



2021 Results Presentation

24<sup>th</sup> February 2022





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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 (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**.



# 2021 Key highlights

Year of recovery, with pre-sales record (61% higher than 2019)

Well positioned to capture the good forecasts of the Spanish real estate sector

Completion of the transformation of our rental assets (Investment of €8.5 M)

Ambitious Strategic Plan 2021-2025 underway

Successful bond issue of €30m to boost the development business

Commitment to our shareholders. €0.40/share in dividends distributed in 2021 (+25% vs 2020)

# Executive Summary. FY 2021 Highlights

Figures by proportionate method

€m = million Euros

Var % y-o-y

## REVENUES

€125.3m **-5.7%**

## EBITDA

€26.2m **+32.9%**

## ADJUSTED EBITDA\*\*

€22.5m **+15.6%**

## EBIT

€21.9m **-37.9%**



## HomeBUILDING

€83.6m **+11.4%\***



## RENTAL

€15.4m **+16.0%**



## CONSTRUCTION

€22.7m **+22.6%**



## SERVICES

€3.6m **+20.3%**

## NET PROFIT

€12.0m **-43.0%**

**TOTAL INVESTMENTS** €30.9m

(Purchase of plots €22.4m + Capex €8.5m)

**NET FINANCIAL DEBT** €197.9m

(€11.0m lower vs. Dec 2020)

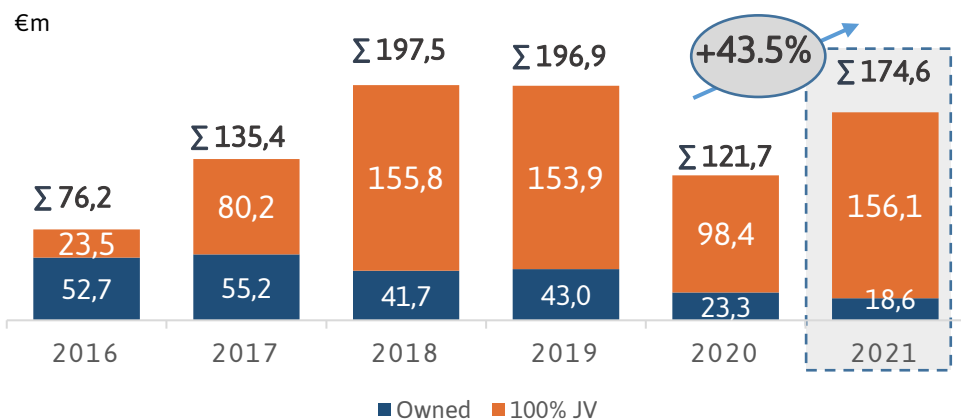
- **Homebuilding revenues** grew by 11.4% compared to 2020 and excluding the effect of the delivery in 2020 of the South building of Rio 55.
- **Excellent comercial performance in 2021.** Total presales signed in 2021 amounted to €174.6m (€111.9m adjusted for the Group's stake), 102.7% higher than that registered in 2020 and +61.0% higher vs 2019.
- **Solid performance of the rental activity.** The turnover has increased by 16.0% compared to the same period of the previous year and new areas have been rented for 10,172.91 sqm
- **Significant investments made to update assets in the rental activity.** Capex of €8.5m during 2021 for the reconversion and remodeling of our buildings for lease..
- **Investment in land of €35.5m in 2021** (€22.4m adjusted by our stake %) for 946 housing units y 32,000 sqm of terciary use.
- **Net Profit** stood at €12.0m, 43.0% less vs. 2020, explained by the accounting in 2020 of a result of €15.4m for the registration at fair value of the stake in IDS Madrid Manzanares S.A.
- Ability to obtain both bank financing and through MARF with new issues.

\* Excluding the delivery of Rio 55, South Building in 2020.

