



# Grupo Insur

Results Presentation 1H 2019  
30<sup>th</sup> July 2019



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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 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.

For all that, **the Board considers that the faithful image of the financial and patrimonial situation, the results and especially the real dimension of its activities and the dimensioning of the financial and human resources are better reflected by consolidating these companies through the proportionate method.**

At the end of this presentation can be found a conciliation between the financial statements consolidated by both methods.

# Executive Summary. 1H 2019 Highlights



Results by proportionate method

**REVENUES**  
46.9 M€ **+20.2%**

**OPERATING PROFIT**  
6.5 M€ **-5.1%**

**ADJUSTED EBITDA**  
7.9 M€ **+24.7%**

**NET PROFIT**  
2.7 M€ **-13.0%**



**REAL ESTATE DEVELOPMENT**

18.5 M€ **-15.4%**



**RENTAL**

6.7M€ **+12.5%**



**CONSTRUCTION**

19.4M€ **+108.7%**



**PROJECT MANAGEMENT**

2.4M€ **+19.0%**



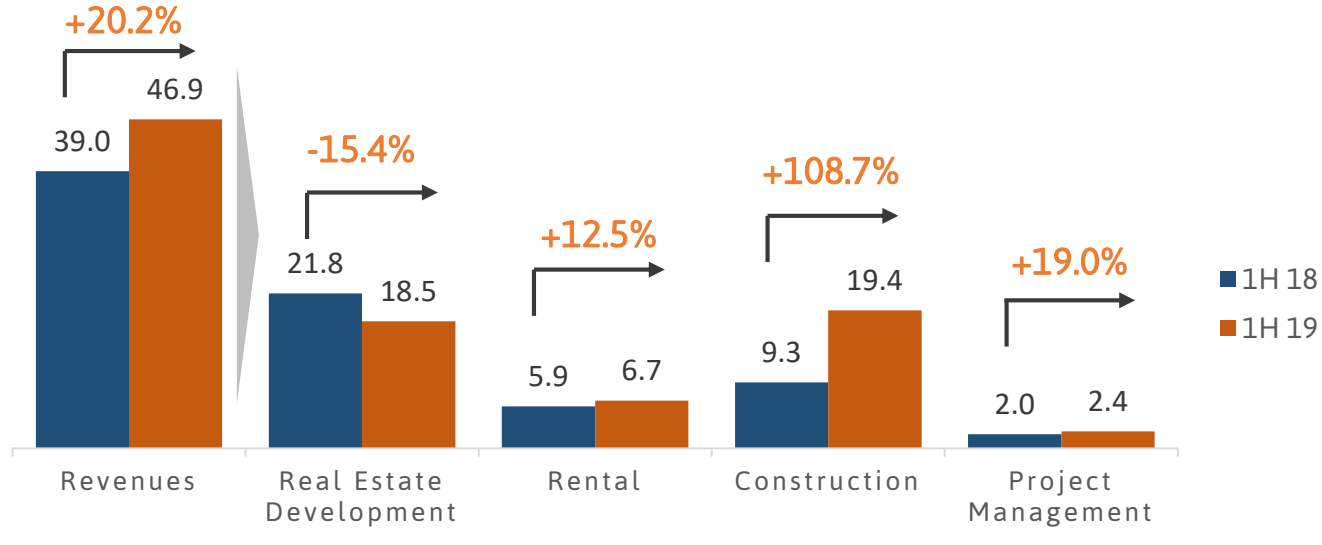
**NET FINANCIAL DEBT** 198.9M€ **+7.6% vs Dec 18**  
**-3.0% vs 1H 1818**

- ◇ Total Revenues increase by 20.2%
- ◇ Deliveries to be concentrated in the second half of the year
- ◇ Occupancy rate keeps increasing, reaching 86.1%
- ◇ Controlled debt
- ◇ Financing sources diversification; new program of **MARF** promissory notes in July 2019 with an outstanding balance of 50 M€
- ◇ In July 2019, a **syndicated loan** was signed, amounting 110 M€ and with maturity of 10 years. This loan will strengthen the rental activity and will also reduce its costs.

