



# Grupo Insur

Results Presentation 1Q 2020

8th May 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. (IPA), 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.

# Measures taken after COVID-19

1

## Human Resources

Plan to **protect employees and partners**

Evaluating alternatives in order to **adapt the structure and costs to the new environment**

**Telework implementation**

2

## Finance

**Special cash protection plan.** Maximum stress scenarios

**Transforming** our MARF floating funding into a banking one. Long term capital markets strategy

**Proposal of deferral of the 2019 result distribution** (supplementary dividend)

3

## Real Estate Development

**All the works keep going**

**New developments rescheduling**

**Reevaluating land investment plans**

**Flexible and customized formulas** for our clients

4

## Rental

**CAPEX reprogramming of the rental activity**

**Reevaluation** of the investment plans for new assets

**Flexible rent payment formulas** for our affected clients

5

## Corporate

**Redrafting of the 2020 budget and 2021 and 2022 estimations**

**Modelling scenarios and applicable measures**

**Analyzing post Covid-19 opportunities**



# Executive Summary. 1Q 2020 Highlights



Figures by proportionate method

**REVENUES**  
20.6 M€ **-9.6%**

**OPERATING PROFIT**  
3.5 M€ **+10.7%**

**ADJUSTED EBITDA**  
4.3M€ **+12.4%**

**NET PROFIT**  
1.6 M€ **+46.3%**



**REAL ESTATE DEVELOPMENT**

12.6 M€ **+36.4%**



**RENTAL**

3.4 M€ **-0.8%**



**CONSTRUCTION**

4.0 M€ **-53.5%**



**PROJECT MANAGEMENT**

0.6 M€ **-59.5%**



**NET FINANCIAL DEBT** 208.1 M€ **+6.0% vs Dec 19**

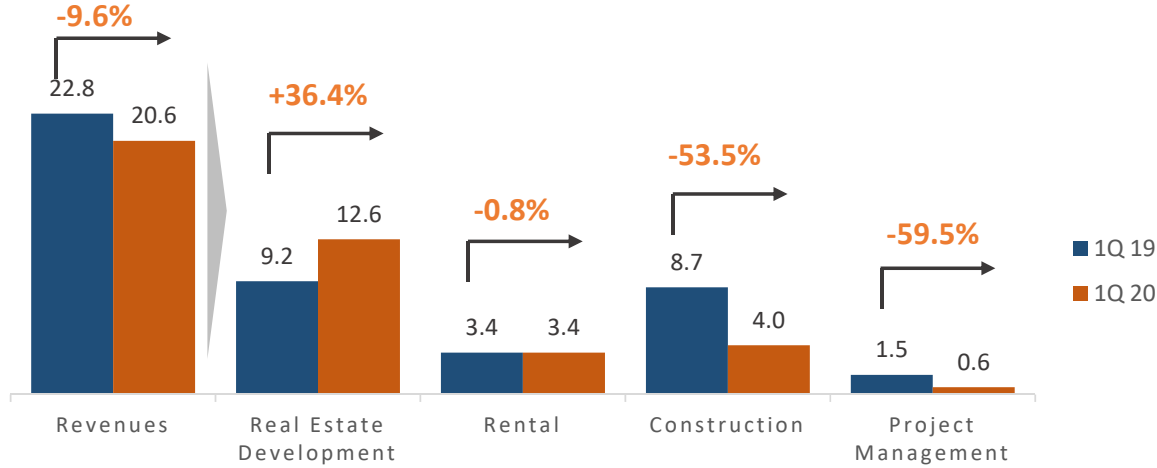
- **EBITDA and Net Profit improvement** due to the increased weight of the activities with higher margin and the reduction of financial expenses
- **Real Estate development:** good performance despite the effect of Covid-19 which has deferred the delivery volume
- **Presales** of finished developments amount to 119.7 M€ (74.5 M€ adjusted by the % of participation)
- **Rental income** keeps constant despite the lack of rents of the República Argentina 23 Building in Seville (being converted into a hotel) and the outflows of assets during 2019 within the asset turnover plan
- **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
- During the AGM held on the 3<sup>rd</sup> of April, it was decided to **postpone the decision regarding the result distribution**, for prudential reasons, to another General Meeting to be held before the 31<sup>st</sup> of October