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

# Housebuilding

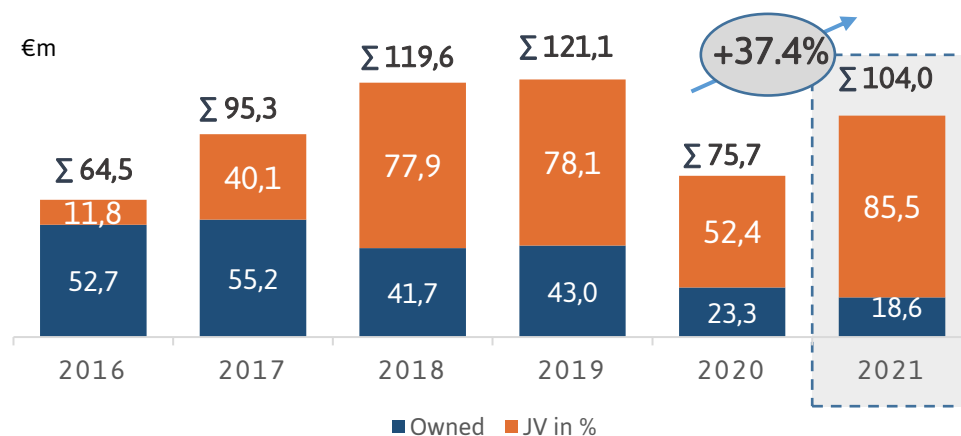
Pre-sales portfolio 12.31.21



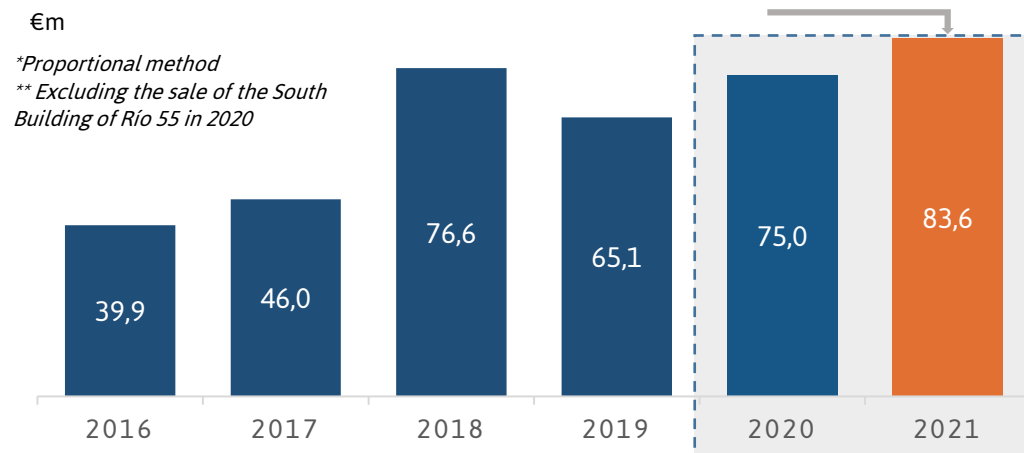
- In 2021, 380 units (71 owned and 309 through JVs) were delivered with an ASP<sup>(1)</sup> of €320,000, against 355 units with an ASP of €324,800 in 2020.
- 580 units sold in 2021, amounting €174,6m, (€111,9m in proportionate), +102.7% vs 2020 y +61.0% vs. 2019, reflecting the good commercial performance of the period.
- At the end of 2021, Grupo Insur had a pre-sales portfolio of 630 units for an amount of €174.6m (€104.0m in proportionate)
- Revenues increased by 11.4%, excluding the delivery in Q3 20 of the South Building of Río 55.
- Gross margin 2021: 23.6%, +1.4 p.p. higher vs. 2020

