



**SICILY
HOUSES**

INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Purpose

The purpose of this document is the analysis of the SICILY HOUSES investment project in Acireale (Catania), 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 cost of the Project 1.292.000 €.

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 **SICILY HOUSES** project consists on the construction of 6 villas, in a building located in the nº 13 B Cristoforo Colombo Avenue, in Acireale, Catania.

The construction will have a duration of one year and six months, the funding will come from 290.000€ invested by the promoter and 300.000€ provided by the HOUSERS investors financed at a 9% of interest.

The promoters own the necessary licences to carry out the construction.

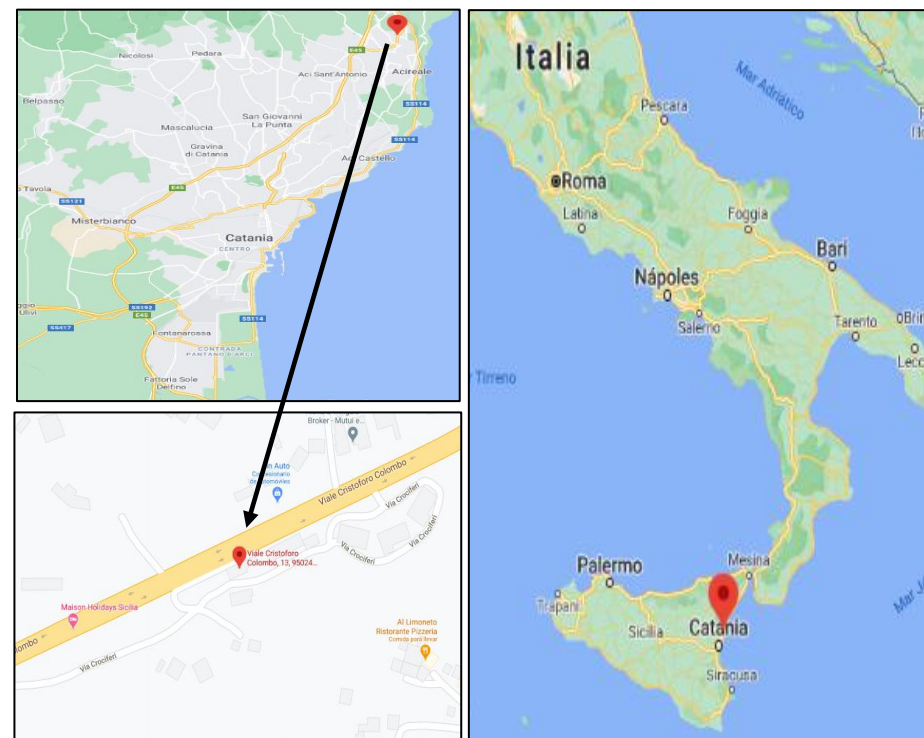
The real estate promotion has a surface of 1981 meters.

These houses are located in the Sicilian municipality of Acireale, in the north of Catania. It is an ideal place to do sightseeing and to learn about the Italian history and traditions. The city is known as the City as “The city of the 100 bells” or “The Vatican of the south”, this is due to the large number of churches that we can find in the city. It is located next to see and has plenty of excellent traditional Italian restaurants, where you can taste and savour the traditional Italian gastronomy.

The villas are really close to the Acireale historic center. They are surrounded by nature and they count with sea views.

Acireale is situated at only 30 minutes by car from the international airport of Catania.

Location



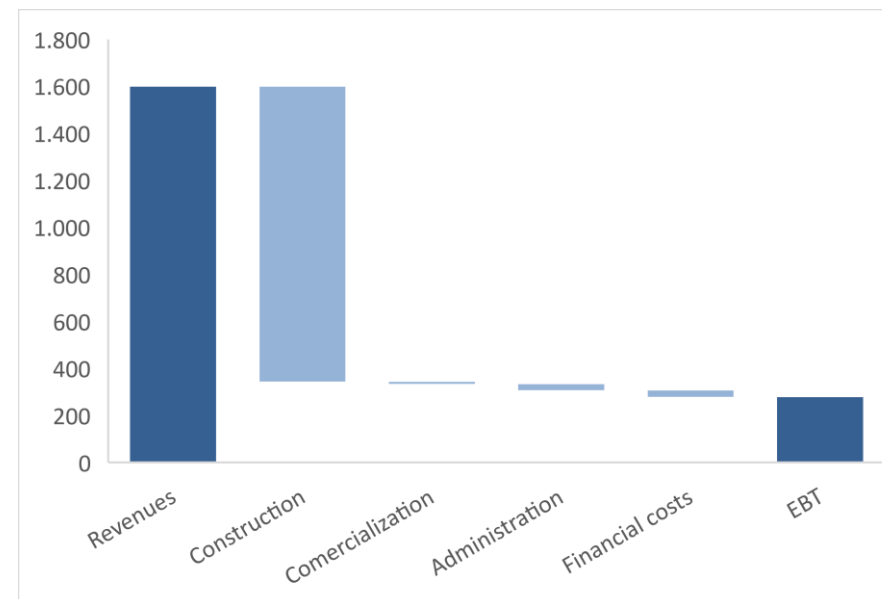
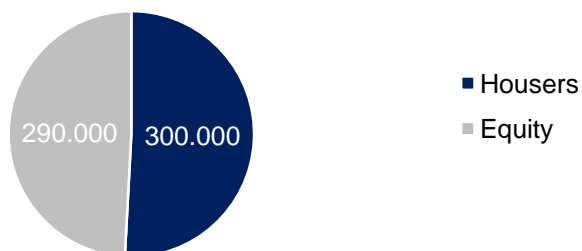
Business plan