M€ = Million €

# Executive Summary. 1Q 20 Results

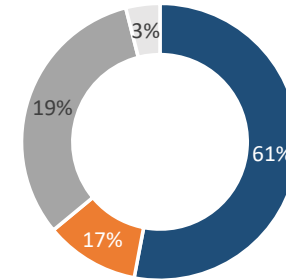
M€

Figures by proportionate method

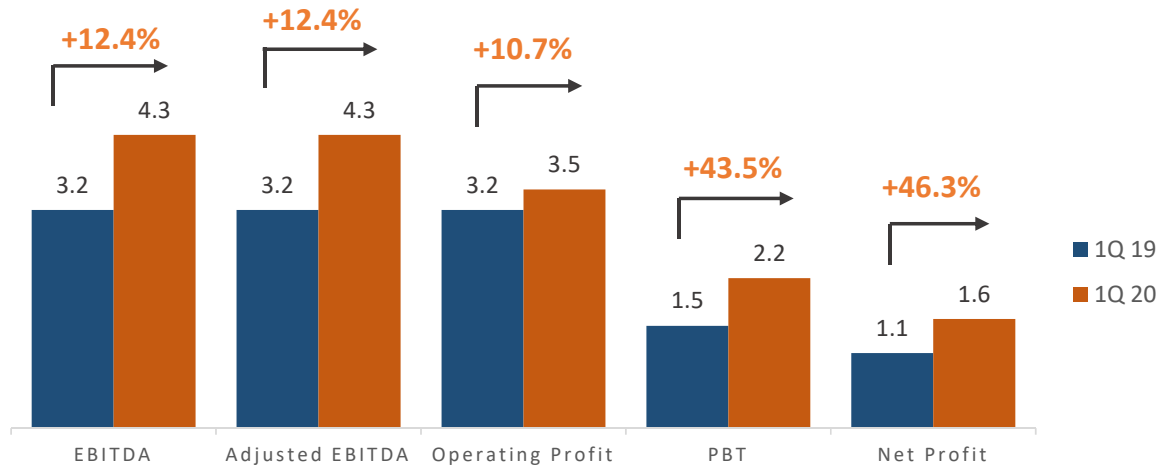


## REVENUE BREAKDOWN

- Development
- Rental
- Construction
- Project Management



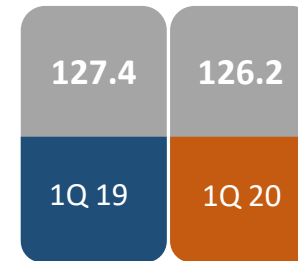
M€



## PRESALES

100% Owned and JVs in their participation %

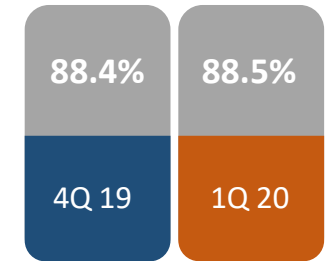
M€



-0.9%



## OCCUPANCY RATE

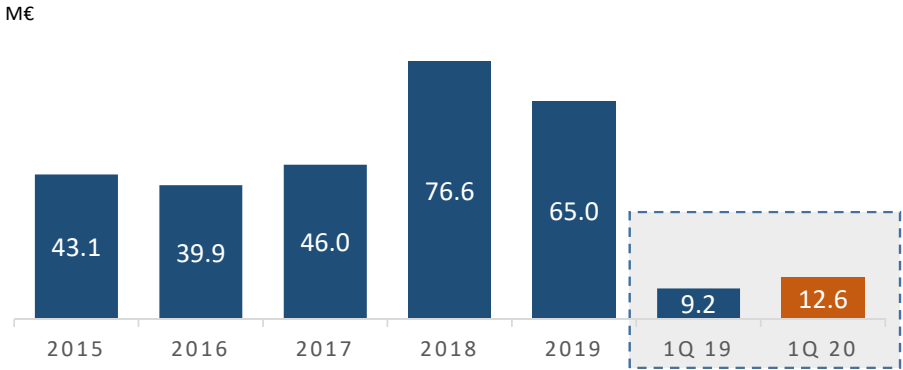


+0.1p.p.