# Executive Summary. 1H 2019 Results

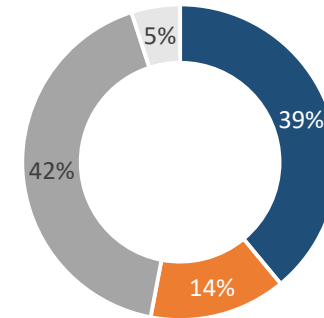
M€

Results by proportionate method

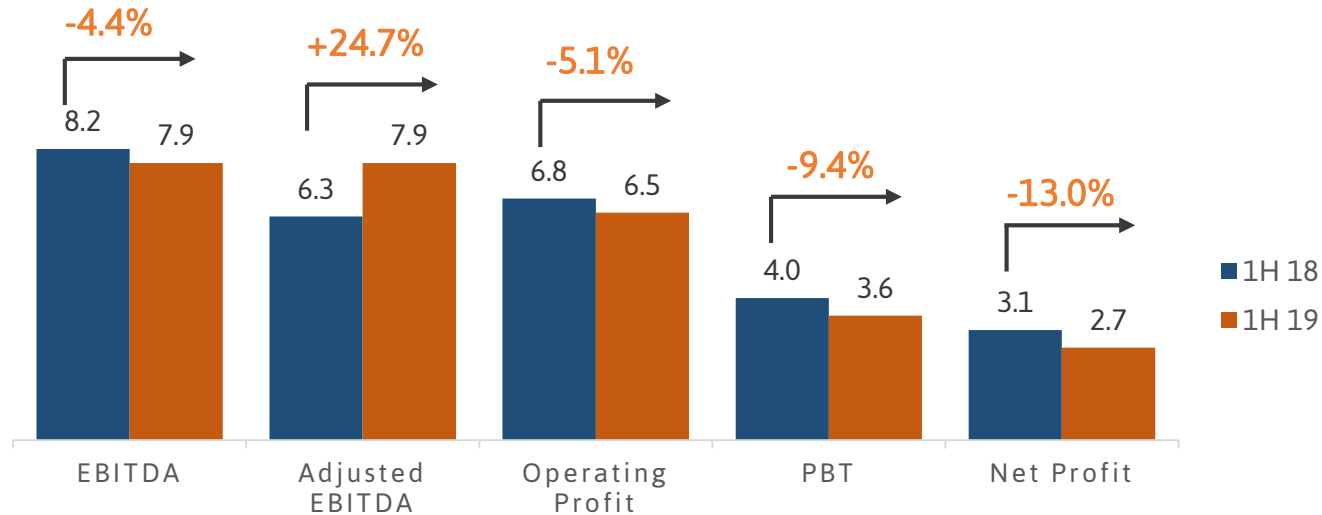


## REVENUE BREAKDOWN

- Development
- Rental
- Construction
- Project Management



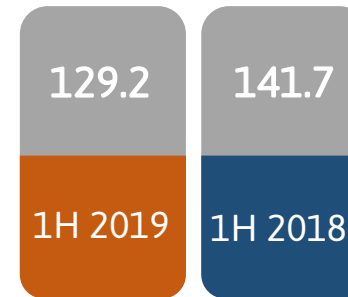
M€



## PRESALES

100% Owned and JVs in their participation %

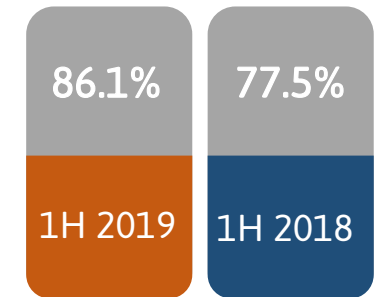
M€



-8.8%

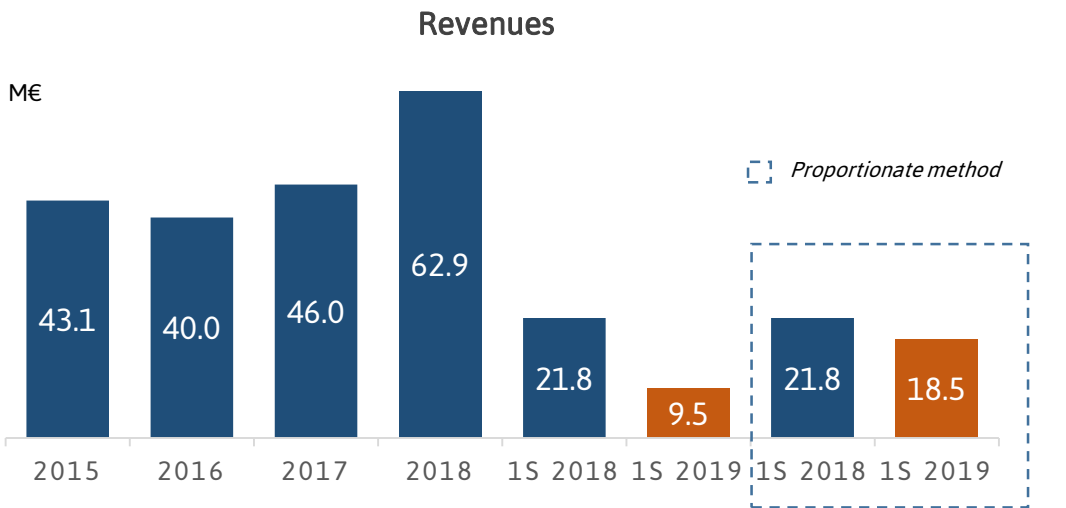


## OCCUPANCY RATE

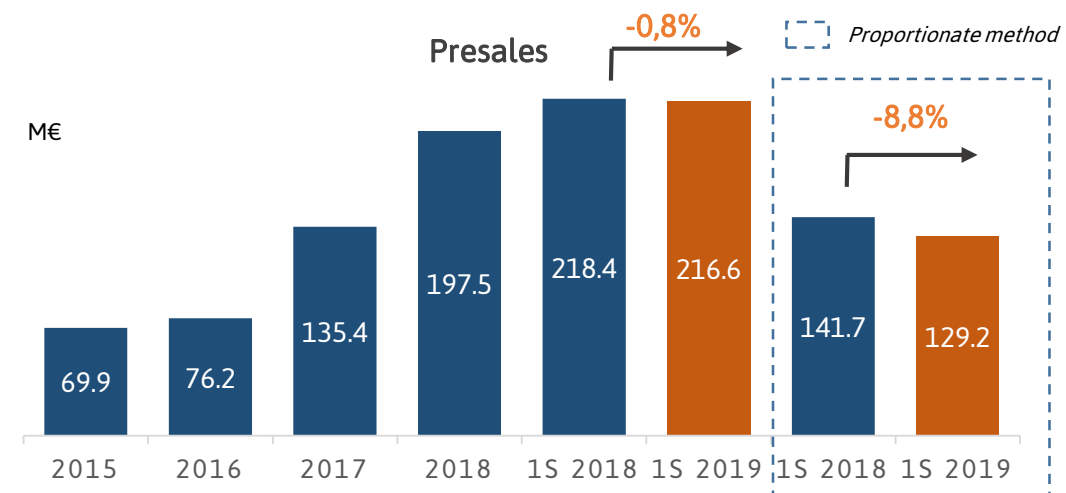


+8.6 p.p.

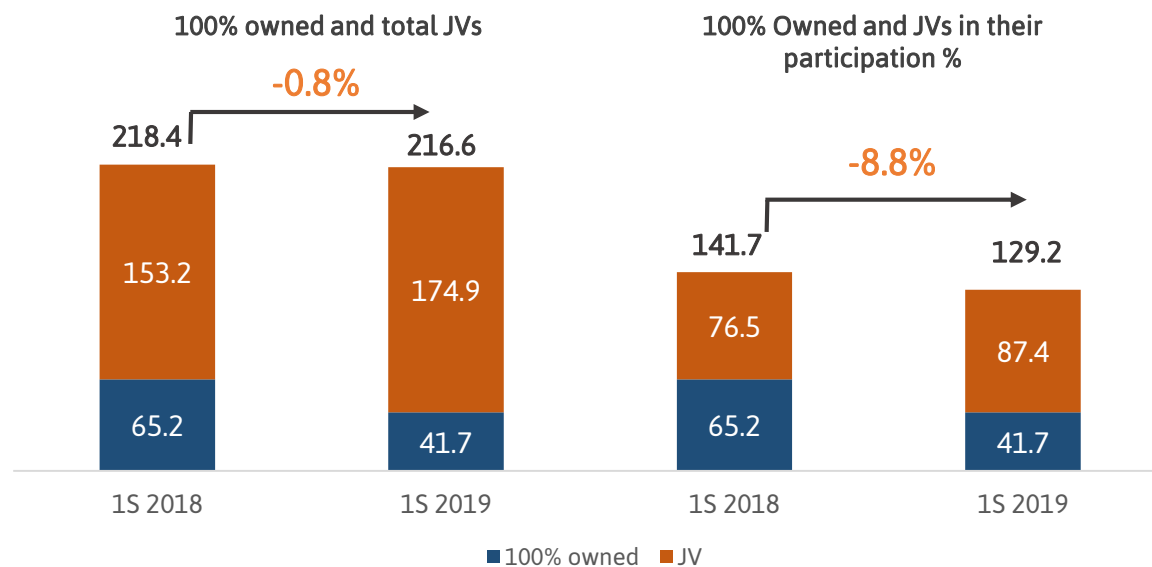
# Real Estate Development



- The Group currently has **1,948** houses under development of which **798** are under construction and **524** are already sold
- **110 houses** have been delivered in the 1H 19 vs 125 of the 1H 18
- From the 216.6 M€ presales figure, **102.7 M€** will be delivered before the end of 2019. Applying the proportionate method this figure amounts to **62.6 M€** vs 58.4 M€ in 1H 18.



### Presales breakdown



# Ongoing developments and land portfolio

## Ongoing Developments

1,948 ongoing units

- 50 housing units completed of which 21 are pending to be delivered and 29 pending to be sold.
- 28 ongoing developments (13 in West Andalucía, 8 in Málaga and Costa del Sol, 5 in Madrid, 1 in Cáceres and 1 in Granada) totaling 1,898 units:
- 274 housing units underway directly by Insur with a development potential of 36,511 sqm.
- 1,624 housing units underway through JVs (with Insur holding a 50% share), with a development potential of 231,124 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).

