

Grupo Insur

Results Presentation 9M 2020

October 28th 2020





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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.

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 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.

Executive Summary. 9M 2020 Highlights



Figures by proportionate method

REVENUES
105.4 M€ **+68.3%**

OPERATING PROFIT
19.7 M€ **+134.5%**

EBITDA
22.2M€ **+113.5%**

NET PROFIT
11.6 M€ **+1.079,5%**



HOMEBUILDING

81.0 M€ **+298.9%**



RENTALS

9.7 M€ **-0.2%**



CONSTRUCTION

12.4 M€ **-57.4%**



**ASSET
MANAGEMENT**

2.3 M€ **-32.8%**



NET FINANCIAL DEBT

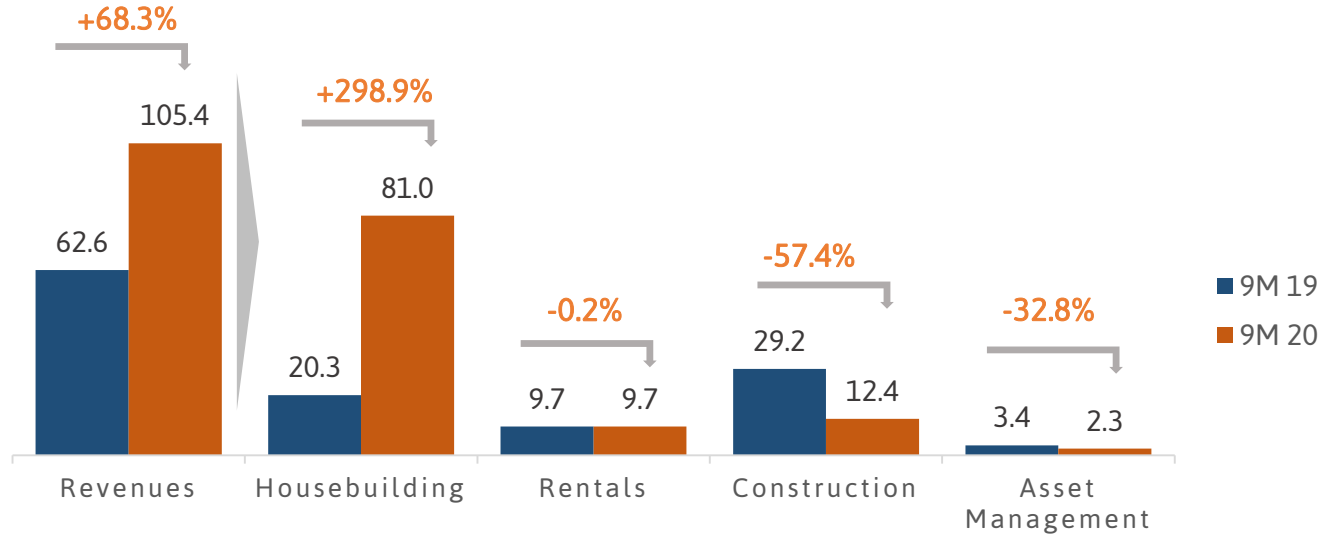
189,8 M€
-3.4% vs Dec 19

- **EBITDA and Net Profit show excellent performance** due to the concentration of deliveries within the last semester
- **Housebuilding:** good performance after the end of the lockouts thanks to the recovery of sales and deliveries
- **Rental income** are affected mainly by the lack of rents of the República Argentina 23 Building in Seville (being converted into a hotel)
- **Construction and management** are temporarily affected by the delay in the start of the developments through JVs
- The Group has implemented **measures in order to ease the impact of Covid-19** since the beginning
- The AGM will take place on the 3rd of April. In that meeting, the Board will propose a significant reduction of the complementary dividend (25%) despite the good results of the 9M 2020
- On October 28th, the Group purchased an additional 40% of the investee IDS Madrid Manzanares, reaching a 90% stake. The application of IFRS 3 on business combinations to the takeover of this company will result in the recording of a profit after tax of 15.4 million euros in 4Q 2020.

