COMISIÓN NACIONAL DEL MERCADO DE VALORES

Sevilla, 15 de septiembre de 2021

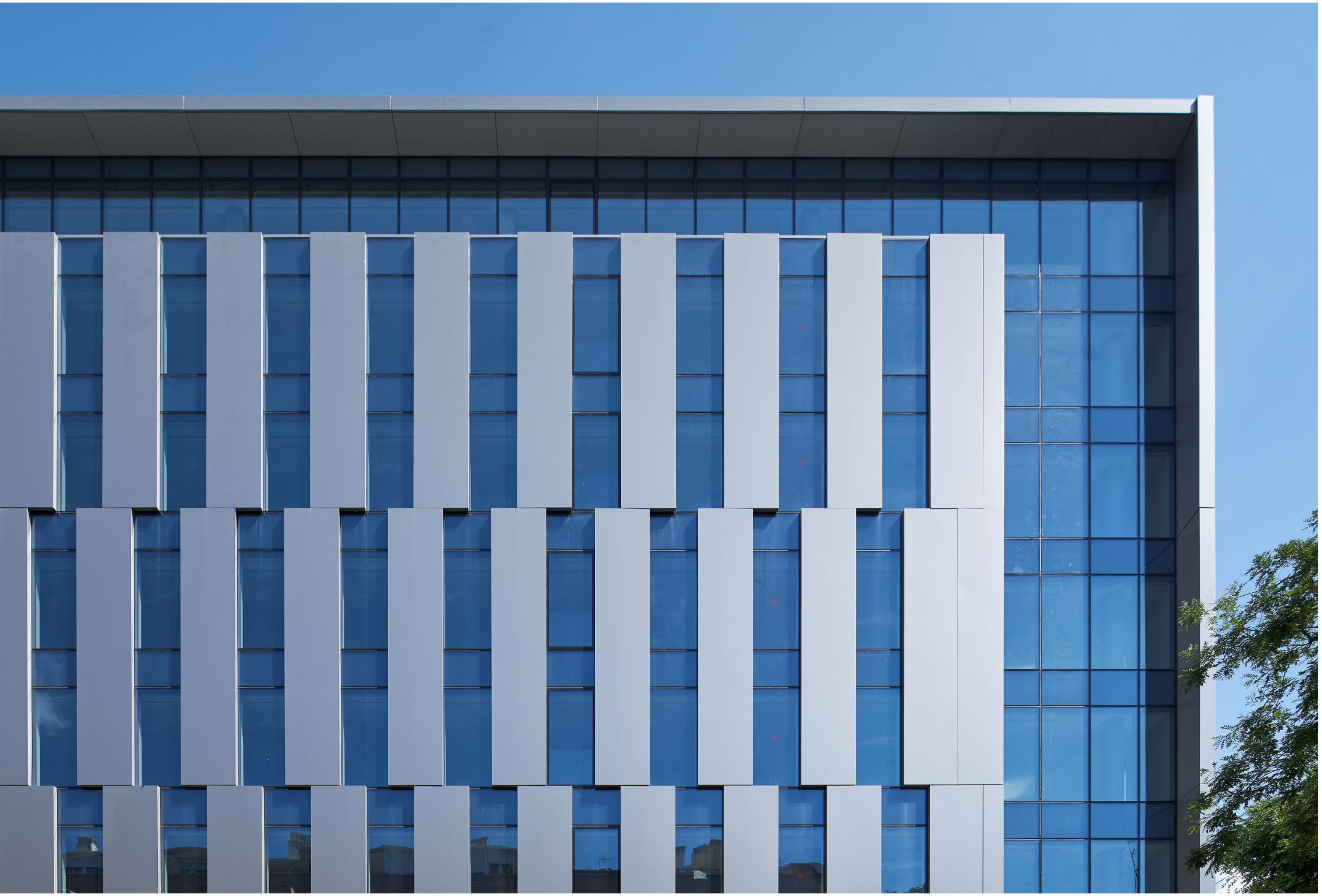
Inmobiliaria del Sur, S.A. -INSUR- en cumplimiento de lo establecido en el artículo 228 del Texto Refundido de la Ley del Mercado de Valores, comunica la siguiente

OTRA INFORMACIÓN RELEVANTE

El Consejo de Administración de INSUR en su reunión celebrada en el día de hoy ha aprobado el Plan Estratégico 2021/2025 cuyas líneas maestras figuran incluidas en la presentación corporativa que se adjunta como anexo a este comunicado.

