



**INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE BLUSKY VILLAGE
PROJECT**

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

January 7, 2020

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of 44 apartments, published in Housers website under the name of BLUSKY VILLAGE.

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.

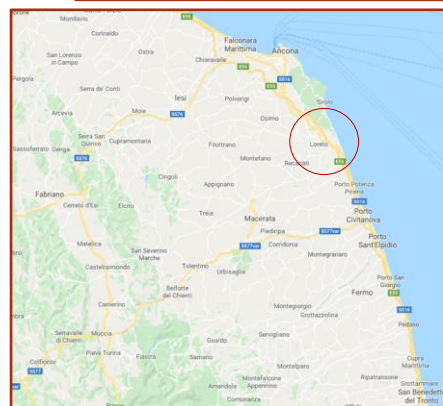
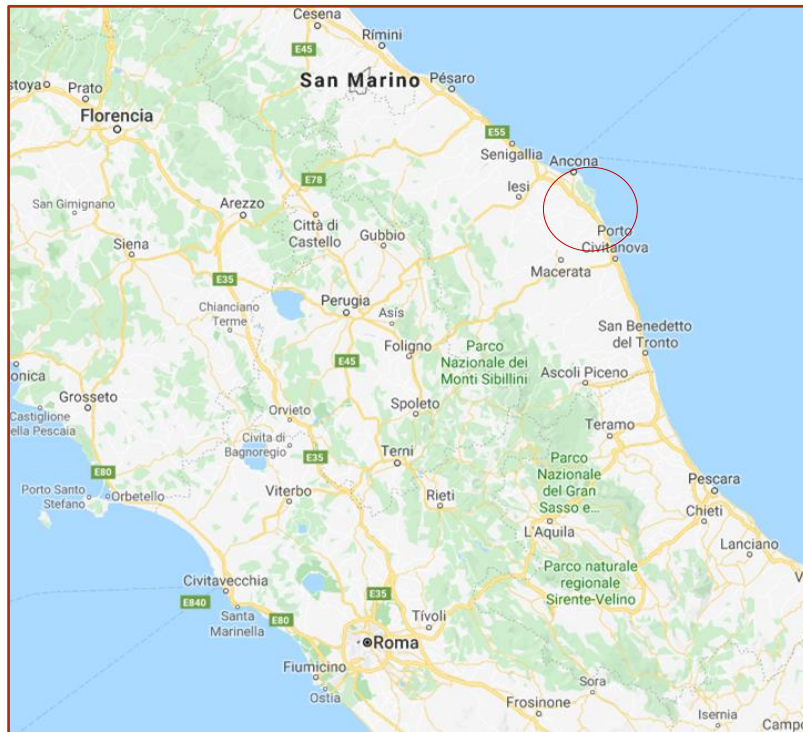
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the city of Porto Recanati, in the Marche region of Italy.
- Financing for the construction of 44 apartments.
- 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 € 600,000.
- The investment for the first tranche amounts to a total of € 300,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SORROUNDINGS

The project object of the investment is located in Cristoforo Colombo street, province of Macerata, in the region of le Marche, in Italy. It is the northernmost coastal municipality in the province.

Porto Recanti has a population of almost 13 thousand inhabitants, while the Marche region has more than 1.5 million.

BUSINESS PLAN

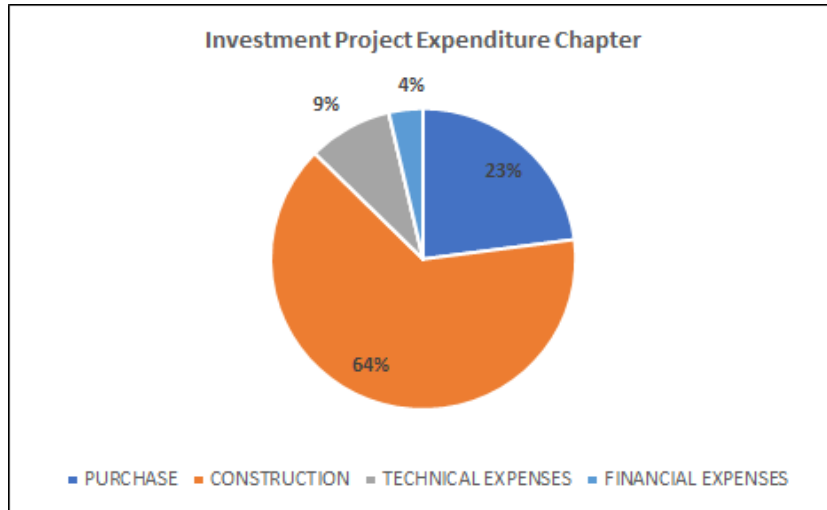
The summary of the business plan of the Project is as following:

€	2018	2019	2020	2021	TOTAL
Income	0	0	0	7,370,305	7,370,305
Change in Inventories	1,097,337	0	1,570,000	-2,667,337	0
Procurements	-1,097,337	0	-1,570,000	-2,175,119	-4,842,456
Selling Cost	0	0	0	-4,842,456	-4,842,456
Gross Margin	0	0	0	2,527,849	2,527,849
Other operating expenses	0	0	-58,08	0	-58,08
EBITDA	0	0	-58,08	2,527,849	2,469,769
EBIT	0	0	-58,08	2,527,85	2,469,769
Financial Result	0	0	-56,667	-67,567	-124,233
EBT	0	0	-114,747	2,460,283	2,345,536

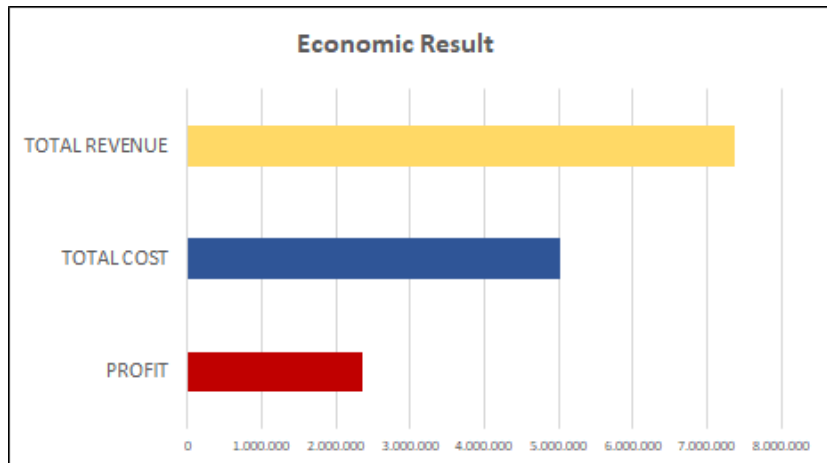
Source: Project Developer

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
viale Cristoforo Colombo	Porto Recanati	78	2,500
via Antonio Vivaldi	Porto Recanati	75	1,067
Porto Recanati	Porto Recanati	65	1,692
viale Cristoforo Colombo	Porto Recanati	40	1,475
via Amundsen	Porto Recanati	65	1,277
Urb. Scossicci	Porto Recanati	50	1,800
via Vivaldi	Porto Recanati	69	1,435
Porto Recanati	Porto Recanati	46	2,435
Average			1,710

In order to compare the selling price, we are using the one obtained by the Project Developer which places the average at 1,710 €/m².

The cost of construction in the area has an average of 600 €/m².

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Tempocasa, Classim, Remax, Immobiliare Porto Recanati, Immobiliare 67).

PROJECT PROFITABILITY

	2018	2019	2020	2021
Cash Flow	-1.097.337	0	-1.047.057	4.489.929
IRR	Cash Flow		ROI	
	45,15%		46,68%	

Source: Own elaboration.

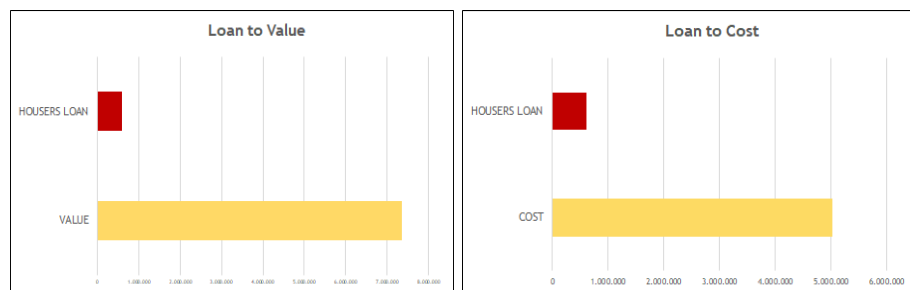
The profitability of the project stands at 45.15% of the capital invested and the Return on Investment (ROI) at 46.68%.

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 8.14% of the total value and 11.14% 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

BLUE SKY Costruzioni, S.R.L., with VAT number 02484720426, is a company whose main corporate purpose is the sale, restoration of real estate, land acquisition, demolition and other services related to real estate activity.

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:

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

BB

Source: Own elaboration

Company's track record only allows Liquidity and Debt ratios 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:

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)									
Land									

BBB

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

FINAL SCORING

BBB

Silva & Asociados, Asesores Financieros, S.A.

January 7, 2020



Juan José Silva Navarrete
Managing Partner