(1) Average sale price

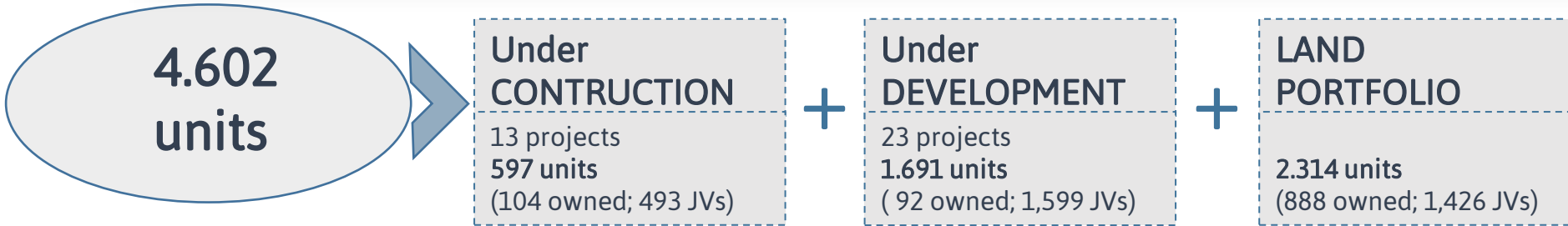
Pre-sales portfolio (proportionate) 12.31.21



Homebuilding revenues\*



# Active residential developments and land portfolio



**MADRID**

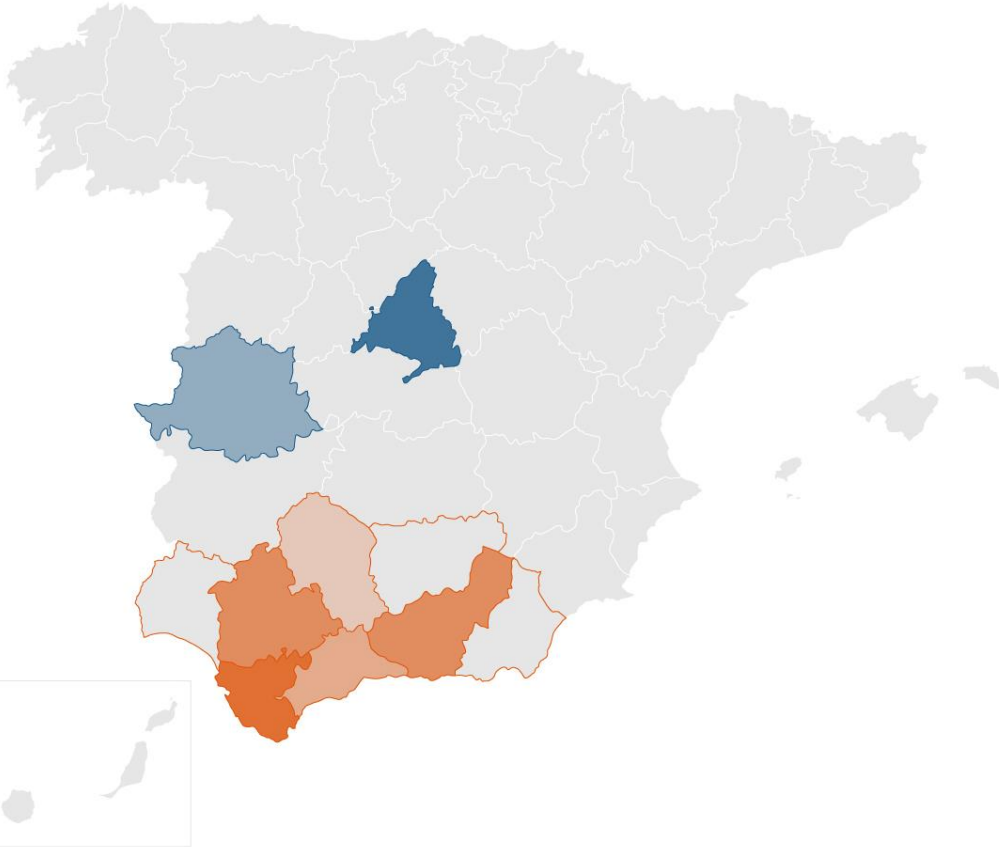
- 58 units under construction
- 121 units under development

**ANDALUCIA**

- 459 units under construction
- 1.570 units under development
- 2.314 in land portfolio

