



INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE LES CORTS
PROJECT

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

July 31, 2020

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the purchase of a lot and the construction of a residential building, published in Housers website under the name of LES CORTS.

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.

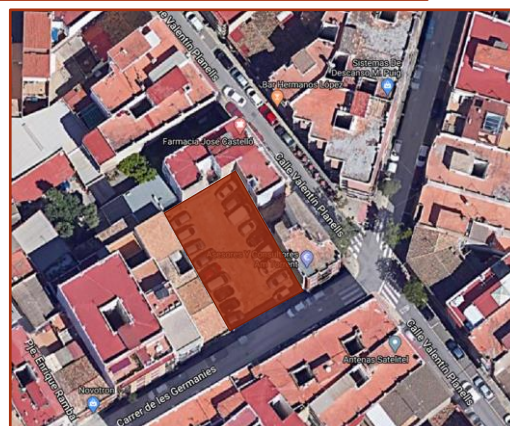
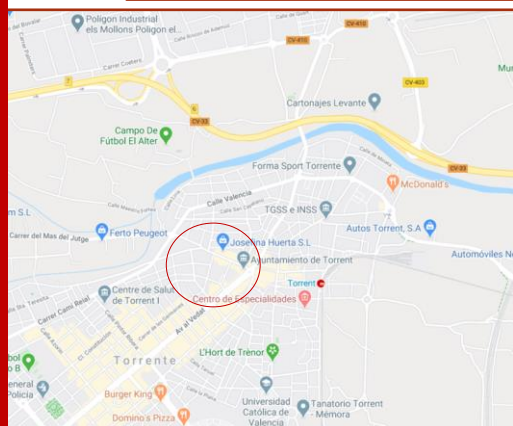
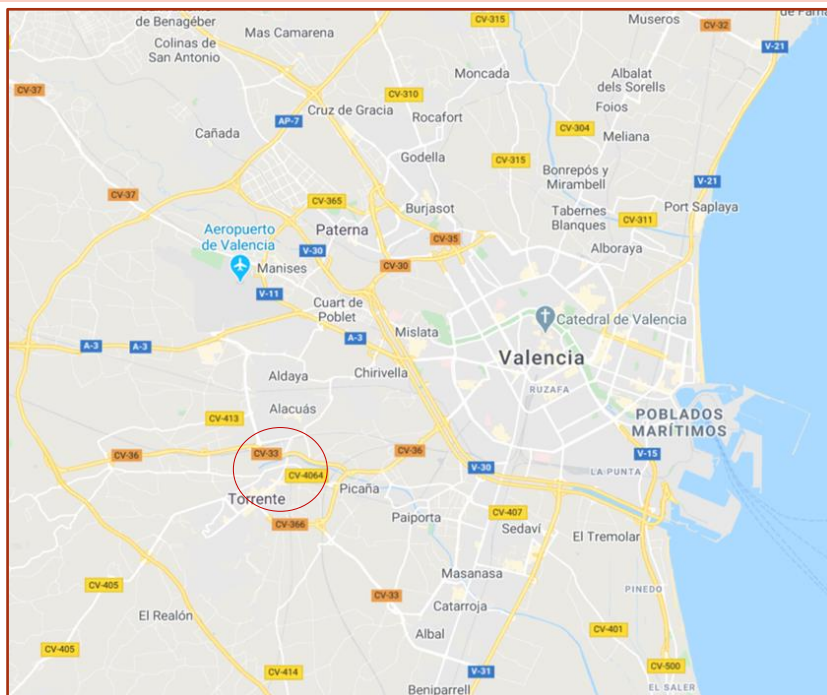
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the municipality of Torrent, province of Valencia.
- Financing for the purchase of a lot and the construction of a dwelling building.
- 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.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SORROUNDINGS

The plot object of the investment is located in the municipality of Torrent, located in the region of Huerta Oeste, province of Valencia (Valencian Community) and is located 9 km away from the city of Valencia, at the foot of the Vedat hill from Torrent and 15 km away from the sea.

The municipality of Torrent has a population of more than 82 thousand inhabitants and belongs to the Valencia Metropolitan Area, which forms an urban network organized around the central coast of the Valencian Community. It is the third largest agglomeration by number of inhabitants in Spain, with a population close to 2 million inhabitants.

BUSINESS PLAN

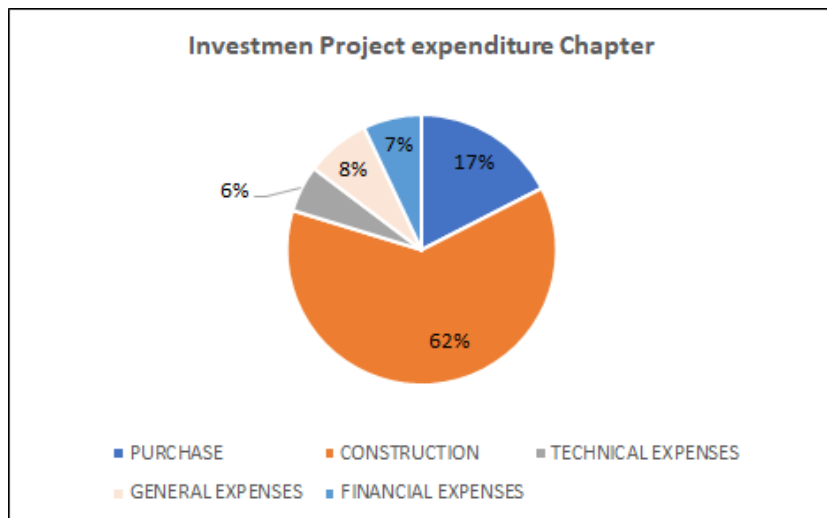
The summary of the business plan of the Project is as following:

