



# Grupo Insur

Results Presentation 2019

27th February 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 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. 2019 Highlights



*Results by proportionate method*

**REVENUES**  
122.8 M€ **+7.8%**

**OPERATING PROFIT**  
24.0 M€ **+20.6%**

**ADJUSTED EBITDA**  
22.4M€ **+28.6%**

**NET PROFIT** without the effect of IFRS9  
13.3 M€ **+31.6%**



**REAL ESTATE DEVELOPMENT**

65.1 M€ **-15.5%**



**RENTAL**

13.7 M€ **+12.5%**



**CONSTRUCTION**

39.6 M€ **+83.1%**



**PROJECT MANAGEMENT**

4.5 M€ **+26.6%**



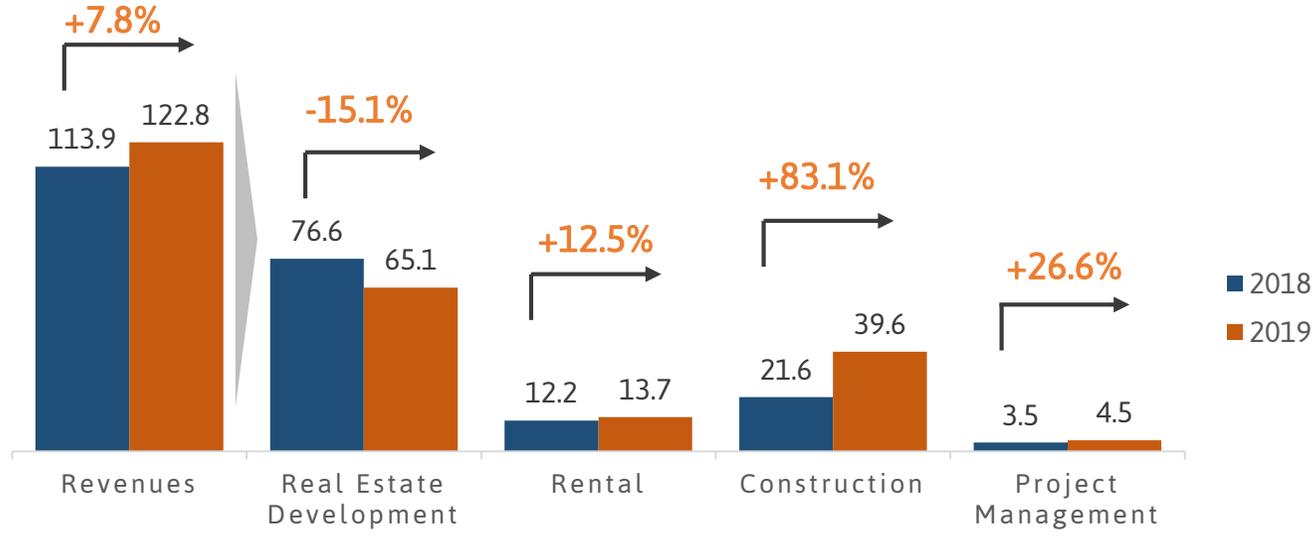
**NET FINANCIAL DEBT** 196.4 M€ **+6.3% vs Dec 18**

- All the **business activities** are **expanding** according to the Strategic Plan
- Real Estate Development revenues are affected by the **delay in the deliveries** due to the coming into force of the new real estate credit act
- Despite this, the **presales figure of 121.1 M€** shows the capacity to generate results in the incoming years
- **Excellent performance of rental**, reflected in the annual rental income of **17,2 M€**
- In July 2019, a **syndicated loan** was signed, amounting 110 M€ and with maturity of 10 years. This loan will strengthen financial structure of the rental activity and will also reduce its costs.
- The execution of that loan has had a **merely accounting effect** in the Net Profit due to IFRS 9

# Executive Summary. 2019 Results

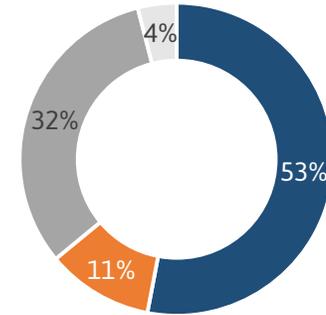
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Results by proportionate method