**CÁCERES**

- 80 units under construction



**996 units**  
Under commercialization\*  
**(56% sold)**

\* Includes units pending to be sold from finished projects



# P&L: Homebuilding

€m (proportionate)	12.31.2021	12.31.2020	Var %
Homebuilding revenues	83,6	75,0	11,4%
Cost of sales	(63,8)	(58,4)	9,4%
<b>Gross Margin</b>	<b>19,8</b>	<b>16,7</b>	<b>18,6%</b>
% Gross Margin	23,6%	22,2%	+1,4 p.p.
<i>% Gross Margin owned</i>	<i>28,2%</i>	<i>15,2%</i>	<i>+13,0 p.p.</i>
<i>% Gross Margin JVs</i>	<i>19,5%</i>	<i>28,2%</i>	<i>-8,7 p.p.</i>
<b>Net Margin</b>	<b>17,5</b>	<b>13,3</b>	<b>31,1%</b>
% Net Margin	20,9%	17,8%	+3,1 p.p.
<i>% Net Margin owned</i>	<i>22,6%</i>	<i>9,2%</i>	<i>+13,4 p.p.</i>
<i>% Net Margin JVs</i>	<i>19,4%</i>	<i>25,0%</i>	<i>-5,6 p.p.</i>
<b>Ebitda</b>	<b>14,7</b>	<b>10,6</b>	<b>39,1%</b>
% Ebitda Margin	17,6%	14,1%	+3,5 p.p.
<b>Profit before tax</b>	<b>12,2</b>	<b>2,2</b>	<b>463,1%</b>
<b>Net Profit</b>	<b>9,1</b>	<b>1,6</b>	<b>462,9%</b>

The result of the sale of the South office Building of Río 55 in 2020, whose net profit amounted to €6.9m, is excluded. Additionally, the 2020 financial year obtained a net profit of €15.4m from the takeover of the company IDS Madrid Manzanares S.A.

- **Gross Margin of 23.6% in 2021, 1.4 p.p. higher than 2020.**
- **Net Margin of 20.9% in 2021, 3.1 p.p. higher than 2020**
- **EBITDA Margin improvement of 3.5 p.p.**

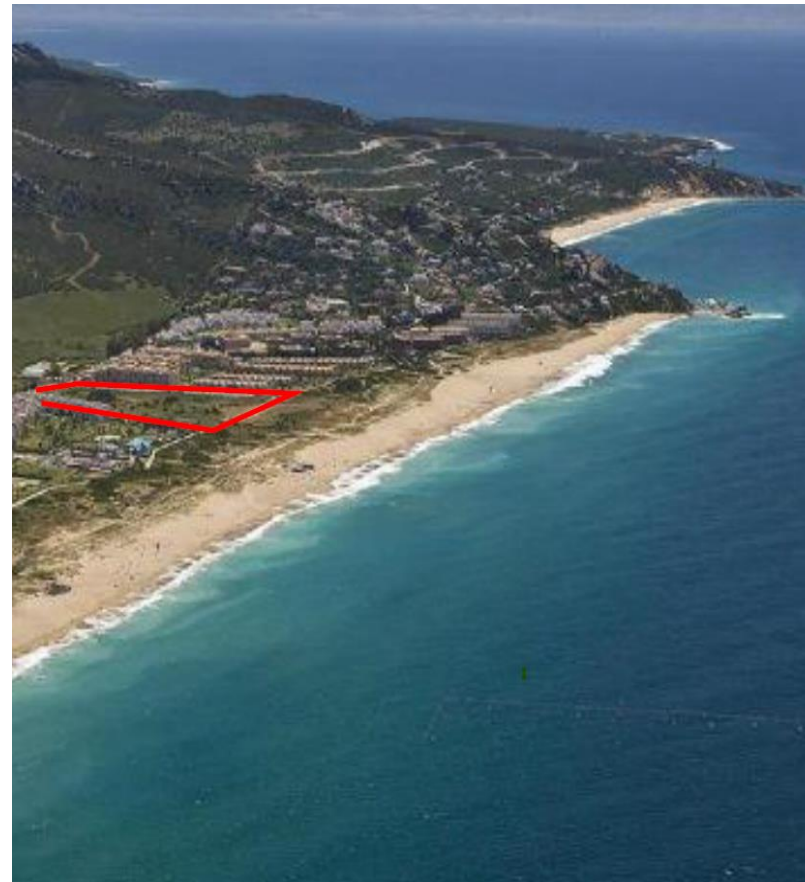


# Tertiary promotion

## Under development

Ágora project (offices)  
9,500 sqm in Málaga city

Hotel project  
30,000 sqm in Atlanterra



Total  
**98,945 sqm**

## In portfolio

59,445 sqm

## 2021-2025 commitment

To grow in terms of tertiary office development in the Community of Madrid and in the city of Malaga

