



INVESTMENT ANALYSIS AND RATING  
ASSIGNMENT OF THE SARDEGNA BEACH  
PROJECT

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

December 3, 2019

### DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of 8 villas, published in Housers website under the name of SARDEGNA BEACH.

### 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).

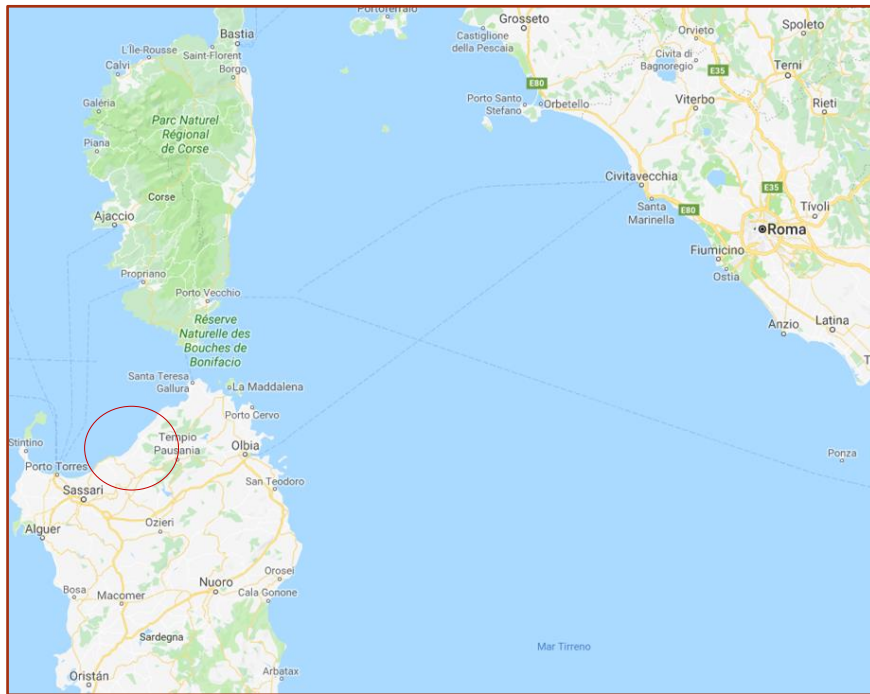
### DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The land object of the investment is located in the town of Valledoria, province of Sassari, in the region of Sardinia.
- Financing for the construction and furnishing of 8 villas.
- 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 & SORROUNDINGS

The land subject of the investment is located in the municipality of Valledoria. Located in the Anglona region, the city dominates the Gulf of Asinara, near the mouth of the Coghinas River.

The municipality of Valledoria has a population of 4,500 inhabitants. The province of Sassari has almost half a million inhabitants, while on the island of Sardinia there are approximately 1.7 million inhabitants.

## BUSINESS PLAN

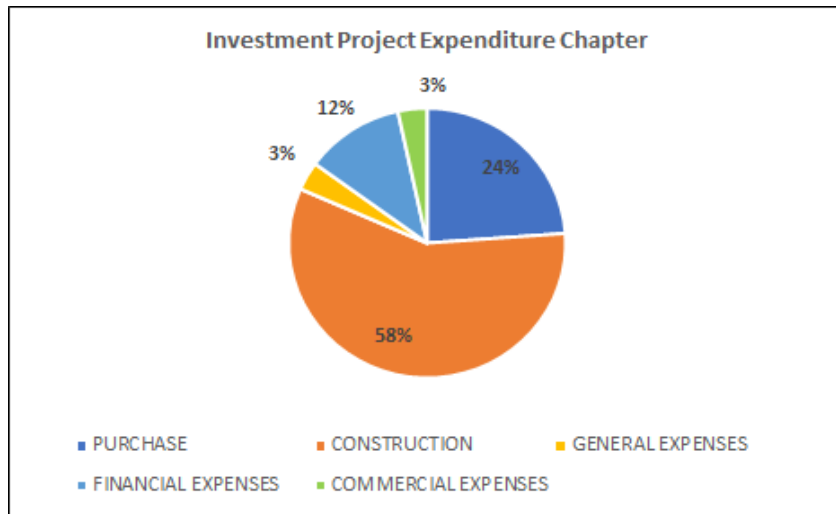
The summary of the business plan of the Project is as following:

€	2019	2020	2021	TOTAL
Income	0	0	787.600	787.600
Change in Inventories	140.000	250.600	-390.600	0
Procurements	-140.000	-250.600	-127.800	-518.400
Selling Cost	0	0	-518.400	-518.400
Gross Margin	0	0	269.200	269.200
Other operating expenses	-29.040	0	0	-29.040
EBITDA	-29.040	0	269.200	240.160
EBIT	-29.040	0	269.200	240.160
Financial Result	0	-27.500	-11.458	-38.958
EBT	-29.040	-27.500	257.742	201.202

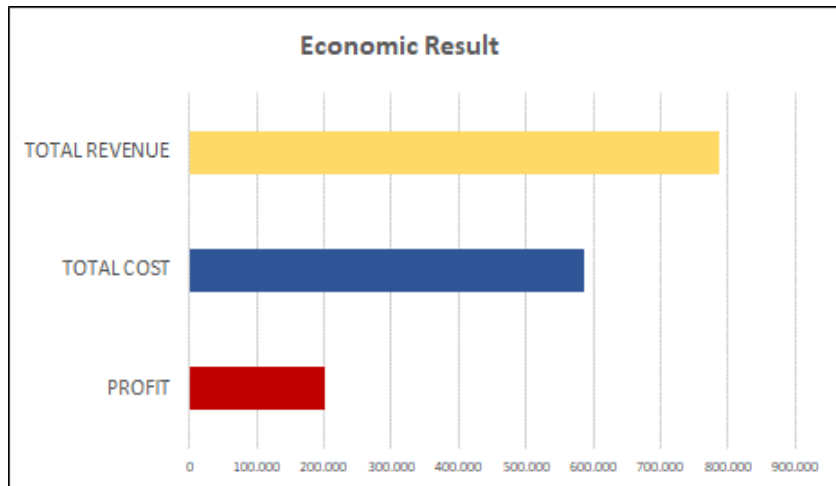
Source: Project Developer

## 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			
Address	Municipality	m <sup>2</sup>	€/m <sup>2</sup>
Via Giuseppe Parini	Villadoria	75	1,267
Velladoria	Villadoria	100	1,690
S.Pietros	Villadoria	80	2,938
Velladoria	Villadoria	60	1,317
Via Enrico Berlinguer	Villadoria	75	2,533
Corso	Villadoria	100	1,350
Via Romana	Villadoria	80	1,738
Average			1,833

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Idealista.it, Li Junchi, Del Sole, Sistemacasa, La Casa Estate, Studio Casa Salo)

The summary of the sale price has been prepared from an analysis of comparable product in the area of location of the project, prepared by reference real estate that place the average at 1,833 €/m<sup>2</sup>.

The cost of construction in the area has an average of 950 €/m<sup>2</sup>.

### PROJECT PROFITABILITY

	2019	2020	2021
Cash Flow	-169.040	-15.702	399.571
IRR	Cash Flow	41,63%	34,31%
	ROI		

Source: Own elaboration.

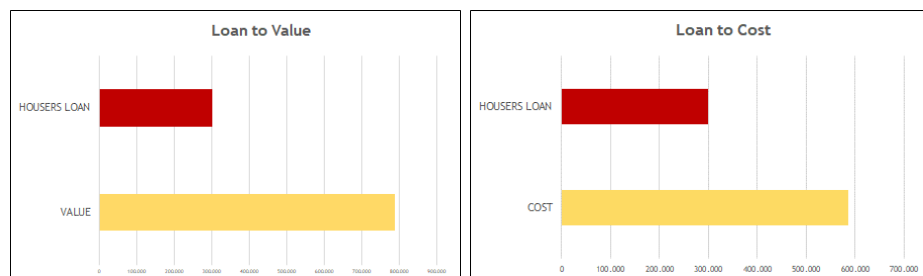
The profitability of the project stands at 41.63% of the capital invested and the Return on Investment (ROI) at 34.31%.

**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 **38.09%** of the total value and **51.16%** 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

SASA, S.R.L., with VAT number 01895560900, is an Italian company whose main corporate purpose is the construction, sale and management of all types of structures for tourist accommodation.

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

### 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									AAA
# Projects									AAA
Company Performance			CCC						AAA
Liquidity Ratios								AA	AAA
Debt Ratios					BB				AAA
Asset Management Key Figures								AA	AAA
Deadline Key Figures						BBB			AAA
Profitability Ratios						BBB			AAA

BBB

Source: Own elaboration

### 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**)

## 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 SARDEGNA BEACH project an overall BBB scoring**, which indicates a **GOOD** rating.

#### FINAL SCORING

## BBB

Silva & Asociados, Asesores Financieros, S.A.

December 3, 2019



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Managing Partner

