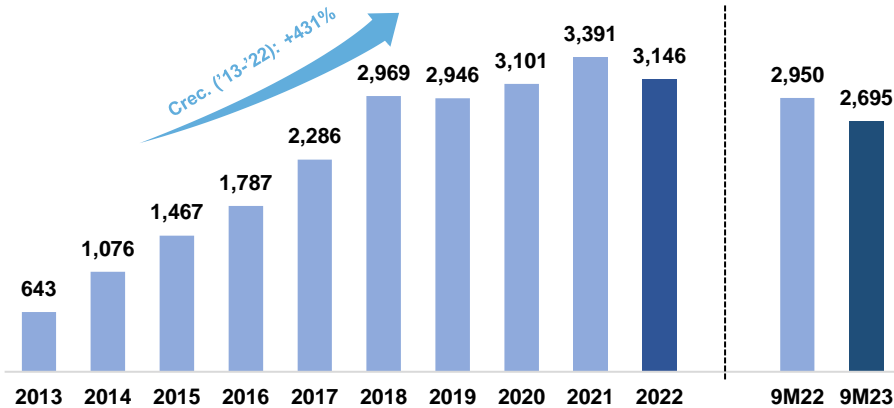




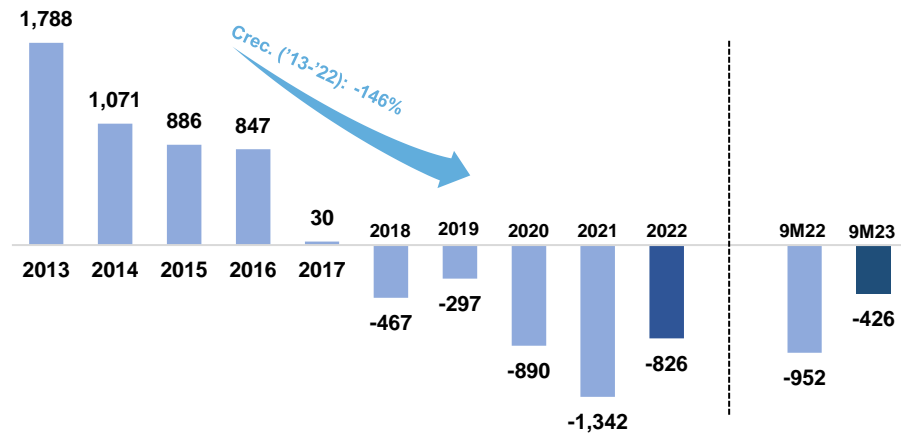
# Financial Solidity<sup>1</sup>

Because of its operating efficiency and conservative policies to ensure a growing cash flow, ARA has been able to reduce its net debt to negative levels.

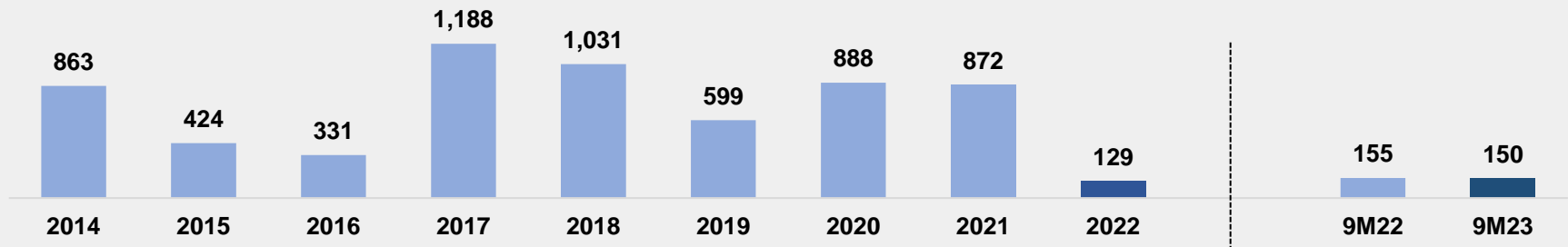
### Cash and cash equivalents



### Net debt



Despite the pandemic, ARA was able to generate positive Free Cash Flow to the Firm in 2020 and 2021.