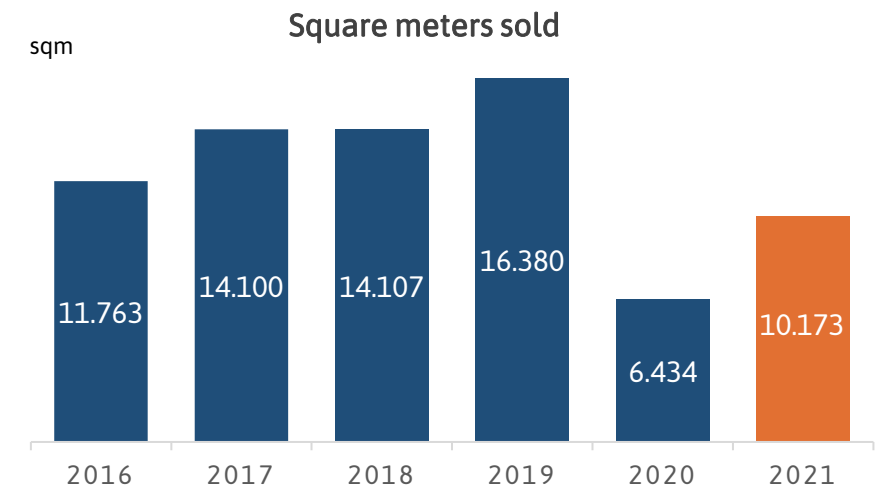
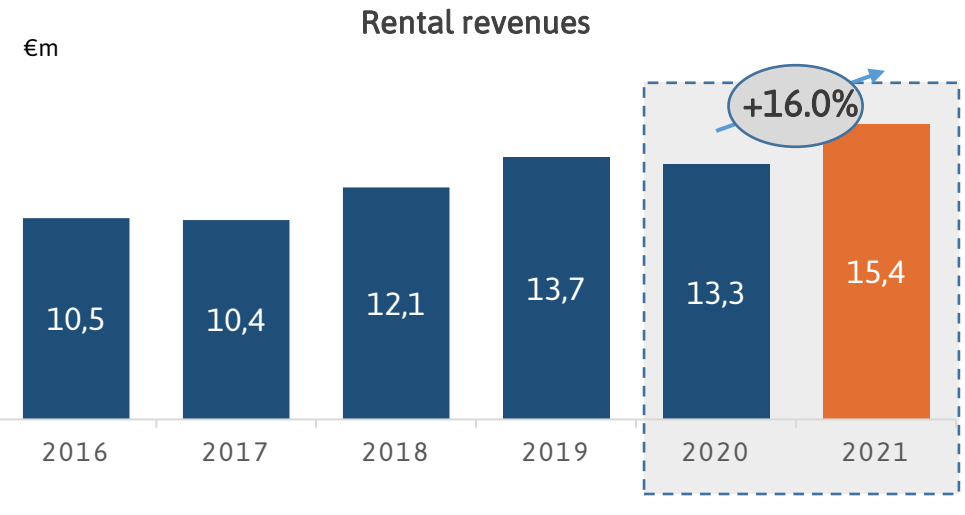
# Rentals



- During 2021, 10,172,91 sqm have been sold and there have been contract terminations of 11,362.20 sqm (5,652 sqm correspond to the Media Markt and Endesa Huelva contracts already announced last year).
- Occupancy rate stood at 87.7%, -1.7 p.p. vs the rate in 2020 year end. The hotel in Avda. República Argentina (Seville) with a surface of 8,068.0 sqm was delivered to Hotusa Group in July.
- The annualized rental income of the contracts in force on 31st December 2021 stood at €17.5m vs 17.7 M€ in 4Q 20.
- Policy of updating assets in the rental activity. Capex of €8.5m for the reconversion and remodeling of our buildings for lease.
- Asset turnover. Sales of investment property for €8.9m that have generated a profit before taxes of €3.8 M. Sales made for a price 17% higher than CBRE valuation as of 12.31.20.

