



**Grupo Insur**  
**1H 20 Results Presentation**  
July, 31<sup>st</sup> 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. 1H 2020 Highlights



Figures by proportionate method

**REVENUES**  
43.3 M€ **-7.7%**

**OPERATING PROFIT**  
6.1 M€ **-5.0%**

**EBITDA**  
7.8 M€ **-1.2%**

**NET PROFIT**  
2.5 M€ **-5.2%**



**HOMEBUILDING**

27.9 M€ **+51.4%**



**RENTALS**

6.4 M€ **-4.6%**



**CONSTRUCTION**

7.7 M€ **-60.5%**



**ASSET  
MANAGEMENT**

1.3 M€ **-44.1%**



**NET FINANCIAL DEBT**

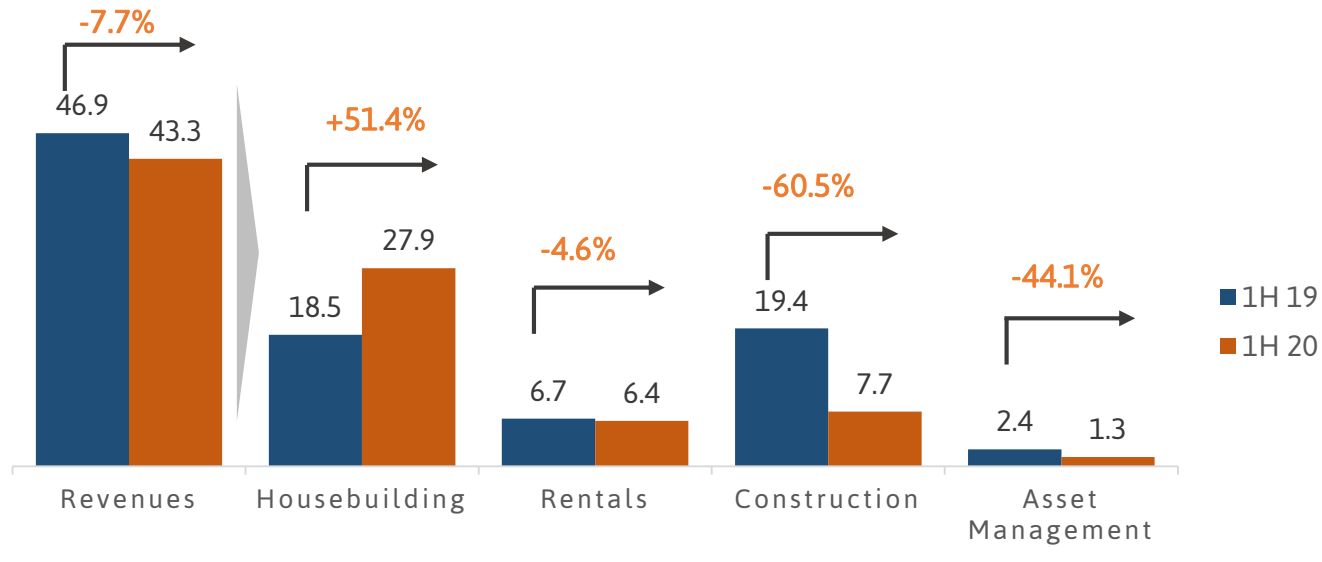
213.7 M€  
**+8.8% vs Dec 19**

- **EBITDA and Net Profit** will increase at the end of the year 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
- From the Presales figure at June 30<sup>th</sup>, **12.3 M€ have already been delivered during July**
- **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
- 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

