



**INVESTMENT ANALYSIS AND RATING  
ASSIGNMENT OF THE JARDINES DE  
CORTIGUERA PROJECT**

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February 19, 2020

### DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of 22 houses, published in Housers website under the name of JARDINES DE CORTIGUERA.

### NATURE AND SCOPE OF OUR SERVICES

Project investment analysis based on the information provided on the main business plan's parameters, the market situation and the risk rating assignment through a standardized system (scoring) aimed at taking an investment decision.

Our work has been based on unaudited information provided by HOUSERS who receives the information from the Project developer. We want to underline that we didn't make any verification on our own, neither Audit, nor review, nor evaluation of the accounting, fiscal, legal, labour and environmental situation of the development loan Project object of this analysis. We assumed that the information we received was exhaustive and precise. Therefore, the possible risks that could occur, have not been taking into consideration in the analysis we made.

To carry out our work we have used information obtained by public sources and we assumed that it is fair and true, although we cannot guarantee the non-existence of any errors.

The information contained in the business plan fully belongs to the Project developer, although, for the purpose of our work, we have globally contrasted its coherence. We also want to point out that the Business Plan shouldn't be used in order to make an opinion about the whole Project, therefore, we avoid any responsibilities of any possible errors that could have an impact on the results of our work.

### AUTONOMY

Silva & Asociados notes that the information contained in this document is independent and should not be used as a recommendation for those that want to invest.

This investment analysis has been made exclusively to provide Housers and its users with an independent opinion on the project wich is the only purpose of our work and, therefore, another use of this document is not permitted without our prior consent.

### CONFIDENTIALITY

Silva & Asociados authorizes the publication of this investment analysis on Housers' website [www.housers.com](http://www.housers.com).

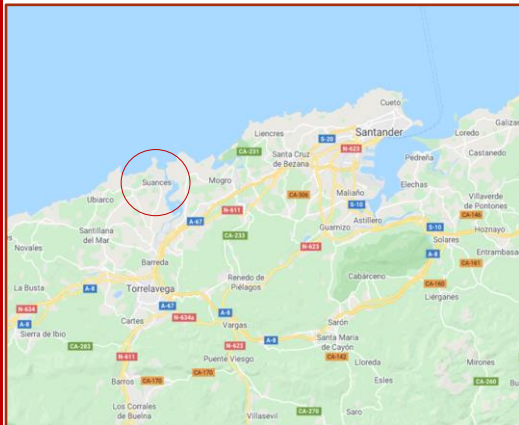
### DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the municipality of Suances, in the Autonomous Community of Cantabria.
- Construction of 22 single-family homes.
- For the purposes of calculations in this report, the most conservative hypothesis (18 months duration) has been taken, while the Promoter's business plan includes an alternative to 12 months.
- The need for project financing amounts to € 300.000.

# INVESTMENT ANALYSIS AND RATING ASSIGNMENT

## LOCATION



Source: Google Maps

## AREA & SUROUNDINGS

The investment is located at number 67 of the neighborhood of Cortiguera, in Suances. Suances is a municipality and municipal capital of the autonomous community of Cantabria located on the western coast of the region.

Nowadays, industry, fisheries and tourism are the main sources of income for the population.

Suances has a population of almost 9 thousand inhabitants and belongs to the Metropolitan Area of Santander-Torrelavega, which has a population of more than 400 thousand inhabitants.