Executive Summary. 9M 20 Results

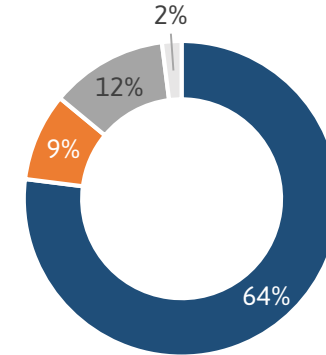
M€

All figures by proportionate method



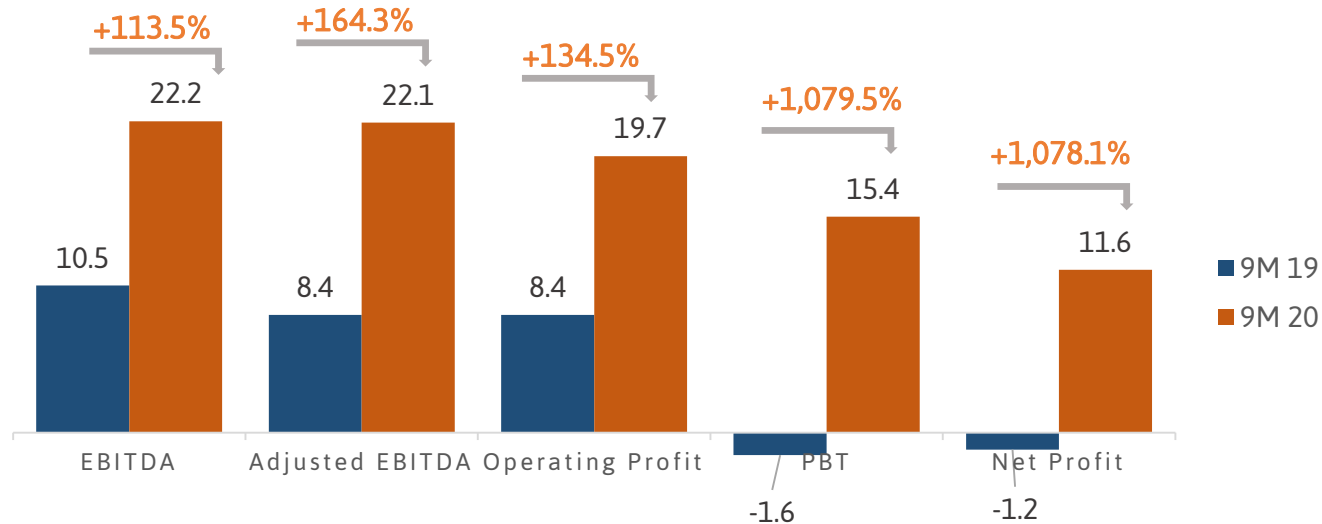
REVENUE BREAKDOWN

- Housebuilding
- Construction
- Rentals
- Asset Management



■ 9M 19
■ 9M 20

M€



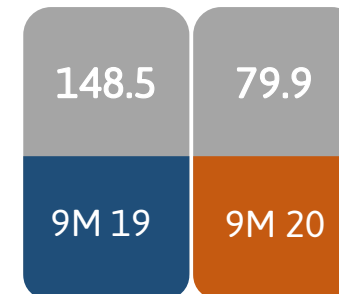