# Executive Summary. 1H 20 Results

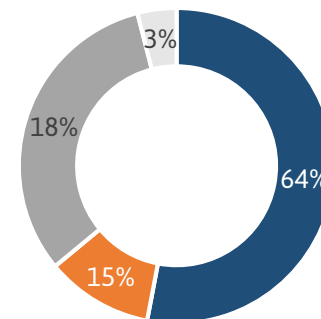
M€

All figures by proportionate method

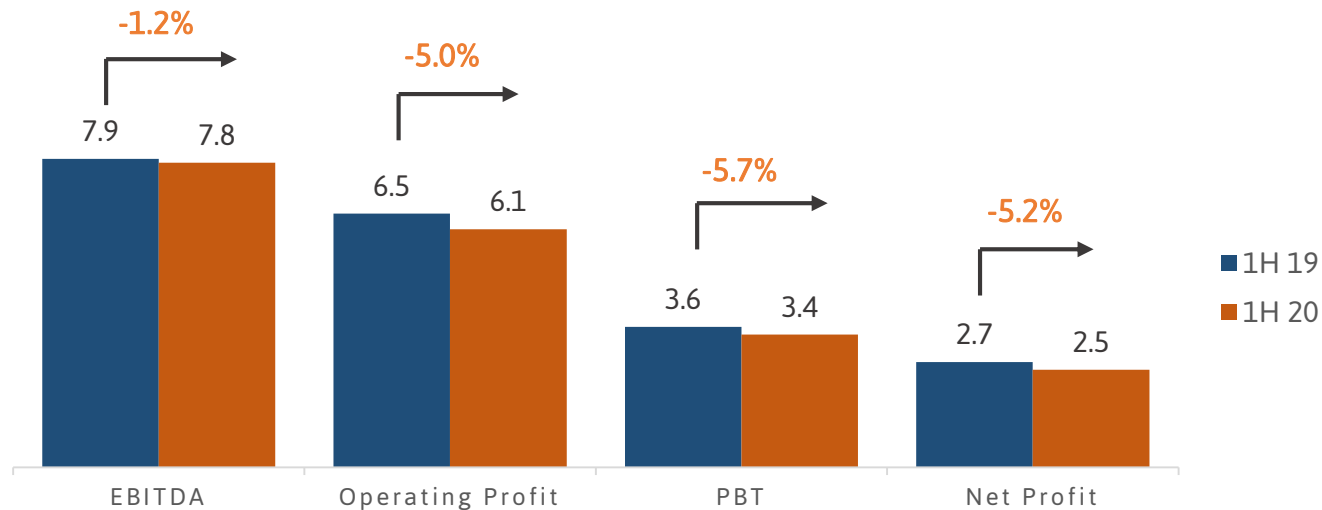


## REVENUE BREAKDOWN

- Housebuilding
- Construction
- Rentals
- Asset Management



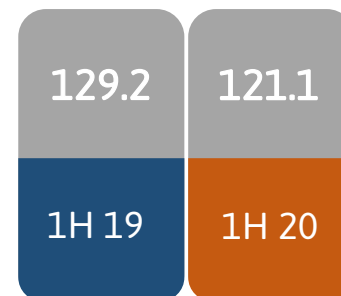
M€



## PRESALES

100% Owned and JVs in their participation %

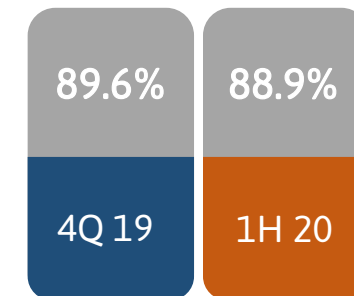
M€



-6.3%



## OCCUPANCY RATE



-0.7p.p.