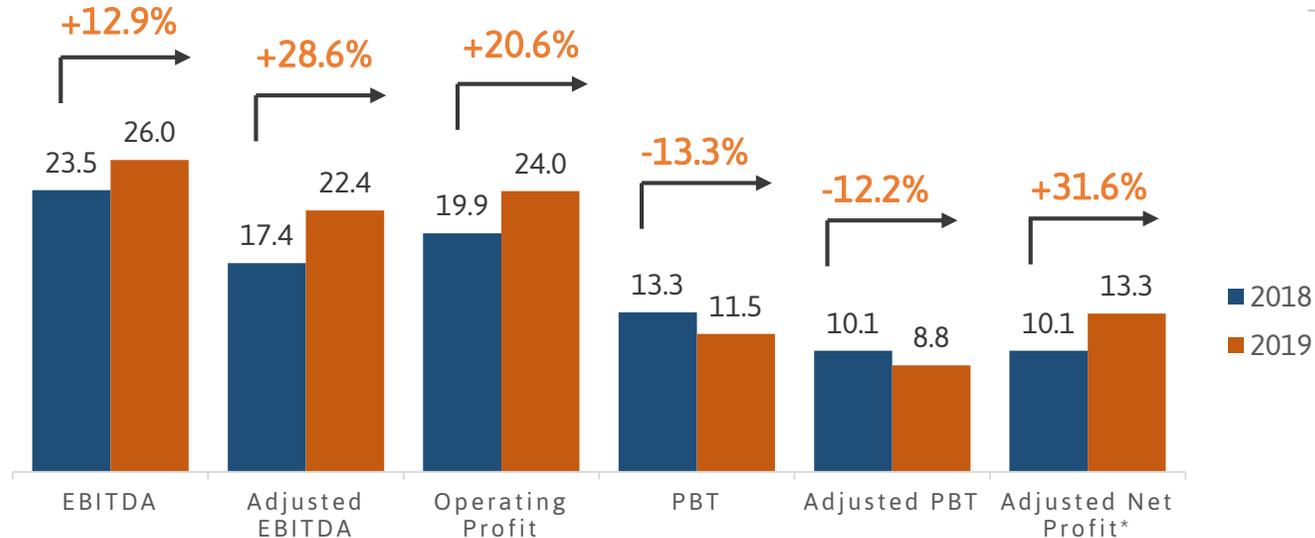


## REVENUE BREAKDOWN

- Development
- Construction
- Rental
- Project Management



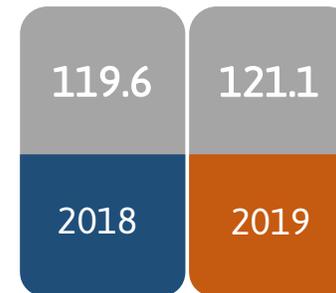
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## PRESALES

100% Owned and JVs in their participation %

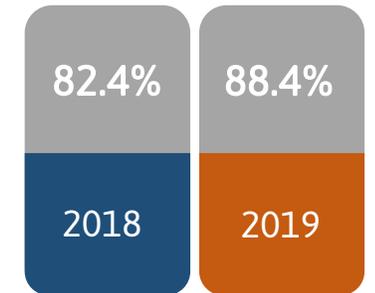
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+1.25%



