

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

SILVA & ASOCIADOS
Asesores Financieros



INVESTMENT ANALYSIS AND RATING ASSIGNMENT OF THE GRAN SOL PROJECT

**SILVA & ASOCIADOS, ASESORES FINANCIEROS,
S.A.**

October 25, 2019

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of a 4-dwelling building, published in Housers website under the name of GRAN SOL.

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 utilised 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.

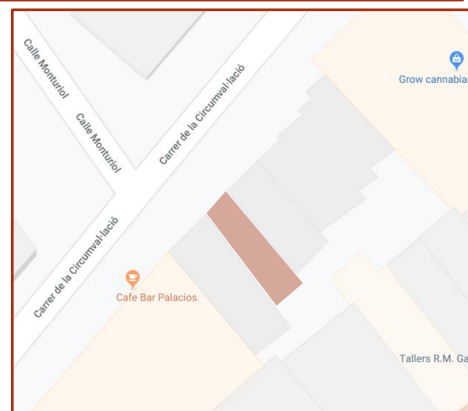
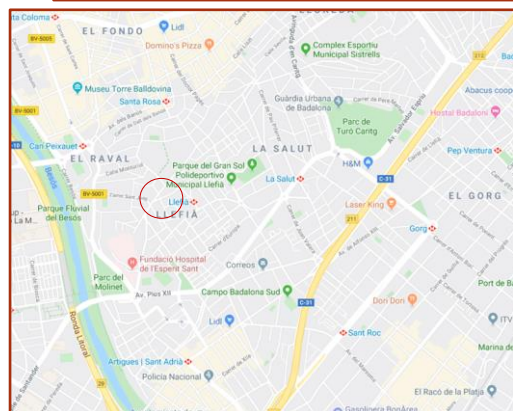
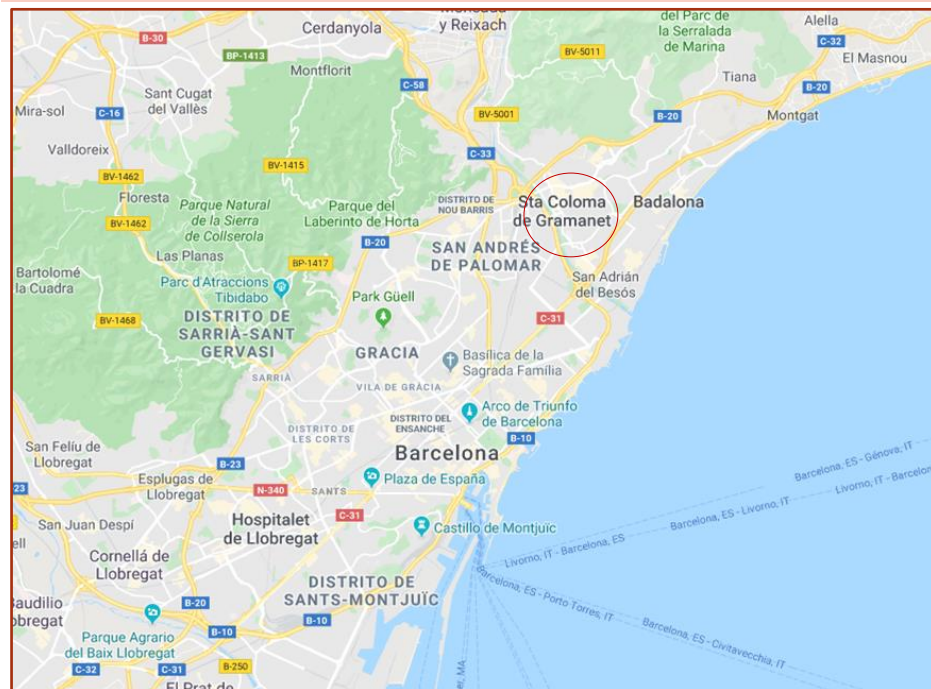
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The investment property is located in the municipality of Badalona, province of Barcelona.
- Financing for the construction of a 4-dwelling building with a shop in the ground floor.
- 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 € 770,000.
- The investment for the first tranche amounts to a total of € 385,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SURROUNDINGS

The land subject of the investment is located at number 12 of Circunvalación street, in the town of Badalona. Badalona reached city status in 1897. It is 10 km away from Barcelona. Located on the coast of the Mediterranean Sea, it partially occupies the Besòs Delta and the buttresses of the Sierra de la Marina.

Badalona is a city and Spanish municipality of the Barcelonés region that has a population of about 220,000 inhabitants. Badalona is included in the metropolitan area of Barcelona, which has a population of almost 3.3 million inhabitants, being one of the most populated areas in Europe.