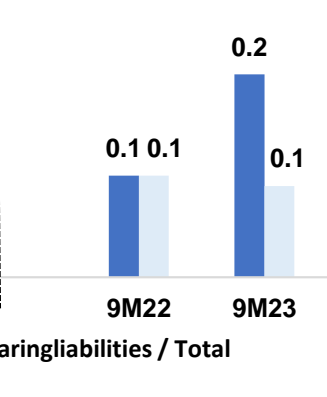
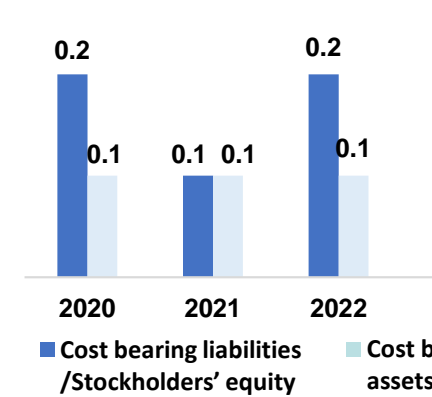
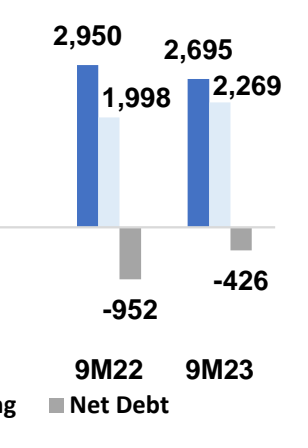
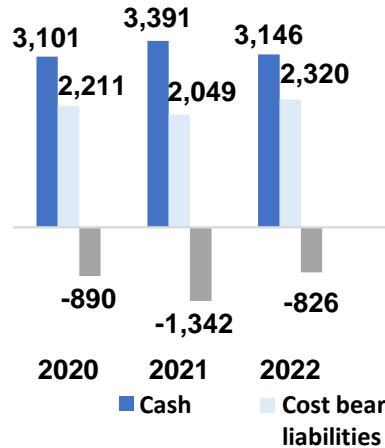
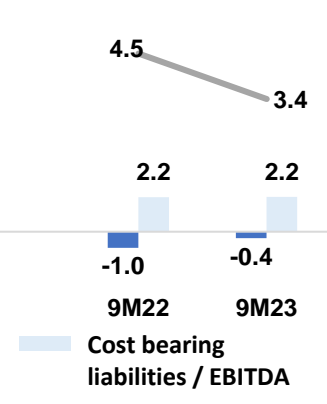
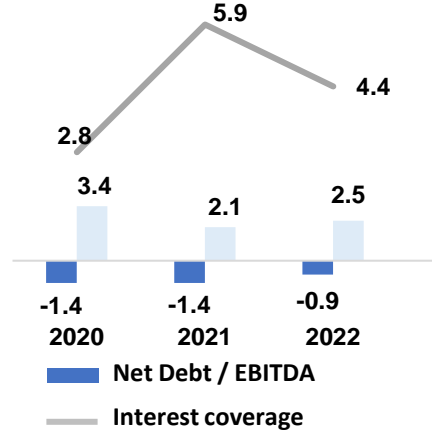
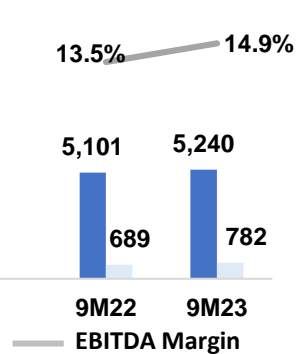
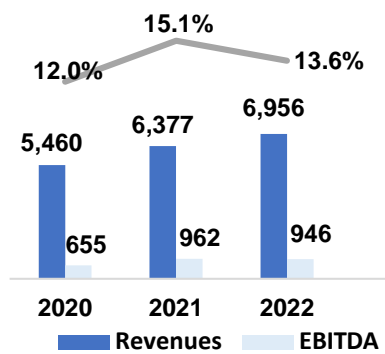