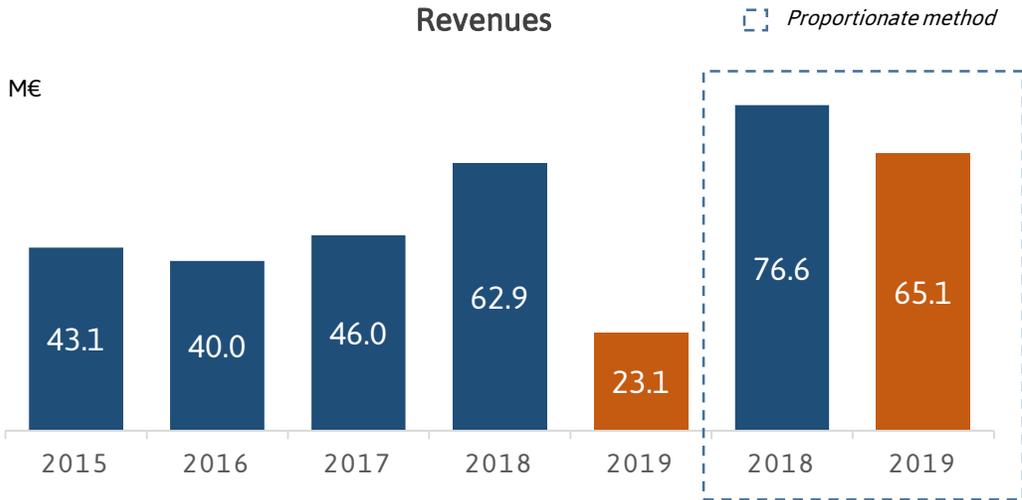
## OCCUPANCY RATE



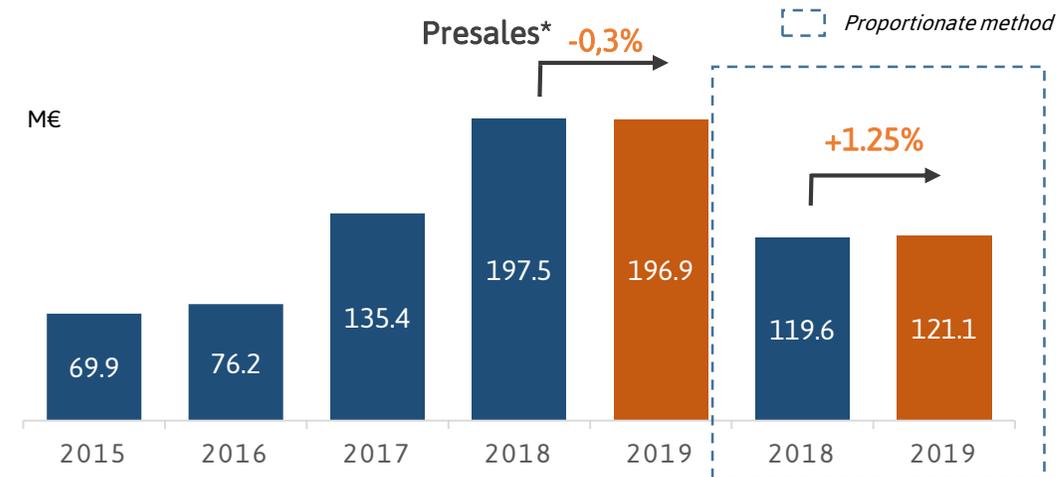
+6.0p.p.

\* Without the effect of IFRS 9

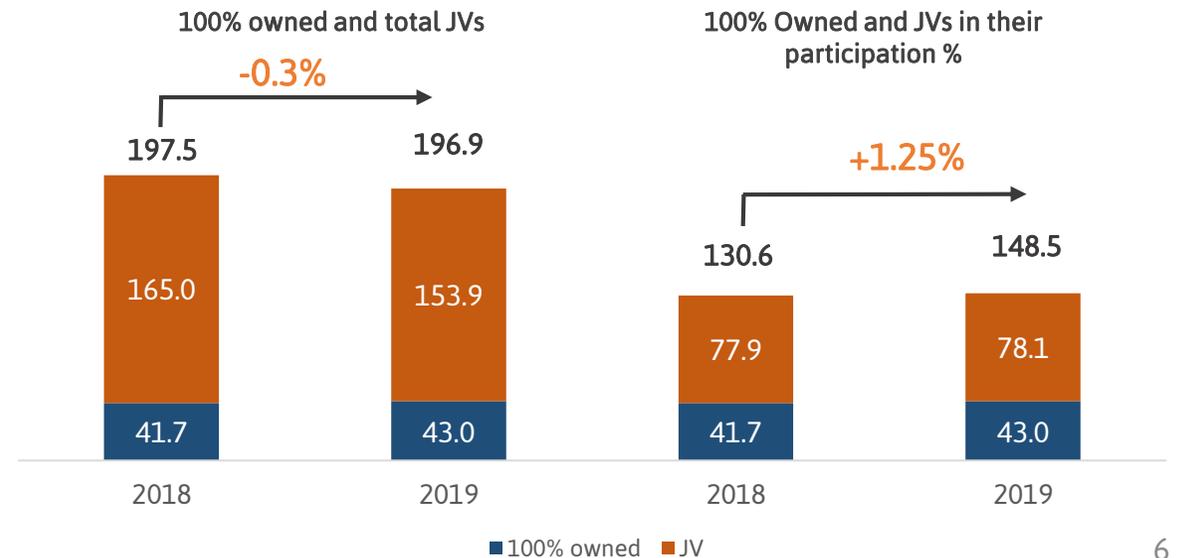
# Real Estate Development



- The Group currently has **1.769** houses under development of which 695 are under construction, 488 are already sold and 150 completed
- **347 houses have been delivered** in 2019 of which 94 correspond to own developments and 253 to JVs
- Commercial sales amount to 108.5 M€ (66.6 M€ in proportionate method), very similar to last year's figure



### Presales breakdown



\* Includes 100% presales of the JV as these companies are managed by the Group

# Ongoing developments and land portfolio

## Ongoing Developments

1,769 ongoing units

- 150 housing units completed of which 79 are pending to be delivered and 71 pending to be sold.
- 27 ongoing developments (13 in West Andalucía, 7 in Málaga and Costa del Sol, 6 in Madrid, 1 in Cáceres and 1 in Granada) totaling 1,617 units:
- 84 housing units underway directly by Insur with a development potential of 11,793 sqm.
- 1,535 housing units underway through JVs (with Insur holding a 50% share), with a development potential of 204,656 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

2,590 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 10 plots with a building potential of 191,140 sqm (1,670 housing units).