# Real Estate Development

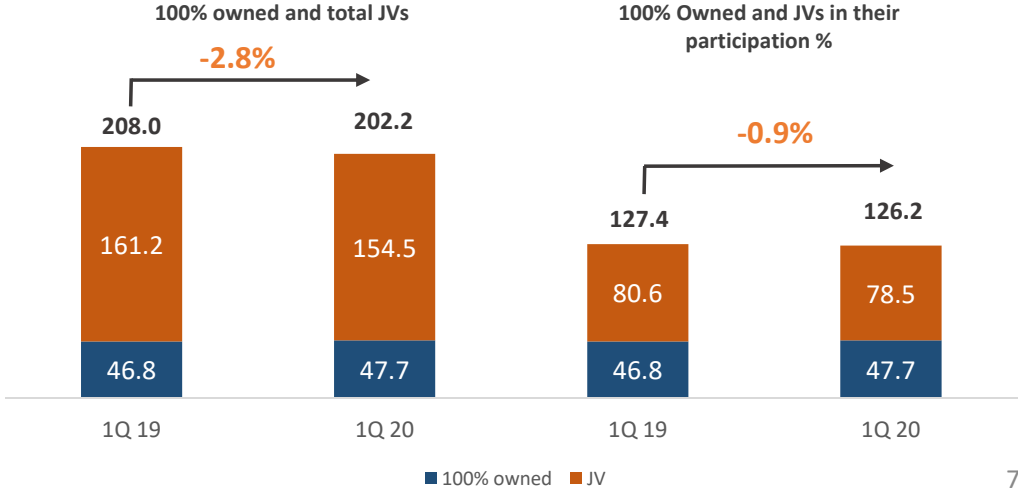
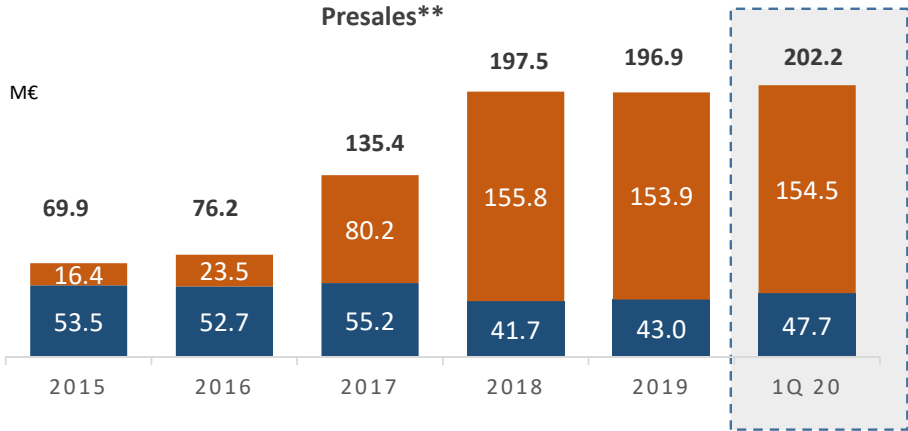
\* Proportional method  
 \*\* Owned developments and total JVs

Revenues\*



- The Group currently has **1.842** houses under development of which 542 are under construction, 288 are completed and 504 already sold
- **Presales amount to 202.2 M€** (126.2 M€ adjusted by the % of participation), of which 119.7 M€ correspond to finished developments (74.5 M€ adjusted by the % of participation)

Presales breakdown



# Ongoing developments and land portfolio

## Ongoing Developments

**1,842 ongoing units**

- **288** housing units completed of which **209** are pending to be delivered and **79** pending to be sold.
- **27 ongoing developments** (12 in West Andalucía, 7 in Málaga and Costa del Sol, 5 in Madrid, 1 in Cáceres and 2 in Granada) totaling **1,554** units:
- **152** housing units underway **directly by Insur** with a development potential of 19,646 sqm.
- **1,402** housing units underway through **JVs** (with Insur holding a 50% share), with a development potential of 190,045 sqm.
- Development of **Río 55 Business Park** in Madrid covering 28,000 sqm above ground level (2 office buildings each covering approximately 14,000 sqm) pending of obtaining the First Occupation License. The north building has been made available to the tenant and the south building is pending to be delivered.