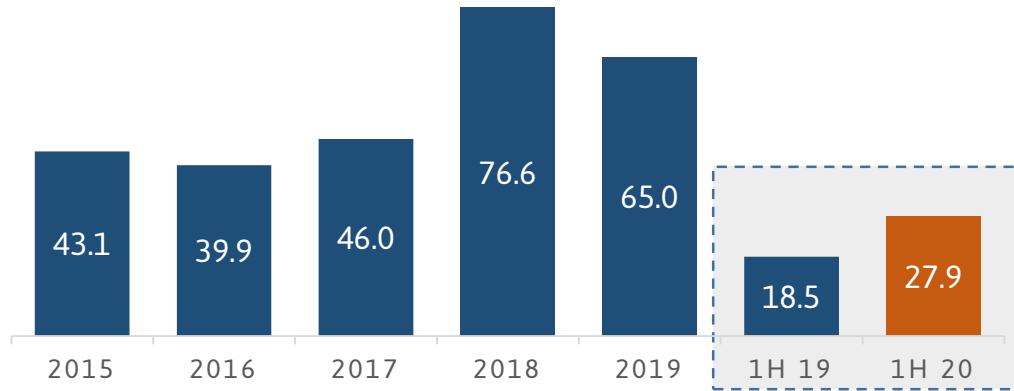
# Housebuilding

\* Proportional method

\*\* Owned developments and total JVs

### Revenues\*

M€

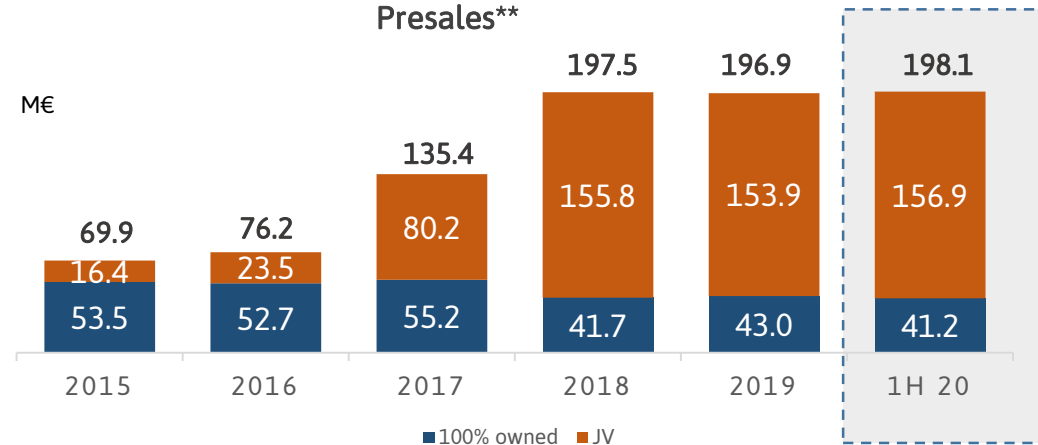


- **Excellent sales performance** in the 1H20; despite the two months lockout, the sales figure in the 1H20 is very similar to the one of 1H19
- The Group currently has **1.764** houses under development of which 560 are under construction, 210 are completed and 487 already sold
- **Presales amount to 198.1 M€** (121.1 M€ adjusted by the % of participation), of which 57.2 M€ correspond to finished developments (39.7 M€ adjusted by the % of participation)
- **12.3 M€ have been delivered in July**. 6.9 M€ correspond to own developments and 5.3 M€ to developments through JV adjusted by the % of participation of Grupo Insur