Ongoing developments  Land portfolio

**TOTAL OF  
4.359 UNITS**



# 100% owned developments

## PROJECTS UNDER CONSTRUCTION

Figures as of January 2020

\* On marketing stage

Development	Location	Building potential	N° of units	Sales volumen (M€)	Planned delivery	Units sold
Plaza del Teatro Block I*	Málaga	4,441	36	22.6	2020	31
Residencial 75 Aniversario*	Sevilla	7,352	48	33.6	2020	27
		<b>19,233</b>	<b>137</b>	<b>56.2</b>		<b>58 (69.0%)</b>

¥ Additionally there are 28 houses sold which correspond to developments already finished, so the total amount of houses sold is 86

# JV Developments

Figures as of January 2020 \* On marketing stage

## PROYECTOS JVs EN CONSTRUCCIÓN

Development	Location	Building Potential	N° of units	Sales volume (M€)	Planned delivery	Units sold
Boadilla Essences I*	Boadilla del Monte (Madrid)	6,480	32	19.1	2020	26
Elements Fase I*	Marbella (Málaga)	6,656	53	18.2	2020/2021	25
Selecta Conil*	Conil de la Frontera (Cádiz)	8,131	73	17.9	2020	73
Selecta Hermes*	Dos Hermanas (Sevilla)	13,761	116	22.5	2020/2021	74
QuintEssence I*	Marbella (Málaga)	10,282	46	17.1	2022	2
Pineda Parque II*	Sevilla	8,249	80	28.0	2021/2022	16
Selecta Ares*	Dos Hermanas (Sevilla)	10,102	76	17.8	2021	35
Mirador del Olivar*	Valdemoro (Madrid)	7,440	53	13.7	2021	21
Selecta Cáceres*	Cáceres	9,489	82	19.2	2021/2022	43
		<b>80,590</b>	<b>611</b>	<b>173.5</b>		<b>315 (51.6%)</b>

## JV PROJECTS STARTING CONSTRUCTION IN 2020

Development	Location	Building Potential	N° of units	Sales volume (M€)	Planned delivery	Units sold
Elements Fase II	Marbella (Málaga)	8,118	66	21.1	2022	2
Selecta Salobreña*	Granada	15,831	107	20.3	2022	14
Boadilla Essences II	Boadilla del Monte (Madrid)	3,240	16	8.9	2022	
Selecta Apolo	Dos Hermanas (Sevilla)	10,499	106	16.5	2022/23	
Selecta Mykonos <sup>5</sup>	Dos Hermanas (Sevilla)	4,430	24	9.0	2021	
Monte de la Villa Unique	Villaviciosa de Odón (Madrid)	7,200	36	18.8	2022/2023	
Monte de la Villa Exclusive	Villaviciosa de Odón (Madrid)	5,790	32	15.6	2022/2023	
Monte de la Villa M9	Villaviciosa de Odón (Madrid)	6,600	22	11.9	2022/2023	
Terrazas de Santa Rosa I	Córdoba	10,833	92	23.1	2022/2023	
		<b>72,541</b>	<b>501</b>	<b>145.2</b>		<b>16 (3.2%)</b>

## JV PROJECTS UNDER DEVELOPMENT

Development	Location	Building Potential	N° of units	Sales volume (M€)	Planned delivery
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
Calle Juglar	Sevilla	4,742	56	17.4	-
Terrazas de Santa Rosa II	Córdoba	11,045	95	21.5	2023/2024
Selecta Avda. Jerez	Sevilla	5,508	44	15.5	2023/2024
		<b>51,525</b>	<b>423</b>	<b>114.1</b>	

## TOTAL JV PROJECTS

**204,656**      **1,535**      **432.8**

**331 (21.6%)**

¥ Additionally there are 51 houses sold which correspond to developments already finished, so the total amount of houses sold is 382

\$ optioned plot

# Projects delivered in 2019

## FULLY OWNED PROJECTS



Development	Plaza del Teatro I & II
Location	Málaga
Sales volume	30,9 M€
Units sold	52/57
Delivery planned	2Q 2020



Development	Jardines Santa Ana III
Location	Dos Hermanas
Sales volume	8,2M€
Units sold	34/35
Units delivered	29/35



Development	Conde de Zamora
Location	Córdoba
Sales volume	20,3M€
Units sold	59/81
Units delivered	52/81

## JV PROJECTS



Development	Pineda Parque I
Location	Sevilla
Sales volume	37.6 M€
Units sold	91/102
Units delivered	68/102



Development	Selecta Atenas
Location	Dos Hermanas
Sales volume	15.3M€
Units sold	57/61
Units delivered	52/61



Development	Selecta Olimpia
Location	Dos Hermanas
Sales volume	8.6M€
Units sold	19/20
Units delivered	11/20



Development	Boadilla Garden
Location	Boadilla del Monte (Madrid)
Sales volume	36.9M€
Units sold	67/74
Units delivered	58/74