■ 9M 19
■ 9M 20



PRESALES

100% Owned and JVs in their participation %

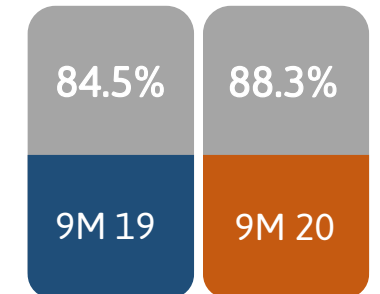
M€



-46.2%



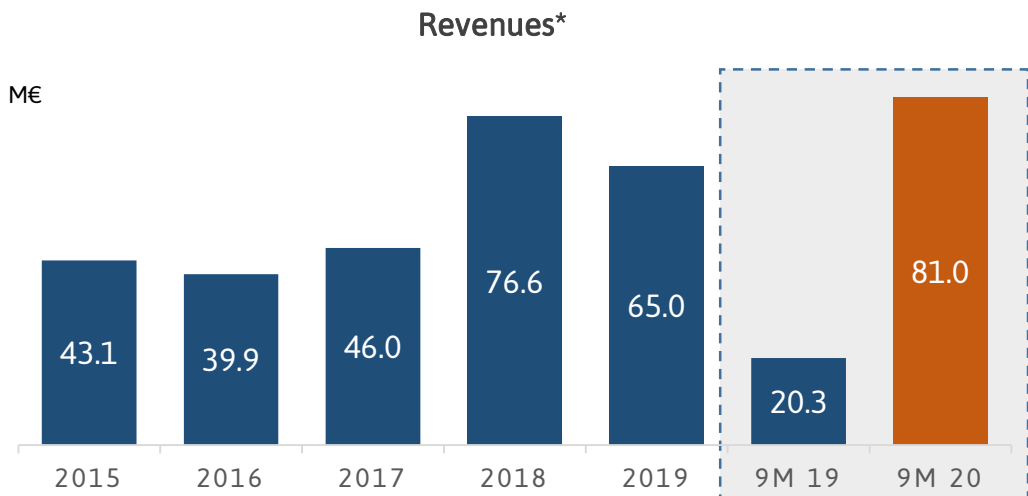
OCCUPANCY RATE



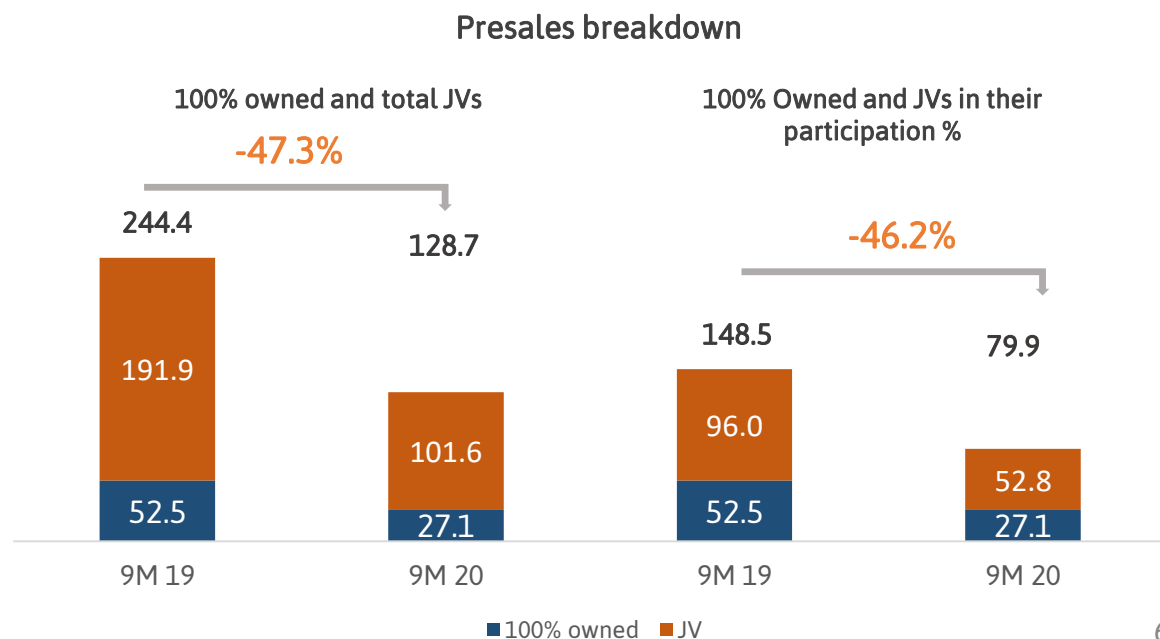
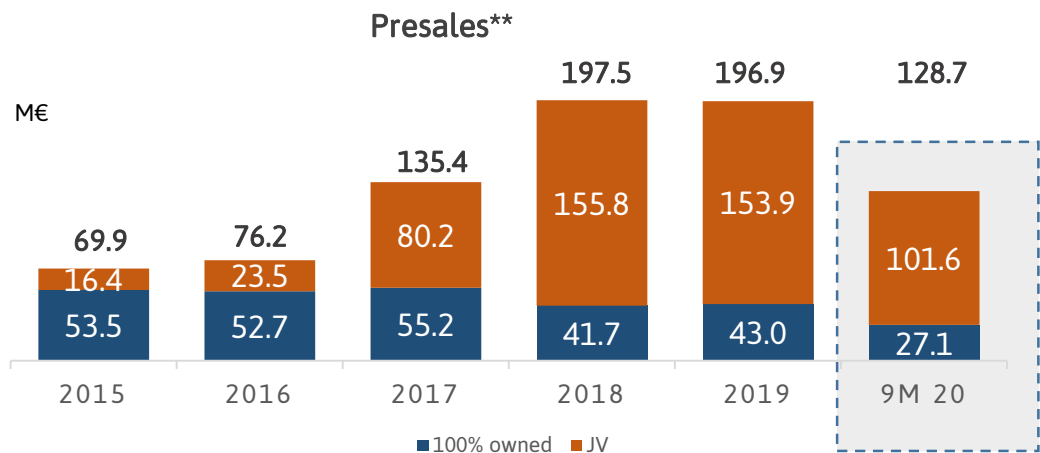
+3.8p.p.