€	2020	2021	2022	TOTAL
Income	270,109	405,164	2,078,727	2,754,000
Change in Inventories	744,285	1,117,948	-1,862,233	0
Procurements	-744,285	-1,117,948	-186,325	-2,048,558
Selling Cost	0	0	-2,048,558	-2,048,558
Gross Margin	270,109	405,164	30,17	705,443
Other operating expenses	-69,966	0	0	-69,966
EBITDA	200,143	405,164	30,17	635,476
EBIT	200,143	405,164	30,17	635,476
Financial Result	-23,281	-43,922	-17,641	-84,844
EBT	176,861	361,242	12,529	550,632

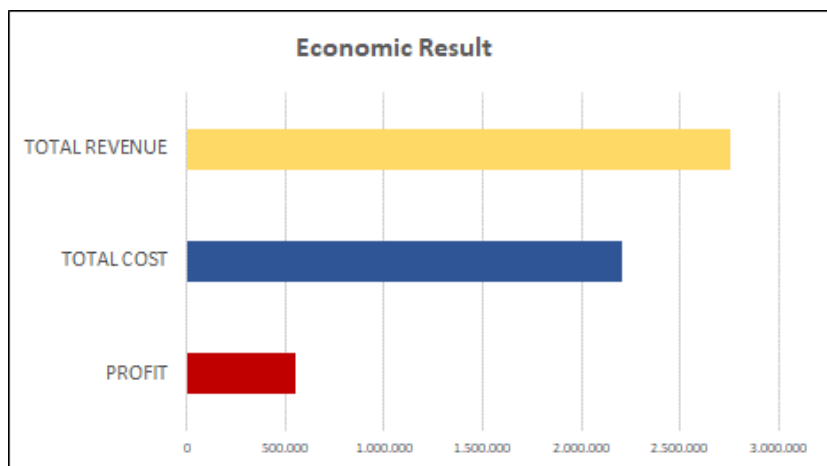
Source: Project Developer

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
Pintor Genaro Lahuerta	Torrent	125	1,766
Pintor Genaro Lahuerta	Torrent	72	1,661
Constitució	Torrent	107	1,849
Music Jose Maria Merino	Torrent	112	1,353
Music Jose Maria Merino	Torrent	115	1,524
Mare de Deu de les Angoixes	Torrent	110	1,248
Average			1,567

Source: Valuation 02/17/2020 TINSA Tasaciones Inmobiliarias, S.A.U.

In order to compare the selling price, we are using the one obtained by the Project Developer wich places the average at 1,567 €/m2.

The cost of construction in the area has an average of 850 €/m2.

PROJECT PROFITABILITY

	2020	2021	2022
Cash Flow	-567,423	-756,706	1,874,762
	Cash Flow	ROI	
IRR	32.18%	24.99%	

Source: Own elaboration.

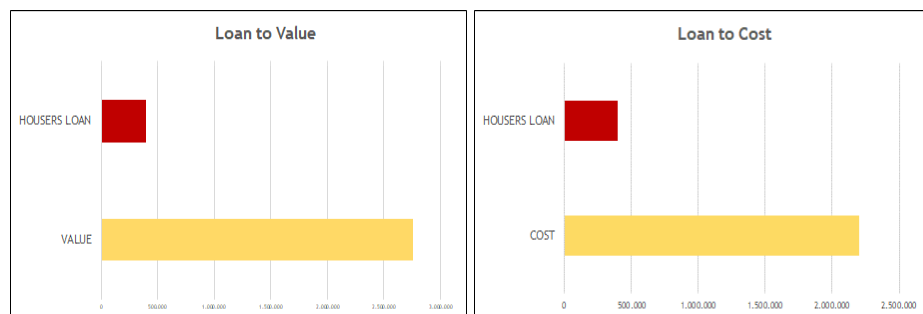
The profitability of the project stands at 32.18% of the capital invested and the Return on Investment (ROI) at 24.99%.

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 **14.52%** of the total value and **18.15%** 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

Habitatges Germanies Torrent S.L., with VAT number B-40607889, is a Spanish company which has been specially created for this project (Special Purpose Vehicle) and its main corporate purpose is the administration, sale, rental and exploitation of all kinds of properties, rustic or urban.

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

We analyse the guarantor's ratios.

Company's track record only allows a 1 period static analysis.

We low down a category, from BBB 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 **BBB 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									

BBB

FINAL SCORING

BBB

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

Silva & Asociados, Asesores Financieros, S.A.

July 31, 2020



Juan José Silva Navarrete
Managing Partner



Source: Own elaboration