# Rental

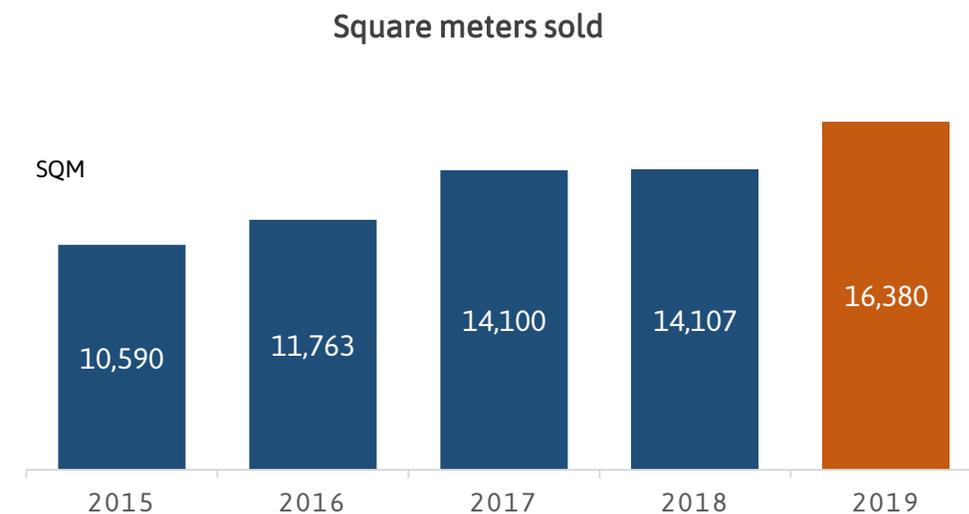
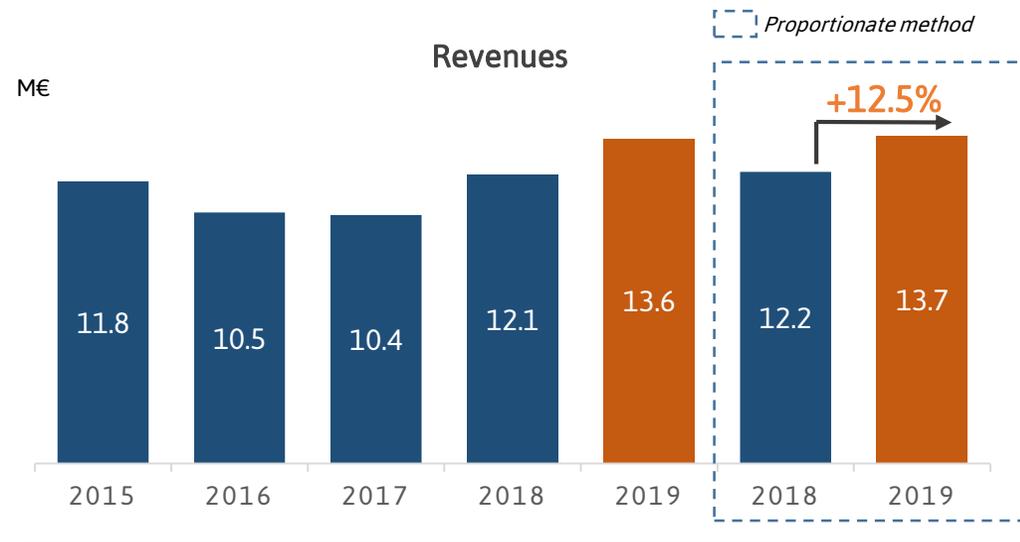


- In 2019 the surface sold amounts to **16,380 sqm**.
- **Occupancy rate** rises to **88.4%** in line with the strategic plan which foresees a 90% occupancy rate at the end of 2020
- The **annualized rental income** of the contracts in force at 30<sup>th</sup> September 2019 (including incomes derived from the parking activity, the contract of the hotel at Av. Rep Argentina and the 90% of the rental of the North Building at Río 55) amounts to **17.2 M€**

GAV of the assets aimed both at rental and own use amounts to **298.1 M€**  
(CBRE valuation at 31/12/19)

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

- IDS Manzanares has rented out the whole north building of Río 55 to Cetelem (BNP Paribas)
- Grupo Insur has entered into an agreement to acquire an additional 40% stake in IDS Manzanares in order to hold the 90% of the shares. The intention is to allocate this building to the rental activity



# Construction and Project Management

**39.6 M€ CONSTRUCTION REVENUES**  
83.1% INCREASE

**4.5 M€ MANAGEMENT REVENUES**  
26.6% INCREASE

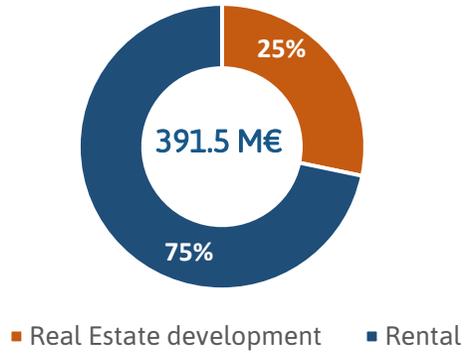
## Main projects currently managed:

