



**INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE SUN ENERGY
PROJECT**

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October 31, 2019

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of the investment project for the construction of a photovoltaic park in Poland, published in Housers website under the name of SUN ENERGY.

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 which 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.

DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- Financing for the purchase of 6 SPV (Special Purpose Vehicle) that hold rights for the construction of 1MW photovoltaic plants each.
- The need for project financing amounts to € 420,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION AND FRAMEWORK

The project object of the investment is located in Poland. Currently, there are no anticipated regulatory changes that may affect the profitability of the investment project.

Poland's energy policy is based on coal due to the great natural wealth of this resource they possess. However, they plan to reduce this dependence. As from 2020 Poland must generate 15% of its energy from renewable sources according to the *European Horizon 2020* program.

The Ministry of Energy presented in November 2018 the draft of the Energy Policy document of *Poland 2040*, which provides a 21% share of renewable energy.

In the first half of 2017, the installed power from alternative sources in the national territory increased by 62.5 MW, according to a report by the Office of Energy Regulation. A recent report by the French consultancy Artelys, indicates that in 10 years the energy demand will reach 185 TWh, of which 32 TWh will come from wind farms and photovoltaic plants.



Source: Google Maps

BUSINESS PLAN

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

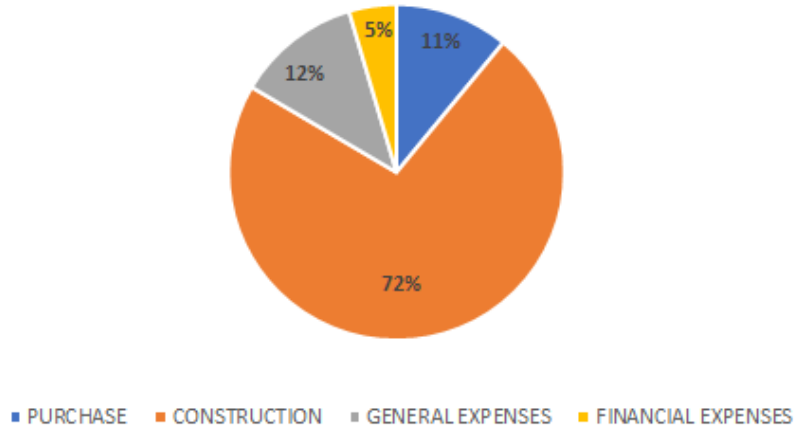
	2019	2020	2021	2022	TOTAL
Income	0	0	0	6,400,000	6,400,000
Change in Inventories	448	1,459,770	1,557,000	-3,464,770	0
Procurements	-448	-1,459,770	-1,557,000	-125,23	-3,590,000
Selling Cost	0	0	0	-3,590,000	-3,590,000
Gross Margin	0	0	0	2,810,000	2,810,000
Other operating expenses	-38,587	0	0	-28,001	-66,587
EBITDA	-38,587	0	0	2,782,000	2,743,413
EBIT	-38,587	0	0	2,782,000	2,743,413
Financial Result	-10,761	-78,015	-68,334	-18,023	-175,133
EBT	-49,348	-78,015	-68,334	2,763,977	2,568,280

Source: Project Developer

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

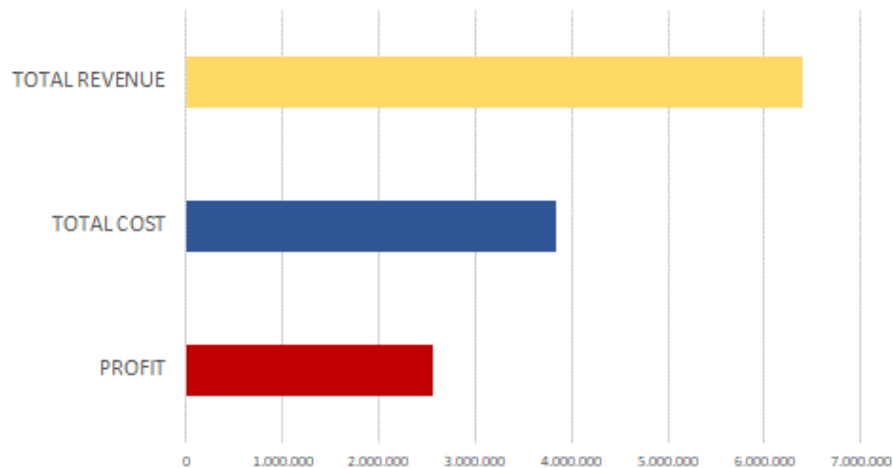
INVESTMENT ANALYSIS AND RATING ASSIGNMENT