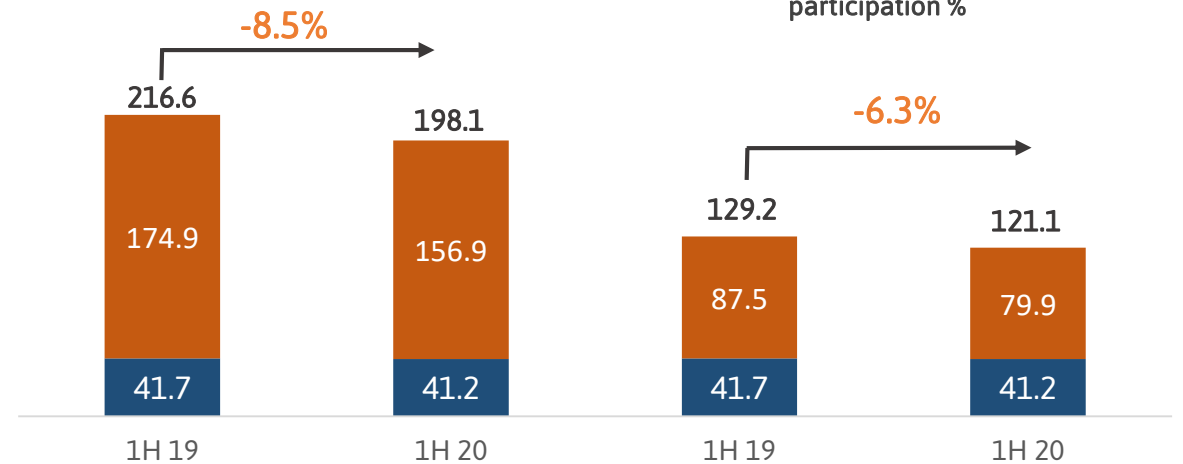
### Presales breakdown

### Presales\*\*

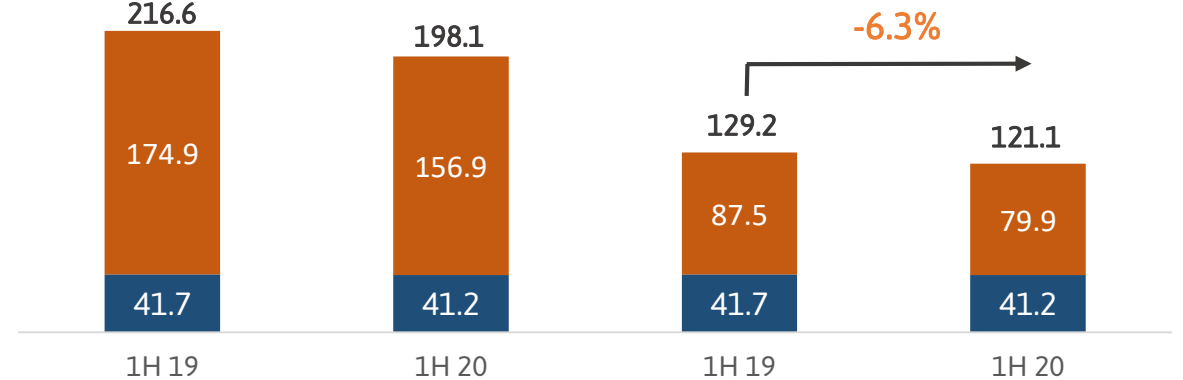
M€



### 100% owned and total JVs



### 100% Owned and JVs in their participation %



■ 100% owned ■ JV

# Ongoing developments and land portfolio

## Ongoing Developments

1,764 ongoing units

- 210 housing units completed of which 143 are pending to be delivered and 67 pending to be sold.
- 27 ongoing developments (12 in West Andalucía, 7 in 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). 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  
4,250 UNITS**



# Finished developments

Figures as of June 2020

## 100% owned developments

Development	Location	Units	Sold units
Altos Castilleja VII	Castilleja de la Cuesta (Sevilla)	1	
Antonio Mairena	Sevilla	4	1
Conde de Zamora	Córdoba	20	3
Plaza del Teatro	Málaga	44	41
Altos del Retiro	Churriana (Málaga)	22	12
		<b>91</b>	<b>57 (63%)</b>

## JV developments

Development	Location	Units	Sold units
Pineda Parque I	Sevilla	13	2
Alminar	Marbella (Málaga)	14	1
Selecta Atenas	Dos Hermanas (Sevilla)	4	4
Selecta Olimpia	Dos Hermanas (Sevilla)	5	5
Selecta Costa Conil	Conil de la Frontera (Cádiz)	35	34
Boadilla Garden	Boadilla del Monte (Madrid)	10	5
Santa Ana III	Dos Hermanas (Sevilla)	6	4
		<b>87</b>	<b>55 (63%)</b>

**TOTAL**

**178**

**112 (63%)**



# Finished developments pending start of delivery<sup>#</sup>

*\* Under comercialization*

Figures as of June 2020

## JV developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Boadilla Essences I*	Boadilla del Monte (Madrid)	32	19.1	2020	31
		<b>32</b>	<b>19.1</b>		<b>31 (97%)</b>

<sup>#</sup>Does not include the South Building of Río 55, whose First Occupation License was obtained the 15<sup>th</sup> of July 2020

# Developments under construction

Figures as of June 2020

\* Under comercialization

## 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.%)</b>

## JV developments

Development	Location	Units	Sales Volume (M€)	Estimated delivery	Sold units
Elements I*	Marbella (Málaga)	52	18.2	2020/2021	25
Selecta Hermes*	Dos Hermanas (Sevilla)	116	22.9	2020/2021	86
Selecta Salobreña I*	Granada	55	9.8	2021	22
Pineda Parque II*	Sevilla	80	26.8	2021/2022	23
Selecta Ares*	Dos Hermanas (Sevilla)	76	17.8	2021	53
Mirador del Olivar*	Valdemoro (Madrid)	53	13.7	2021	24
Selecta Extremadura Cáceres*	Cáceres	80	19.4	2021/2022	48
		<b>512</b>	<b>128.6</b>		<b>281 (55%)</b>
<b>TOTAL</b>		<b>560</b>	<b>162.2</b>		<b>309 (55%)</b>

# Projects under development

Figures as of June 2020

\* Under comercialization

## 100% owned developments

Development	Location	Units	Estimated construction start date <sup>#</sup>	Sold units
Santa Aurelia	Sevilla	104	2020	5
		<b>104</b>		<b>5 (5%)</b>