## 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  
4.328 UNITS**



## Finished developments pending to be delivered\*

Figures as of April 2020

### 100% owned developments

Development	Location	First Occupation License	Units	Sales Volume (M€)	Estimated delivery	Sold units <sup>‡</sup>
Plaza del Teatro Bloque II	Málaga	Pending	21	8.3	2020	21
Plaza del Teatro Bloque I	Málaga	Pending	36	22.6	2020	33
Altos del Retiro	Churriana (Málaga)	Yes	35	8.9	2020	21
			<b>92</b>	<b>39.8</b>		<b>75 (81.5%)</b>

### JV developments

Development	Location	First Occupation License	Units	Sales Volume (M€)	Estimated delivery	Sold units <sup>‡</sup>
Selecta Costa Conil	Conil de la Frontera (Cádiz)	Pending	73	18.2	2020	72
Boadilla Essences	Boadilla del Monte (Madrid)	Pending	32	19.1	2020	27
			<b>105</b>	<b>37.3</b>		<b>99 (94.3%)</b>

<sup>‡</sup> Additionally there are 35 finished units of prior periods which have been sold, so the total figure of units sold amount to 209

\* Does not include the South Building of Río 55, pending to obtain of the First Occupation License

## Developments under construction

Figures as of April 2020

### 100% owned developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Residencial 75 Aniversario	Sevilla	48	33.6	2020	28
		<b>48</b>	<b>33.6</b>		<b>28 (58.3%)</b>

### JV developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Elements Fase I	Marbella (Málaga)	52	18.2	2020/2021	25
Selecta Hermes	Dos Hermanas (Sevilla)	116	22.9	2020/2021	86
Selecta Salobreña Fase 1	Granada	37	7.0	2021	17
Pineda Parque II	Sevilla	80	26.8	2021/2022	17
Selecta Ares	Dos Hermanas (Sevilla)	76	17.8	2021	37
Mirador del Olivar	Valdemoro (Madrid)	53	13.7	2021	20
Selecta Extremadura Cáceres	Cáceres	80	19.4	2021/2022	46
		<b>494</b>	<b>125.8</b>		<b>248 (50.2%)</b>

## Projects under development

Figures as of April 2020

### 100% owned developments

Development	Location	Units	Estimated construction start date <sup>#</sup>
Santa Aurelia	Sevilla	104	2020
		<b>104</b>	

### JV developments

Development	Location	Units	Estimated construction start date <sup>#</sup>
Elements Fase II*	Marbella (Málaga)	66	2020
QuintEssence I*	Marbella (Málaga)	24	2020
Selecta Salobreña Fases II y III*	Granada	73	2020
Terrazas de Santa Rosa I*	Córdoba	92	2020
Boadilla Essences II	Boadilla del Monte (Madrid)	16	2020
Selecta Apolo	Dos Hermanas (Sevilla)	106	2020
*Selecta Mykonos <sup>§</sup>	Dos Hermanas (Sevilla)	24	2020
BA-2	Dos Hermanas (Sevilla)	108	2021
Monte de la Villa Unique	Villaviciosa de Odón (Madrid)	36	2020
Monte de la Villa Exclusive	Villaviciosa de Odón (Madrid)	32	2020
Monte de la Villa Unique II	Villaviciosa de Odón (Madrid)	22	2020
Elements Fase III	Marbella (Málaga)	34	2021
QuintEssence II	Marbella (Málaga)	32	2021
QuintEssence III	Marbella (Málaga)	24	2021
QuintEssence IV	Marbella (Málaga)	24	2021
Terrazas de Santa Rosa II	Córdoba	95	2021
Calle Juglar	Sevilla	56	2021
Selecta Avda. Jerez	Sevilla	44	2021
		<b>908</b>	