<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>UNDER CONSTRUCTION. 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), 2.337 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> <li>Selecta Avenida Jerez (Sevilla): 44 units</li> </ul>	<p><b>CCC (295 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> <li>Selecta Atenas: 61 units</li> <li>Selecta Olimpia: 20 units</li> </ul> <p><b>UNDER CONSTRUCTION (347 units):</b></p> <ul style="list-style-type: none"> <li>Selecta Conil: 73 units</li> <li>Selecta Hermes: 116 units</li> <li>Selecta Ares: 76 units</li> <li>Selecta Cáceres: 82 units</li> </ul>
<b>IDS RESIDENCIAL LOS MONTEROS, S.A.</b>	<ul style="list-style-type: none"> <li>Los Monteros (Marbella)</li> <li>285 units</li> </ul>	<p><b>UNDER CONSTRUCTION (99 units) :</b></p> <ul style="list-style-type: none"> <li>Elements I: 53 units</li> <li>Quintessence I: 46 units</li> </ul>
<b>IDS PALMERA RESIDENCIAL, S.A.</b>	<ul style="list-style-type: none"> <li>Pineda Parque (Sevilla)</li> <li>182 units</li> </ul>	<p><b>CCC (102 units):</b></p> <ul style="list-style-type: none"> <li>Phase I: block 1,2 &amp;3</li> </ul> <p><b>UNDER CONSTRUCTION (80 units) :</b></p> <ul style="list-style-type: none"> <li>Phase II: Block 4 and 5</li> </ul>
<b>IDS BOADILLA GARDEN RESIDENCIAL, S.A.</b>	<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>CCC (74 units):</b></p> <ul style="list-style-type: none"> <li>Boadilla Garden: 74 units</li> </ul> <p><b>UNDER CONSTRUCTION (32 units):</b></p> <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>