Sin otro particular, reciban un cordial saludo,

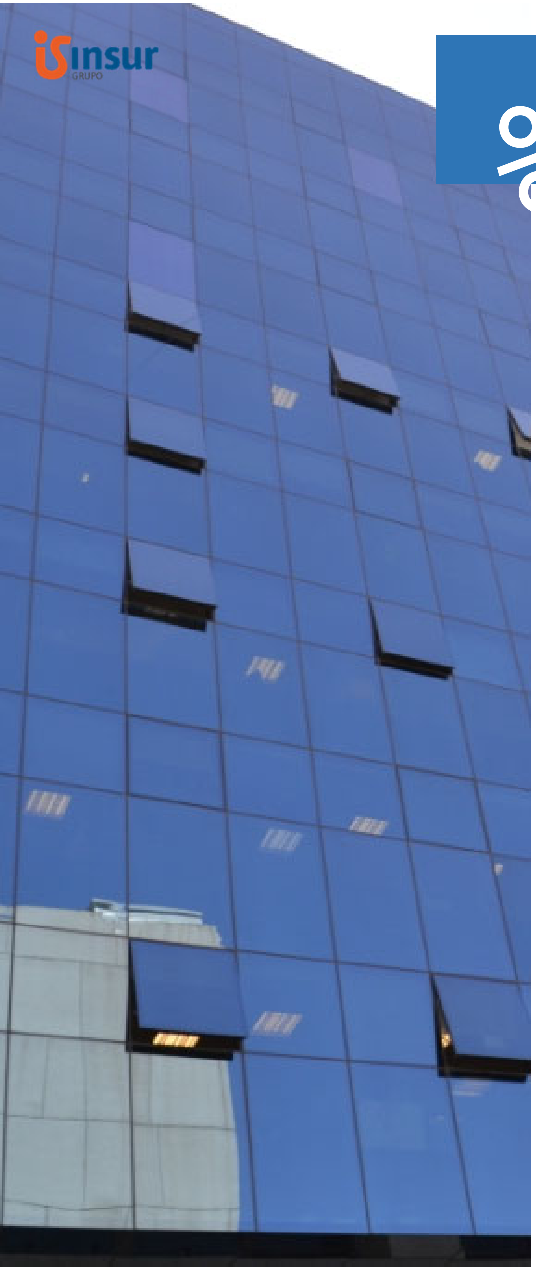
Fdo: Ricardo Pumar López
Presidente del Consejo de Administración



Strategic Plan 2021–2025

September 2021

Driving sustainable growth



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Contents

1. **Historical evolution and business model**

Our history…

1945 Incorporation; capital of 10 million pesetas

1946 Acquisition of all **plots on Avenida de la República Argentina** in Seville

1947 Capital increase of 50 million pesetas and onboarding of new partners

1947–1982 Progress in development activity, investing all reserves into premises and offices for lease

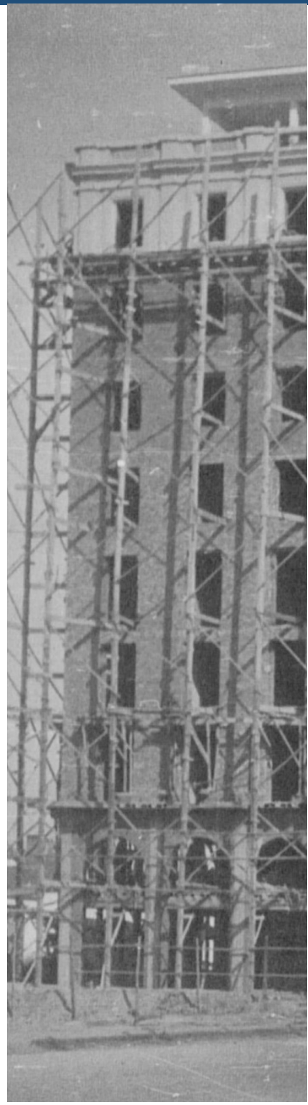
1982 Boost in property activity through the development of a large building intended for lease (Buenos Aires)

1984 Going public via listing on the stock exchange

1997 Geographical diversification begins, with the acquisition of a large plot of land ready for development in Marbella

2007 Commencement of activity in **the Community of Madrid**

2008–2013 Crisis management, maintaining development activity, reducing debt and transforming the financial model, converting 90% of financial debt into long-term debt



