



**INVESTMENT ANALYSIS AND RATING  
ASSIGNMENT OF THE BARI MARE  
PROJECT**

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

December 19, 2019

### DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of two apartments, published in Housers website under the name of BARI MARE.

### 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](http://www.housers.com).

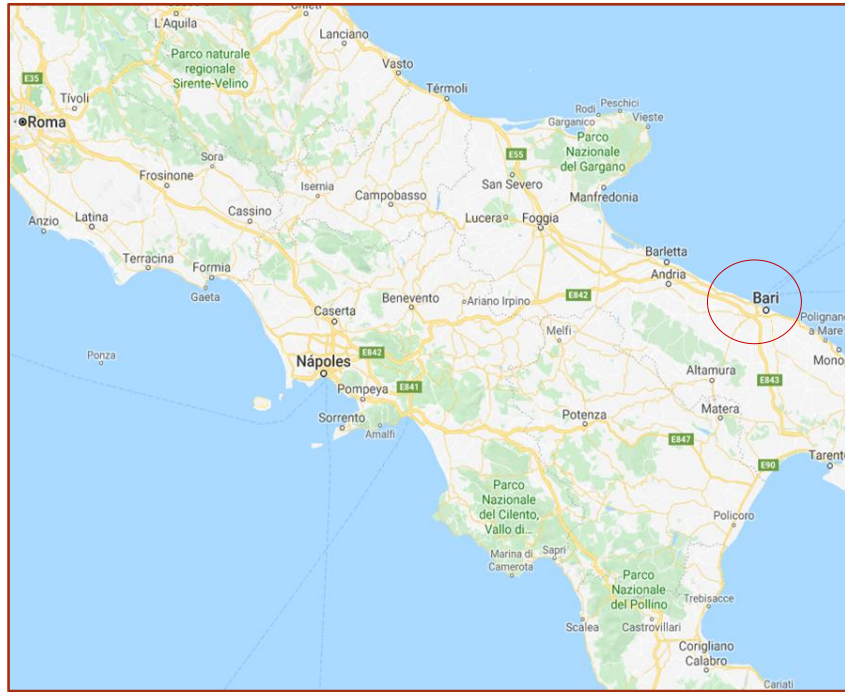
### DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the city of Bari, capital of the Apulia region in Italy.
- Financing for the construction of a new floor in an already built 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 need for project financing amounts to € 150,000.

# INVESTMENT ANALYSIS AND RATING ASSIGNMENT

## LOCATION



## AREA & SORROUNDINGS

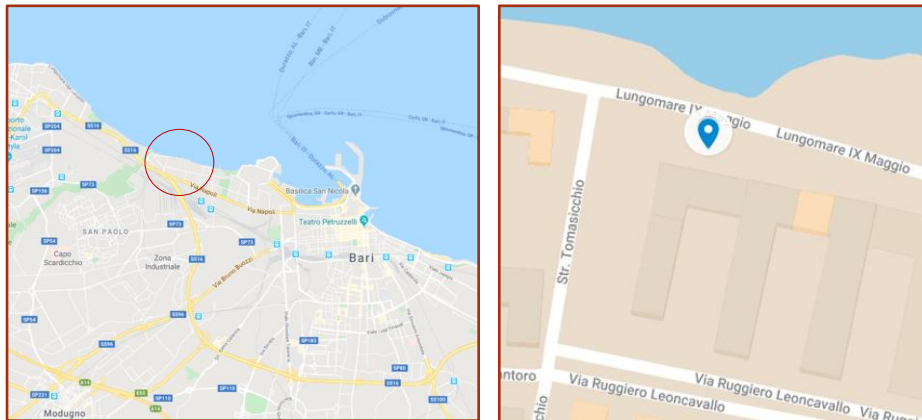
The project subject of the investment is located at number 48 of Lungomare IX Maggio, in the city of Bari, in Italy. Located on the Adriatic coast, it is the third city in southern Italy after Naples and Palermo.

Bari is the capital of the homonymous metropolitan city and the Apulia region. It has a population of 750 thousand inhabitants in its urban area and almost 1.3 million in its metropolitan area.

## BUSINESS PLAN

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

€	2019	2020	2021	TOTAL
Income	0	0	330,500	330,500
Change in Inventories	43,926	115,474	-159,400	0
Procurements	-43,926	-115,474	0	-159,400
Selling Cost	0	0	-159,400	-159,400
Gross Margin	0	0	171,100	171,100
Other operating expenses	-14,520	0	0	-14,520
EBITDA	-14,520	0	171,100	156,580
EBIT	-14,520	0	171,100	156,580
Financial Result	0	-14,375	-5,990	-20,365
EBT	-14,520	-14,375	165,110	136,215