Housebuilding

* Proportional method
 ** Owned developments and total JVs



- **9M 20 commercial sales** reached 65.7 M€ (39.7 M€ adjusted by percentage of participation)
- The Group currently has **1.742** houses under development of which 584 are under construction, 94 are completed and 444 already sold
- **Presales amount to 128.7 M€** (79.9 M€ adjusted by the % of participation)
- The Group has 57.2 M€ (25.7 M€ 100% owned and 31.5 M€ JVs) of presales of finished developments and with first occupation license to be obtained before Dec 31st.



Ongoing developments and land portfolio

Ongoing Developments

1,742 ongoing units

- 94 housing units completed of which 38 are pending to be delivered and 56 pending to be sold.
- 33 ongoing developments (17 in West Andalucía, 6 in Costa del Sol, 7 in Madrid, 1 in Cáceres and 2 in Granada) totaling 1,648 units:
- 152 housing units underway directly by Insur with a development potential of 19,646 sqm.
- 1,496 housing units underway through JVs (with Insur holding a 50% share), with a development potential of 190,045 sqm.

Land Portfolio

2,486 units

- 87,706 sqm of buildable plots for residential use, 816 units
- 30,000 sqm of buildable plots for hotel use.
- 8,238 sqm of buildable plots for tertiary use.
- Long-term purchase options on 10 plots with a building potential of 191,140 sqm (1,670 housing units).

Ongoing developments  Land portfolio

**TOTAL OF
4,228 UNITS**



Finished developments

Figures as of September 2020

100% owned developments

Development	Location	Units	Sold units
Altos Castilleja VII	Castilleja de la Cuesta (Sevilla)	1	1
Antonio Mairena	Sevilla	3	1
Conde de Zamora	Córdoba	17	1
Plaza del Teatro	Málaga	16	11
Altos del Retiro	Churriana (Málaga)	12	5
		49	18 (37%)

JV developments

Development	Location	Units	Sold units
Pineda Parque I	Sevilla	9	2
Alminar	Marbella (Málaga)	14	2
Selecta Atenas	Dos Hermanas (Sevilla)	1	1
Selecta Olimpia	Dos Hermanas (Sevilla)	2	2
Selecta Costa Conil	Conil de la Frontera (Cádiz)	8	4
Boadilla Garden	Boadilla del Monte (Madrid)	7	7
Santa Ana III	Dos Hermanas (Sevilla)	4	2
		45	20 (44%)
TOTAL		94	38 (40%)

Developments under construction

Figures as of September 2020

100% owned developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Residencial 75 Aniversario	Sevilla	48	33.6	2020	29
		48	33.6		29 (60%)

JV developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Elements Fase I	Marbella (Málaga)	52	18.2	2020/2021	24
Selecta Hermes	Dos Hermanas (Sevilla)	116	22.9	2020/2021	93
Selecta Salobreña Fase 1	Granada	55	9.8	2021	27
Pineda Parque II	Sevilla	80	26.8	2021/2022	23
Selecta Ares	Dos Hermanas (Sevilla)	76	17.8	2021	66
Mirador del Olivar	Valdemoro (Madrid)	53	13.7	2021	30
Selecta Extremadura Cáceres	Cáceres	80	19.4	2021/2022	52
Selecta Mykonos	Dos Hermanas (Sevilla)	24	9.2	2022	10
		536	137.8		325 (61%)
TOTAL		584	171.4		354 (61%)

Projects under development

* Under commercialization

Figures as of September 2020

100% owned developments

Development	Location	Units	Estimated construction start date	Sold units
Santa Aurelia I	Sevilla	52	2020	8
Santa Aurelia II	Sevilla	52	2021	
		104		8 (8%)

JV developments

Development	Location	Units	Estimated construction start date	Sold units
Selecta Apolo 1 ^f .	Dos Hermanas (Sevilla)	37	2020	13
Terrazas de Santa Rosa 1 ^{a*}	Córdoba	46	2020	17
QuintEssence I*	Marbella (Málaga)	24	2021	2
Selecta Salobreña Fase 2	Salobreña (Granada)	55	2021	
Boadilla Essences II	Boadilla del Monte (Madrid)	16	2021	
Selecta Apolo 2 ^f	Dos Hermanas (Sevilla)	33	2021	
Selecta Apolo 3 ^f	Dos Hermanas (Sevilla)	38	2021	
Selecta Ares II*	Dos Hermanas (Sevilla)	76	2021	5
Monte de la Villa Unique I a*	Villaviciosa de Odón (Madrid)	10	2021	3
Monte de la Villa Unique II a	Villaviciosa de Odón (Madrid)	16	2021	
Terrazas de Santa Rosa 1b	Córdoba	46	2021	
QuintEssence II	Marbella (Málaga)	56	2021	
Selecta Bermes	Sevilla	42	2021	
Elements Fase II*	Marbella (Málaga)	66	2022	4
Monte de la Villa Unique I b	Villaviciosa de Odón (Madrid)	12	2022	
Monte de la Villa Unique II b	Villaviciosa de Odón (Madrid)	20	2022	
Monte de la Villa Exclusive	Villaviciosa de Odón (Madrid)	32	2022	
BA-8	Dos Hermanas (Sevilla)	102	2022	
QuintEssence III	Marbella (Málaga)	48	2022	
Calle Juglar	Sevilla	56	2022	
Terrazas de Santa Rosa II	Córdoba	95	2022	
Elements Fase III	Marbella (Málaga)	34	2023	
		960		44 (5%)
TOTAL		1,064		52 (5%)