## BUSINESS PLAN

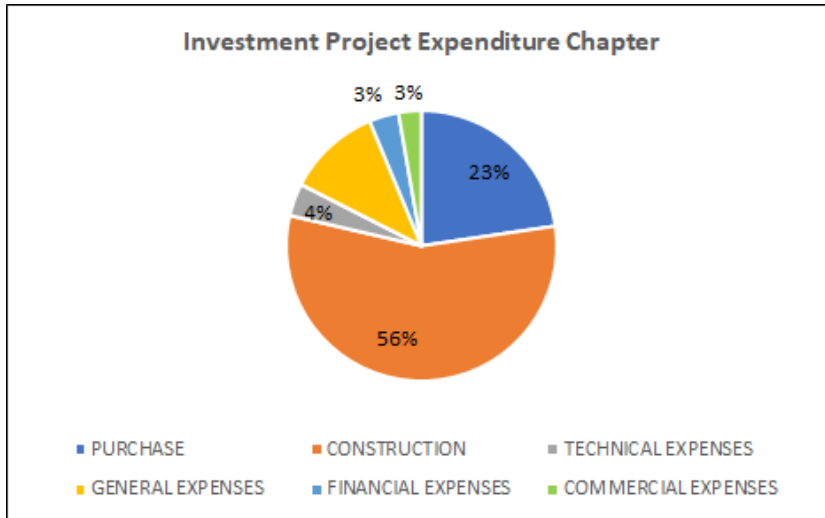
The summary of the business plan of the Project is as following:

€	2020	2021	2022	TOTAL
Income	0	0	3,104,000	3,104,000
Change in Inventories	1,359,972	1,194,437	-2,554,409	0
Procurements	-1,359,972	-1,194,437	-20,646	-2,575,056
Selling Cost	0	0	-2,575,056	-2,575,056
Gross Margin	0	0	528,944	528,944
Other operating expenses	-29,040	0	0	-29,040
EBITDA	-29,040	0	528,944	499,904
EBIT	-29,040	0	528,944	499,904
Financial Result	-36,819	-26,291	-2,069	-65,179
EBT	-65,859	-26,291	526,875	434,725

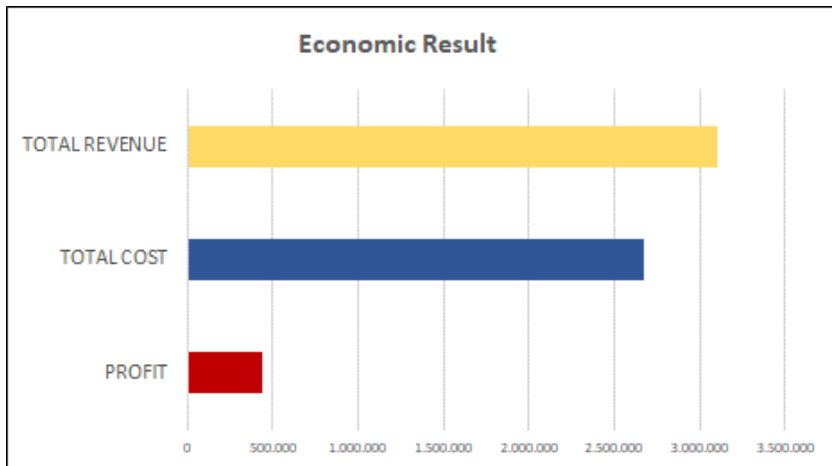
Source: Project Developer

# INVESTMENT ANALYSIS AND RATING ASSIGNMENT

A summary of the main expense chapters of the Project's investment and its economic profitability is as follows:



Source: Project Developer



Source: Project Developer

## BENCHMARKING

Market Witnesses Area			
Real Estate Selling Price			
Adress	Municipality	m <sup>2</sup>	€/m <sup>2</sup>
General Mola	Suances	108	2,667
Acacio Gutierrez	Suances	250	2,600
Madrid	Suances	355	1,676
Parador	Suances	120	1,667
Redondo	Suances	130	1,880
Palencia	Suances	240	1,875
Ceballos	Suances	360	2,083
AV de la constitución	Suances	80	1,875
<b>Average</b>			<b>1,891</b>

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Alfaplayas, Inmobiliaria Barrio, Atamira21, Inmobiliarias San Fernando).

In order to compare the selling price, we are using the one obtained by the Project Developer which places the average at 1,891 €/m<sup>2</sup>.

The cost of construction in the area has an average of 850 €/m<sup>2</sup>.

