



**INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE GAMING
RESIDENCE PROJECT**

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

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DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of GAMING RESIDENCE PROJECT.
Reform and develop a student's residence.

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:

- Start up and reform of the first Residence for gamers college students.
- 24 months duration.
- The total need for project financing amounts to € 300,000.

COMPANY'S DESCRIPTION

GR born in 2019, with the following objectives:

- First Tech-Residences Gaming group in Spain.
- Create an eSports community.

Business model is principally based in Real Estate (Residences development), but also includes services due to create an immersive gaming experience.

The main business model aspects are:

- **First Mover Advantage**
- **Location**
- **Gaming knowledge**
- **Real Estate**
- **Community**

A professional eSports team will be hosted at the Residence in order to promote contact between students and players.

The target market is compound by those college students that want to share their education with this gaming experience.

Customers base will be compound by parents and students, depending on their resources.

SECTOR

Project is based on the addition of Real Estate and Gaming sectors.

Real Estate sector, specifically Student Residences, is driven by evolution of the following parameters:

- **Socioeconomic environment:** indicators positive evolution
- **Sociodemographic environment:** improvement in education and target population growth
- **Spanish university system:** supply growth and an upward trend in enrolled students
- **Student Mobility:** Spanish students coming from a different region represent 28% total weigh in private colleges and 25% in public

colleges. International students represent 13,5% total weigh in private colleges and 6,6 in public colleges.

- **Spain as an attraction pole:** language, culture and standard of living
- **Competitors:** home rental, digital platforms.

Gaming sector, specifically eSports subsector, main aspects are the following:

- **Revenue:** around 1.000 million (€).
- **Growth:** 20% per year. From 2021 a slowdown is expected due to the sector maturity.
- **Strategy:** face to face events and amateur users capture.

COMPANY EVOLUTION

3 business areas:

- **Real Estate**
- **Services**
- **Face to Face events**

During the first 3 years, the weight of the Real Estate activity averages 80% of income. From the third year on, the rest of the activities reach a weight of over 30% of the total turnover.

The strategic plan is to create a product that offers a differential and replicable experience. When a certain volume of centers is reached, the promoters will create a SOCIMI that will be the owner of the centers managed by the operator GR.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

BUSINESS PLAN

Un resumen del Plan de Negocio del Proyecto de inversión es el siguiente:

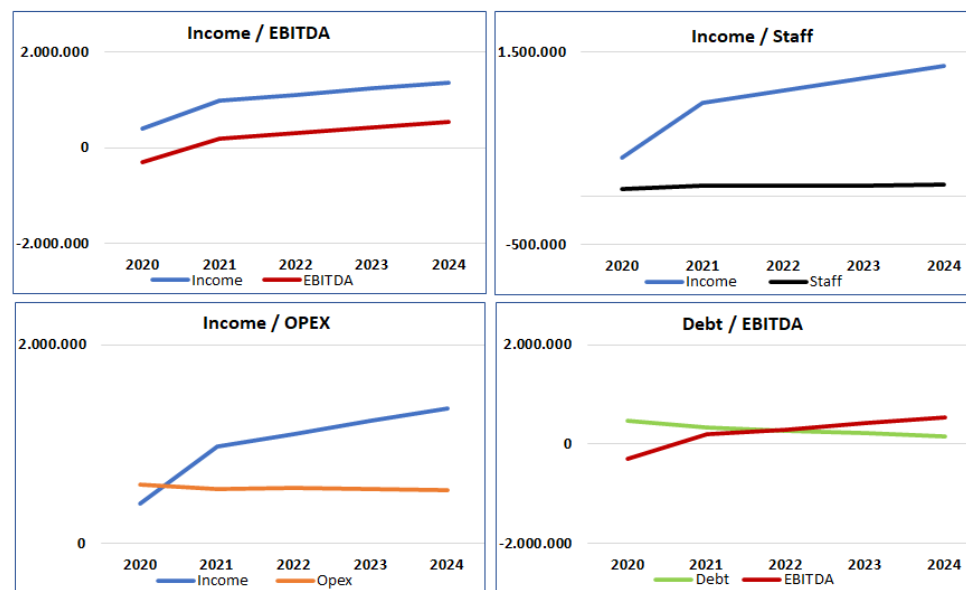
	Projected				
	2020	2021	2022	2023	2024
Balance Sheet - (€)					
Non-current Assets	259.448	222.138	184.828	147.518	110.208
Current Assets	200.644	247.038	483.081	850.089	1.118.408
Total	460.092	469.176	667.910	997.607	1.228.616
Equity	-51.507	84.543	333.386	620.767	878.964
Non-current Liabilities	300.000	300.000	273.242	217.688	159.305
Current Liabilities	211.599	84.633	61.282	159.152	190.347
Total	460.092	469.176	667.910	997.607	1.228.616