## JV developments

Development	Location	Units	Estimated construction start date <sup>#</sup>	Sold units
Terrazas de Santa Rosa I*	Córdoba	92	2020	11
Selecta Apollo*	Dos Hermanas (Sevilla)	106	2020	5
*Selecta Mykonos \$	Dos Hermanas (Sevilla)	24	2020	7
Monte de la Villa Unique	Villaviciosa de Odón (Madrid)	36	2020	
Monte de la Villa Unique II	Villaviciosa de Odón (Madrid)	22	2020	1
Elements II*	Marbella (Málaga)	66	2021	4
QuintEssence I*	Marbella (Málaga)	24	2021	2
Selecta Salobreña II*	Granada	55	2021	
Boadilla Essences II	Boadilla del Monte (Madrid)	16	2021	
BA-2	Dos Hermanas (Sevilla)	108	2021	
Monte de la Villa Exclusive	Villaviciosa de Odón (Madrid)	32	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	
Elements Fase III	Marbella (Málaga)	34	2022	
		<b>890</b>		<b>30 (4%)</b>
<b>TOTAL</b>		<b>994</b>		<b>35 (4%)</b>

# Start decision pending of the Covid 19 evolution

\$ Land plot optioned on July 2020

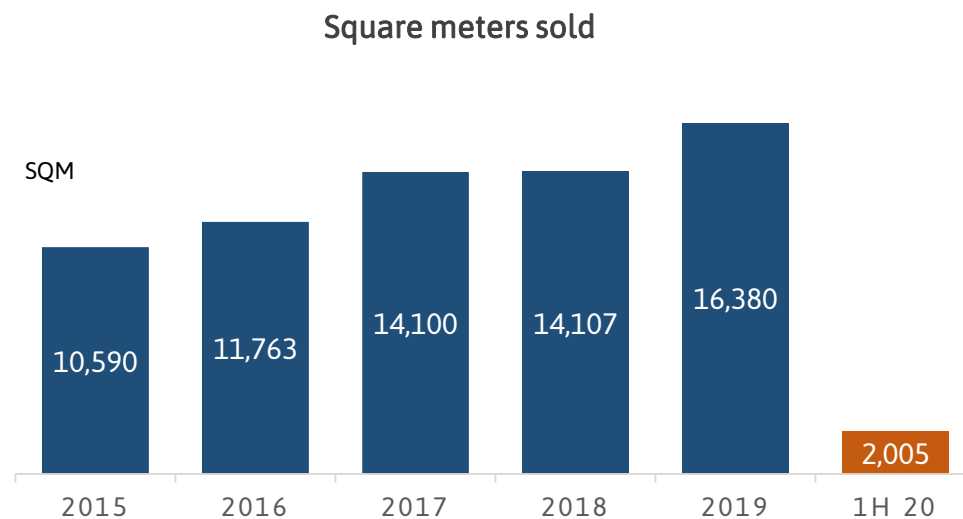
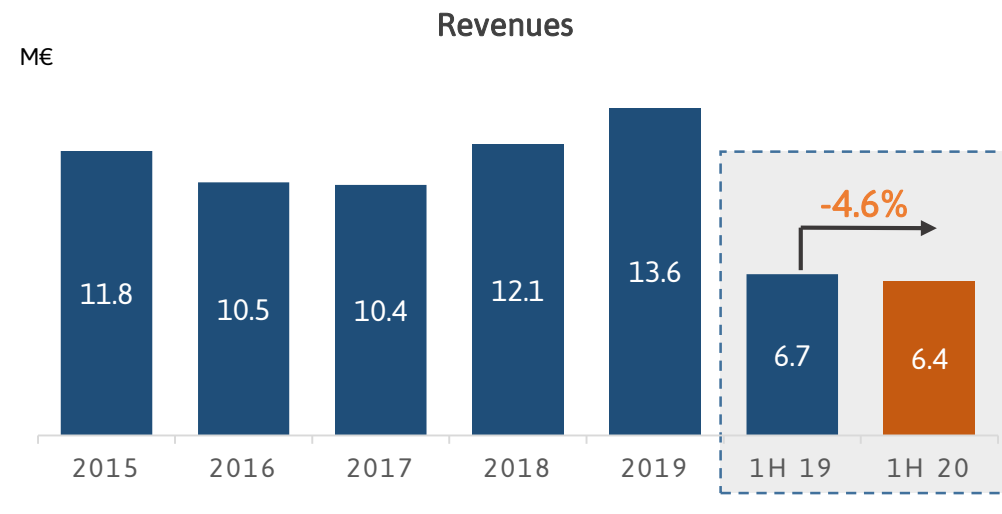
# Rentals