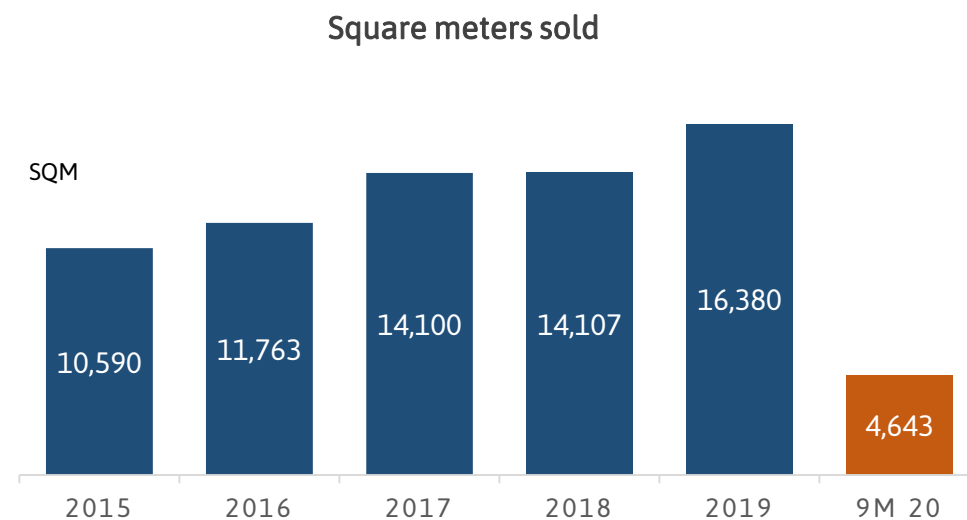
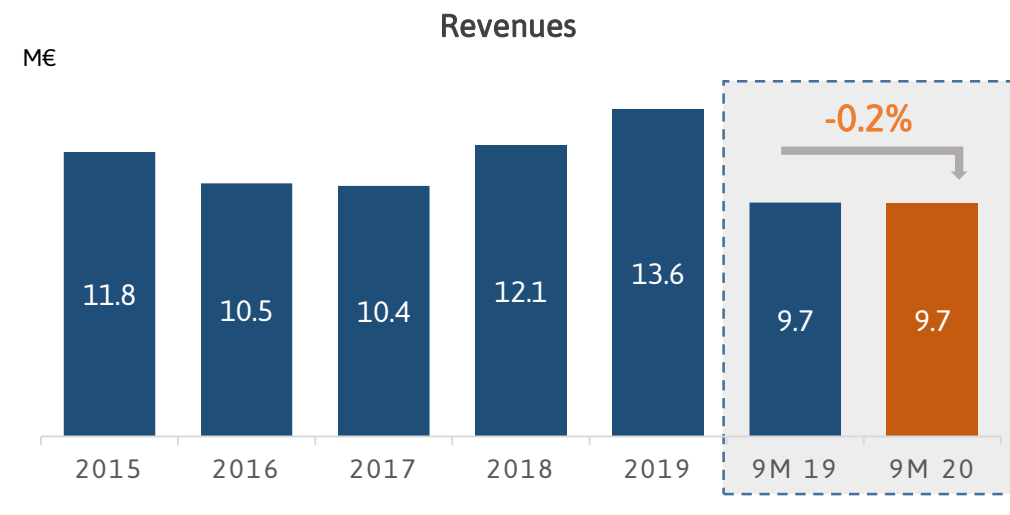
Rentals