BUSINESS PLAN

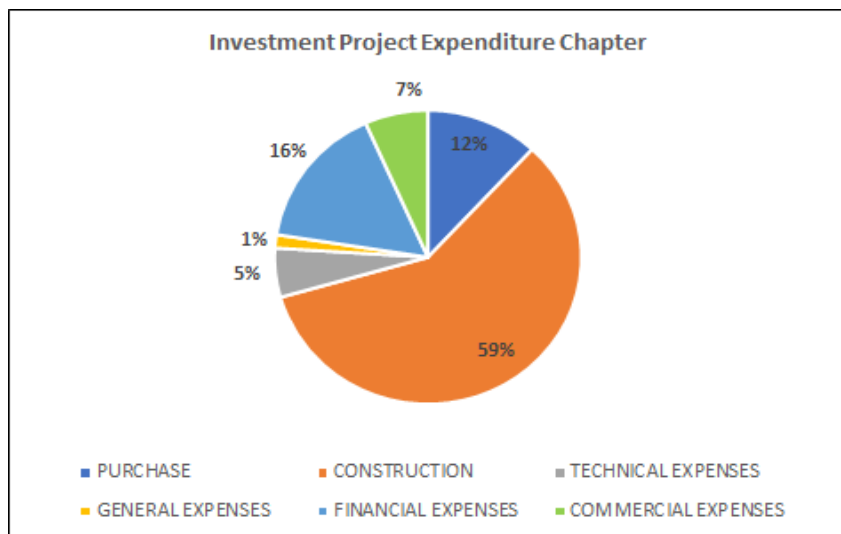
The summary of the business plan of the Project is as following:

€	2019	2020	2021	TOTAL
Income	0	0	1,355,370	1,355,370
Change in Inventories	496,798	393,057	-889,855	0
Procurements	-496,798	-393,057	-40,661	-930,516
Selling Cost	0	0	-930,516	-930,516
Gross Margin	0	0	424,854	424,854
Other operating expenses	-74,536	0	0	-74,536
EBITDA	-74,536	0	424,854	350,318
EBIT	-74,536	0	424,854	350,318
Financial Result	-8,903	-71,225	-20,774	-100,902
EBT	-83,439	-71,225	404,08	249,416

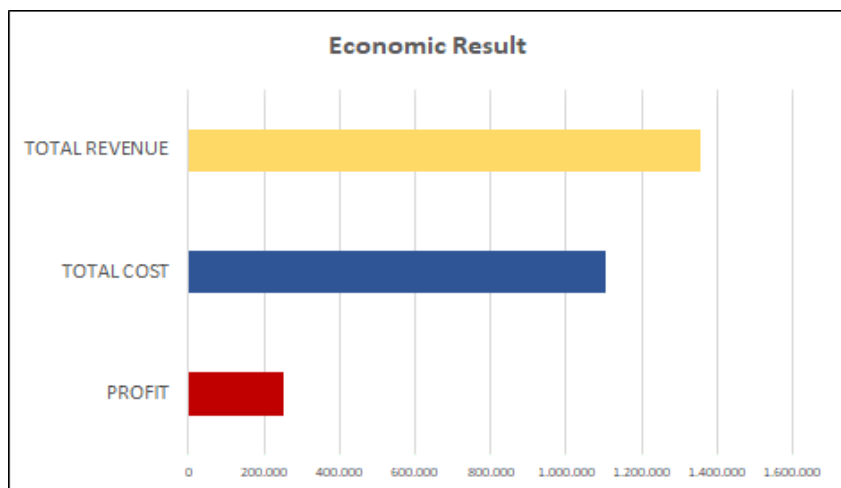
Source: Project Developer

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 ²	€/m ²
Llefià	Badalona	65	2,306
Llefià	Badalona	69	1,884
Llefià	Badalona	70	2,000
Llefià	Badalona	80	2,000
El Raval	Badalona	83	1,774
Gorg	Badalona	87	2,988
El Raval	Badalona	144	1,243
Average			2,208

In order to compare the selling price, we are using the one obtained by a wellknown company which places the average at 2,208 €/m².

The cost of construction in the area has an average of 1,210 €/m².

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Studi Immobiliari On, Alfa Badalona Centro Mar, Gesbau gestio inmobiliaria, Optim, Germa Juli, Don Piso BDN, Finques Enric)

PROJECT PROFITABILITY

	2019	2020	2021	TOTAL
Cash Flow	-544,030	-229,415	1,014,322	240,877
IRR	31.31%	22.55%		

Source: Own elaboration

The profitability of the project stands at 31.31% of the capital invested and the Return on Investment (ROI) at 22.55%.

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 **56.81%** of the total value and **69.62%** 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

BISMEL 2013, S.L., with VAT number B- 66103722, is a company whose corporate purpose is construction, facilities and maintenance, wholesale and retail trade.

The company is a newco. We are going to evaluate SITECNO, S.A. (mother company) parameters in order to find out developer's rating.

The developers have more than 15 years of 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 **A scoring** based on the following evaluated parameters:

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

A

Source: Own elaboration

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

According to the analysis carried out, we have assigned an **A 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)									

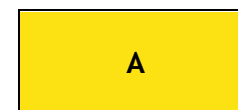
A

Source: Own elaboration

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 A to BBB, respectively and, therefore, we have assigned to **GRAN SOL project an overall BBB scoring**, which indicates a **HIGH** rating.

FINAL SCORING



Silva & Asociados, Asesores Financieros, S.A.

October 21, 2019

Juan José Silva Navarrete
Managing Partner