- In the 1H 20 the surface sold amounts to **2,004.82 sqm**.
- **Occupancy rate** rises to **88.87%**. 55.5% of the unoccupied surface is under reform
- The **annualized rental income** of the contracts in force at 30<sup>th</sup> June 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 **17.4 M€**
- The **License of First Occupation** for Río 55 at Madrid was obtained on July 15<sup>th</sup>
- The acquisition of the additional 40% of the stake in IDS Madrid Manzanares S.A. (owner of the Río 55 North Building) will take place in the following weeks

**GAV** of the assets aimed both at rental and own use amounts to **303.7 M€**  
*(valuation at 30/06/20 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

7.7 M€ CONSTRUCTION REVENUES  
-60.5% DECREASE

1.3 M€ MANAGEMENT REVENUES  
-44.1% DECREASE

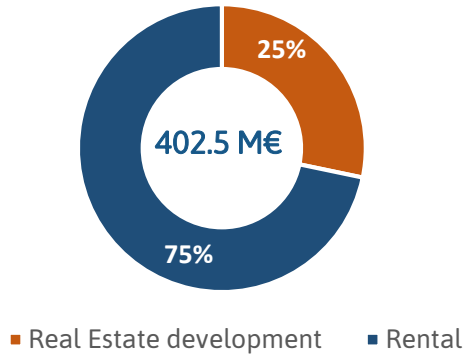
## Main projects currently managed:

IDS MADRID MANZANARES, S.A.	<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>
DESARROLLOS METROPOLITANOS DEL SUR, S.L.	<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), 110 units</li> <li>Selecta Cáceres (Cáceres), 80 units</li> <li>Selecta Avenida Jerez (Sevilla): 44 units</li> </ul>	<b>EWC: (73 units):</b> <ul style="list-style-type: none"> <li>Selecta Conil: 73 units (38 already delivered)</li> </ul> <b>UNDER CONSTRUCTION (327 units):</b> <ul style="list-style-type: none"> <li>Selecta Hermes: 116 units</li> <li>Selecta Ares: 76 units</li> <li>Selecta Cáceres: 80 units</li> <li>Selecta Salobreña I: 55 units</li> </ul>
IDS RESIDENCIAL LOS MONTEROS, S.A.	<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: 52 units</li> </ul>
IDS PALMERA RESIDENCIAL, S.A.	<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>
IDS BOADILLA GARDEN RESIDENCIAL, S.A.	<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>
IDS MEDINA AZAHARA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> <li>Terrazas de Santa Rosa (Córdoba), 187 units</li> </ul>	<b>UNDER DEVELOPMENT</b>
IDS MONTEVILLA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> <li>Monte de la Villa (Villaviciosa de Odón, Madrid), 58 units</li> </ul>	<b>UNDER DEVELOPMENT</b>
HACIENDA LA CARTUJA, S.L.	<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>

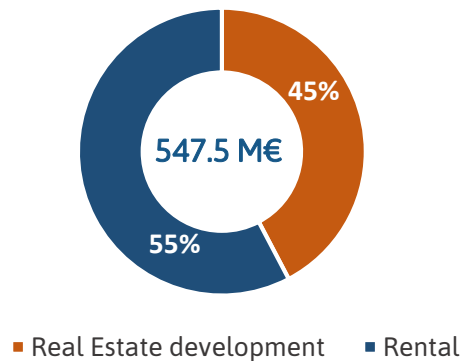
FOC: First Occupation Certificate  
EWC: End of works Certificate