2015–today — implementing the Strategic Plan 2016–2020

- ✓ **Re-establishing development activity**, making progress through partnerships with third parties (JVs)
- ✓ **Diversification of property activity**: geographically, breaking into the Madrid market; and in terms of use, transforming buildings into hotels and completely renovating the portfolio in favour of mixed-used buildings
- ✓ **Company reorganisation** with main activities headed by two companies that are 100% controlled by the parent company
- ✓ **Transformation and diversification of financing sources:** syndicated loan to finance property activity and MARF (*Mercado Alternativo de Renta Fija* — Alternative Fixed-Income Market) promissory note programme.
- ✓ **Improved media presence and awareness-raising** about the company
- ✓ Strong drive for corporate governance, criminal compliance system and **corporate social responsibility**

Grupo Insur today (1/2)

- **Listed** company that carries out **development** (residential and tertiary, mainly through partnerships with third parties) **and property activity**
- Carries out construction activity in addition to development activity under a **vertical integration model**
- Presence in **Madrid and Andalusia** for both activities
- Team of **150 people**
- Committed to **ESG objectives**

Development business

€167.1 M — **GAV** [(1)(4)]

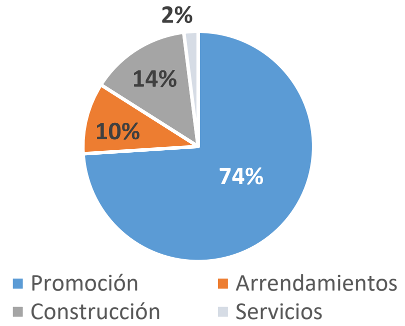
4,636 [(3)] — **Housing units in the portfolio 1H21**

€163.9 M[(2)] — **Pre-sales 1H21**

2,113 — **Housing units** in land portfolio

2,432 — **Housing units** under development as at 1H21

Breakdown of consolidated income (%) [(1)]



Property business [(1)]

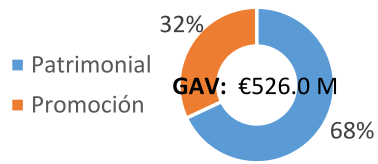
€358.9 M — **GAV** [(4)]

€13.3 M — **Revenues 2020**

c. 89.4% — **Occupancy rate**

134,578 sqm portfolio of **offices, hotels and commercial premises** and **+3000 parking spaces (1H21)**

GAV [(4)] (€M) and NAV (€M) [(1)(4)]



NAV €312.9 M FY20

Notes: (1) Data for 2020 financial year; (2) Own developments and JVs (€92.5 M in proportion to the percentage of the shareholding); (3) Total of 2,432 housing units in development +2,113 housing units in the land portfolio and 91 completed housing units; (4) Using the proportional consolidation method.

Grupo Insur today (2/2)

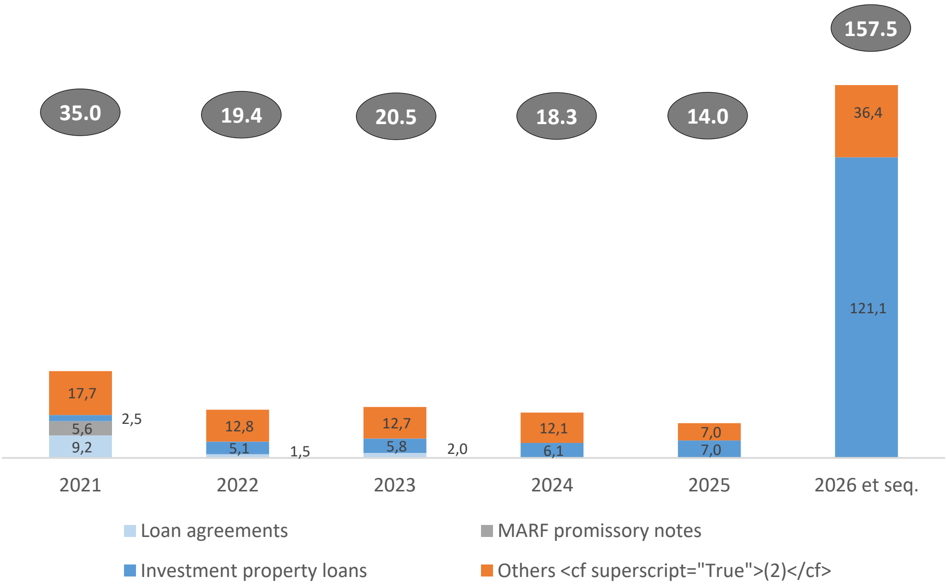
Net financial debt 2020 (1)

