



LAPA APARTMENTS

INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Purpose

The purpose of this document is the analysis of the Lapa apartments investment project and the assignment of a credit rating to it.

In this project, which will last for one year and six months, it is necessary to obtain a financing of 300.000 € to meet the total cost of the project, 1.188.854 €.

Nature and purpose of our services

The analysis of the investment Project is based on the information provided about the Project, evaluating the main parameters of the Business Plan and contrasting it with market information and assigning a rating of the Project risk through a standardized system to assist in making investment decisions (scoring).

The scope of our work has been based on unaudited information provided by HOUSERS, which receives the information from the Promoter. In this sense, we must mention that we have not carried out any independent verification, audit, review or evaluation of the accounting, fiscal, legal, labor or environmental situation of the Investment Project that is the object of our analysis. We have assumed that the information provided is complete and accurate and, therefore, the possible risks that may exist and have a possible effect have not been taken into consideration in the analysis work we have carried out.

In carrying out our work, we have used information obtained from public sources and we assume that such information is reliable, although we can not guarantee the absence of possible errors in the information used.

The information in the Business Plan is totally and exclusively the responsibility of the Project Promoter, although for the purposes of our work, we have globally verified its coherence, although we point out that its use should not be interpreted as an opinion on it and, therefore, we do not accept any responsibility for the existence of possible errors that could have an impact on the results of our work.

Independence

PROYECTOS CIGA states that the information contained in this document is independent and does not constitute a recommendation for the investment to be made.

This investment analysis report is for the sole and exclusive use of HOUSERS and registered users of the participatory financing platform in order to have an independent document on the investment project and is issued with the understanding that it will not be used for any other purpose than that indicated, without the prior consent of PROYECTOS CIGA.

Confidentiality

PROYECTOS CIGA authorizes the publication of this investment analysis on the HOUSERS corporate website www.housers.com.

Project description

The **LAPA APARTMENTS** project consists on refurbishing 5 apartments and a comercial premise, in an existing building located in Lapa, in the center of Lisbon.

The construction will have a duration of one year and six months. The funding will come from 359.000€ invested by the promoter, a bank loan of 510.000€ and 300.000€ provided by the HOUSERS investors financed at a 9% of interest.

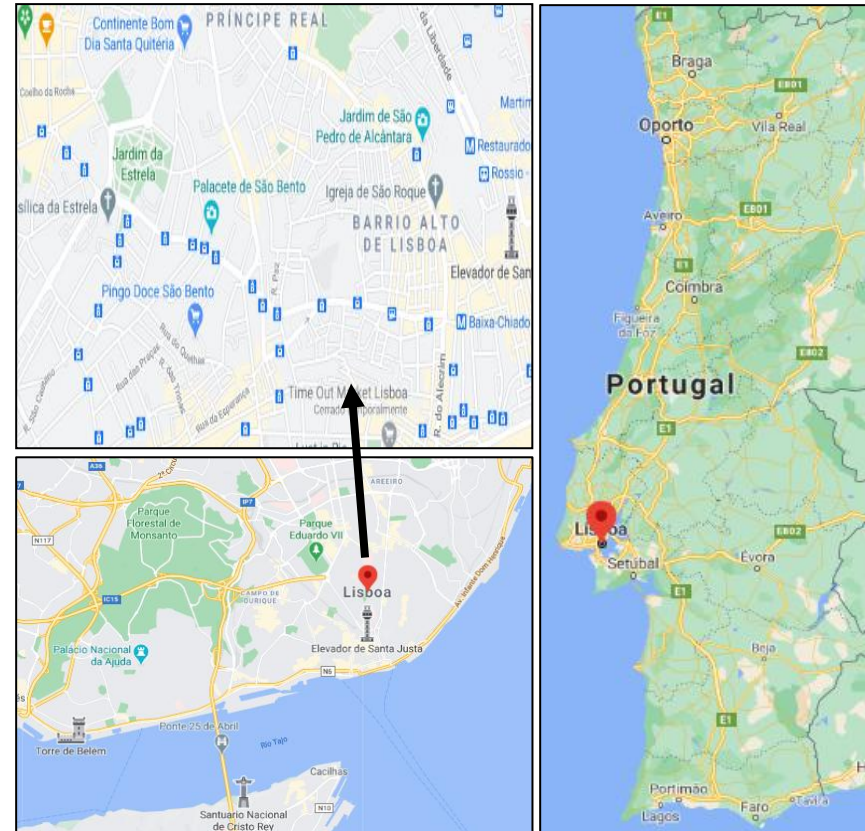
The apartments as well as the comercial premise have an useful surface of 65m².