	Projected				
	2020	2021	2022	2023	2024
Profit and Loss - €					
Income	408.140	974.687	1.100.421	1.232.442	1.354.125
Selling Cost	-111.042	-227.637	-239.019	-250.970	-263.518
Gross Margin	297.098	747.050	861.403	981.473	1.090.606
Staff	-74.099	-112.630	-114.882	-117.180	-119.524
Other operating Expenses	-524.598	-435.991	-444.046	-428.608	-424.043
EBITDA	-301.599	198.429	302.474	435.684	547.040
Amortization	-28.352	-37.310	-37.310	-37.310	-37.310
EBIT	-329.951	161.119	265.164	398.374	509.730
Financial Result	-51.555	-25.069	-15.193	-13.394	-11.475
EBT	-381.507	136.050	249.971	384.980	498.255
Tax	0	0	-1.129	-96.245	-124.564
EAT	-381.507	136.050	248.843	288.735	373.691

EBITDA / Financial Result	5,85 X	7,92 X	19,91 X	32,53 X	47,67 X
Financial Debt / EBITDA	0,000	1,648	0,903	0,500	0,291

Source: Project Promoters

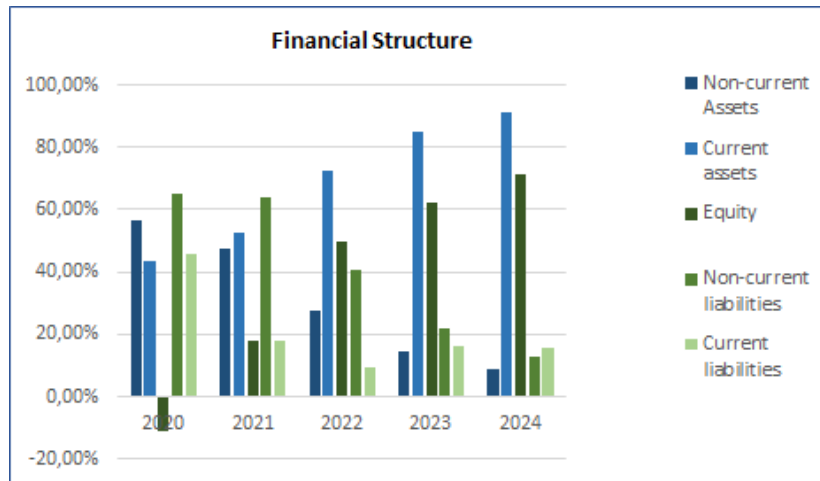
- **Income / EBITDA:** Both parameters show a very favorable evolution. EBITDA Margin (EBITDA / Sales) experiences 26% average increase over the analysis period.
- **Income / Staff Cost:** A positive evolution of Billing is shown with a stable Personnel expense.
- **Income / OPEX:** Average weight reduction of Structure of 24% throughout the projected period.
- **Debt / EBITDA:** The weight of the debt is reduced by 82% throughout the period analyzed.



Source: Project Promoters

A detail of the evolution of the Financial Structure during the analysis period is as follows:

INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Source: Project Promoters

BENCHMARKING

The main competitors are student residences since there is no product that resembles GR.

Professional gamers teams (Mad Lions, Movistar Riders, Vodafone Giants, Cream eSports) host professional players, but do not offer educational services for amateurs.

PROJECT'S RATING (SCORING)

The purpose of scoring is to qualify the investment project and is carried out by performing a static and dynamic analysis of the company.

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)

Score	Quality
AAA	Optimal
AA	High +
A	High
BBB	Good
BB	Satisfactory +
B	Satisfactory
CCC	Minimal
CC	Questionable
C	Questionable -

STATIC ANALYSIS

According to the result of the analysis carried out on the history of the company **we have assigned a scoring CC** according to the following parameters evaluated:

STATIC	C	CC	CCC	B	BB	BBB	A	AA	AAA
Track Record									
Positioning									
Liquidity Ratios									
Debt Ratios									
Asset Management Key Figures									
Deadline Key Figures									
Profitability Ratios									

CC

Source: Own elaboration

The society does not have historical information, since it is a new creation. The founders have experience Student Residences as they own a student's residence.

In addition, they have made a considerable contribution of funds (greater than 33% of the total project needs). These two factors help to mitigate risk and for this reason we increased the static scoring going from "C" to "CC".

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

DYNAMIC ANALYSIS

According to the analysis carried out, we have assigned to the foreseeable evolution of the company a **scoring AA** considering the result of the weight obtained on the following parameters evaluated:

DYNAMIC	C	CC	CCC	B	BB	BBB	A	AA	AAA
Business Plan Hypothesis									
Sector Forecast									
Income									
EBITDA									
Structure									
Debt									
Cash Generation / Financial Debt									

AA

Source: Own elaboration

GLOBAL EVALUATION

The overall rating of the investment project is determined by assigning a weight of **40%** to the static scoring and the remaining **60%** to the dynamic scoring, which have been indicated of CC and AA, respectively and, therefore, we have assigned the **GAMING RESIDENCE PROJECT** investment project a global scoring **B**, indicating a **SATISFACTORY** rating.

SCORING

B

Silva & Asociados, Asesores Financieros, S.A.

March 24, 2020



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