€208.9 M

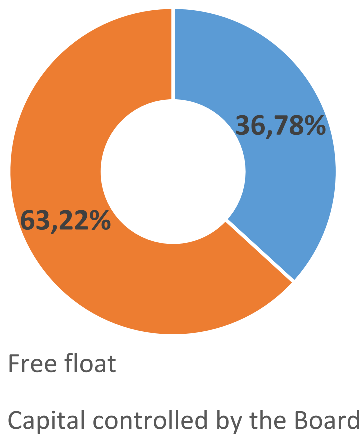
LTV 2020 (1)

39.7%

Net financial debt maturities 31.12.20 (€M) (1)



Shareholder structure

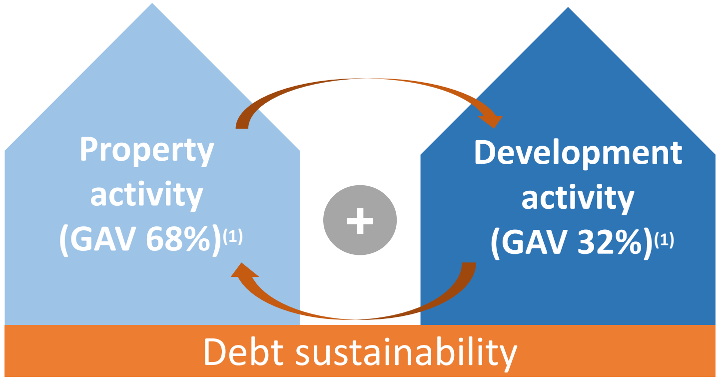


Capitalisation as at December 2020	NAV as at December 2020	Discount to NAV
€137.8 M	€312.9 M	56%

Note: Capitalisation as at June 2021 of €144.1 M (discount to NAV of 53%), including shares admitted to trading on 7 July, following capital increase.

Notes: (1) Using proportional consolidation method; (2) Includes financed payments, assumable mortgages, loans on land, other loans, financial leases and accrued unmatured interest

Business model



- **A business model that sets us apart through the integration of development and property activity**
- **Shareholder stability and the alignment of property and management → long-term strategy**

Adequate balance between the two main activities

✓ **Reasonable indebtedness:**

Financing model with appropriate level of foreign financing

Maximum LTV target of 40%

✓ **Development activity following a risk mitigation strategy**

Land as the raw material for the production process, not merchandise

Land ready for development or not at risk with regard to planning status

Proactiveness when it comes to purchasing raw materials during market downturns

Development of the majority of activity through partnerships with third parties (JVs), diversification of risks and generation of additional income from management and construction, thereby improving project profitability.

✓ **Construction activity in addition to development activity**, constructing all projects in order to have greater control over costs, quality and time frames

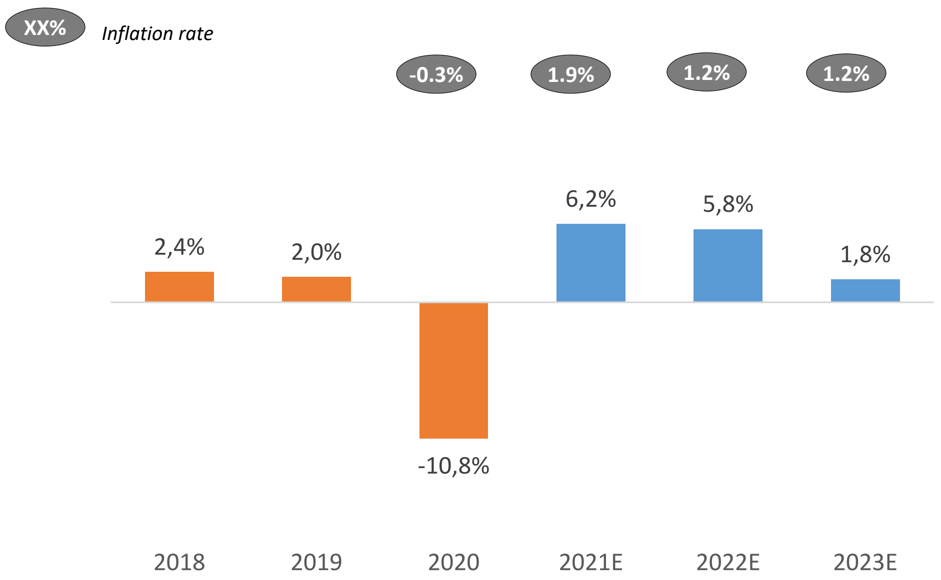
✓ **Improved property assets from a development perspective** to bring added value to the whole process