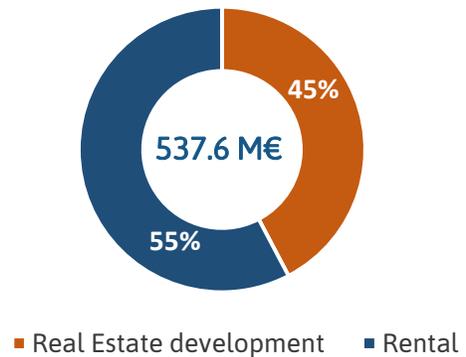
# NAV, GAV, LTV & debt

\* CBRE valuation at 31/12/19

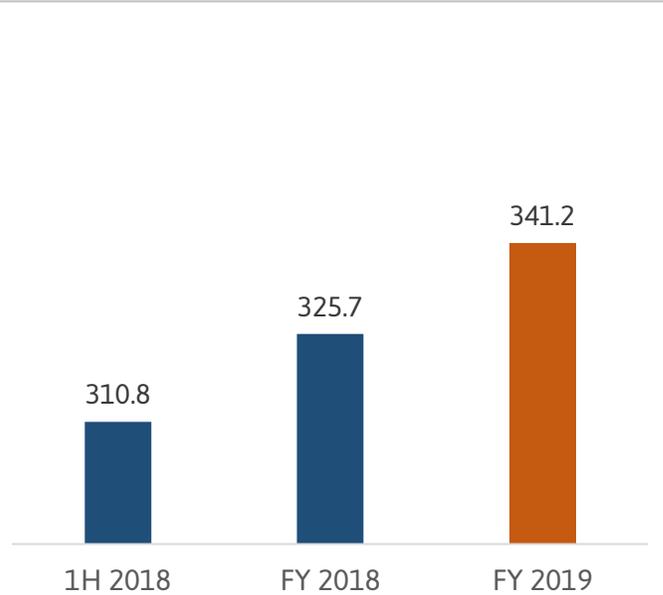
INSUR GAV \*



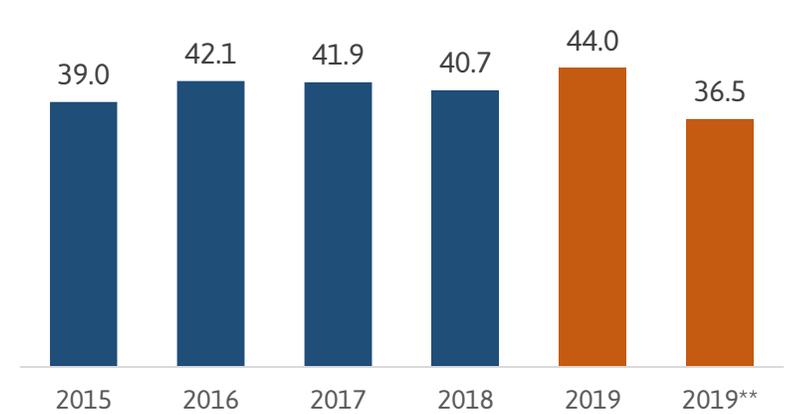
INSUR GAV\*\*



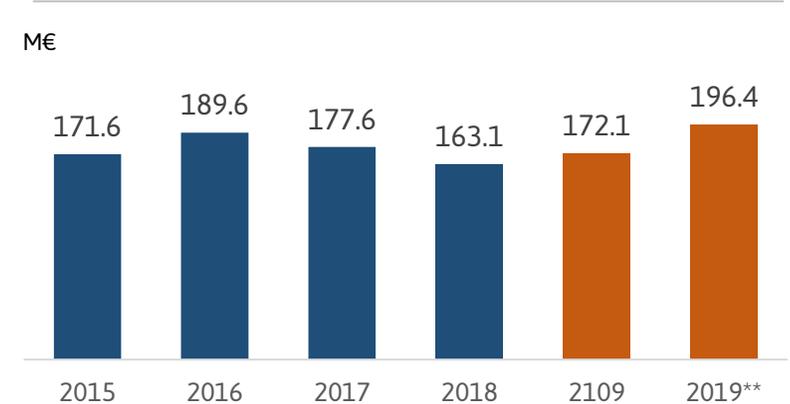
INSUR NAV \*\*



LTV evolution %



Net financial debt evolution

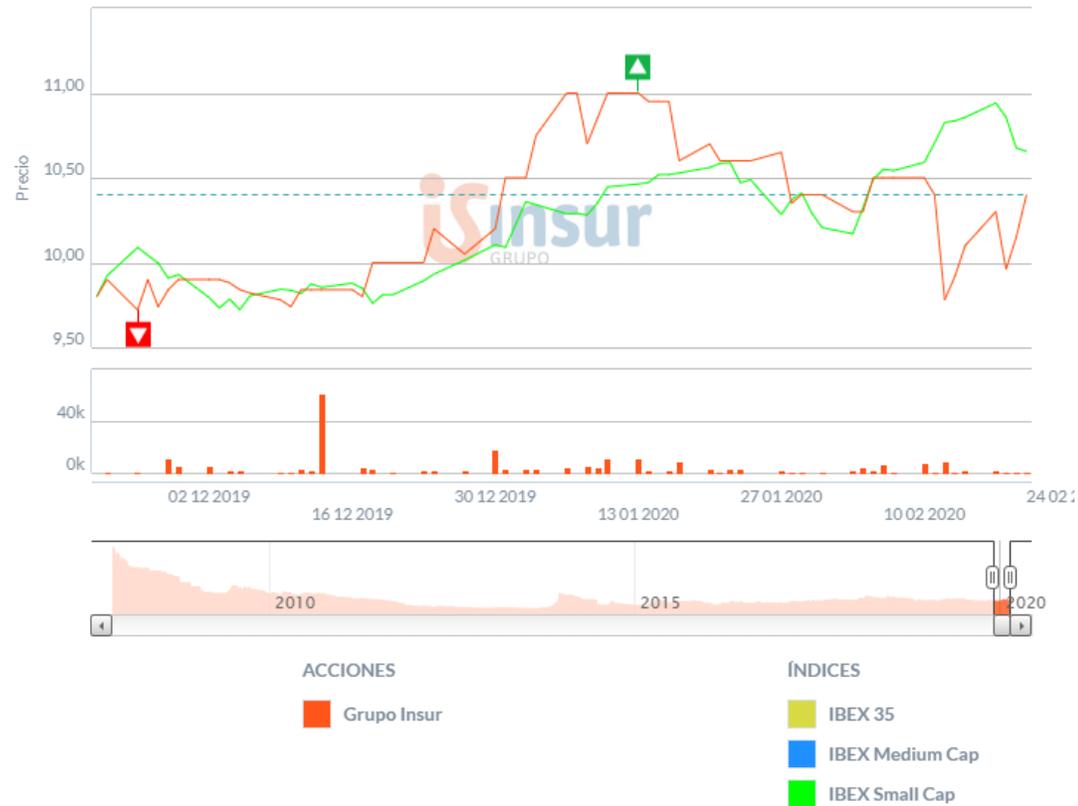


\*\* Proportionate method

# Share evolution

## Share Price 2019

In 2019 the share Price (ISUR) grew by 1.9%, behaving worse than the Ibex Small Cap, which grew by 9.4%. The share closed at 10.5€ which implies a market cap of 178.2 M€ at the 31<sup>st</sup> December 2019



Market Cap December 19	NAV December 19	Discount vs NAV
178.2 M€	341.2 M€	48%

# Financing

During July 2019:

- 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€**
  - First drawdown 100 M€
    - 93,8 M€ to cancel bilateral banking loans with mortgage guarantees
    - 3,2 M€ arrangement costs
    - Remainder: free cash flow
  - 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.



