



**INVESTMENT ANALYSIS AND RATING  
ASSIGNMENT OF THE ECO WORLD  
VILLA II PROJECT**

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April 22, 2020

### DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of a villa, published in Housers website under the name of ECO WORLD VILLA II.

### 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).

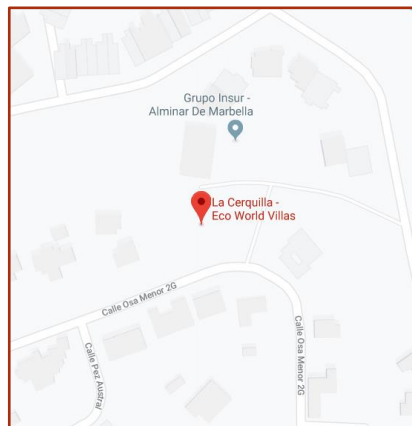
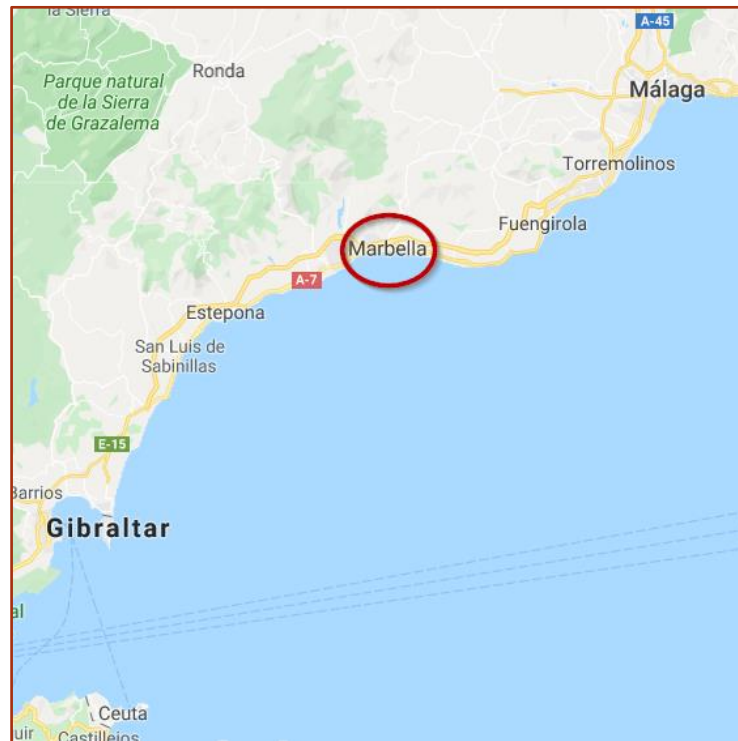
### DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in the city of Marbella, province of Malaga, in the Autonomous Community of Andalucía.
- Financing for the construction and market placement of a villa.
- 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 total project financing is € 800,000.
- The investment for the second tranche amounts to a total of € 200,000.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT

### LOCATION



Source: Google Maps

### AREA & SORROUNDINGS

The project object of the investment is located at La Cerquilla, plot 54B, Nueva Andalucía, in the city of Marbella.

The municipality of Marbella has a population of about 142,000 inhabitants. The Costa del Sol, located on the southern coast of the province of Malaga, has a population of almost 1.5 million inhabitants. It is one of the most important tourist areas in Spain, as it concentrates around 35% of tourism in Andalusia, hosting more than 17 million overnight stays per year.

### BUSINESS PLAN

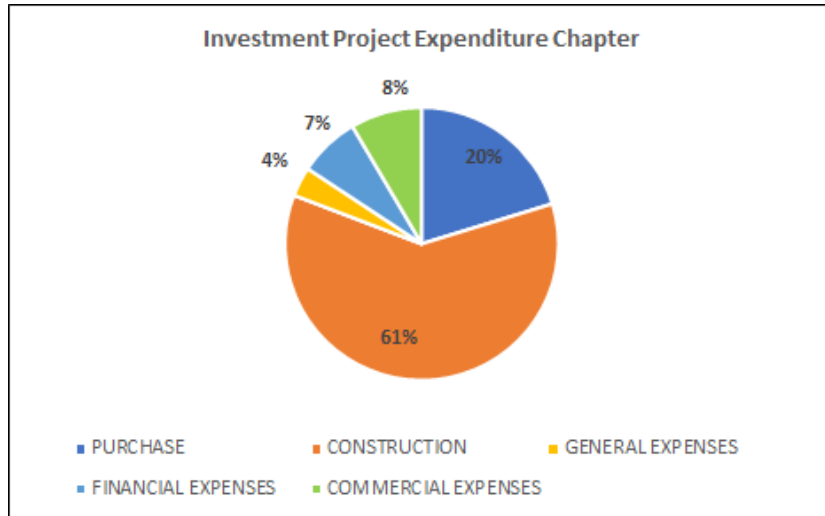
The summary of the business plan of the Project is as following:

€	2019	2020	2021	TOTAL
Income	0	0	2,395,000	2,395,000
Change in inventories	908,755	926,65	-1,835,405	0
Procurements	-908,755	-926,65	0	-1,835,405
Selling Cost	0	0	-1,835,405	-1,835,405
Gross Margin	0	0	559,595	559,595
Other operating expenses	0	-77,440	0	-77,440
EBITDA	0	-77,440	559,595	482,155
EBIT	0	-77,440	559,595	482,155
Financial Result	0	-63,000	-3,000	-66,000
EBT	0	-140,440	556,595	416,155

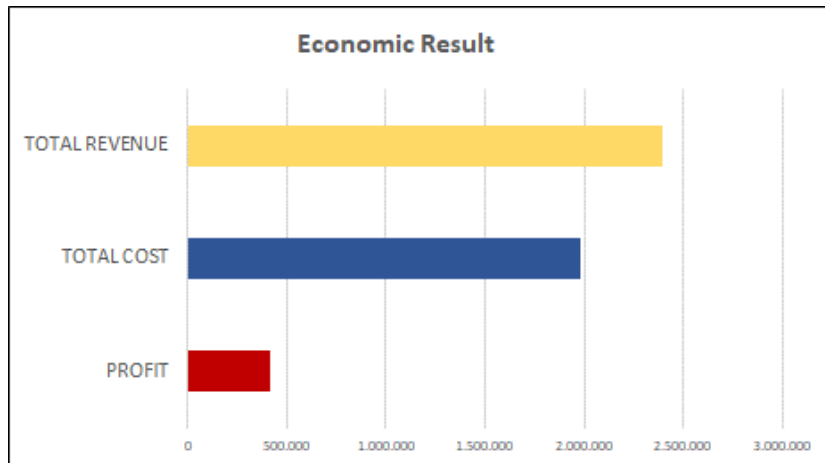
Source: Project Developer

## 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 <sup>2</sup>	€/m <sup>2</sup>
Valle del golf	Marbella	1570	2,306
Los Naranjos	Marbella	1023	4,154
Aloha	Marbella	1000	3,995
Los Naranjos	Marbella	1000	2,295
Calle Pleyades	Marbella	297	7,744
La Cerquilla	Marbella	794	8,186
Los Naranjos	Marbella	703	5,477
Los Naranjos	Marbella	375	5,320
<b>Average</b>			<b>4,935</b>

The summary of the sale price has been prepared from an analysis of comparable product in the area of location of the project, prepared by reference real estate that place the average 4,935 €/m<sup>2</sup>.

The cost of construction in the area has an average of 1,550 €/m<sup>2</sup>.

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (House Marbella, Gonzalez y Asociados, Newbery, LVS Marbella, Engel and Volkers).

### PROJECT PROFITABILITY

	2019	2020	2021
Cash Flow	-908,755	1,327,910	-3,000
IRR	35.30%	21.03%	

Source: Own elaboration.

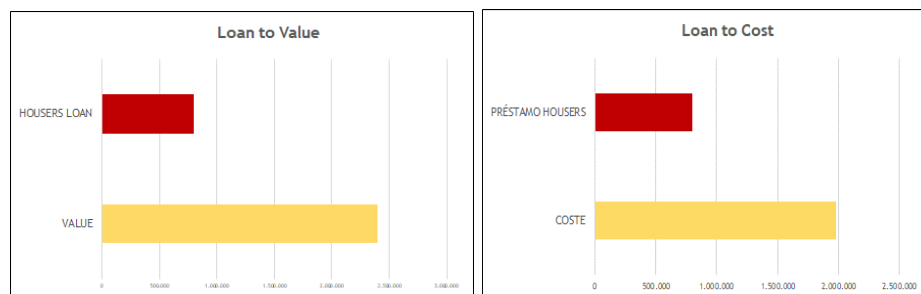
The profitability of the project stands at 35.30% of the capital invested and the Return on Investment (ROI) at 21.03%.

**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 33.40% of the total value and 40.43% of the total cost.

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Source: Own elaboration

- 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 -

### PROJECT DEVELOPER

Colin Investments 54 B, S.L., with VAT number B-64630411, is a company whose main corporate purpose is the provision of legal and business consulting services, the sale, rental, construction promotion, operation and management of buildings, homes, commercial premises, bungalows, apartments, residences, hotels, urban complexes and all kinds of real estate.

The developers have an extensive experience and have developed a significant number of real estate projects satisfactorily.

### DEVELOPER'S RATING

According to the result of our analysis about the Promoter we have assigned an **AA scoring** based on the following evaluated parameters:

PROMOTER	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									

AA

Source: Own elaboration

The company is a SPV so we analyze the parent company.

### 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 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:

PROJECT	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

The appraisal provided establishes a replacement price lower than the Promoter's Business Plan price. In order to reduce risk we penalize the sale price.

The current situation due to the COVID-19 presents an additional risk.

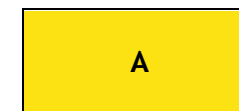
The scoring variables affected represent a combined weight on the final grade close to 50%.

An adjustment is made to capture the new situation by reducing the scoring, going from "A" to "BBB".

### 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 AA to BBB, respectively and, therefore, we have assigned to **ECO WORLD VILLA II** project an overall **A scoring**, which indicates a **HIGH** rating.

#### FINAL SCORING



Silva & Asociados, Asesores Financieros, S.A.

April 22, 2020

Juan José Silva Navarrete  
Managing Partner