This houses are located in the center of Lisbon, capital of Portugal. Lisboa is a Cosmopolitan city located in the Atlantic Ocean coast. The capital offers a marvelous climate and a wonderful local hospitality. Its life quality and its affordable cost of living has made that more and more companies decide to bring their operations there. The city has lovely places to visit such as the Sao Jorge Castle, The Belem tower, The Santa Justa elevator or La Alfama neighbourhood.

Lisboa counts with an international airport located at only 15 minutes by car from the town center (5,5km).

They own the necessary licences to start the construction.

Location

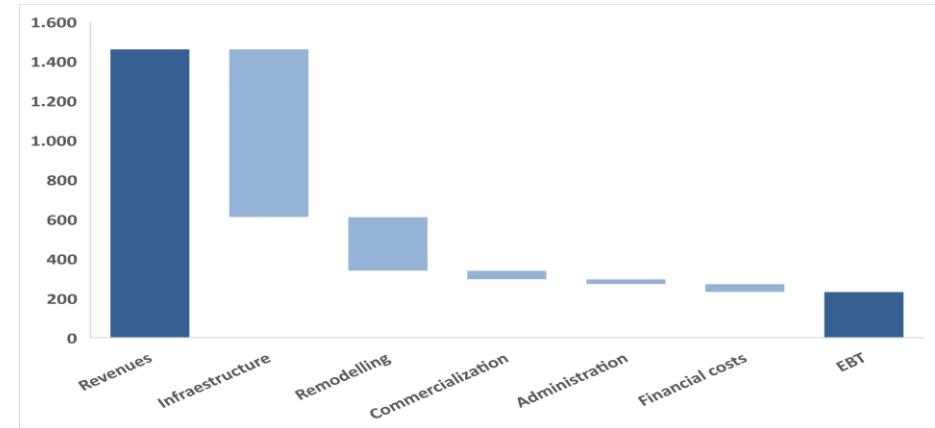
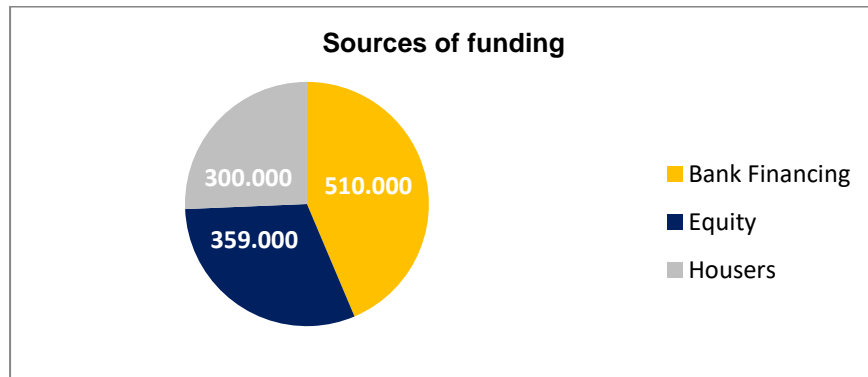