# NAV, GAV, LTV & debt

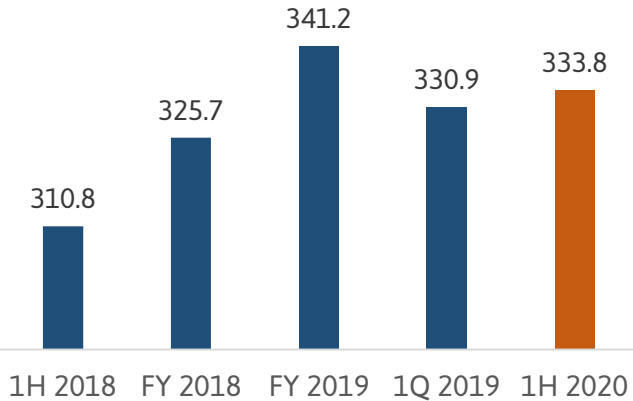
INSUR GAV \*



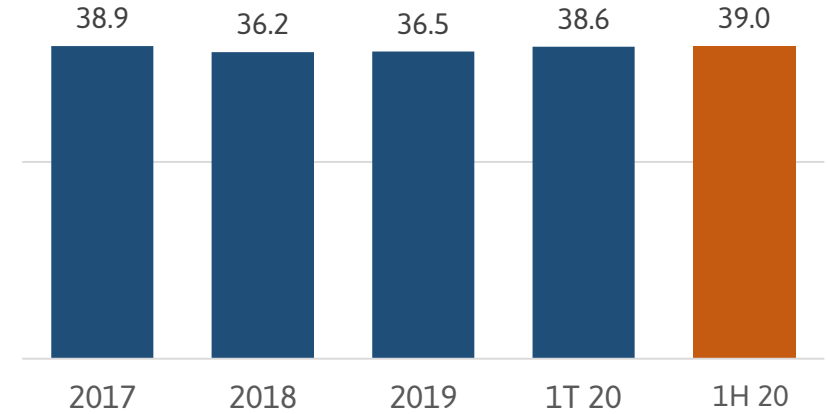
INSUR GAV\*\*



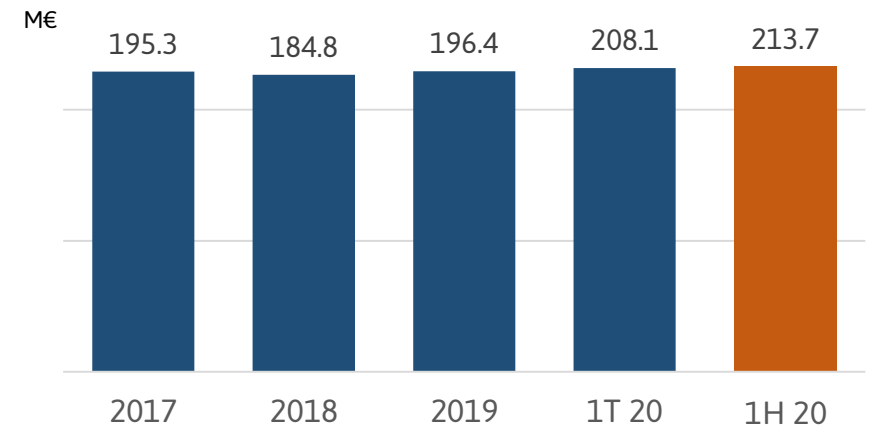
INSUR NAV \*\*



LTV evolution %



Net financial debt evolution



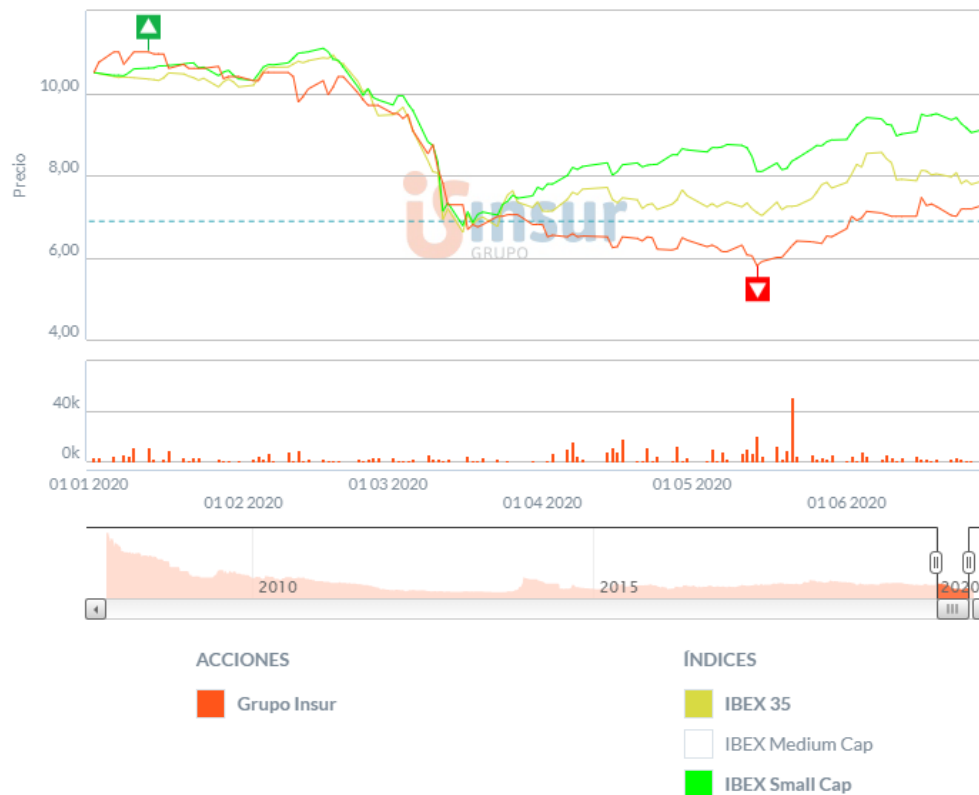
\* valuation at 30/06/20 estimated from CBRE valuation at 31/12/19 and revised with additions at cost value and disposals due to deliveries

\*\* Proportionate method

# Share evolution

## Share Price 1H 2020

In 1H 2020 the share Price (ISUR) dropped by 33%. In that same period, the Ibex 35 decreased by 25.4% and the Ibex Small Caps decreased by 13.8%. However, in the 2Q 20 the share price recovered by 3.54%. The share closed at 7.04 € which implies a market cap of 119.5 M€ at the 30<sup>th</sup> June 2020



Market Cap June 2020	NAV June 2020	Discount vs NAV
119.5 M€	333.8 M€	64%

## Conciliation between equity method and proportionate method

Consolidated P&L Thousand €	1H 2020			1H 2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	35,370	7,905	43,276	56,430	(9,566)	46,864
a) <i>Housebuilding</i>	12,372	15,568	27,939	9,532	8,928	18,460
<i>Rentals</i>	6,304	51	6,355	6,618	44	6,662
b) <i>Construction</i>	15,022	(7,359)	7,664	37,419	(18,037)	19,382
<i>Asset Management</i>	1,672	(354)	1,318	2,861	(501)	2,360
c) Results from entities valued using the equity method	2,029	(2,036)	(7)	870	(869)	1
EBITDA	6,764	999	7,763	7,415	443	7,858
Result on the sale of investment property	-	-	-	-	-	-