## PROJECT PROFITABILITY

	2020	2021	2022
Cash Flow	-1,019,862	-1,229,276	2,683,863
	Cash Flow	ROI	
IRR	15.57%	16.29%	

Source: Own elaboration,

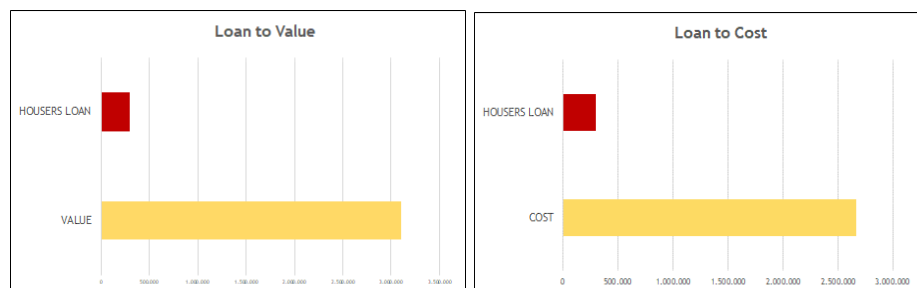
The profitability of the project stands at 15.57% of the capital invested and the Return on Investment (ROI) at 16.29%.

**Loan to value:** represents the indebtedness of an asset in relation to its real value and measures the percentage of debt over the real value of the asset.

**Loan to cost:** total cost of the project that is financed with debt and measures the degree of financial leverage of an investment project.

The Housers' loan represents the **9.66%** of the total value and **11.24%** of the total cost.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Source: Own elaboration

Score	Quality
AAA	Optimal
AA	High +
A	High
BBB	Good
BB	Satisfactory +
B	Satisfactory
CCC	Minimal
CC	Questionable
C	Questionable -

### PROJECT DEVELOPER

Grupo Inmobiliario San Martin Valladolid, S.L., with VAT number B-47770136, is a company whose main corporate purpose is the sale of all types of real estate.

The developers have an extensive experience and have developed a significant number of real estate projects satisfactorily.

### PROJECT'S RATING (SCORING)

The scoring's purpose is to qualify the project by evaluating the experience of the developer, the guarantees provided, as well as the profitability of the project.

The assignment considers 3 levels of investment quality:

- Investment with optimal and high quality: AAA (optimal) - AA and A (High)
- Investment with Good quality (BBB) and satisfactory (BB and B)
- Investment with low quality (CCC) and questionable (CC and C)

### DEVELOPER'S RATING

According to the result of our analysis about the Promoter we have assigned an **BBB** scoring based on the following evaluated parameters:

PROMOTOR	C	CC	CCC	B	BB	BBB	A	AA	AAA
Developer's Experience									
# Projects									
Company Performance									
Liquidity Ratios									
Debt Ratios									
Asset Management Key Figures									
Deadline Key Figures									
Profitability Ratios									

BBB

Source: Own elaboration

We downgraded a scoring category from AAA to BBB due to the lack of historical company information.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT

### PROJECT'S RATING

According to the analysis carried out, we have assigned an **BBB scoring** to the investment project based on the result of the weighting obtained on the following evaluated parameters:

PROYECTO	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR							■		
ROI							■		
License									■
Area of influence construction					■				
Selling Price €/m2									■
Construction €/m2									■
City (Population)			■						
Special Locations							■		
% formalized sales			■						
Loan to Value (Housers Loan)									■
Loan to Cost (Housers Loan)									■
Land									■

BBB

Source: Own elaboration

### GLOBAL EVALUATION

The overall rating of the investment project is determined by assigning a weight of **40%** to the Project Developer and the remaining **60%** to the project's scoring, which have been indicated from BBB to BBB, respectively and, therefore, we have assigned to **JARDINES DE CORTIGUERA** project an overall **BBB scoring**, which indicates a **GOOD** rating.

#### FINAL SCORING

BBB

Silva & Asociados, Asesores Financieros, S.A.

February 19, 2020



Juan José Silva Navarrete  
Managing Partner