## Land Portfolio

2,614 units

- 100,000 sqm of buildable plots for residential use, 920 units
- 30,000 sqm of buildable plots for hotel use.
- 8,238 sqm of buildable plots for tertiary use.
- Long-term purchase options on 11 plots with a building potential of 195,570 sqm (1,694 housing units).

Ongoing developments  Land portfolio

**TOTAL OF  
4.562 UNITS**



# 100% owned developments

## PROJECTS UNDER CONSTRUCTION

Figures as of June 2019

\* On marketing stage

Development	Location	Building potential	N° of units	Sales volumen (M€)	Planned delivery	Units sold
Plaza del Teatro*	Málaga	7,032	57	29.3	2019	48
Conde de Zamora*	Córdoba	10,296	81	20.3	2019	48
Altos del Retiro 2ª Fase*	Málaga	4,391	35	8.6	2020	7
Edificio Ramón Carande*	Sevilla	7,352	48	27.3	2020	11
		<b>29,071</b>	<b>221</b>	<b>85.5</b>		<b>114 (51.6%)</b>

## PROJECTS STARTING CONSTRUCTION IN 2019

Development	Location	Building potential	N° of units	Sales volumen (M€)	Previsión de entrega
Mirador del Olivar	Valdemoro (Madrid)	7,440	53	13.5	2021
		<b>7,440</b>	<b>53</b>	<b>13.5</b>	

**TOTAL** **36,511** **274** **99.0** **114 (51.6%)**

≠ Additionally there are 12 houses sold which correspond to developments already finished, so the total amount of houses sold is 126



# JV Developments

## PROJECTS UNDER CONSTRUCTION

Figures as of June 2019

\* On marketing stage

Development	Location	Building Potential	N° of units	Sales volume (M€)	Planned delivery	Units sold
Pineda Parque 1ª fase*	Sevilla	17,767	102	37.4	2019/2020	82
Boadilla Garden*	Boadilla del Monte (Madrid)	13,868	74	36.9	2019/20	67
Selecta Atenas*	Dos Hermanas (Sevilla)	8,560	61	15.3	2019/2020	46
Boadilla Essences I*	Boadilla del Monte (Madrid)	6,480	32	19.1	2020	24
Elements Fase I*	Marbella (Málaga)	6,656	53	18.1	2020	23
Selecta Conil*	Conil de la Frontera (Cádiz)	8,131	73	17.8	2020	58
Selecta Olimpia*	Dos Hermanas (Sevilla)	3,934	20	8.6	2019/2020	8
Selecta Hermes*	Dos Hermanas (Sevilla)	13,761	116	22.5	2020/2021	39
QuintEssence I	Marbella (Málaga)	10,282	46	13.6	2021	2
		<b>89,439</b>	<b>577</b>	<b>189.3</b>		<b>349 (60.5%)</b>

## JV PROJECTS STARTING CONSTRUCTION IN 2019

Development	Location	Building Potential	N° of units	Sales volume (M€)	Planned delivery	Units sold
Pineda Parque 2ª fase	Sevilla	8,249	80	25.8	2021/2022	3
Elements Fase II	Marbella (Málaga)	8,118	66	21.1	2021	
Selecta Ares	Dos Hermanas (Sevilla)	10,102	76	17.4	2021	7
Selecta Cáceres	Cáceres	9,489	82	19.0	2021/2022	24
Selecta Salobreña	Granada	15,831	107	20.3	2021	6
		<b>51,789</b>	<b>411</b>	<b>103.6</b>		<b>40 (9.7%)</b>

## JV PROJECTS UNDER DEVELOPMENT

Development	Location	Building Potential	N° of units	Sales volumen (M€)	Planned delivery
Boadilla Essences II	Boadilla del Monte (Madrid)	3,240	16	8.9	2021
Selecta Apolo	Dos Hermanas (Sevilla)	10,499	93	16.5	2022/23
BA-2	Dos Hermanas (Sevilla)	12,032	108	19.7	-
Elements Fase III	Marbella (Málaga)	4,324	34	9.4	2022
QuintEssence II	Marbella (Málaga)	6,460	39	15.1	2022
QuintEssence III	Marbella (Málaga)	7,414	47	15.5	2023
Selecta Avda. Jerez	Sevilla	5,508	44	n/a	n/a
Monte de la Villa	Villaviciosa de Odón (Madrid)	18,649	68	34.4	2021/2022
Santa Rosa	Córdoba	21,770	187	40.6	2022/2023
		<b>89,896</b>	<b>636</b>	<b>160.1</b>	

≠ Additionally there are 9 houses sold which correspond to developments already finished, so the total amount of houses sold is 398

