



**FOZ BEACH  
HOUSES**

**INVESTMENT ANALYSIS AND RATING ASSIGNMENT**

## Purpose

The purpose of this document is the analysis of the investment project, FOZ BEACH HOUSES, and the assignment of a credit rating to it.

In this project, which will last approximately 1 year, extendable to 6 more months, it is expected to obtain a financing of 350.000 € for a total cost of 1.152.000 €.

## Nature and Scope of our services

Analysis of the investment Project base on the information provided about the Project, evaluating the main parameters of the Business Plan and contrasting it with market information and assigning a rating of the Project risk through a standardized system to assist in making investment decisions (scoring).

The scope of our work has been based on unaudited information provided by HOUSERS, which receives the information from the Promoter. In this sense, we must mention that we have not carried out any independent verification, audit, review or evaluation of the accounting, fiscal, legal, labor or environmental situation of the Investment Project that is the object of our analysis. We have assumed that the information provided is complete and accurate and, therefore, the possible risks that may exist and have a possible effect have not been taken into consideration in the analysis work we have carried out.

In carrying out our work, we have used information obtained from public sources and we assume that such information is reliable, although we can not guarantee the absence of possible errors in the information used.

The information in the Business Plan is totally and exclusively the responsibility of the Project Promoter, although for the purposes of our work, we have globally verified its coherence, although we point out that its use should not be interpreted as an opinion on it and, therefore, we do not accept any responsibility for the existence of possible errors that could have an impact on the results of our work.

## Independence

PROYECTOS CIGA states that the information contained in this document is independent and does not constitute a recommendation for the investment to be made.

This investment analysis report is for the sole and exclusive use of HOUSERS and registered users of the participatory financing platform in order to have an independent document on the investment project and is issued with the understanding that it will not be used for any other purpose than that indicated, without the prior consent of PROYECTOS CIGA.

## Confidencialidad

PROYECTOS CIGA authorizes the publication of this investment analysis on the HOUSERS corporate website [www.housers.com](http://www.housers.com).

## Project description

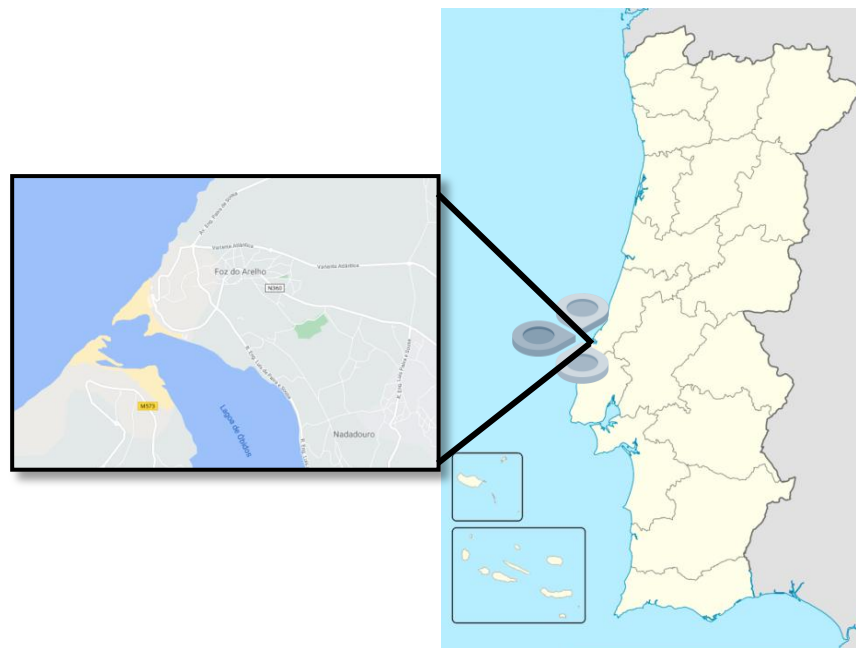
The Foz Beach Houses project, which is in an advanced state of construction (80% completed), consists of the lifting and remodeling of a community of six semi-detached houses spread over two buildings with three floors each in Foz do Arelho, Caldas da Rainha, Lisbon.

Each one of these 6 houses of 210 m2 when they are finished will have a basement with garage, laundry and support division; ground floor with large kitchen, bathroom and a large living room with fireplace and access to the terrace; on the first floor it has 3 bedrooms (one of which is a suite with dressing room), a balcony, and a full bathroom.

These townhouses are located in the coastal town of Foz do Arelho, northwest of Lisbon. They are less than 15 kilometers from the city of Caldas da Rainha, which offers direct bus and fast train services to the center of the capital. By car it is a 60 minute trip on the A8 motorway direct to the Humbrio Delgado airport and a main metro station.

The building permits have just been renewed, so the work will be completed within the expected timeframe: in a maximum of nine months (the show floor will be completed in a few weeks).