Notes: 1. Figures rounded to the nearest million



# Financial Metrics

	2020	2021	2022	9M22	9M23
EBITDA Margin	12.0%	15.1%	13.6%	13.5%	14.9%
Interest coverage <sup>1</sup>	2.8x	5.9x	4.4x	4.5x	3.4x
Net Debt / EBITDA <sup>1</sup>	-1.4x	-1.4x	-0.9x	-1.0x	-0.4x
Cost bearing liabilities / EBITDA <sup>1</sup>	3.4x	2.1x	2.5x	2.2x	2.2x
Cost bearing liabilities / Stockholders' equity	0.2x	0.1x	0.2x	0.1x	0.2x
Cost bearing liabilities / Total assets	0.1x	0.1x	0.1x	0.1x	0.1x



Figures rounded to the nearest million



## Dividends

**ARA has had a policy on paying dividends subject to two conditions: 1) a sufficient balance in the net tax income account, and 2) positive Free Cash Flow generation. Assuming these two circumstances were present, dividends may be declared for up to 50% of net income in a given period.**

Year of payment	2005	2006	2007	2008	2010	2011	2015	2016	2017	2018	2019	2021	2022	2023	TOTAL
Dividend amount	156.1	1,338.9	207.0	204.5	108.5	115.4	85.1	99.8	111.0	180.0	350.0	200.0	290.0	200.0	3,646.3
Dividend per share	0.1189	1.0198	0.1576	0.1558	0.0832	0.0887	0.0648	0.0762	0.0848	0.1379	0.2704	0.1585	0.2301	0.1634	
Yield	1.42%	9.06%	0.86%	1.30%	0.91%	1.16%	1.57%	1.27%	1.31%	1.80%	5.31%	4.15%	7.23%	5.11%	

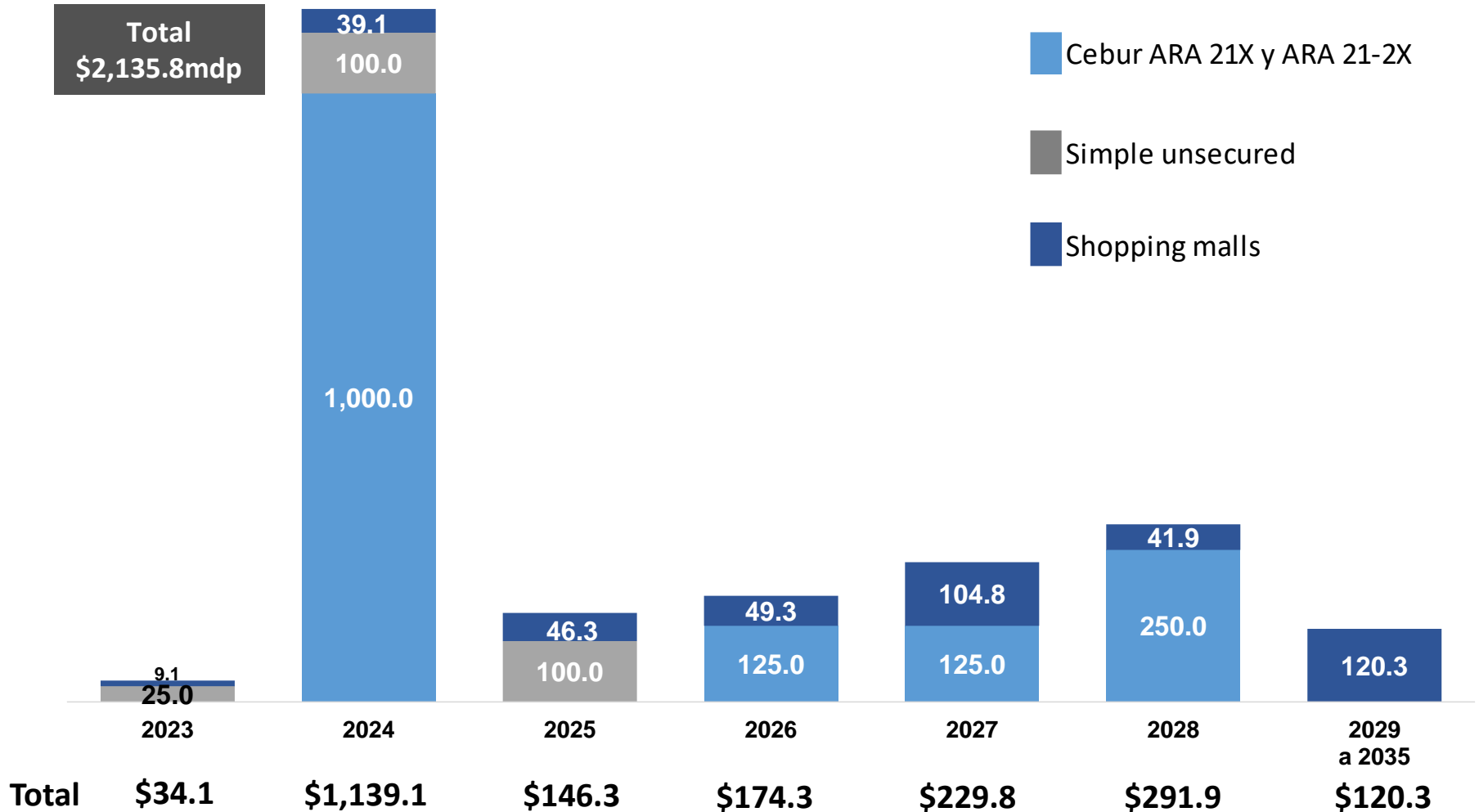
**Outstanding shares as of December 31, 2022: 1,260,020,063**