**TOTAL JV PROJECTS**

**231,124**

**1,624**

**453.0**

**389 (39.4%)**

9

# Projects to be delivered in 2019

FULLY OWNED PROJECTS



**Development** Plaza del Teatro

Location	Málaga
Sales volume	29.3 M€
Units sold	48/57
Units delivered	2H 2019



**Development** Jardines Santa Ana III

Location	Dos Hermanas
Sales volume	8,2M€
Units sold	33/35
Units delivered	21/35



**Development** Conde de Zamora

Location	Córdoba
Sales volume	20,3M€
Units sold	48/81
Units delivered	2H 2019

JV PROJECTS



**Development** Pineda Parque I

Location	Sevilla
Sales volume	37.4 M€
Units sold	82/102
Units delivered	2H 2019



**Development** Selecta Atenas

Location	Dos Hermanas
Sales volume	15.3M€
Units sold	46/61
Units delivered	2H 2019



**Development** Selecta Olimpia

Location	Dos Hermanas
Sales volume	8.6M€
Units sold	8/20
Units delivered	2H 2019



**Development** Boadilla Garden

Location	Dos Hermanas
Sales volume	36.9M€
Units sold	67/74
Units delivered	2H 2019

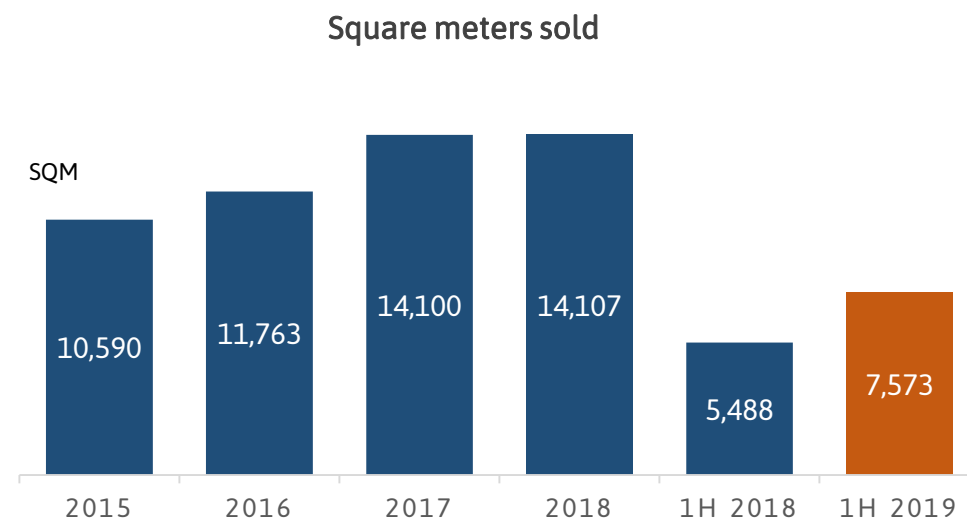
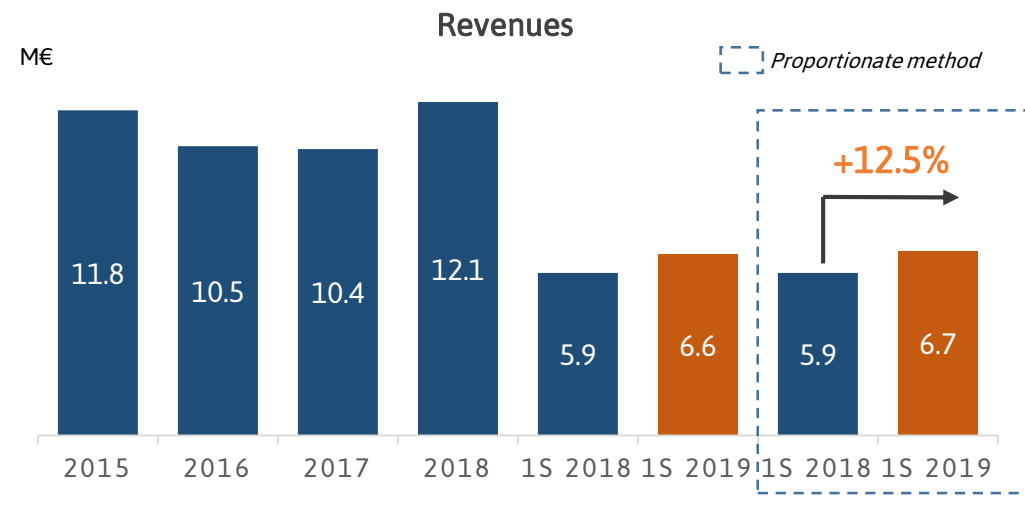
# Rental



- As of the first half of the year the surface sold amounts to **7,573 sqm**. There have been terminations totaling 3,245 sqm
- **Occupancy rate** rises to **86.1%** in line with the strategic plan which foresees a 90% occupancy rate at the end of 2020
- The **annualized rental income** of the contracts in force at 30<sup>th</sup> June 2019 (including incomes derived from the parking activity, the contract of the hotel at Av. Rep Argentina and the 90% of the rental of the North Building at Rio 55) amounts to **17.1 M€**