\* Under comercialization

# Start decision pending of the Covid 19 evolution

§ Optioned land plot

# Rental

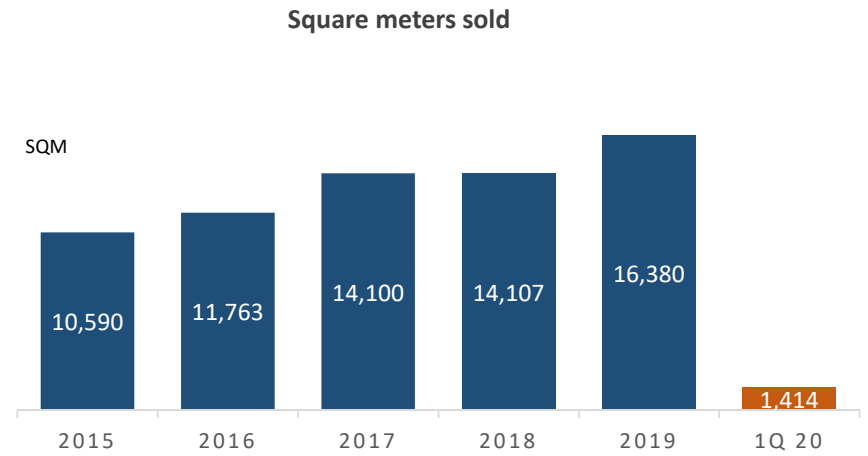
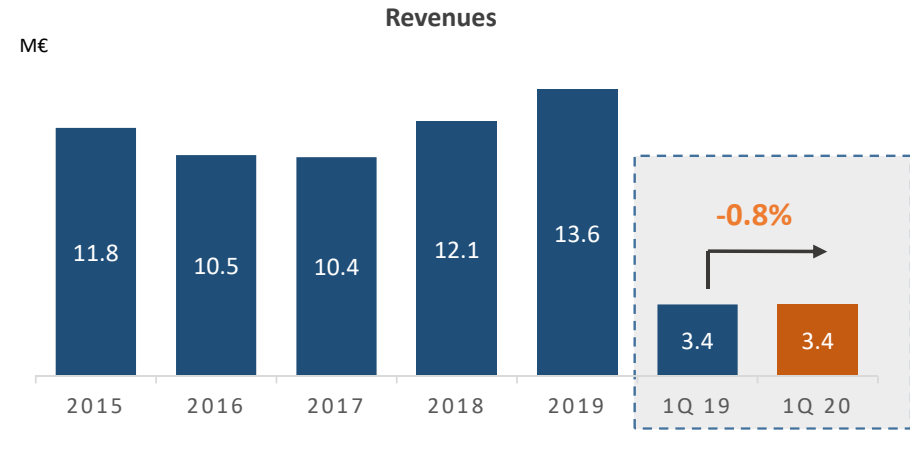


- In the 1Q 20 the surface sold amounts to **1,414 sqm**.
- **Occupancy rate** rises to **88.5%** in line with the strategic plan which foresees a 90% occupancy rate at the end of 2020
- Of the 13,900 sqm pending to be commercialized, 8,350 sqm are being reformed
- The **annualized rental income** of the contracts in force at 31<sup>st</sup> March 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 Rio 55 in Madrid) amounts to **17.5 M€**

**GAV of the assets aimed both at rental and own use amounts to 300.3 M€**  
*(valuation at 31/03/20 estimated from CBRE valuation at 31/12/19 and revised with additions at cost value and disposals due to deliveries)*

**120,544 sqm office and commercial premises portfolio\* and more than 2,300 parking spots**

\* Does not include 14,000 sqm of offices and 199 parking lots of the North Building at Rio 55



