

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

SILVA & ASOCIADOS
Asesores Financieros



INVESTMENT ANALYSIS AND RATING ASSIGNMENT OF THE RUBÍ PROJECT

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

March 6, 2020

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the acquisition of an apartment, published in Housers website under the name of RUBÍ.

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.

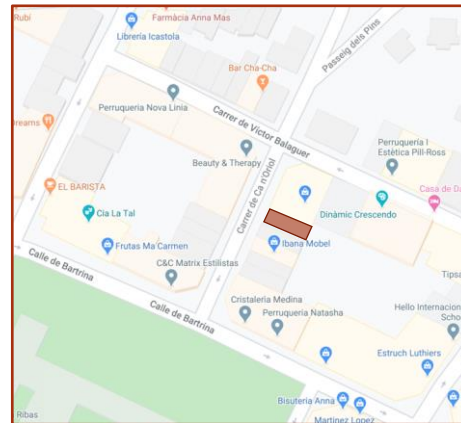
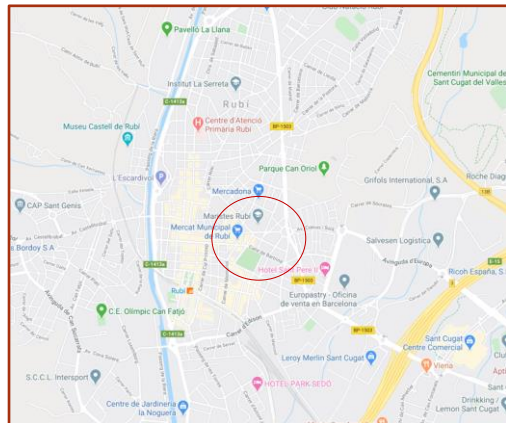
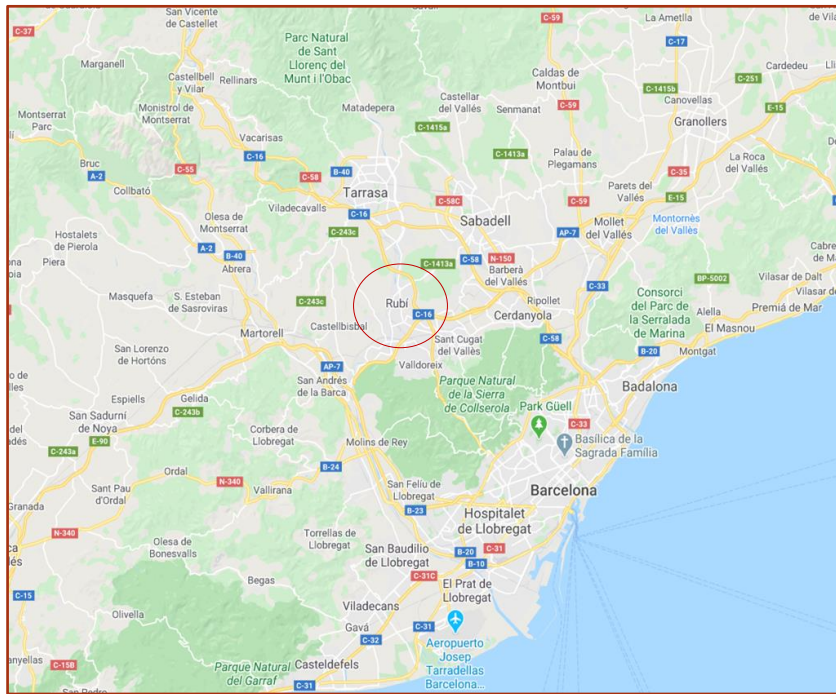
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the city of Genoa, capital of the region of Liguria, Italy.
- Financing for the acquisition of an apartment and its subsequent rehabilitation.
- 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 total need for project financing amounts to € 400,000.
- The investment for the first tranche amounts to a total of € 400,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SORROUNDINGS

The building object of the investment is located at number 14 of Ca n' Oriol street, in the municipality of Rubí, in the Vallés Occidental region, province of Barcelona. The capital of the region is shared between the cities of Sabadell and Tarrasa.

The population of Rubí is about 75 thousand inhabitants, while the Vallés region has almost 1 million. This area is located within the metropolitan area of Barcelona, which has almost 5 million inhabitants.

BUSINESS PLAN

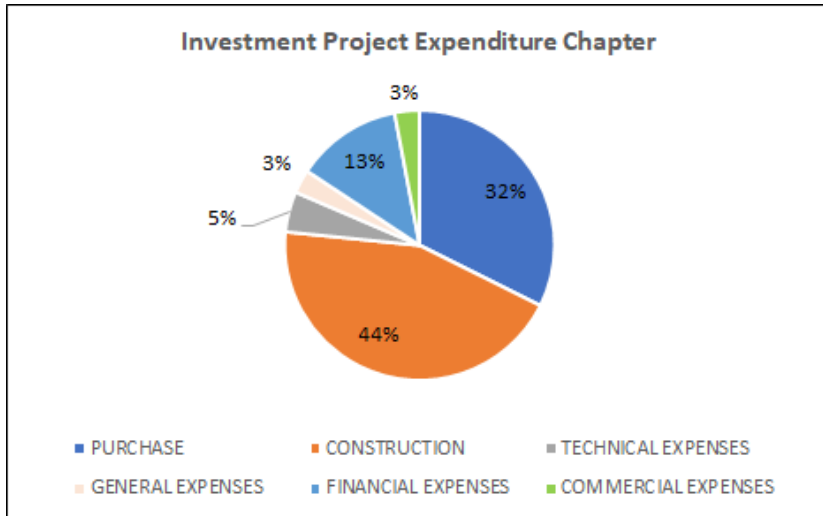
The summary of the business plan of the Project is as following:

€	2020	2021	TOTAL
Income	0	980,000	980,000
Change in Inventories	627,649	-627,649	0
Procurements	-627,649	-30,061	-657,710
Selling Cost	0	-657,710	-657,710
Gross Margin	0	322,290	322,290
Other operating expenses	-43,560	0	-43,560
EBITDA	-43,560	322,290	278,730
EBIT	-43,560	322,290	278,730
Financial Result	-30,833	-21,583	-52,417
EBT	-74,393	300,707	226,313

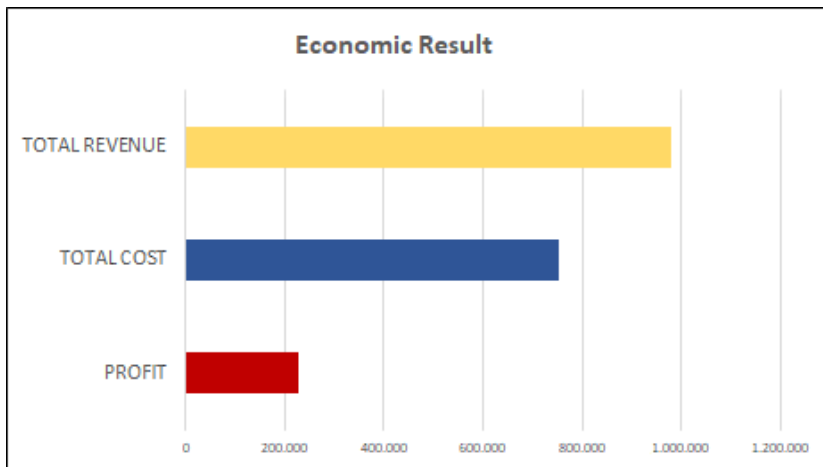
Source: Project Developer

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 ²	€/m ²
Joan Maragall	Rubí	173	1,936
Mercat	Rubí	115	2,739
Mercat	Rubí	125	2,048
Mercat	Rubí	111	1,604
Mercat	Rubí	107	2,766
Mercat	Rubí	102	1,912
Llobateras	Rubí	93	2,817
Centre	Rubí	100	1,950
Average			2,222

In order to compare the selling price, we are using the one obtained by the Project Developer which places the average at 2,222 €/m².

The cost of construction in the area has an average of 1,000 €/m².

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (ICASA Grup, Fincas Cano & Pujol Rubí, INMO Europeas, Finques Vallhonrat, Best House, Tot Finques, Don Piso, D&HABITAT).

PROJECT PROFITABILITY

	2020	2021
Cash Flow	-702,042	928,355
	Cash Flow	ROI
IRR	53.94%	30.03%

Source: Own elaboration.

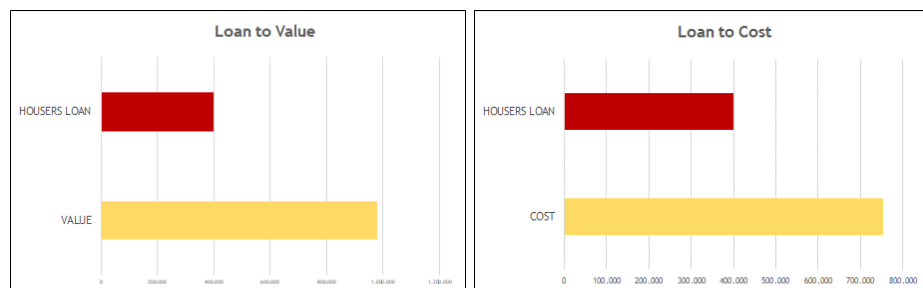
The profitability of the project stands at 53.94% of the capital invested and the Return on Investment (ROI) at 30.03%.

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 **48.82%** of the total value and **53.07%** 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

ARENA BUSINESS SOLUTIONS, S.L., with VAT number B-66890575, is a Spanish company whose main corporate consists on other business support activities.

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 **BB scoring** based on the following evaluated parameters:

PROMOTER	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									

BB

Source: Own elaboration

The company is newly created and therefore a complete static analysis cannot be performed.

We low down the scoring, from AAA to BB, due to the information risk.

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:

PROJECT	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									

A

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 BB to A, respectively and, therefore, we have assigned to RUBÍ project an overall **BBB scoring**, which indicates a **GOOD** rating.

FINAL SCORING

BBB

Silva & Asociados, Asesores Financieros, S.A.

March 6, 2020



Juan José Silva Navarrete
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