# Syndicated loan impact on the 2019 results

- The execution of the syndicated loan has led to having to register an additional 5.8 M€ financial expense in P&L as a consequence of the termination of specific bilateral loans which were cancelled previously to this financing.
- The 5.8 M€ figure corresponds to the difference between the book value of these bilateral loans (amortized cost) and their nominal value
  - 4.6 M€ as a consequence of the **application, with effect on 1/1/18, of the IFRS 9** to these liabilities. This fact reduced these liabilities in 5.8 M€, increasing on the other hand the net equity of the Group, once adjusted the effect on the corporate tax. Since at the date of the cancellation of the loans, 1.2 M€ were already charged to P&L as a higher financial expense of the abovementioned loans, the outstanding amount totalled 4.6 M€
  - Additional 1.3 M€ correspond to **arrangement costs** of the loans, pending to be charged to P&L during the pending depreciation period of those loans
- The negative financial result and the Net Profit have been therefore affected by this extraordinary operation, which **does not affect nor treasury neither the EBITDA**.

# Proposed distribution of results and dividends

- Individual Result of Inmobiliaria del Sur, S.A. distribution:

To dividend:	6,279 Thousands of €	67.35%
To legal reserve:	-	-
To voluntary reserves and other	3,044 Thousands of €	32.65%
<b>Total</b>	<b>9,323 Thousands of €</b>	

- Dividend: 6,279 Thousands of € (0.37 €/share) → Pay out

71% over Net Consolidated Profit 2019

47% over adjusted Net Consolidated Profit (without the impact of IFRS 9 syndicated loan)

- Dividend: 6,279 Thousands of €

Interim dividend (15/01/2020) 2,885 Thousands of € (0.170 €/share)

Supplementary dividend (15/05/2020) 3,394 Thousands of € (0.20 €/share)

- The Group maintains the traditional policy of distributing approximately 47% of the Net Consolidated Profit, in this case **without taking into account the effect of the syndicated loan**

- The proposed dividend charged against the 2019 results represents an increase of 37% over the one charged against the 2018 results

## Conciliation between equity method and proportionate method

Consolidated P&L M€	2019			2018		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Revenues	121.6	1.1	122.8	120.3	(6.4)	113.9
<b>a</b> Real Estate development	23.1	42.0	65.1	62.9	13.7	76.6
<b>b</b> Rental	13.6	0.1	13.7	12.1	0.1	12.2
Construction	77.4	(37.9)	39.6	41.1	(19.5)	21.6
Project Management	7.5	(3.1)	4.5	4.3	(0.8)	3.5
<b>c</b> EBITDA	24.6	1.9	26.5	22.7	0.8	23.4
Result on the sale of investment property	4.1	-	4.1	6.1	-	6.1
Adjusted EBITDA	20.5	1.9	22.4	16.6	0.8	17.4
Operating profit	22.2	1.8	24.0	19.2	0.7	19.9
Financial result	(12.0)	(0.5)	(12.5)	(6.1)	(0.5)	(6.6)
Results of entities valued by equity method	10.2	1.3	11.5	13.0	0.2	13.3
Profit before tax	8.8	-	8.8	10.1	-	10.1
Net profit	121.6	1.1	122.8	120.3	(6.4)	113.9

### 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 M€	31/12/2019			31/12/ 2018		
	Equity method	Adjustments	Proportionate	Equity method	Adjustments	Proportionate
Property, Plant and Equipment	146.7	0.1	146.7	139.0	0.1	139.1
<b>a</b> Financial investments in JVs	42.8	(41.0)	1.8	33.6	(31.4)	2.1
<b>b</b> Inventory	100.5	100.8	201.3	95.0	78.9	174.0
Debtors and other receivables	29.5	(8.3)	21.2	27.1	(5.6)	21.5
Other assets	43.1	(2.1)	41.0	29.4	1.6	31.0
Cash and equivalents	33.7	16.3	50.0	38.2	7.3	45.5
<b>TOTAL ASSETS</b>	<b>396.3</b>	<b>65.9</b>	<b>462.1</b>	<b>362.2</b>	<b>50.9</b>	<b>413.1</b>
Net equity	107.2	-	107.2	103.8	-	103.8
<b>c</b> Amounts owed to credit institutions	179.1	40.6	219.7	178.0	29.0	207.0
Bonds and other negotiable securities	26.7	-	26.7	23.3	-	23.3
Trade and other payables	43.5	15.0	58.5	31.7	17.1	48.9
<b>d</b> Other liabilities	39.7	10.2	50.0	25.4	4.8	30.2
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>396.3</b>	<b>65.8</b>	<b>462.1</b>	<b>362.2</b>	<b>50.9</b>	<b>413.1</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
- 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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