# Construction and Project Management

**4.0 M€ CONSTRUCTION REVENUES**  
-53.5% DECREASE

**0.6 M€ MANAGEMENT REVENUES**  
-59.5% DECREASE

## Main projects currently managed:

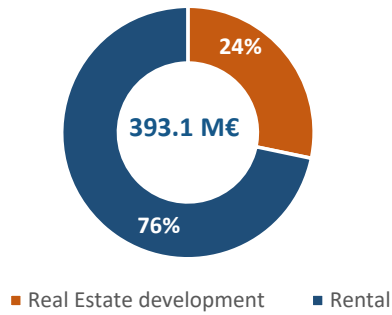
<b>IDS MADRID MANZANARES, S.A.</b>	<ul style="list-style-type: none"> <li>Río 55 Madrid Business Park 28,000 sqm divided between 2 buildings)</li> </ul>	<b>First Occupation Certificate. SOUTH BUILDING SOLD. NORTH BUILDING LEASED</b>
<b>DESARROLLOS METROPOLITANOS DEL SUR, S.L.</b>	<ul style="list-style-type: none"> <li>Selecta Entrenúcleos (Sevilla), 2.100 units</li> <li>Selecta Conil (Conil de la Frontera), 73 units</li> <li>Selecta Salobreña (Granada), 107 units</li> <li>Selecta Cáceres (Cáceres), 82 units</li> <li>Selecta Avenida Jerez (Sevilla): 44 units</li> </ul>	<b>FOC (73 units):</b> <ul style="list-style-type: none"> <li>Selecta Conil: 73 units</li> </ul> <b>UNDER CONSTRUCTION (309 units):</b> <ul style="list-style-type: none"> <li>Selecta Hermes: 116 units</li> <li>Selecta Ares: 76 units</li> <li>Selecta Cáceres: 82 units</li> <li>Selecta Salobreña Phase I: 37 units</li> </ul>
<b>IDS RESIDENCIAL LOS MONTEROS, S.A.</b>	<ul style="list-style-type: none"> <li>Los Monteros (Marbella): 276 units</li> </ul>	<b>UNDER CONSTRUCTION (52 units) :</b> <ul style="list-style-type: none"> <li>Elements I: 53 units</li> </ul>
<b>IDS PALMERA RESIDENCIAL, S.A.</b>	<ul style="list-style-type: none"> <li>Pineda Parque (Sevilla): 80 units</li> </ul>	<b>UNDER CONSTRUCTION (80 units) :</b> <ul style="list-style-type: none"> <li>Phase II: Block 4 and 5: 80 units</li> </ul>
<b>IDS BOADILLA GARDEN RESIDENCIAL, S.A.</b>	<ul style="list-style-type: none"> <li>Boadilla Essences (Boadilla del Monte, Madrid), 48 units</li> </ul>	<b>FOC (32 units):</b> <ul style="list-style-type: none"> <li>Boadilla Essences I: 32 units</li> </ul>
<b>IDS MEDINA AZAHARA RESIDENCIAL, S.A.</b>	<ul style="list-style-type: none"> <li>Terrazas de Santa Rosa (Córdoba), 187 units</li> </ul>	<b>UNDER DEVELOPMENT</b>
<b>IDS MONTEVILLA RESIDENCIAL, S.A.</b>	<ul style="list-style-type: none"> <li>Monte de la Villa (Villaviciosa de Odón, Madrid), 68 units</li> </ul>	<b>UNDER DEVELOPMENT</b>
<b>HACIENDA LA CARTUJA, S.L.</b>	<ul style="list-style-type: none"> <li>Monte de la Villa (Villaviciosa de Odón, Madrid), 32 units</li> <li>Mirador del Olivar (Valdemoro), 53 units</li> </ul>	<b>UNDER CONSTRUCTION (53 UNITS)</b> <ul style="list-style-type: none"> <li>Mirador del Olivar: 53 units</li> </ul>