Business plan

A summary of the Business Plan for the investment Project LAPA APARTMENT is as follows (data in euros):

in €	Total	Q1	Q2	Q3	Q4	Q5	Q6
Revenues	1.460.500	0	482.500	244.500	244.500	244.500	244.500
Infrastructure cost	(850.000)	(850.000)	0	0	0	0	0
Construction costs	(271.039)	(50.820)	(50.820)	(50.820)	(50.820)	(50.820)	(16.940)
Commercialization costs	(43.815)		(14.475)	(7.335)	(7.335)	(7.335)	(7.335)
Administration costs	(24.000)	(24.000)	0	0	0	0	0
EBIT	271.646	(924.820)	417.205	186.345	186.345	186.345	220.225
Financial costs	(40.500)	(6.000)	(6.750)	(6.750)	(6.750)	(6.750)	(7.500)
EBT	231.146	(930.820)	410.455	179.595	179.595	179.595	212.725

A summary of the main classifications of expenditure on the Project's investment and its financing is as follows:



Source: Promoters of the project, in thousands of €

Project profitability

After analyzing the Business Plan, the cash flows to be obtained on a quarterly basis are the following (data in euros):

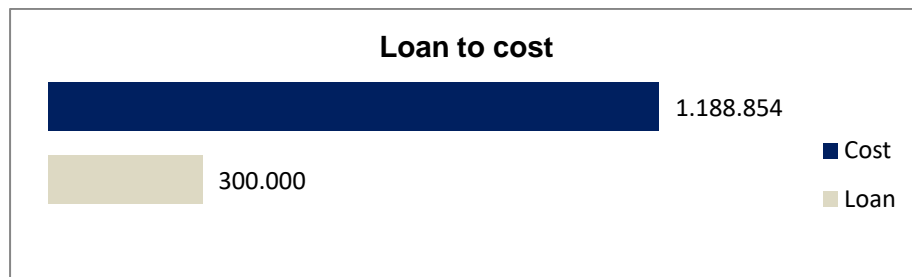
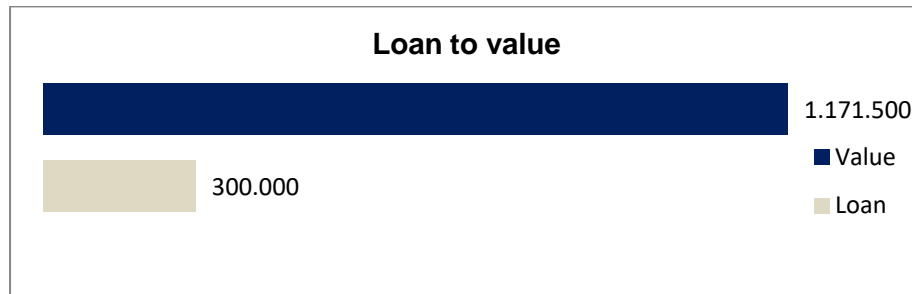
Q1	Q2	Q3	Q4	Q5	Q6
(930.820)	410.455	179.595	179.595	179.595	212.725

With these cash flows, the profitability of the project is in the following magnitudes

IRR	ROI
7,42%	27%

Leverage

The total amount of external project financing will be obtained through a bank loan of 510.000 € and the HOUSERS collective loan. This loan of 300.000 € represents 25,6% of the value of the property once the works are completed and 25,2% of its production cost.



**It does not include financial costs*

Market comparison

The sale prices are ranged between 210.000 € and 275.000 per house. The average price is 3.803 €/m2. This figure is a **17% less expensive** than the average price in Lapa and its surroundings.

Location	€	m2	€/m2
Lisboa, Rua do cura	435.000 €	75	5800 €
Lisboa, Beato	270.000 €	60	4500 €
Lisboa, Benfica	295.000 €	80	3687 €
Lisboa, Coração de Jesus	455.000 €	80	5687 €
Lisboa, Estrada de Chelas	195.000 €	60	3250 €
Lisboa, Coração de Jesus	265.000 €	72	3681 €
Lisboa, Santa Catarina	280.000 €	46	6087 €
Lisboa, Nossa Senhora de Fátima	239.000 €	59	4051 €
Average			4593 €

Source: Idealista web, own analysis of the main real estate agencies (Engel&Volkers, Remax, Funny House etc)

Promoter

Operational Behaviour, CIF **515067601**, address at Rua Áurea, Nº 265 1100-062 Lisboa. Since 2018 is a company belonging to the construction sector, and its main activity is the trade of real estate properties.