GAV of the assets aimed both at rental and own use amounts to €370,1m (CBRE valuation at 12.31.20, +4.9% vs 2020 in comparable basis)

130,945.51 sqm office and commercial premises portfolio and more than 3,000 parking spots





## P&L: Rental business

€m (proportionate)	12.31.2021	12.31.2020	Var %
Rental revenues	15,4	13,3	16,0%
Operating expenses	(2,6)	(2,3)	13,0%
Result on the sale of investment property	3,8	0,3	n.s.
<b>Ebitda</b>	<b>15,6</b>	<b>10,1</b>	<b>53,5%</b>
<b>Adjusted Ebitda</b>	<b>11,8</b>	<b>9,9</b>	<b>19,6%</b>
% Adjusted Ebitda margin	76,7%	74,4%	2,3 p.p.
<b>Profit before tax</b>	<b>8,7</b>	<b>1,8</b>	<b>377,3%</b>
<b>Net Profit</b>	<b>6,4</b>	<b>1,3</b>	<b>380,0%</b>

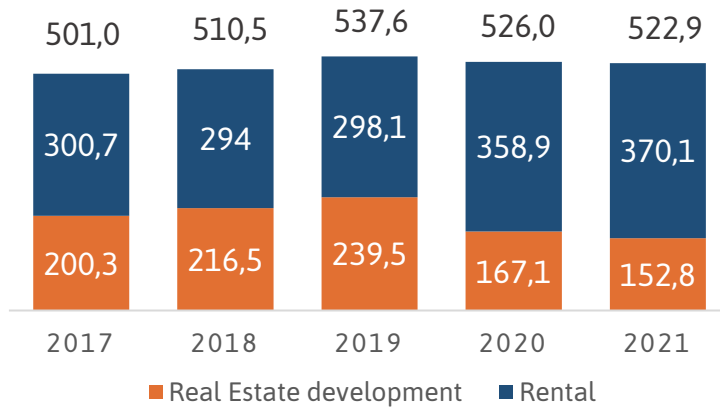
- **Solid rental income growth: +16.0% vs. 2020, closing the gap vs annualized rent.**
- **Asset turnover: €3.8 million profit before taxes in 2021, within our goal of divestment of non-strategic assets. Sale price 17% higher than CBRE valuation as of 12.31.20.**
- **Adjusted EBITDA margin improvement by 2.3 p.p.**