FOC: First Occupation Certificate

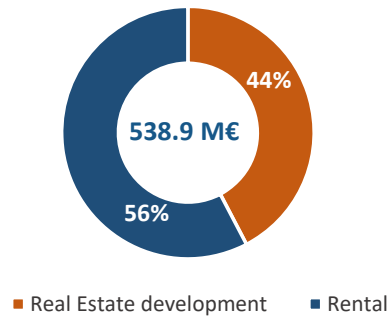


# NAV, GAV, LTV & debt

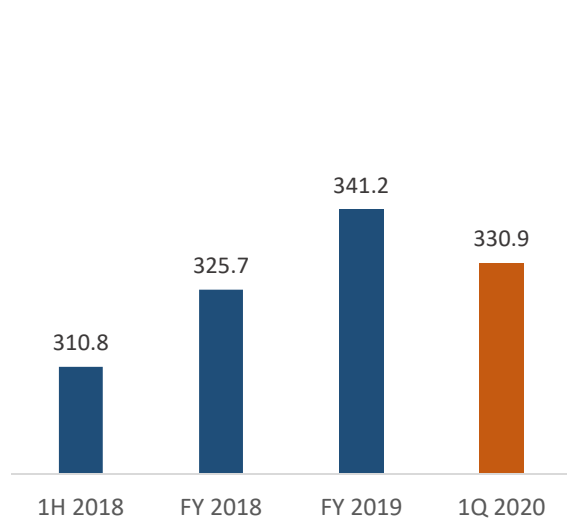
INSUR GAV \*



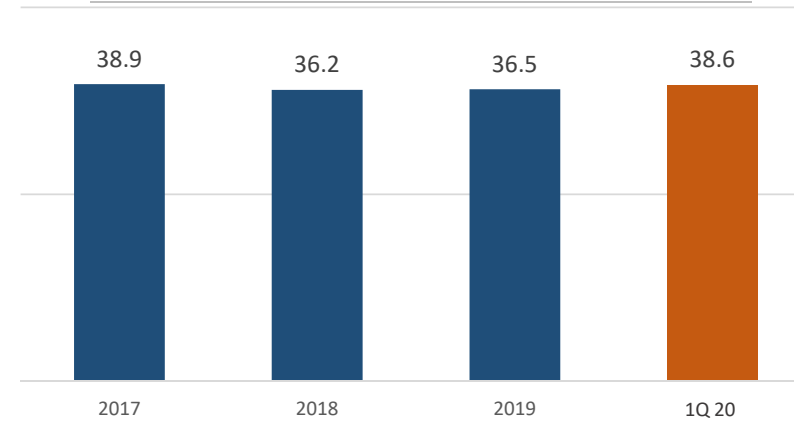
INSUR GAV\*\*



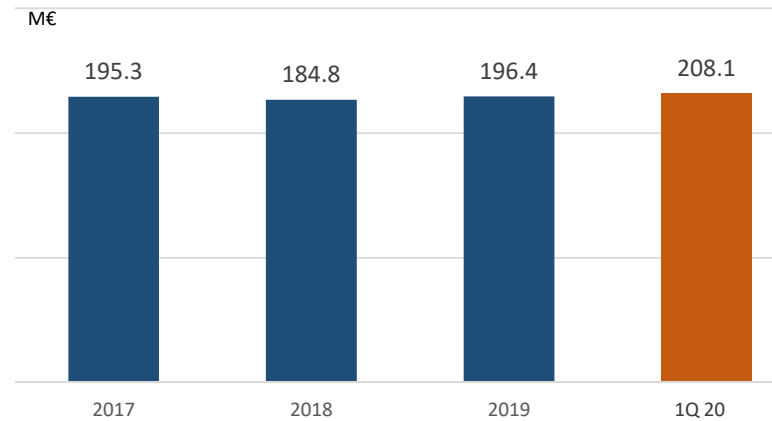
INSUR NAV\*\*



LTV evolution %



Net financial debt evolution



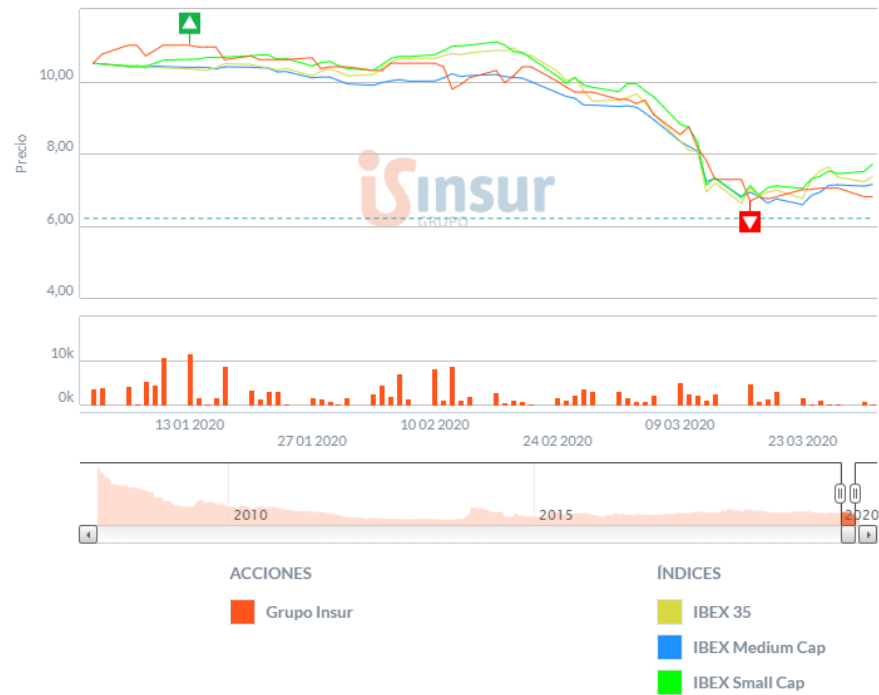
\* valuation at 31/03/20 estimated from CBRE valuation at 31/12/19 and revised with additions at cost value and disposals due to deliveries

\*\* Proportionate method

# Share evolution

## Share Price 1Q 2020

In 1Q 2020 the share Price (ISUR) dropped by 35%, in line with the other indexes. In that same period, the Ibex 35 decreased by 30% and the Ibex Small Caps decreased by 27%. The share closed at 6.8€ which implies a market cap of 115.4 M€ at the 31<sup>st</sup> March 2020



Market Cap March 2020	NAV March 2020	Discount vs NAV
115.4 M€	330.9 M€	65%

## Conciliation between equity method and proportionate method

### Consolidated P&L Thousand €

	1Q 2020			1Q 2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	16,214	4,382	20,596	23,981	(1,199)	22,782
a) Real Estate development	3,811	8,792	12,603	3,273	5,967	9,239
Rental	3,336	26	3,362	3,368	22	3,390
b) Construction	7,994	(3,962)	4,031	15,859	(7,187)	8,672
Project Management	1,074	(474)	600	1,481	-	1,481
Income from companies carried by the equity method	1,219	(1,223)	(4)	389	(399)	(10)
c) EBITDA	3,779	545	4,324	3,589	247	3,836
Result on the sale of investment property	-	-	-	-	-	-
Adjusted EBITDA	3,779	545	4,324	3,589	247	3,836