**Stock price as of December 31, 2022: MXN3.20**



# Debt Maturity as of September 30, 2023

Millions of pesos



Note: Not including leasing liabilities



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## VI. Contacts





## Contact

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## VII. Appendixes





# Statement of Comprehensive Income

	Third Quarter 2023 / 2022				Change 3Q23 / 3Q22		January-September 2023 / 2022				Change 9M23 / 9M22	
	3Q23	%	3Q22	%	\$	%	9M23	%	9M22	%	\$	%
Revenues	1,749.3	100	1,689.8	100	59.4	3.5	5,239.9	100	5,100.8	100	139.1	2.7
Costs	1,278.3	73.1	1,248.9	73.9	29.5	2.4	3,857.0	73.6	3,780.1	74.1	77.0	2.0
<b>Gross profit</b>	<b>470.9</b>	<b>26.9</b>	<b>441.0</b>	<b>26.1</b>	<b>30.0</b>	<b>6.8</b>	<b>1,382.9</b>	<b>26.4</b>	<b>1,320.7</b>	<b>25.9</b>	<b>62.1</b>	<b>4.7</b>
General expenses	261.9	15.0	278.6	16.5	(16.7)	(6.0)	784.2	15.0	825.8	16.2	(41.6)	(5.0)
Other income - net	(8.5)	-0.5	(7.6)	-0.4	(1.0)	12.7	(13.8)	-0.3	(23.0)	-0.5	9.3	(40)
<b>Income from operations</b>	<b>200.5</b>	<b>11.5</b>	<b>154.8</b>	<b>9.2</b>	<b>45.8</b>	<b>29.6</b>	<b>584.9</b>	<b>11.2</b>	<b>471.9</b>	<b>9.3</b>	<b>113.0</b>	<b>24.0</b>
Financial income - net:												
Interest expense	74.1	4.2	53.7	3.2	20.5	38.1	230.9	4.4	153.5	3.0	77.3	50.4
Capitalized interest expense	(53.9)	-3.1	(37.4)	-2.2	(16.5)	44.3	(160.5)	-3.1	(104.2)	-2.0	(56.3)	54.1
Interest income	(72.7)	-4.2	(64.8)	-3.8	(7.9)	12.2	(225.6)	-4.3	(157.9)	-3.1	(67.7)	42.9
Exchange loss (gain)	(0.7)	0.0	0.3	0.0	(1.0)	(333.5)	7.1	0.1	0.9	0.0	6.2	698.2
Loss (gain) on derivatives	0.9	0.0	(1.2)	-0.1	2.0	(171.7)	3.7	0.1	(9.5)	-0.2	13.2	(139.1)
	<b>(52.3)</b>	<b>-3.0</b>	<b>(49.3)</b>	<b>-2.9</b>	<b>(2.9)</b>	<b>6.0</b>	<b>(144.4)</b>	<b>-2.8</b>	<b>(117.1)</b>	<b>-2.3</b>	<b>(27.3)</b>	<b>23.3</b>
Equity method in join ventures	19.3	1.1	26.0	1.5	(6.6)	(25.5)	44.0	0.8	75.3	1.5	(31.3)	(41.6)
<b>Income before income taxes</b>	<b>272.1</b>	<b>15.6</b>	<b>230.1</b>	<b>13.6</b>	<b>42.1</b>	<b>18.3</b>	<b>773.3</b>	<b>14.8</b>	<b>664.3</b>	<b>13.0</b>	<b>109.1</b>	<b>16.4</b>
Taxes:												
ISR deferred	90.6	5.2	36.8	2.2	53.7	146.0	145.0	2.8	28.4	0.6	116.7	411.1
ISR current	(2.9)	-0.2	39.9	2.4	(42.8)	(107.3)	103.0	2.0	184.3	3.6	(81.3)	(44.1)
	87.6	5.0	76.7	4.5	10.9	14.2	248.0	4.7	212.6	4.2	35.4	16.6
<b>Net Income</b>	<b>184.5</b>	<b>10.5</b>	<b>153.3</b>	<b>9.1</b>	<b>31.2</b>	<b>20.3</b>	<b>525.3</b>	<b>10.0</b>	<b>451.6</b>	<b>8.9</b>	<b>73.7</b>	<b>16.3</b>
Other comprehensive income	-	0.0	-	0.0	-	-	-	0.0	-	0.0	-	-
<b>Comprehensive income</b>	<b>184.5</b>	<b>10.5</b>	<b>153.3</b>	<b>9.1</b>	<b>31.2</b>	<b>20.3</b>	<b>525.3</b>	<b>10.0</b>	<b>451.6</b>	<b>8.9</b>	<b>73.7</b>	<b>16.3</b>
Depreciation	22.6	1.3	17.7	1.0	4.9	27.4	59.5	1.1	53.0	1.0	6.4	12.1
NCFR recognized in costs	43.6	2.5	43.1	2.5	0.5	1.2	123.8	2.4	140.7	2.8	(16.9)	(12.0)
<b>EBITDA</b>	<b>275.2</b>	<b>15.7</b>	<b>223.1</b>	<b>13.2</b>	<b>52.1</b>	<b>23.3</b>	<b>782.0</b>	<b>14.9</b>	<b>688.7</b>	<b>13.5</b>	<b>93.3</b>	<b>13.5</b>