**GAV of the assets** aimed both at rental and own use amounts to **291,8 M€**  
*(valuation at 30/06/19 estimated from CBRE valuation at 31/12/18 and revised with additions at cost value)*

**116,193 sqm office and commercial premises portfolio** and more than **2,500 parking spots**



# Construction and Project Management

19.4 M€ CONSTRUCTION REVENUES  
108.7% INCREASE

2.4 M€ MANAGEMENT REVENUES  
19.0% INCREASE

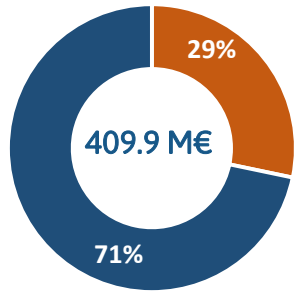
## Main projects currently managed:

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>	<p><b>UNDER CONSTRUCTION. SOUTH BUILDING SOLD. NORTH BUILDING LEASED</b></p>
DESARROLLOS METROPOLITANOS DEL SUR, S.L.	<ul style="list-style-type: none"> <li>Selecta Entrenúcleos (Sevilla), 2,337 units</li> <li>Alminar II (Marbella), 44 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> </ul>	<p><b>CCC (214 units):</b></p> <ul style="list-style-type: none"> <li>Alminar II: 44 units</li> <li>Selecta Rodas: 54 units</li> <li>Selecta Arquímedes: 116 units</li> </ul> <p><b>UNDER CONSTRUCTION (270 units):</b></p> <ul style="list-style-type: none"> <li>Selecta Atenas: 61 units</li> <li>Selecta Conil: 73 units</li> <li>Selecta Olimpia: 20 units</li> <li>Selecta Hermes: 116 units</li> </ul>
IDS RESIDENCIAL LOS MONTEROS, S.A.	<ul style="list-style-type: none"> <li>Los Monteros (Marbella)</li> <li>285 units</li> </ul>	<p><b>UNDER CONSTRUCTION :</b></p> <ul style="list-style-type: none"> <li>Elements I: 53 units</li> <li>Quintessence I: 46 units</li> </ul>
IDS PALMERA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> <li>Pineda Parque (Sevilla)</li> <li>182 units</li> </ul>	<p><b>UNDER CONSTRUCTION :</b></p> <ul style="list-style-type: none"> <li>1ª FASE: 102 units</li> </ul>
IDS BOADILLA GARDEN RESIDENCIAL, S.A.	<ul style="list-style-type: none"> <li>Boadilla Garden (Boadilla del Monte, Madrid), 74 units</li> <li>Boadilla Essences (Boadilla del Monte, Madrid), 48 units</li> </ul>	<p><b>UNDER CONSTRUCTION (106 units):</b></p> <ul style="list-style-type: none"> <li>Boadilla Garden: 74 units</li> <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>	<p><b>UNDER DEVELOPMENT</b></p>
IDS MONTEVILLA RESIDENCIAL, S.A.	<ul style="list-style-type: none"> <li>Monte de la Villa (Villaviciosa de Odón, Madrid), 68 units</li> </ul>	<p><b>UNDER DEVELOPMENT</b></p>

# NAV, GAV, LTV & debt

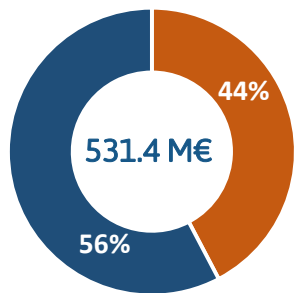
\* valuation at 30/06/19 estimated from CBRE valuation at 31/12/18 and revised with additions at cost value and disposals due to deliveries