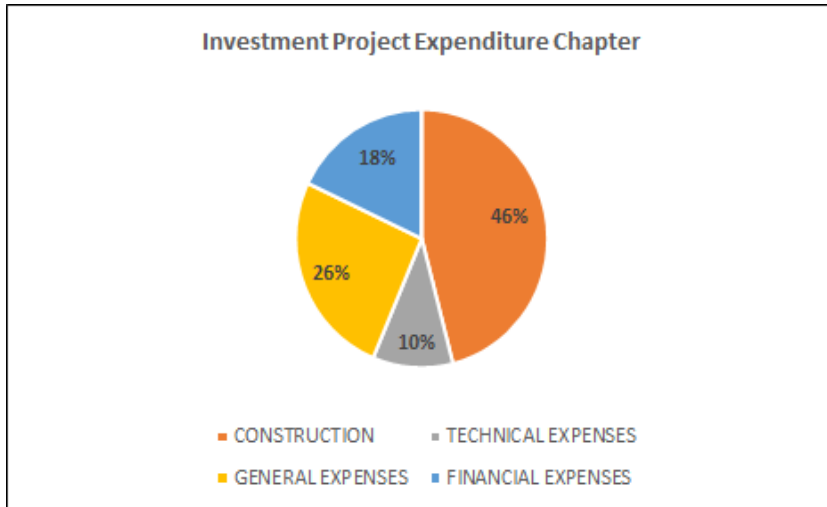


Source: Google Maps

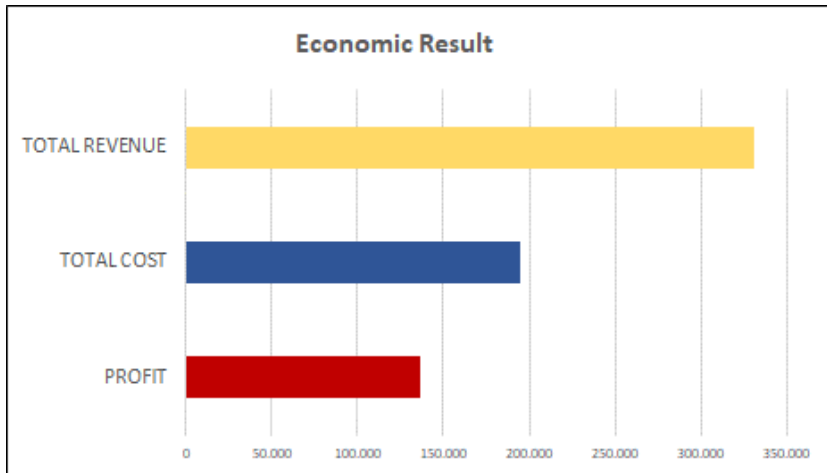
Source: Project Developer

## 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			
Address	Municipality	m <sup>2</sup>	€/m <sup>2</sup>
via Vincenzo Bellezza	Bari	120	2,917
San Girolamo-Fesca	Bari	100	1,850
via Arturo Santoro	Bari	95	2,158
via Sasso	Bari	110	1,818
via Ritelli	Bari	80	3,625
via Francesco Cilea	Bari	53	2,453
via Van Westerhouth	Bari	95	2,421
via Donato Marrone	Bari	80	2,938

**Average 2,522**

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Gruppo VIScasa, Casagency Immobiliare, Realtà Immobiliare, Immobiliari Riunite, Immobiliare giannone)

In order to compare the selling price, we are using the one obtained by the Project Developer which places the average at 2,522 €/m<sup>2</sup>.

The cost of construction in the area has an average of 1,000 €/m<sup>2</sup>.

### PROJECT PROFITABILITY

	2019	2020	2021
<b>Cash Flow</b>	-58.446	-129.849	324.510
	Cash Flow	ROI	
<b>IRR</b>	51,41%	70,11%	

Source: Own elaboration.

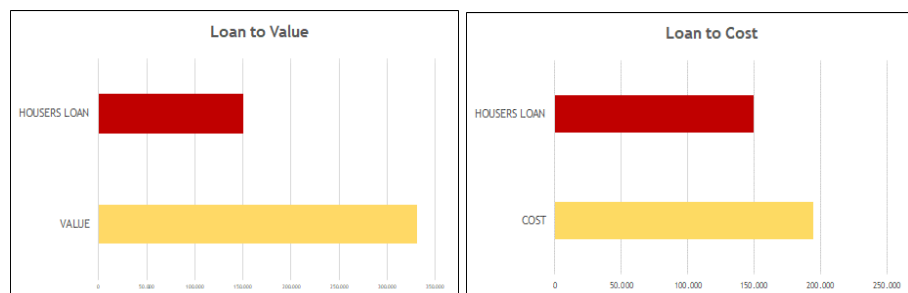
The profitability of the project stands at 51.41% of the capital invested and the Return on Investment (ROI) at 70.11%.

**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 **45.39%** of the total value and **77.21%** of the total cost.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Source: Own elaboration

### Score

AAA
AA
A
BBB
BB
B
CCC
CC
C

### Quality

Optimal
High +
High
Good
Satisfactory +
Satisfactory
Minimal
Questionable
Questionable -

### PROJECT DEVELOPER

Lorenzo Loseto, with VAT number LSTLNZ86P08A662J, is a freelancer dedicated to the real estate business for more than 10 years who has successfully developed 6 projects.

### 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									
# Projects									
Company Performance									
Liquidity Ratios									
Debt Ratios									
Asset Management Key Figures									
Deadline Key Figures									
Profitability Ratios									

BB

Source: Own elaboration

The promoter is a self-employed worker who does not present historical information. Our analysis reflects that risk.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT

### PROJECT'S RATING

According to the analysis carried out, we have assigned an **A 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)									
Property									

A

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

#### FINAL SCORING

BBB

Silva & Asociados, Asesores Financieros, S.A.

December 19, 2019



Juan José Silva Navarrete  
Managing Partner