The construction will be carried out by **NS CONTRACT**.

The Operational Behaviour partners worked with NS contract in the past, building two hotels and doing a complete refurbishing of the interiors of a house in Lisbon.

The Project will be financed with 359.000 € of equity from the promoters, a bank loan of 510.000€ and 300.000 € of the HOUSERS investors financed at a 9% of interest.

Financial statements of the promoter

Balance sheet (data in euros)

	2020	2019
Non-current assets	0	0
Current assets	875.225	4.338
Total Assets	875.225	4.338

Equity	362.917	4.338
Non-current liabilities	510.000	0
Current liabilities	2.460	0
Equity and total liabilities	875.377	4.338

Income statement

Due to the limited activity done by the company until 2020, we don't have a profit and loss statement that offers relevant information.

Project rating

Scoring is an evaluation system whose purpose is to rate the investment project. This allows the investor to make decisions about the company's risk taking as a reference a grade that indicates the level of risk exposure. This qualification of the investment project is based on two analyses.

The first to be evaluated will be the promoter's background by rating different financial ratios.

The second to be evaluated will correspond to the analysis of this project, its Business Plan and its profitability based on factors that indicate its suitability.

The rating considers 3 levels of investment quality:

- **Investments with optimal and high quality: AAA (optimal), AA and A (High)**
- **Investments with a good (BBB) and satisfactory (BB y B) quality**
- **Investments with a minimal (CCC) and questionable (CC y C) quality**

Score	Equivalence
AAA	Optimal
AA	Very high
A	High
BBB	Good
BB	Very satisfactory
B	Satisfactory
CCC	Minimal
CC	Questionable
C	Very questionable

Promoter analysis

The company was founded in 2018, therefore there is not sufficient financial information.

However the society disposes of a typical balance sheet found in healthy and solvent real estate promoter companies.

For this reason we consider that the financial statements founded in the two previous periods are completely normal and balanced.

The company counts with very experienced partners in the sector, who have carried out numerous similar projects.

Project analysis

The second type of analysis evaluates the most relevant aspects for the investor when evaluating this particular investment, giving a specific weight to each one.

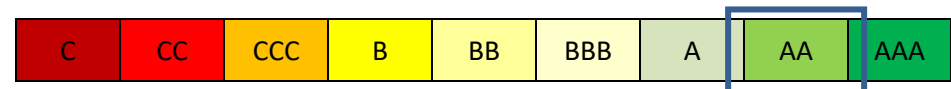
According to the result of the analysis carried out, we have rated each metric with a grade according to the situation of the promotion itself.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR	CC		■							
ROI	AAA									■
Licence	AAA									■
Transactions	AAA									■
Sale price €/m2 Country	AAA									■
Sale price €/m2 Region	AAA									■
Average price. vs disctrict	A							■		
City (residents)	AAA									■
% Formalized sales	C	■								
Loan to Value	AAA									■
Loan to Cost	AAA									■
Land ownership	AAA									■

The project's grade is **AA**. It is given a weight of 60% in the overall rating.

Global rating

The overall rating of the investment project is determined by assigning a weight of 40% to the rating of the Promoter and the remaining 60% to the Project. Due to the fact that we do not dispose of enough information about the promoter, we decided to use only the rating of the Project (AA) in the final rating. Therefore, the LAPA APARTMENTS investment Project has been assigned with a global rating of:



The **LAPA APARTMENTS** obtained a grade **AA (very high)** in the global rating.

In Madrid, March 29 2021.

Juan José Alvado Martín

PARTNER DIRECTOR

Proyectos CIGA

Soluciones empresariales

C/ Embajadores, 187, 28045 - Madrid
91 447 89 12

