



# Scoring report Tenerife Project

*May 2021*

- Private and confidential -

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# 1. Project Description and Business Plan

## Project Description and Business Plan

### Location

Playa de San Juan, Guía de Isora, Tenerife (Spain)



### Project Summary

**Total constructed area (sqm)** **1,178**

Housing typology

- 1 room (62 sqm) 10
- 2 rooms (93 sqm) 6

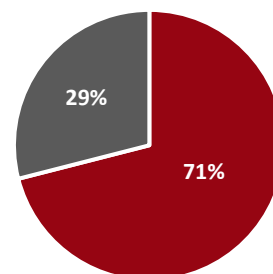
**Average area (sqm/unit)** **73.6**

- ☐ Tenerife is a project that consists on the purchase of a property of 16 dwellings under construction (75% completed) in Playa de San Juan, Tenerife.
- ☐ Of the 16 dwellings, a total of 8 are planed to be sold, and the remaining 8 will belong to the developer.

### Business Plan

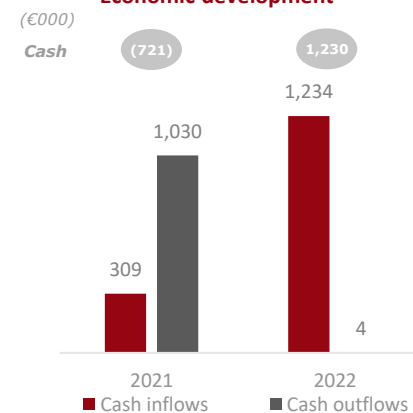
(000€)	Mar21 - May21	Jun21 - Aug21	Sep21 - Nov21	Dec21 - Feb22	Mar22	Total
<b>Revenue</b>	<b>50.4</b>	<b>57.9</b>	<b>46.0</b>	<b>1,388.7</b>	<b>-</b>	<b>1,543.0</b>
<b>Funding sources</b>	<b>1,035.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,033.9)</b>	<b>1.2</b>
Equity	735.0	-	-	-	(733.9)	1.1
Housers loan	300.0	-	-	-	(300.0)	-
<b>Investment cost</b>	<b>(688.2)</b>	<b>(143.8)</b>	<b>(120.9)</b>	<b>(27.9)</b>	<b>-</b>	<b>(980.8)</b>
Property	(596.0)	-	-	-	-	(596.0)
Hard costs	(62.8)	(130.4)	(107.6)	(15.0)	-	(315.8)
Soft costs	(29.4)	(13.3)	(13.3)	(12.9)	-	(69.0)
<b>Financial costs</b>	<b>(35.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>(6.0)</b>	<b>-</b>	<b>(53.0)</b>
Opening Housers fee	(29.0)	-	-	-	-	(29.0)
Housers loan interest	(6.0)	(6.0)	(6.0)	(6.0)	-	(24.0)
<b>Cash</b>	<b>362.2</b>	<b>(91.9)</b>	<b>(80.9)</b>	<b>1,354.8</b>	<b>(1,033.9)</b>	<b>510.3</b>

### Funding sources



■ Equity ■ Housers

### Economic development



Source: The Company, publicly available information.

## 2. Project Profitability and Market

### Cash Flow, Comparable Assets and Project Developer

#### Profitability Analysis

Cash Flow ('000€)	Total	2021	2022
<b>Construction costs</b>	(980.8)	(980.8)	-
Land	(596.0)	(596.0)	-
Hard costs	(315.8)	(315.8)	-
Soft costs	(69.0)	(69.0)	-
<b>Cash flow from investing activities</b>	<b>(980.8)</b>	<b>(980.8)</b>	-
<b>Sales</b>	<b>1,543.0</b>	<b>308.6</b>	<b>1,234.4</b>
Deliveries	1,543.0	308.6	1,234.4
<b>Cost of sales</b>	-	-	-
Marketing costs	-	-	-
<b>Cash flow from sales</b>	<b>1,543.0</b>	<b>308.6</b>	<b>1,234.4</b>
<b>Unlevered cash flow</b>	<b>562.2</b>	<b>(672.2)</b>	<b>1,234.4</b>
Equity increase/decrease	1.1	735.0	(733.9)
Debt increase/decrease	-	300.0	(300.0)
Financial expenses	(24.0)	(20.0)	(4.0)
Origination fee Housers	(29.0)	(29.0)	-
<b>Levered cash Flow</b>	<b>510.3</b>	<b>313.8</b>	<b>196.6</b>
<b>Accumulated unlevered CF</b>	<b>562.2</b>	<b>(672.2)</b>	<b>562.2</b>
<b>Accumulated levered CF</b>	<b>510.3</b>	<b>313.8</b>	<b>510.3</b>

	Unlevered CF	Levered CF
% Net margin	36.43%	33.07%
Net margin	562.2	510.3
IRR	83.63%	n.a.
(Contribution)/Surplus	(672.2)	313.8
CoC	1.57x	1.49x

Source: The Company.