Notes: (1) Data from 2020 financial year using proportional consolidation method

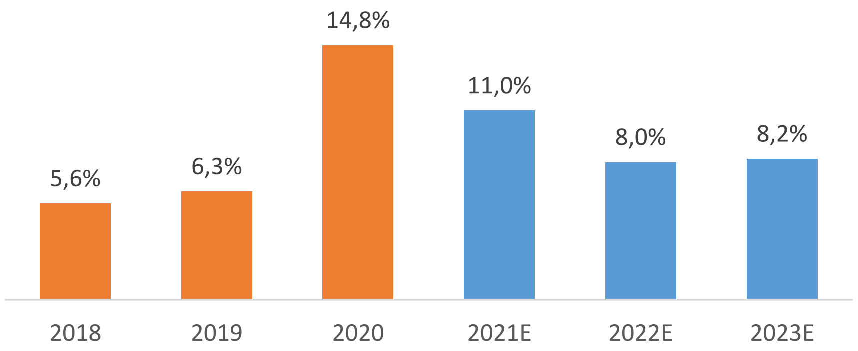
2. Favourable outlook for the property sector

Favourable metrics (1/2)

Evolution and estimation of Spanish GDP and inflation



Household savings rate (% on gross disposable income)

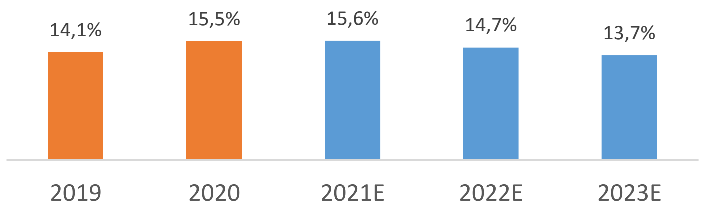


- **Healthy Spanish economy for the next few years**
- **Unprecedented savings levels in Spanish households**

**Sources:* INE (Instituto Nacional de Estadística — Spanish National Statistics Institute) and the Bank of Spain (main scenario)*

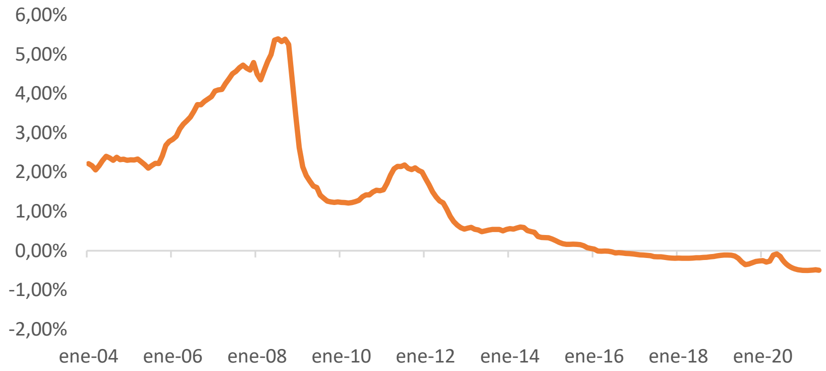
Favourable metrics (2/2)

Unemployment rate evolution (% of workforce)