- During 9M 20, 4,643.35 sqm have been sold and there have been contract terminations of 4,666.76 sqm
- **Occupancy rate** rises to **88.3%**. 8,350.54 sqm of the 15,748.54 sqm pending to be rented correspond to spaces that are being renewed
- The **annualized rental income** of the contracts in force at 30th September 2020 (including incomes derived from the parking activity, the contract of the hotel at Av. Rep Argentina 23 in Seville and the 90% of the rental of the North Building at Río 55 in Madrid) amounts to **17.5M€**
- In 2021, contracts for an area of 8,827.72 sqm and an annualized income of 1.3M will be terminated
- The **License of First Occupation** for Río 55 at Madrid was obtained on July 15th
- The acquisition of the additional 40% of the stake in IDS Madrid Manzanares S.A. (owner of the Río 55 North Building) took place on October the 28th

GAV of the assets aimed both at rental and own use amounts to **346.0 M€**
(valuation at 30/09/20 estimated from CBRE valuation at 31/12/19 and revised with additions at cost value and disposals due to deliveries)

134,213 sqm office and commercial premises portfolio and more than 2,500 parking spots



Construction and Project Management

12.4M€ CONSTRUCTION REVENUES
-57.4% DECREASE

2.3 M€ MANAGEMENT REVENUES
-32.8% DECREASE

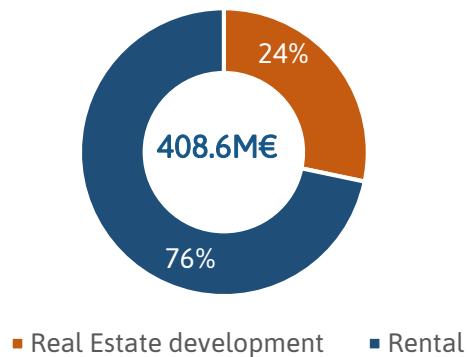
Main projects currently managed:

DESARROLLOS METROPOLITANOS DEL SUR, S.L.	<ul style="list-style-type: none"> Selecta Entrenúcleos (Sevilla), 2.100 units Selecta Conil (Conil de la Frontera), 73 units Selecta Salobreña (Granada), 110 units Selecta Cáceres (Cáceres), 80 units Selecta Avenida Jerez (Sevilla): 44 units 	<p>FOC: (73 units):</p> <ul style="list-style-type: none"> Selecta Conil: 73 units (71 already delivered) <p>UNDER CONSTRUCTION (351 units):</p> <ul style="list-style-type: none"> Selecta Hermes: 116 units Selecta Ares: 76 units Selecta Cáceres: 80 units Selecta Salobreña I: 55 units Selecta Mykonos: 24 units
	IDS RESIDENCIAL LOS MONTEROS, S.A.	<ul style="list-style-type: none"> Los Monteros (Marbella): 276 units
IDS PALMERA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> Pineda Parque (Sevilla): 80 units 	<p>UNDER CONSTRUCTION (80 units):</p> <ul style="list-style-type: none"> Phase II: Block 4 and 5: 80 units
IDS BOADILLA GARDEN RESIDENCIAL, S.A.	<ul style="list-style-type: none"> Boadilla Essences (Boadilla del Monte, Madrid), 48 units 	<p>FOC (32 units):</p> <ul style="list-style-type: none"> Boadilla Essences I: 32 units (25 already delivered)
IDS MEDINA AZAHARA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> Terrazas de Santa Rosa (Córdoba), 187 units 	<p>UNDER DEVELOPMENT</p>
IDS MONTEVILLA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> Monte de la Villa (Villaviciosa de Odón, Madrid), 58 units 	<p>UNDER DEVELOPMENT</p>
HACIENDA LA CARTUJA, S.L.	<ul style="list-style-type: none"> Monte de la Villa (Villaviciosa de Odón, Madrid), 32 units Mirador del Olivar (Valdemoro), 53 units 	<p>UNDER CONSTRUCTION (53 UNITS)</p> <ul style="list-style-type: none"> Mirador del Olivar: 53 units