INSUR GAV †



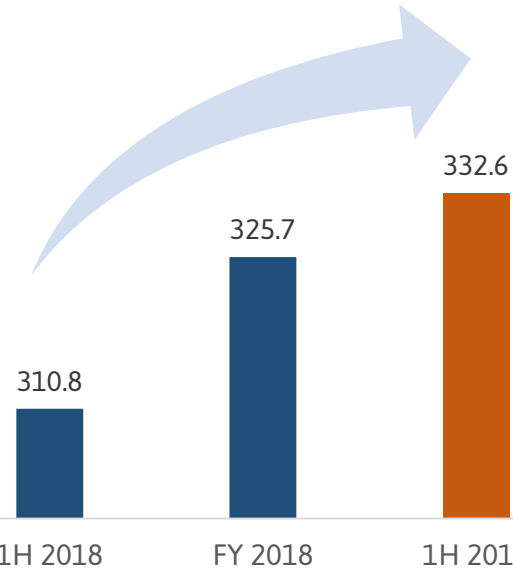
■ Real Estate development ■ Rental

INSUR GAV\*

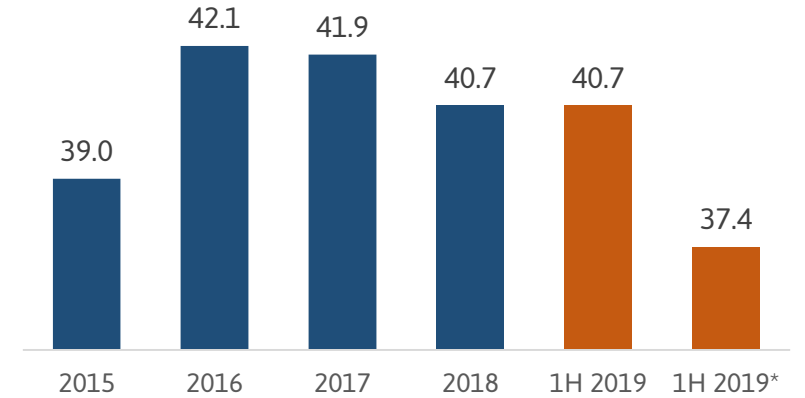


■ Real Estate development ■ Rental

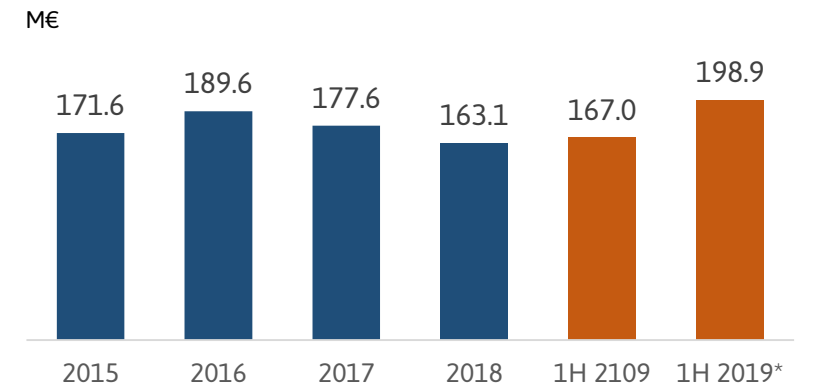
INSUR NAV \*



LTV evolution %



Net financial debt evolution



\* Proportionate method

# Financing

After the closing two facts took place:

- New Promissory Notes program at **MARF** with an outstanding balance of 50 M€ and expiry date July 11th 2020  
Objective: financing sources diversification

- **Syndicated loan of 110 M€**
  - 100 M€ to cancel bilateral banking loans with mortgage guarantees
  - 10 M€ CAPEX to transform a 7,200 sqm building in Seville into a hotel

Maturity: 10 years

Balloon 65%

2 initial years of deferral period

Objective: strengthen the financial structure of the rental activity, reduce costs, raise funds for the CAPEX and release in the next 5 years 31.5 M€ cash to grow this activity

The operation has been subscribed by : Santander (Agent Bank), BBVA, Caixabank, Unicaja, Sabadell, Cajasur, Bankinter, Targobank, Novo Banco y Caja Rural de Granada

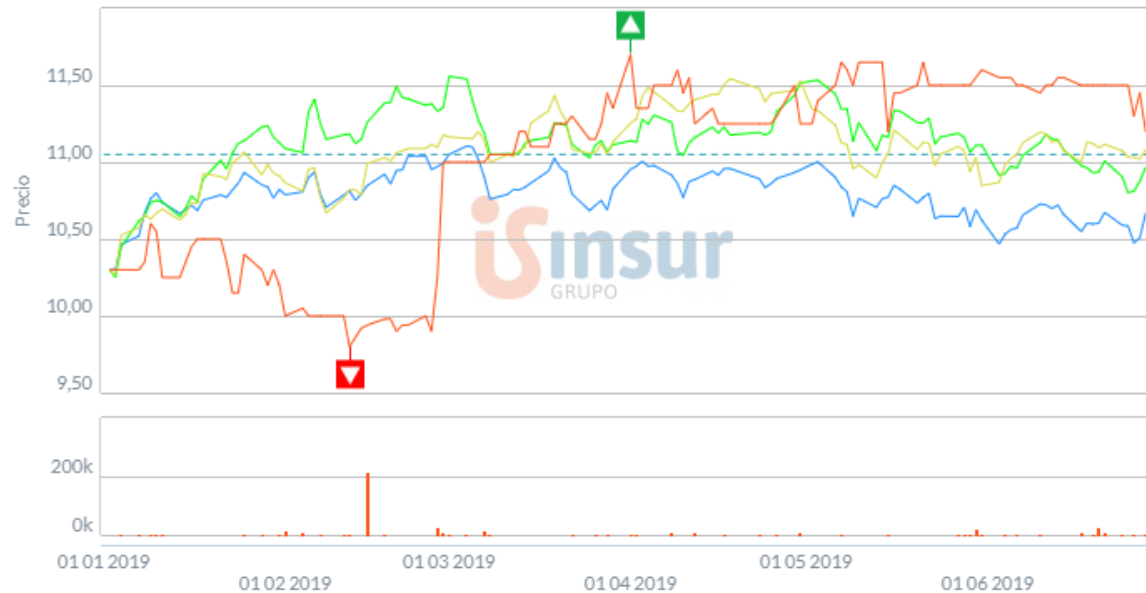
This syndicated loan involves a substantial improvement of the preexisting financing conditions in terms of cost and servicing of the debt, proceeding the Group to cancel the previous corporate financing. That cancelation has resulted- for accounting reasons- in the Group having to register in the 2019 financial statements an accounting expense of 4.6 M€ which is the offsetting entry of the increase in the net equity registered on January 1st 2018, also for accounting reasons (retroactive application of IFRS 9), for having renegotiated in 2016 with the financial entities a reduction in the costs of the previous corporate financing. Being a simple accounting entry, without any impact on the actual results of the Group, the intention of the Board is to disregard this accounting effect on the profit when stablishing the base of the dividend distribution against 2019 results, in the same way as the increase in the net equity in 2018 had no impact on the dividend distribution on that year.