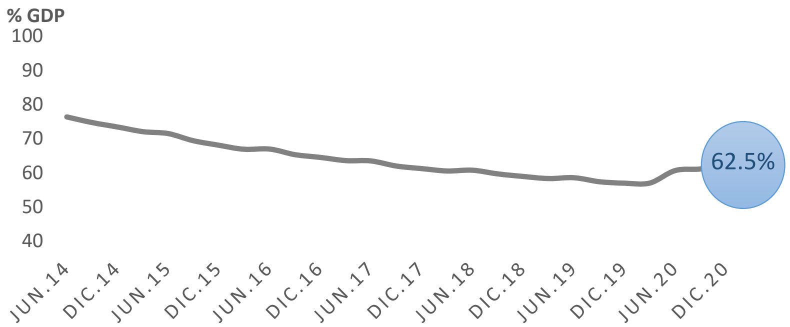


➤ **Improved job market**

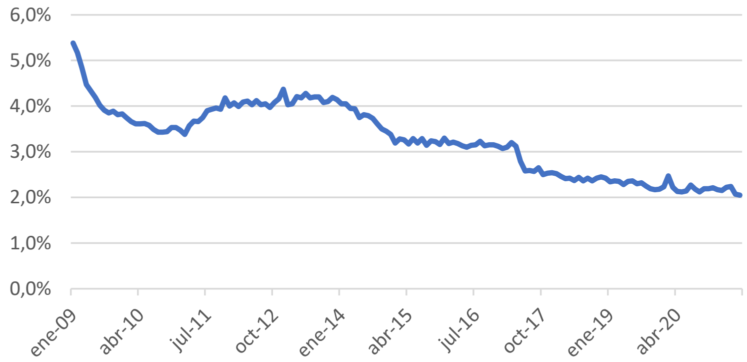
Euribor evolution over 12 months



Household debt/GDP evolution (%)



Average interest rate for home mortgages



➤ **At historical lows**

**Sources: INE and the Bank of Spain (main scenario)*

Favourable outlook for development activity

Residential

- ✓ **Good macroeconomic outlook** for the next few years supported by the Next Generation funds and flexible monetary policy
- ✓ Renewed **emphasis on new-build housing** as a result of COVID, due to better adjustment to the new demand requirements
- ✓ **Shortage** of product for new construction and greater supply **discipline**
- ✓ **Demand from young people leaving home for the first time** is expected to increase, supported by government aid. Increased social awareness among a generation (between 30 and 40 years old) heavily hit by the two most recent major crises.
- ✓ **Persistent demand from foreigners for coastal housing** and increased demand from nationals for second homes, supported by the remote working trend
- ✓ **Favourable financial conditions** for purchasing housing
- ✓ **Attractive return** on housing as an investment asset, and gradual development of the built-to-rent market
- ✓ Opportunity in the face of **expected divestment of large plots of land** by international funds
- ✓ **The areas where we operate (Andalusia and Madrid) will absorb 45% of new homes by 2035**, with an annual average of 33,500 new homes (INE)

Favourable outlook for the development activity

Residential*

28% increase in **new-build housing transactions** in 1Q21 vs 1Q19

Construction of new homes (2020–2035)

- Andalusia: 240K
- Madrid: 259K

Shortage of supply for new-build housing. The annual average for completed housing units over the last 10 years is 60,000 units vs 250,000 units over the last 30 years.

The **average house price**, in nominal terms, is 22% lower than the previous peak of the cycle

Regular effort rate at minimum levels (30%) and **accessibility rate:** housing price/gross disposable income per household = 7.5x vs 9x in 2007

Built to rent

(opportunity related to protected housing)

*****_Source of estimates: INE, Bank of Spain and CBRE_

Favourable outlook for development activity

Tertiary offices

- ✓ **Good macroeconomic outlook** for the next few years supported by the Next Generation funds and flexible monetary policy that will lead to the creation of new companies
- ✓ **COVID has accelerated the process for transforming tertiary asset use,** providing an opportunity for the renovation and development of new assets
- ✓ **Demand from users for innovative, sustainable and healthy assets** together with the global push for ecological transition and the search for talent
- ✓ **Strong demand from institutional investors for these type of assets** due to lack of return on lower risk assets and ample liquidity in the system
- ✓ **Madrid and Malaga**, the capitals located in our two main areas of activity, present the best prospects in this segment
- ✓ The **particularities for tertiary development financing** and its high specialisation are conducive to a market with a reduced number of operators whose projects are destined to be sold to third parties

Favourable outlook for property activity

- ✓ The **effect of remote working** on the demand for office space will be offset by increased social distancing between workstations, with demands for floor space to be kept the same or even increased
- ✓ **New role of office spaces** within companies as spaces to transmit culture, socialise, attract talent, innovate and train
- ✓ **Positive outlook for business and employment creation in our areas of activity**
- ✓ **Potential rent increases** in the office markets where we have a presence
- ✓ **Current yield compression maintained in the medium term** in prime segments
- ✓ **Increased demand for investment** in our areas of activity as a result of excess liquidity in the market and a shortage of profitable alternative investments