## Location

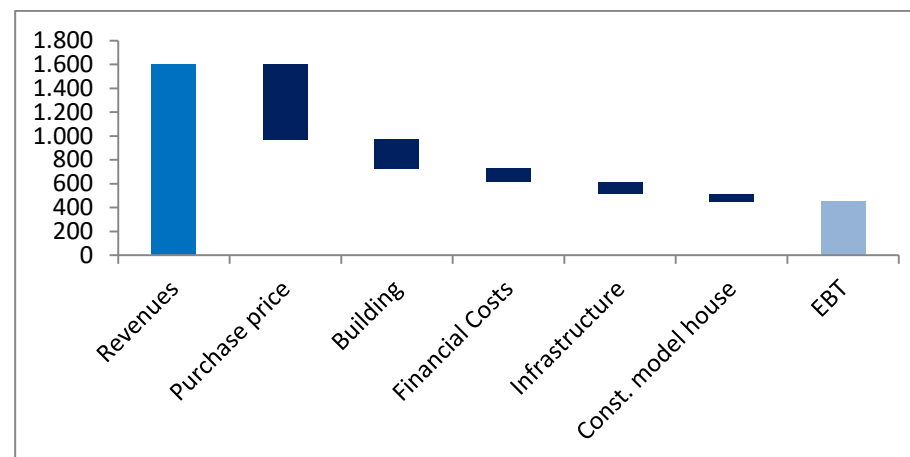
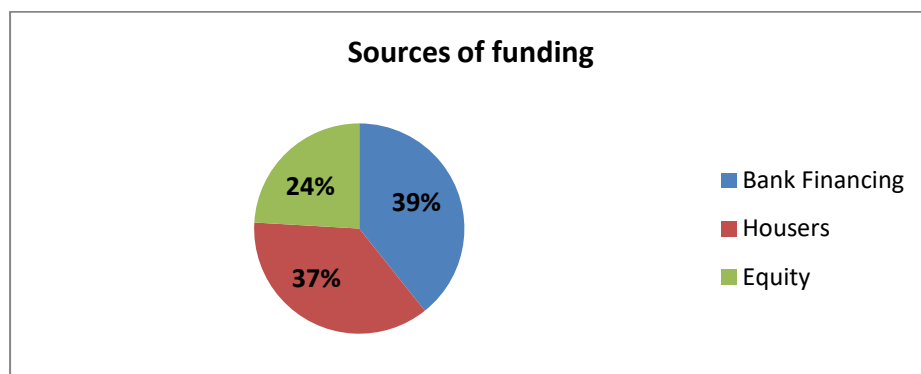


## Business Plan

A summary of the Business Plan for the investment project Foz Beach Houses is as follows (data in euros):

Concepts	2021
Revenues	1.600.000 €
Purchase of the work in progress	630.000 €
Model house construction	65.000 €
Infrastructure costs	100.000 €
Construction costs	245.000 €
<b>EBITDA</b>	<b>560.000 €</b>
Amortization	0 €
<b>EBIT</b>	<b>560.000 €</b>
Financial Costs	112.000 €
<b>EBT</b>	<b>448.000 €</b>

A summary of the main classifications of expenditure on the Project's investment and its financing is as follows:



Source: Project promoters, in thousands of €

## Project Profitability

After analyzing the Business Plan, the cash flows that will be obtained annually are the following (data in euros):

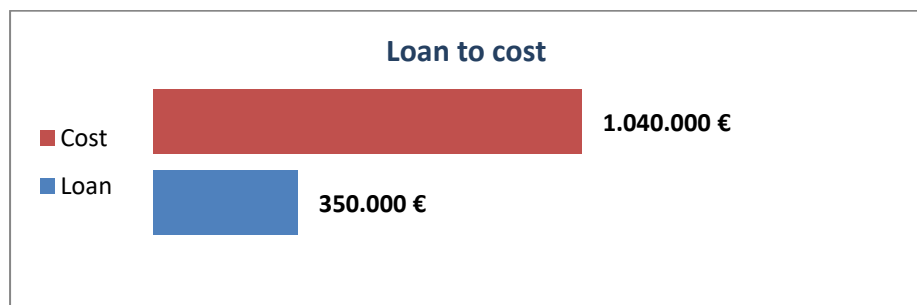
1º T	2º T	T 3º	T 4º
<b>272.500 €</b>	<b>493.000 €</b>	<b>208.000 €</b>	<b>- 525.500 €</b>

With these cash flows, the profitability of the project is in the following magnitudes:

TIR	ROI
<b>68%</b>	<b>95%</b>

## Leverage

The external financing required by the promoter consists of 375.000 € in bank financing and 350.000 € from the HOUSERS loan. The rest of the resources will be obtained from the 230.000 € contributed by the project promoter. In this way, the HOUSERS collective loan represents 22% of the property's value and 34% of its total cost.



\* Does not include financial costs

## Market Comparison

The sale prices are in a range between 255.000 and 275.000 € each unit. The resulting average price is 1.145 € / m2. This figure is in the average of the market analyzed within the Foz do Arelho parish.