# Share evolution

## Share Price 1H 2019

In the 1H 2019 the share Price (ISUR) grew by 8.7%, behaving better than the Ibex Small Cap, which grew by 6.5%. The share closed at 11.20€ which implies a market cap of 190.1 M€ at the 30<sup>th</sup> June 2019



ACCIONES

■ Grupo Insur

ÍNDICES

■ IBEX 35

■ IBEX Medium Cap

■ IBEX Small Cap

Market Cap June 19	NAV June 19	Discount vs NAV
190.1 M€	332.6 M€	42.8%

## Conciliation between equity method and proportionate method

Consolidated P&L	1H 2019			1H 2018		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	56,430	(9,568)	46,862	47,648	(8,650)	38,998
<b>a</b> <i>Real Estate development</i>	9,532	8,928	18,460	21,813	-	21,813
<i>Rental</i>	6,618	44	6,662	5,866	51	5,917
<b>b</b> <i>Construction</i>	37,419	(18,038)	19,382	17,986	(8,701)	9,285
<i>Project Management</i>	2,861	(502)	2,360	1,983	-	1,983
EBITDA	6,545	1,312	7,857	8,366	(149)	8,217
Results of the sale of real estate investments	-	-	-	1,918	-	1,918
Adjusted EBITDA	6,545	1,312	7,857	6,448	(149)	6,299
Operating profit	5,168	1,286	6,455	6,981	(177)	6,804
Financial result	(2,673)	(195)	(2,868)	(3,128)	(144)	(3,272)
<b>c</b> Results of entities valued by equity method	870	(870)	1	233	194	427
Profit before tax	3,365	221	3,587	4,086	(127)	3,959
Net profit	2,677	-	2,677	3,076	-	3,076

### 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) Results of entities valued by equity method: the results of the JVs are contained in different sections of the proportionate financial statements (operating result, financial result, income tax expense). The results of the related companies are kept under *Results of entities valued by equity method*



## Conciliation between equity method and proportionate method

### Consolidated balance sheet

	1H2019			Dec 18		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	140,766	107	140,873	138,977	115	139,092
<b>a</b> Financial investments in JVs	31,321	(29,882)	1,439	33,551	(31,437)	2,114
<b>b</b> Inventory	106,238	94,119	200,357	95,013	78,947	173,960
Clients and other receivables	42,617	(7,745)	34,872	27,075	(5,558)	21,517
Other assets	35,662	(1,017)	34,645	29,396	1,573	30,969
Cash and equivalents	34,784	6,604	41,388	38,205	7,273	45,478
<b>TOTAL ASSETS</b>	<b>391,388</b>	<b>62,186</b>	<b>453,574</b>	<b>362,217</b>	<b>50,913</b>	<b>413,130</b>
Net equity	103,943	-	103,943	103,804	-	103,804
<b>c</b> Amounts owed to credit institutions	177,418	38,530	215,948	178,026	28,987	207,013
Other financial liabilities	24,336	-	24,336	23,269	-	23,269
<b>d</b> Trade and other payables	54,288	19,737	74,025	31,726	17,135	48,861
Other liabilities	31,403	3,919	35,322	25,392	4,791	30,183
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>391,388</b>	<b>62,186</b>	<b>453,574</b>	<b>362,217</b>	<b>50,913</b>	<b>413,130</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 payables: the proportionate method of consolidating the Jvs implies the incorporation of the accounts payable figures in the proportion in which the Group participates in these companies