3. Insur in a position to seize opportunities and grow profitably

In a position to seize opportunities and grow profitably

A wealth of experience (dating back 75 years)

- ✓ Extensive knowledge of the territories in which we operate
- ✓ Strong reputation and brand image
- ✓ Listed company since 1984 and on the continuous market since 2015

Experienced and established team

Ability to acquire more land and finance its development through bank financing and alternative financing, supported by our activity-combining model (development and property)

Vertical integration model (construction activity in addition to development activity)

- ✓ Ability to improve construction margins
- ✓ Better control of the construction process
- ✓ Mitigation during periods of high construction costs

Established and tested development model for development activity with JVs

- ✓ Ability to take on larger projects
- ✓ Improved margins through fees and return on investment
- ✓ Risk diversification

Progress in the industrialisation process for activity that improves project profitability

Reducing project duration, principally:

- ✓ Conceptualisation phase
- ✓ Design phase
- ✓ Construction phase

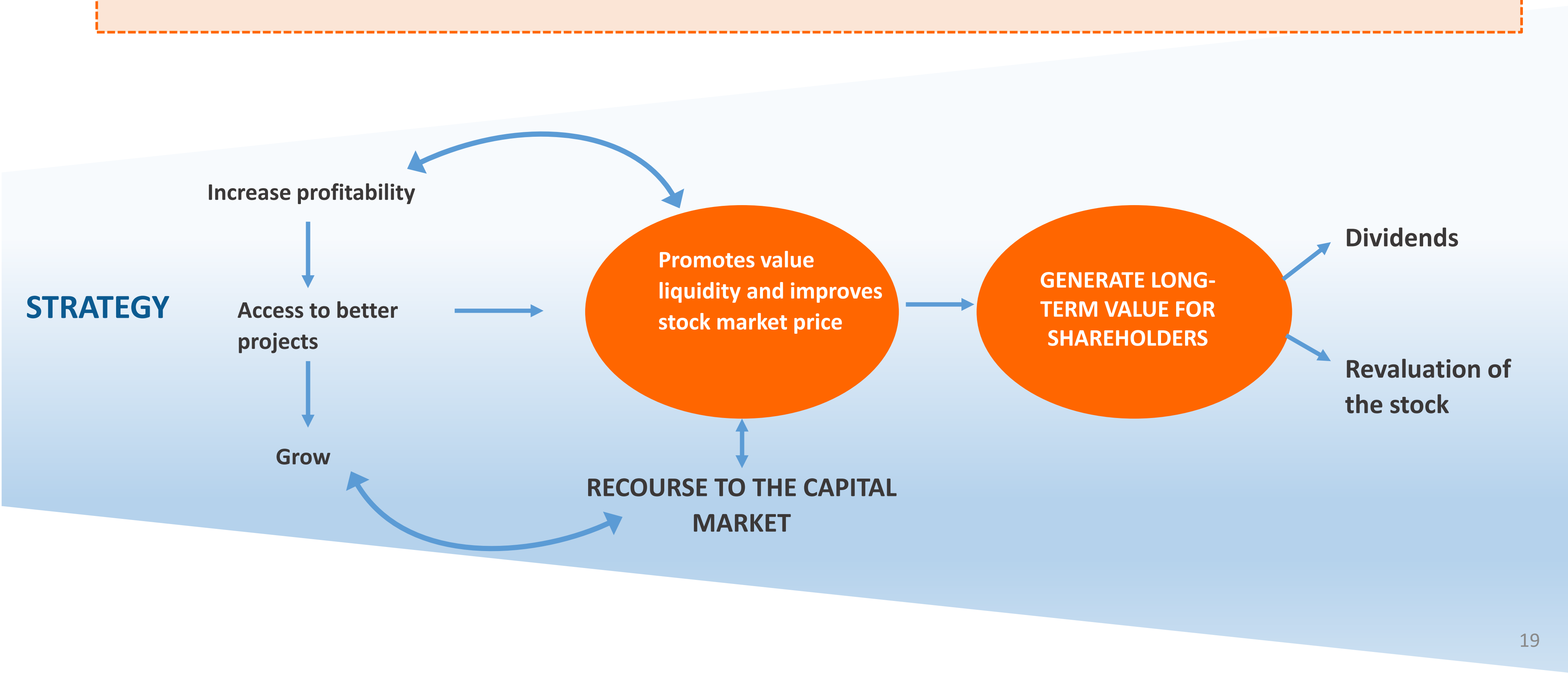
Development activity: +2,500 houses and 40,000 m² of tertiary area in development and land portfolio of +2,100 houses and 25,000 m² of tertiary area