#### Market

- ❑ The property is located in Playa de San Juan, which belongs to the municipality of Guía de Isora, one of the best beach areas in Tenerife. Guía de Isora accounts for 2% of the total population of Tenerife.
- ❑ The average sales price of the Project is €2,353.75 €/m<sup>2</sup>, slightly lower than the average price of comparable assets, which is €2,536.70 €/m<sup>2</sup>.

#### Comparable Promotion - Playa de San Juan

Location	Property	Rooms	Square meters	€/sqm
Guía de Isora	Apartment	2	88	2,670
Guía de Isora	Apartment	2	85	2,706
C/ Isla Fuerteventura	Penthouse	2	80	2,100
C/ Isla Bonita	Apartment	2	88	2,670
<b>Average</b>				<b>2,536.70</b>

#### Project Developer

- ❑ The developer is Playa Paraíso Luxury Properties, S.L.U., a limited company founded in 2013 dedicated to the development of real estate projects.
- ❑ The developer has experience both in the sector and in the geographical area where the project is being developed, having carried out 10 other projects on the island of Tenerife, of which the following stand out:
  - Construction and sale of a luxury villa in the tourist area of Golf Sur, Tenerife.
  - Sale and refurbishment of 9 houses in San Isidro, Tenerife.
  - Sale of a luxury home in Roque del Conde Adeje, Tenerife.
  - Lease of a luxury villa in the area of Playa Paraíso, Tenerife.
  - Acquisition of an industrial building in Telde, Gran Canaria.

# 3. Scoring Fundamentals

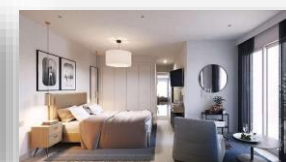
## Investment Scoring Criteria

### Promotor

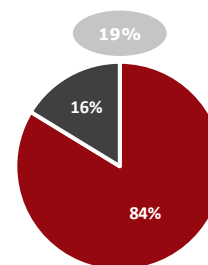
Ratios contables (€)	2018	2019	2020	Growth
<b>Annual performance</b>				
Revenues	3,130.6	867.8	13.6	(99.57%)
EBITDA	50.8	1,098.8	(423.6)	n.a.
Net result	17.3	1,277.5	(234.8)	n.a.
Net financial debt	1,015.7	500.0	1,223.3	20,44%
<b>Liquidity ratios</b>				
Current assets / Current liabilities	0.92x	1.15x	1.14x	24.70%
Current assets – Inventories / Current liabilities	1.32x	1.55x	1.98x	49.46%
<b>Debt ratios</b>				
Debt/Equity	2.96x	0.31x	0.88x	(70.22%)
Debt/EBITDA	5.90x	0.11x	n.a.	n.a.
EBIT/Financial expenses	8.41x	77.48x	n.a.	n.a.
<b>Asset management ratios</b>				
Return on assets (ROA)	0.7%	49.1%	(6.6%)	n.a.
Accounts receivable rotation	5,218.88x	332.88x	8.45x	(99.84%)
Fixed assets rotation	62.29x	1.83x	0.02x	(99.97%)
Inventories rotation	5.94x	3.54x	0.85x	(85.66%)
<b>Term ratios</b>				
Days of sales	2	33	n.a.	n.a.
Days of inventories	87	168	n.a.	n.a.
Days of payment	-	-	-	n.a.
<b>Profitability ratios</b>				
Return on equity (ROE)	5.06%	78.85%	(16.95%)	n.a.
EBITDA Margin	1.62%	126.62%	n.a.	n.a.
EBIT Margin	0.83%	153.48%	n.a.	n.a.

### Project

- ❑ The project involves the completion of the construction of a building of 16 apartments of which 8 of them are proposed for sale.
- ❑ The necessary contribution to undertake the project amounts to a total of €1,034,850 of which Housers intends to finance a total of €300,000 at an interest rate of 8% per annum.

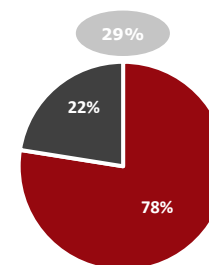


### Loan to value <sup>(1)</sup>



■ Value 1,543,000  
■ Loan 300,000

### Loan to cost <sup>(2)</sup>



■ Costs 1,034,850  
■ Loan 300,000

(1) Loan to value: Loan amount divided by accumulated sales over the maturity period of the Housers loan; (2) Loan to cost: Amount of the loan divided by total costs of the Project; Source: The Company, publicly available information.

## 4. Investment Scoring

### Investment Scoring

Developer										Project									
Scoring criteria	C	CC	CCC	B	BB	BBB	A	AA	AAA	Scoring criteria	C	CC	CCC	B	BB	BBB	A	AA	AAA
Developer's experience										IRR <sup>(2)</sup>									
Number of projects										ROI									
Annual performance										Licenses									
Liquidity ratios										Comparables in areas of influence									
Debt ratios										Sqm price									
Asset management ratios										Sqm construction cost <sup>(2)</sup>									
Term ratios										Inhabitants									
Profitability ratios										Special locations									
Scoring grade results in an <b>BBB</b> (40% weight)										Scoring grade results in an <b>A</b> (60% weight)									



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