# GAV, NAV, LTV & debt

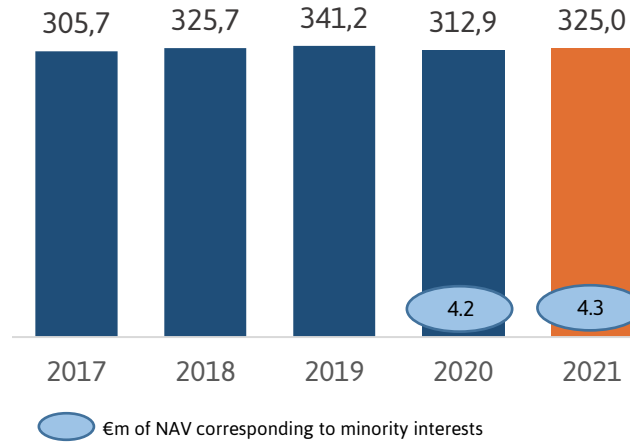
€m

All figures in proportionate

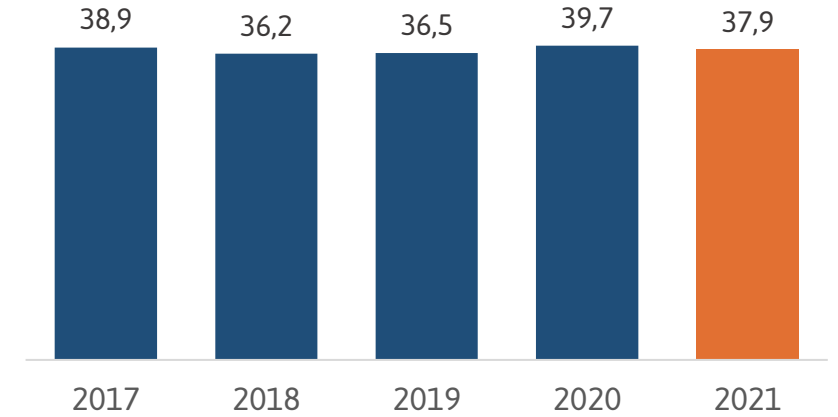
### GAV INSUR\*



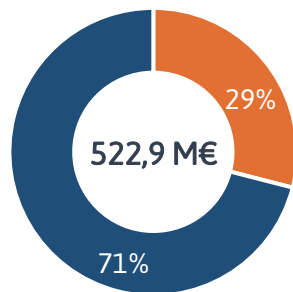
### NAV INSUR



### LTV evolution%



### GAV INSUR\*

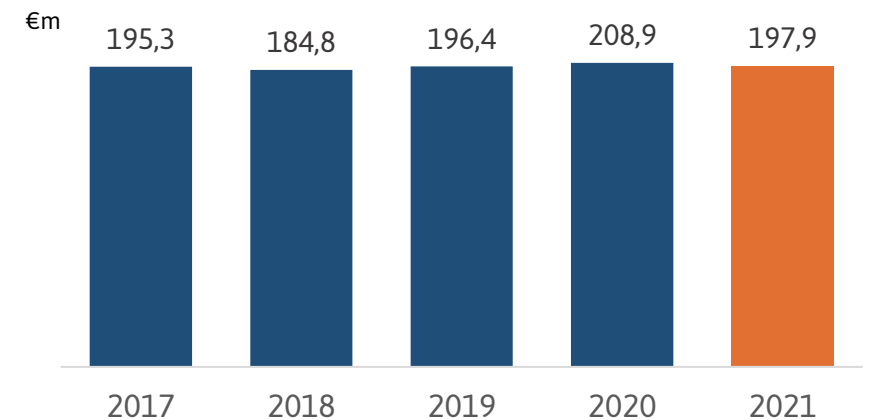


\*CBRE valuation at 12.31.21.

Real Estate development Rental

Despite the **significant investments made in 2021** in Capex (€8.5 M) and in the purchase of plots (€22.4 M), the Group has managed to reduce NFD by 5.3% compared to the 2020 figure and improve LTV ratio by 1.8 p.p.

### Net Financial Debt evolution





## Conciliation between equity method and proportionate method

Consolidated P&L €m	FY2021			FY2020		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	105,4	19,9	125,3	87,7	45,2	132,8
a) Housebuilding	40,0	43,6	83,6	34,3	63,7	98,0
Rental	15,3	0,1	15,4	12,8	0,5	13,3
b) Construction	44,7	(22,0)	22,7	35,4	(16,9)	18,5
Asset management	5,3	(1,7)	3,6	5,1	(2,1)	3,0
Result of entities valued by the equity method	4,3	(4,3)	(0,0)	9,4	(9,4)	(0,0)
c) EBITDA	24,3	1,9	26,2	15,8	3,9	19,7
Result on the sale of investment property	3,8	-	3,8	0,3	-	0,3
Adjusted EBITDA	20,6	1,9	22,5	15,5	3,9	19,4
Operating profit	20,1	1,8	21,9	31,5	3,8	35,3
Financial result	(5,1)	(0,4)	(5,5)	(5,3)	(0,6)	(5,9)
Profit before tax	15,0	1,4	16,4	26,2	3,2	29,4
Profit attributable to parent company	12,0	-	12,0	21,1	-	21,1
Profit attributable to minority interest	0,089	-	0,089	0,026	-	0,026

### 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) 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 method and proportionate method