Property: 135,000 m² of offices, hotels and commercial premises and 3,000 parking spaces. 90% occupancy and the majority of vacancies are in spaces undergoing renovation.

4. Strategic objectives

Value generation driven by an ambitious growth plan

A strategic plan based on **an ambitious growth plan** and a clear commitment to **generating value for shareholders**



General growth strategy guidelines

Maintaining **the activity-combining model**, as a means to generate value and increase sustainability for the company over time. Synchronous growth of both activities.

Development

- ✓ **Maintaining our vertical integration model**, with construction activity being instrumental and complementary to both residential and tertiary development
- ✓ **Maintaining our third-party partnership model for residential and tertiary development activity**, in order to be able to take on larger projects and improve project profitability
- ✓ **Access to larger development projects and higher unit value** as a lever for improvement on margins
- ✓ Increase our **residential development activity in Madrid up to 40% of the total**
- ✓ **Grow in terms of tertiary office development in the Community of Madrid and in the city of Malaga**
- ✓ **Increase project profitability** and boost development activity by reducing terms to maturity
- ✓ **Improve profitability of construction activity**, thereby increasing profitability of development activity

Property

- ✓ **Increase the scale of property activity, through direct operations or through JVs**, growing it alongside development activity
- ✓ **Grow property activity in Madrid**, accelerating the asset rotation programme in order to grow in that market

Other strategic objectives

- Enhance **sustainable,** efficient and healthy building, relying on our vertical integration model. **With regard to residential development, achieving at least Energy Performance Certificate A. For tertiary development, BREEAM certification Very Good and WELL Certified Gold.**
- Progress as regards **meeting ESG objectives**, which will translate into better financing and stock market price
- **Improve reporting and communication** of non-financial information
- **Improve corporate communication**
- **Further diversification of financing sources**, with the aim being to issue bonds, both for development and property activity
- Develop **a plan to progress towards the industrialisation of the construction process**
- **Nurture internal talent**

Levers for growth strategy

Development activity profitability

Set the following targets with regard to margins:

- ✓ **Own developments**: 24.6% gross/sales margin and 21.6% net/sales margin
- ✓ **Developments through JVs**: Insur net margin of 26.3%, excluding expected management, marketing and construction contract costs

Capital market

Turn to the capital market, both for debt and capital, to finance growth

- ✓ **Issue a corporate bond of up to €30 M in the long term over the duration of the plan**, to bolster the growth of the development activity
- ✓ **Expand capital up to €60 M**, if circumstances permit, over the duration of the plan, to drive the growth of our two main activities

Property activity profitability

- ✓ **Increased return on property portfolio,** placing value on the recent investment towards asset transformation
- ✓ **EBITDA/turnover ratio improved** by 5 p.p.

Plan figures and ratios

Plan 2021–2025 figures and ratios

EUR million (Data based on proportional consolidation method)

Including a capital increase of €60 M in 2025, with no effect on results, and not taking into account bond issuance.

REVENUES	Accumulated	Average
Revenues	**849.4**	**169.9**
Housebuilding	552.4	110.5
Rentals	87.1	17.4
Construction	183.6	36.7
Services	26.2	5.2

P&L	Accumulated	Average
EBIT	164.5	32.9
EBITDA	186.3	37.3
Financial Result	- 28.7	- 5.7
Profit before tax	135.8	27.2
Net profit	99.9	20.0

BALANCE SHEET	2025
Investment Property	276.2
Inventory	215.0
Net Financial Debt	235.6
Cash NIIF	49.8
Cash JVs	16.5
GAV	724.4
NAV	488.8
LTV	32.5%

RATIOS	Average
EBITDA/Financial expenses	6.6
EBITDA/Total Assets	8.0%
Net equity/Total Assets	31.9%
Net Financial Debt/EBITDA	7.5
ROE	12%

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