Operating profit	2,996	533	3,530	2,946	234	3,180
Financial result	(1,223)	(138)	(1,360)	(1,538)	(130)	(1,668)
Profit before tax	1,774	396	2,169	1,408	104	1,512
Net profit	1,640	-	1,640	1,121	-	1,121

#### Main adjustments:

a) Real Estate development revenue: 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 Thousand €	31/03/2020			31/12/2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	148,514	89	148,603	146,646	100	146,746
<b>a</b> Financial investments in JVs	44,146	(42,749)	1,397	42,816	(40,978)	1,839
<b>b</b> Inventory	100,421	103,490	203,912	100,489	100,849	201,338
Debtors and other receivables	25,090	(5,725)	19,365	29,491	(8,312)	21,179
Other assets	45,911	(2,533)	43,378	43,121	(2,122)	40,999
Cash and equivalents	34,431	10,200	44,631	33,742	16,290	50,032
<b>TOTAL ASSETS</b>	<b>398,514</b>	<b>62,772</b>	<b>461,286</b>	<b>396,306</b>	<b>65,827</b>	<b>462,133</b>
Net equity	108,819	-	108,819	107,232	-	107,232
<b>c</b> Amounts owed to credit institutions	185,546	40,099	225,646	179,121	40,622	219,743
Bonds and other negotiable securities	27,041	-	27,041	26,726	-	26,726
<b>d</b> Trade and other payables	38,776	13,480	52,256	43,507	14,967	58,474
Other liabilities	38,332	9,193	47,524	39,719	10,239	49,958
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>398,514</b>	<b>62,772</b>	<b>461,286</b>	<b>396,306</b>	<b>65,827</b>	<b>462,133</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 and other liabilities: 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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