# Balance Sheet



	As of Sep'23	As of Dec'22	Change	
			Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	2,694.8	3,146.4	-451.6	(14.4)
Accounts receivable	704.2	659.7	44.6	6.8
Land for development	1,165.1	1,373.6	-208.5	(15.2)
Real estate inventories and land for development	9,935.5	9,269.7	665.8	7.2
Total Inventories	11,100.6	10,643.3	457.3	4.3
Other current assets	727.0	684.8	42.2	6.2
	<b>15,226.6</b>	<b>15,134.2</b>	<b>92.5</b>	<b>0.6</b>
<b>NON-CURRENT ASSETS:</b>				
Golf Club memberships available for sale	173.8	173.8	0.0	-
Investment properties	1,053.5	1,065.6	-12.1	(1.1)
Land for development	3,088.7	2,990.6	98.1	3.3
Long-term real estate inventories	2,073.7	1,923.2	150.5	7.8
Property, machinery and equipment – Net	176.6	151.4	25.2	16.6
Investments in joint venture	322.3	294.6	27.7	9.4
Deferred tax asset	267.9	253.3	14.6	5.8
Derivative financial instrument	1.3	5.0	-3.7	(74.2)
Asset for use right	164.5	110.7	53.8	48.5
Other non-current assets	67.6	67.9	-0.2	(0.3)
	7,389.9	7,036.1	353.8	5.0
<b>TOTAL ASSETS</b>	<b>22,616.5</b>	<b>22,170.2</b>	<b>446.3</b>	<b>2.0</b>
<b>CURRENT LIABILITIES:</b>				
Current portion of unsecured securities certificates	993.8	-	993.8	
Bank Loans	172.4	167.3	5.1	3.0
Liability for leasing	63.6	42.8	20.8	48.5
Suppliers	798.0	791.2	6.8	0.9
Other current liabilities	1,175.8	1,123.5	52.3	4.7
	<b>3,203.6</b>	<b>2,124.8</b>	<b>1,078.8</b>	<b>50.8</b>
<b>NON-CURRENT LIABILITIES:</b>				
Bank Loans	462.1	566.2	-104.0	(18.4)
Unsecured Securities Certificate	493.7	1,482.2	-988.5	(66.7)
Liability for leasing	83.1	61.9	21.2	34.3
Deferred income tax	3,599.9	3,440.2	159.7	4.6
Other Long Term Liabilities	26.3	19.4	7.0	35.9
	<b>4,665.1</b>	<b>5,569.8</b>	<b>-904.7</b>	<b>(16.2)</b>
<b>TOTAL LIABILITIES</b>	<b>7,868.7</b>	<b>7,694.5</b>	<b>174.2</b>	<b>2.3</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>14,747.8</b>	<b>14,475.7</b>	<b>272.2</b>	<b>1.9</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>22,616.5</b>	<b>22,170.2</b>	<b>446.3</b>	<b>2.0</b>



# Statements of cash flow

	Jan-Sep'23	Jan-Sep'22
Operating activities:		
Income before taxes	773.3	664.3
Items related to investing activities:		
Depreciation	59.5	53.0
Amortization of expenses for debt placement	5.8	5.7
Equity in earnings of equity method investees	-44.0	-75.3
Other	3.7	-9.5
	<b>25.0</b>	<b>-26.0</b>
Items related to financing activities:		
Interest expense	70.3	49.3
	<b>868.6</b>	<b>687.6</b>
(Increase) decrease in:		
Trade accounts receivable - Net	-44.6	36.3
Inventories	-537.9	-345.4
Other assets	-25.7	-79.2
Increase (decrease) in:		
Suppliers	6.8	223.7
Other liabilities	24.2	-33.3
Income taxes paid	-91.9	-250.2
<b>Net cash provided by operating activities</b>	<b>199.6</b>	<b>239.5</b>
Investing activities:		
Purchasing of property, machinery and equipment	-51.3	-38.0
Investment property	-3.4	-46.6
<b>Cash excess to apply to financing activities</b>	<b>144.9</b>	<b>155.0</b>
Proceeds from debt	0.0	65.0
Payment for debt	-99.4	-149.3
Interest paid lease contract payments	-9.1	-1.4
Liability for leasing	-28.0	-14.5
Dividends	-200.0	-290.0
Interest paid	-207.7	-119.8
Repurchase of own stock - net	-52.4	-86.7
<b>Financing activities</b>	<b>-596.5</b>	<b>-596.7</b>
Net increase in cash and cash equivalents	<b>-451.6</b>	<b>-441.7</b>
Cash and cash equivalents at beginning of year	3,146.4	3,391.3
<b>Cash and cash equivalents at end of the period</b>	<b>2,694.8</b>	<b>2,949.5</b>