Investment Project Expenditure Chapter



Source: Project Developer

Economic Result



Source: Project Developer

PROJECT PROFITABILITY

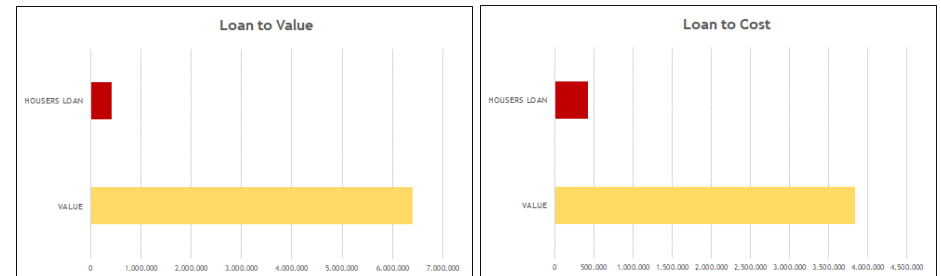
	2019	2020	2021	2022	TOTAL
Cash Flow	-497,348	-1,537,785	4,774,666	-171,253	2,568,280
	Cash Flow		ROI		
TIR	81.38%		67.03%		

The profitability of the project stands at 81.38% of the capital invested and the Return on Investment (ROI) at 67.03%.

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 **6.56%** of the total value and **10.96%** of the total cost.



Source: Own elaboration

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT DEVELOPER

The promoter group is R&D Energías, S.L., a Spanish company with VAT number B- 13479902. The group is formed by a team of more than 120 professionals and more than 10 years of experience. Located in 4 countries, Spain, Poland, Hungary and Lithuania, offer promotion, development, operation and maintenance and construction of photovoltaic installations.

The company is a sector specialist in Poland, having carried out a large number of projects in the country.

Projects developed by the company:

- Large photovoltaic parks: more than 148 megawatts built and more than 213 in development.
- Photovoltaic self-consumption: more than 150 projects.
- Energy efficiency: more than 600 projects built.

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)

Score

AAA
AA
A
BBB
BB
B
CCC
CC
C

Quality

Optimal
High +
High
Good
Satisfactory +
Satisfactory
Minimal
Questionable
Questionable -

DEVELOPER'S RATING

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

PROMOTER	C	CC	CCC	B	BB	BBB	A	AA	AAA	Score
Experiencia Promotor										AA
Nº Proyectos Promotor										
Ratios de liquidez										
Ratios de endeudamiento										
Ratios de gestión de activos										
Ratios de plazos										
Ratios de rentabilidad										

Source: Own elaboration

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

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

PROYECT	C	CC	CCC	B	BB	BBB	A	AA	AAA	Score
Country Expectations							■			AA
Regulatory Framework							■	■		
Rights								■	■	
Auction Connection*				■	■					
Selling MW Price							■			
IRR									■	
ROI									■	
Loan to Cost									■	
Loan to Value									■	

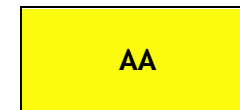
Source: Own elaboration

*The SPVs must go to an auction to complete the award process that will take place in the month of December. Although the expectations of adjudication are favourable and no problems are anticipated, the fact of not having the connection at the date of the qualification has penalized the scoring.

GLOBAL EVALUATION

The overall rating of the investment project is determined by assigning a weight of **30%** to the Project Developer and the remaining **70%** to the project's scoring, which have been indicated from AA to AA, respectively and, therefore, **we have assigned to SUN ENERGY project an overall AA scoring**, which indicates a **HIGH +** rating.

FINAL SCORING



Silva & Asociados, Asesores Financieros, S.A.

October 31, 2019

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