Adjusted EBITDA	6,764	999	7,763	7,415	443	7,858
Operating profit	5,155	977	6,132	6,038	417	6,455
Financial result	(2,448)	(299)	(2,747)	(2,673)	(195)	(2,868)
Profit before tax	2,708	677	3,385	3,365	222	3,587
Net profit	2,537	-	2,537	2,677	-	2,677

### 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 Thousand €	30/06/2020			31/12/2019		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	150,897	77	150.974	146,646	100	146,746
<b>a</b> Financial investments in JVs	43,575	(42,182)	1.393	42,816	(40,977)	1,839
<b>b</b> Inventory	96,733	103,865	200.598	100,489	100,849	201,338
Debtors and other receivables	19,430	(4,563)	14.867	29,491	(8,312)	21,179
Other assets	44,939	(3,421)	41.518	43,122	(2,123)	40,999
Cash and equivalents	55,090	9,558	64.648	33,742	16,290	50,032
<b>TOTAL ASSETS</b>	<b>410,664</b>	<b>63,334</b>	<b>473.998</b>	<b>396,306</b>	<b>65,827</b>	<b>462,133</b>
Net equity	109,672	-	109.672	107,232	-	107,232
<b>c</b> Amounts owed to credit institutions	225,620	39,974	265.594	179,121	40,622	219,743
Other financial liabilities	12,797	-	12.797	26,726	-	26,726
<b>d</b> Trade and other payables	35,402	14,454	49.856	43,508	14,966	58,474
Other liabilities	27,173	8,906	36.079	39,719	10,239	49,958
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>410,664</b>	<b>63,334</b>	<b>473.998</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 : 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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