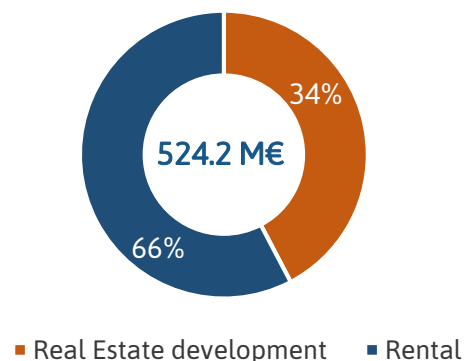
FOC: First Occupation Certificate

NAV, GAV, LTV & debt

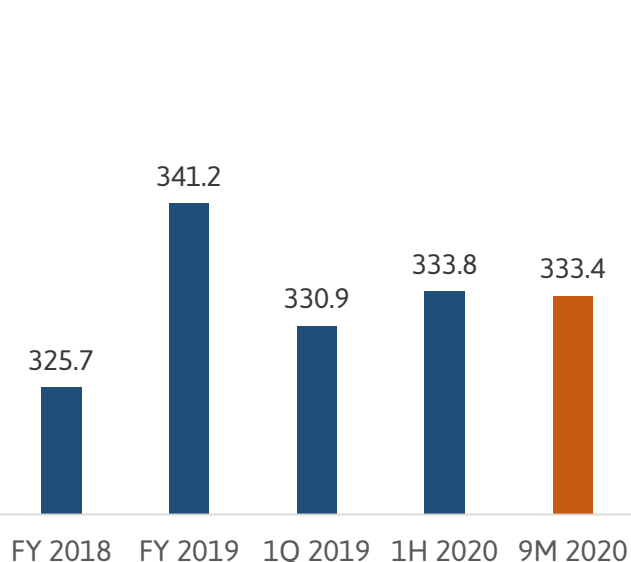
INSUR GAV *



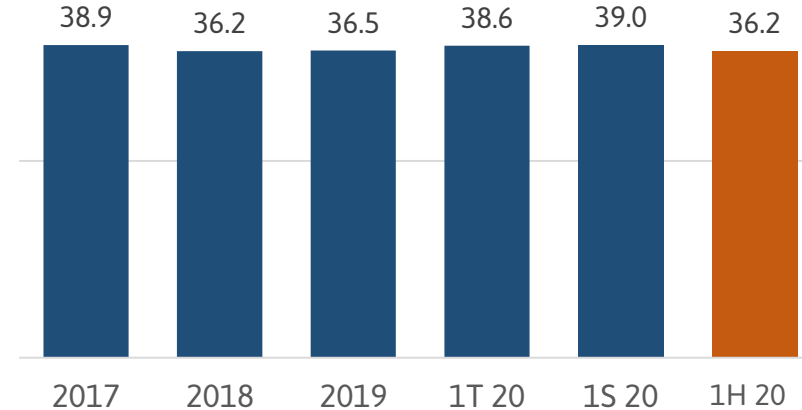
INSUR GAV**



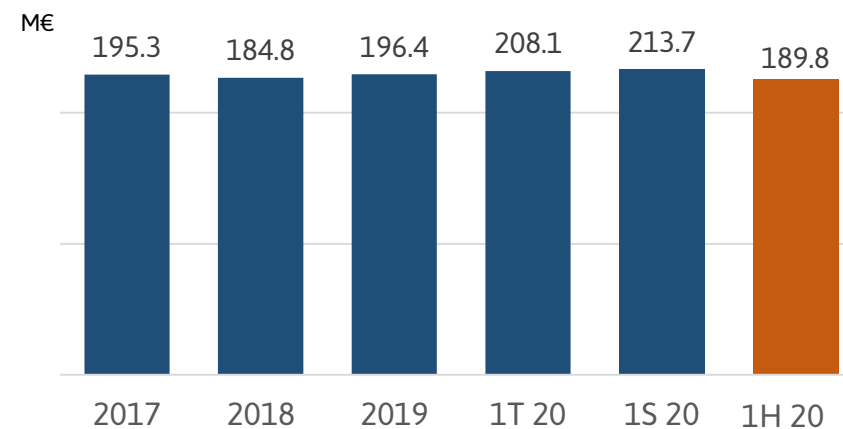
INSUR NAV **



LTV evolution %



Net financial debt evolution



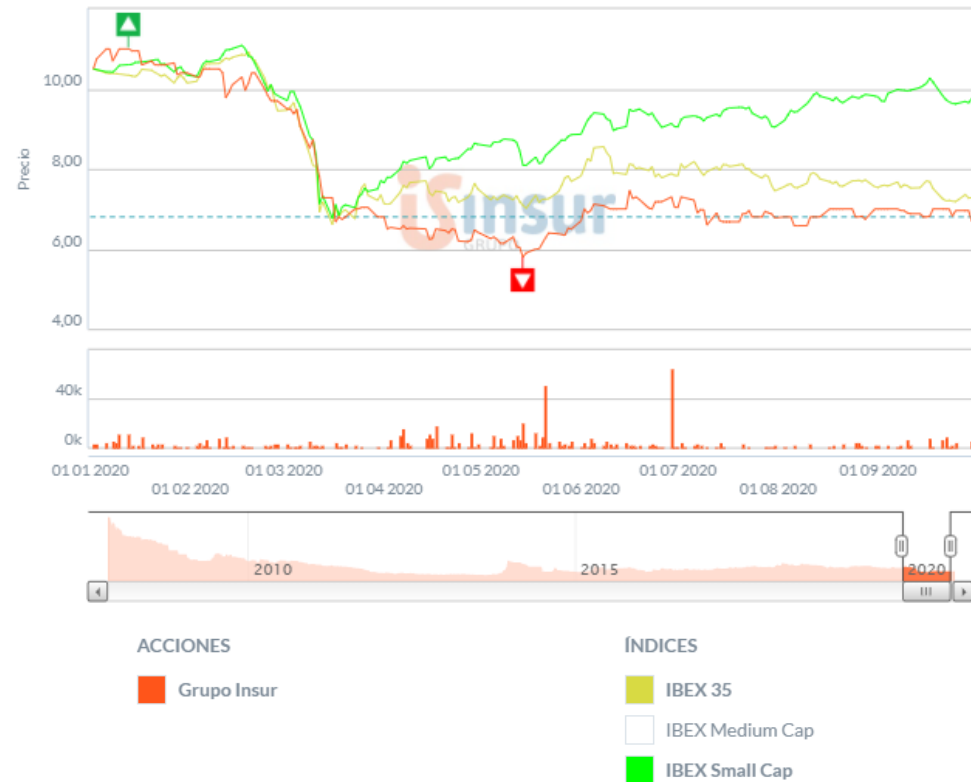
* valuation at 30/09/20 estimated from CBRE valuation at 31/12/19 and revised with additions at cost value and disposals due to deliveries

** Proportionate method

Share evolution

Share Price 9M 2020

In the 9M 2020 the share Price (ISUR) dropped by 36%. In that same period, the Ibex 35 decreased by 31% and the Ibex Small Caps decreased by 7%. The share closed at 6.7 € which implies a market cap of 113.7 M€ at the 30th September 2020



Market Cap September 2020

113.7 M€

NAV September 2020

334.4 M€

Discount vs NAV

66%

Conciliation between equity method and proportionate method

Consolidated P&L M €	9M 2020			9M 2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	66.3	39.1	105.4	80.6	(18.0)	62.6
a) <i>Housebuilding</i>	27.9	53.1	81.0	10.5	9.8	20.3
<i>Rentals</i>	9.3	0.4	9.7	9.6	0.1	9.7
b) <i>Construction</i>	25.1	(12.7)	12.4	56.5	(27.3)	29.2
<i>Asset Management</i>	4.0	(1.7)	2.3	4.0	(0.6)	3.4
c) Results from entities valued using the equity method	8.7	(8.7)	(0.0)	0.6	(0.6)	(0.0)
EBITDA	18.6	3.6	22.2	10.3	0.3	10.5
Result on the sale of investment property	0.1	-	0.1	2.1	-	2.1
Adjusted EBITDA	18.5	3.6	22.1	8.2	0.3	8.4
Operating profit	16.2	3.5	19.7	8.1	0.3	8.4