Ubicación	€	m2	€/m2
Foz do Arelho	855.000	1.585	539
Foz do Arelho	367.000	463	793
Foz do Arelho	187.500	200	938
Foz do Arelho	425.000	400	1.063
Foz do Arelho	187.500	151	1.242
Foz do Arelho	187.500	150	1.250
Foz do Arelho	250.000	156	1.603
Foz do Arelho	360.000	206	1.748

Source: Idealista Corporate Website, Own analysis of the main real estate agencies (GILMAR, KW, Area X, Nova Casa, Remax, etc)

## Promoter

Scott Byron is an entrepreneur dedicated, since 1983, to the design, construction and maintenance of landscape architecture.

Its activity has developed between the United States and Europe, more specifically in Nevada, California, the United Kingdom, Spain and Portugal. It was established in Spain for 12 years (1994-2006), dedicating itself to the importation of spas, the construction of custom commercial and residential swimming pools and, especially, to the purchase of properties partially completed to complete its construction and subsequent sale.



*Art*  
IN HARMONY  
WITH NATURE

He currently resides in Portugal since 2018 where he continues to build pools and spas and in search of unfinished projects to buy, finish and sell. Mainly, their projects are located in the coastal region a few kilometers from Lisbon or are located in the Algarve.

The six-bedroom condominium project in Foz do Arelho, according to Scott Byron himself, is the one with the greatest potential for the highest quality finish, the highest demand for units, the fastest time-to-market and a very substantial return.

Verticelilas Unipessoal Lda is the business vehicle used by Scott Byron for the development of real estate developments in Portugal.

## Promoter Financial Statements

### Balance Sheet (in euros)

	30/09/2020	2019
Non-current assets	54.812	5.000
Current assets	37.210	5.000
<b>Total Assets</b>	<b>92.022</b>	<b>10.000</b>

Equity	76.155	550
Non-current liabilities	13.430	9.450
Current liabilities	2.437	0
<b>Equity &amp; Total liabilities</b>	<b>92.022</b>	<b>10.000</b>

### Income Statement (in euros)

	30/09/2020	2019
Turnover	165.533	0
Production costs	111.562	4.450
EBITDA	53.971	-4.450
Amortization	0	0
EBIT	53.971	-4.450
Financial Results	-500	0
EBT	53.471	-4.450
Tax	2.316	0
<b>Net Profit</b>	<b>51.155</b>	<b>-4.450</b>

## Project Rating

Scoring is an evaluation system whose purpose is to rate the investment project. This allows the investor to make decisions about the company's risk taking as a reference a note that indicates the level of risk exposure. This qualification of the investment project is based on two analyzes.

The first to be evaluated will be the promoter's background by rating different financial ratios.

The second to be evaluated will correspond to the analysis of this project, its Business Plan and its profitability based on factors that indicate its suitability.

The rating considers 3 levels of investment quality:

- Investments with optimal and high quality: AAA (optimal), AA and A (High)
- Investments with a good (BBB) and satisfactory (BB y B) quality
- Investments with a minimal (CCC) and questionable (CC y C) quality

Score	Equivalence
AAA	Optimal
AA	Very High
A	High
BBB	Good
BB	Very Satisfactory
B	Satisfactory
CCC	Minimum
CC	Questionable
C	Very questionable

## Promoter Analysis

This first analysis examines a series of parameters related to the company that runs the promotion, after studying its Annual Accounts, giving specific weight to each one.

According to the results of the analysis carried out, we have given each metric a grade according to the situation of the company.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
Company Evolution	AAA									
Developer Experience	CCC									
Nº of promoter projects	BB									
Liquidity Ratio	AAA									
Debt Ratio	AAA									
ROE	AAA									
ROA	AAA									
Profitability Ratio	A									

The promoter rating is **A**. It is given a weight of 40% on the global rating.

## Project Analysis

The second type of analysis evaluates the most relevant aspects for the investor when evaluating this particular investment, giving a specific weight to each one.

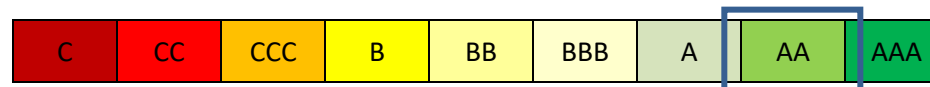
According to the result of the analysis carried out, we have rated each metric with a grade according to the situation of the promotion itself.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR	AAA									
ROI	AAA									
Licence	AAA									
Transactions	A									
Sales price €/m2 Country	A									
Sales price €/m2 District	BB									
Prom price. vs district	BB									
City (inhabitants)	BB									
% formalized sales	B									
Loan to Value	AAA									
Loan to Cost	AAA									
Land ownership	AAA									

The project's grade is **AA**. It is given a 60% weight with on the overall rating.

## Global Rating

The overall rating of the investment project is determined by assigning a weight of 40% to the rating of the Promoter and the remaining 60% to the rating of the Project, which have been indicated as A and AA, respectively and, therefore, we have assigned the project to Sestriere investment a global **rating of:**



The **Foz Beach Houses** Project has obtained an **AA (Very high) rating** in the global rating.

In Madrid, January 4, 2020.

Juan José Alvado Martín

SOCIO DIRECTOR



# Proyectos CIGA

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