Consolidated balance sheet €m	12.31.21			12.31.20		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	216,8	-	216,8	216,0	0,1	216,1
a) Financial investments in JVs	38,9	(38,4)	0,5	38,4	(37,2)	1,2
b) Inventory	47,6	88,3	135,9	72,6	72,0	144,6
Debtors and other receivables	24,6	(6,1)	18,5	17,8	(3,8)	14,0
Other assets	86,4	(25,6)	60,8	44,5	(6,2)	38,3
Cash and equivalents	49,8	15,1	64,9	44,4	11,5	55,9
<b>TOTAL ASSETS</b>	<b>464,2</b>	<b>33,3</b>	<b>497,5</b>	<b>433,7</b>	<b>36,3</b>	<b>470,0</b>
Net equity	131,5	-	131,5	122,3	-	122,3
Minority interests	3,2	-	3,2	3,2	-	3,2
c) Amounts owed to credit institutions	227,8	18,0	245,8	239,0	20,2	259,2
Other financial liabilities	47,1	-	47,1	5,6	-	5,6
d) Trade and other payables	35,5	1,9	37,4	29,6	(0,8)	28,7
Other liabilities	19,2	13,3	32,5	34,0	17,0	51,0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>464,2</b>	<b>33,3</b>	<b>497,5</b>	<b>433,7</b>	<b>36,3</b>	<b>470,0</b>

### 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



## Plan 2021-2025 figures and ratios updated with the bond issue

EUR million (Data based on proportional consolidation method)

*Including the €30M bond issue already carried out and assuming the execution of the €60M capital increase at the end of 2025, with effects on the balance sheet, but not on the P&L account.*

REVENUES	Accumulated	Average
<b>Revenues</b>	<b>955,2</b>	<b>191,0</b>
Housebuilding	657,1	131,4
Rentals	87,1	17,4
Construction	184,6	36,9
Services	26,4	5,3

P&L	Accumulated	Average
EBIT	184,2	36,8
EBITDA	206,0	41,2
Financial Result	- 31,1	- 6,2
Profit before tax	153,1	30,6
Net profit	112,8	22,6

BALANCE SHEET	2025
Investment Property	276,2
Inventory	205,3
Net Financial Debt	232,0
Cash NIIF	58,7
Cash JVs	16,5
GAV	734,9
NAV	502,9
LTV	31,6%

RATIOS	Average
EBITDA/Financial expenses	6,7
EBITDA/Total Assets	8,0%
Net equity/Total Assets	29,9%
Net Financial Debt/EBITDA	8,4
ROE	13%

# Driving sustainable growth

E

- ✓ ISO 14001 Environmental Certification and Environmental Policy approved by the Board
- ✓ Sustainable building with BREEAM certification in newly built office buildings and BREEAM IN USE in existing buildings
- ✓ Photovoltaic installations in our office buildings
- ✓ Energy rating target A in all new residential buildings
- ✓ Objective of measuring the Carbon Footprint of the Group's activities
- ✓ Priority objective of industrialization of construction

S

- ✓ Strong commitment to support entrepreneurship and social contribution in the territories of action
- ✓ WELL certification (health and well-being for users) in newly built office buildings
- ✓ Flexible plan to help customers to purchase their home
- ✓ Certification in Safety and Health at Work ISO 45001 for all our employees and collaborators

G

- ✓ High rate of compliance with CBGC recommendations
- ✓ Certification in Criminal Compliance UNE 19601
- ✓ ESG objectives as part of the long-term variable compensation plan
- ✓ Strategic Plan 2021-2025 and Corporate Policies approved by the Board
- ✓ Internal Control Bodies and Auxiliary Commissions of the Council that supervise compliance



## On the path to meet our goals set for 2021-2025

	2021-2025	2021
➤ Housing delivery target for 2021-2025: ~ 2,900		~ 13%
➤ Investment in land €220m 15-20% terciary 80-85% housing		~ 16%
➤ Increase our residential development activity in Madrid (up to 40% of the total revenues in 2025)		~ 14%
➤ Asset turnover 27M€		~ 33% Sale price +17% vs CBRE valuation as of 12.31.20
➤ Adjusted EBITDA margin improvement by 5 p.p. in the rental activity		+2.3 p.p.





Q & A





**María Ferrer**

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