Financial result	(3.7)	(0.5)	(4.2)	(9.8)	(0.2)	(10.0)
Profit before tax	12.5	3.0	15.4	(1.7)	0.1	(1.6)
Adjusted net profit	11.6	-	11.6	(1.2)	-	(1.2)
Net profit	11.6	-	11.6	3.2	-	3.2

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) In the consolidated P&L under the proportionate method, the results of the joint ventures are included as operating profit, financial result and income tax expense, in the percentage that the Group owns in those JVs, remaining as results from entities valued using the equity method the results corresponding to the associated companies

Conciliation between equity method and proportionate method

Consolidated balance sheet M €	30/09/2020			31/12/2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	152.0	15.7	167.7	146.6	0.1	146.7
a Financial investments in JVs	44.3	(42.8)	1.4	42.8	(41.0)	1.8
b Inventory	85.3	69.9	155.2	100.5	100.8	201.3
Debtors and other receivables	17.3	(1.3)	16.0	29.5	(8.3)	21.2
Other assets	49.9	(4.5)	45.4	43.1	(2.1)	41.0
Cash and equivalents	54.2	17.8	71.9	33.7	16.3	50.0
TOTAL ASSETS	403.0	54.6	457.6	396.3	65.8	462.1
Net equity	118.7	-	118.7	107.2	-	107.2
c Amounts owed to credit institutions	213.3	31.9	245.2	179.1	40.6	219.7
Other financial liabilities	7.6	-	7.6	26.7	-	26.7
d Trade and other payables	28.9	15.5	44.4	43.5	15.0	58.5
Other liabilities	34.5	7.2	41.7	39.7	10.2	50.0
TOTAL EQUITY AND LIABILITIES	403.0	54.6	457.6	396.3	65.8	462.1

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



María Pérez-Mosso
Head of IR

Tel: +34 671 497 670
mperezm@grupoinsur.com