A summary of the Business Plan for the Sicily Houses is as follows (data in Euros):

en €	Total	Q1	Q2	Q3	Q4	Q5	Q6
Revenues	1.599.000	150.000	150.000	160.000	160.000	230.000	749.000
Construction costs	(1.255.000)	(198.000)	(188.000)	(198.000)	(178.000)	(188.000)	(305.000)
Comercialization costs	(10.000)	(2.000)	(2.000)	(2.000)	(2.000)	(2.000)	0
Administration costs	(27.000)	(27.000)	0	0	0	0	0
EBIT	307.000	(77.000)	(40.000)	(40.000)	(20.000)	40.000	444.000
Financial costs	(29.000)	(4.900)	(7.050)	(7.050)	(7.150)	(2.650)	(200)
EBT	278.000	(81.900)	(47.050)	(47.050)	(27.150)	37.350	443.800

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

Sources of funding



Source: Promoters of the project, in thousands €

Profitability of the project

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

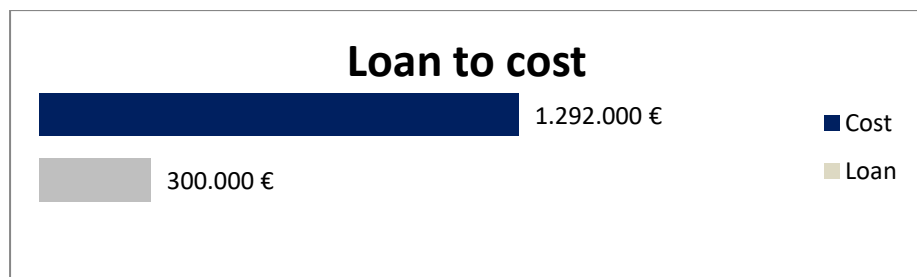
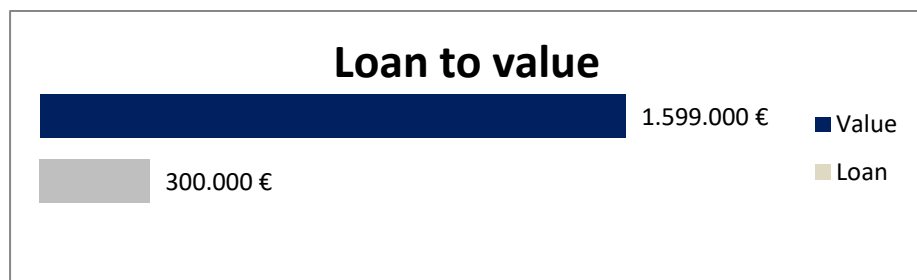
	Q1	Q2	Q3	Q4	Q5	Q6
Cash flows	(81.900)	(47.050)	(47.050)	(27.150)	37.350	443.800

With these cash flows, the profitability is in the following magnitudes:

IRR	ROI
24,46%	23,76%

Leverage

The total amount of external project financing will be obtained through the HOUSERS collective loan. This loan of 300.000 € represents el 18, 8% of the value of the property and 23,2% of its production cost.



**It does not include financial costs*

Market comparison

The sale prices are ranged in an average price of 266.500 € per house. The average price is 807,58 €/m2. This figure is a **16.83% less expensive** than the average price of used houses in Acireale and its surroundings.

Location	€	m2	€/m2
Nicolosi	375.000,00 €	350	1.071,43 €
Viale della Regione	375.000,00 €	360	1.041,67 €
Parco del etna, Nicolosi	290.000,00 €	320	906,25 €
Via Ribera	250.000,00 €	260	961,54 €
Via Torretta	290.000,00 €	283	1.024,73 €
Via Salvatore vigo, Acireale	200.000,00 €	250	800,00 €
Acireale	300.000,00 €	360	833,33 €
Piano d' Api	300.000,00 €	330	909,09 €
Average			943,51 €

Source: Idealista web, own analysis of the main real estate agencies (Remax, Aquilia immobiliare, La rocca immobiliare etc)

Promoter

EDILCOSTRUZIONE CUCUCCIO SRL, **CIF 05095200878**, registered office in Corso Sicily, 64, 95024, Acireale. It was founded in 1996 and is a company belonging to the construction sector. Its main activities are real estate development and construction.

Its principal activity area is Sicily, located in the south of Italy.

In this project the building is fully owned by the promoter.



The Project will be financed with 290.000 € of equity from the promoters, 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	2018
Non-current assets	13.211	12.059	9.058
Current assets	357.132	357.017	358.449
Total Assets	370.343	369.076	367.507

Equity	30.044	30.042	30.042
Non-current liabilities	314.201	0	0
Current liabilities	26.099	339.034	328.407
Equity and total liabilities	370.343	369.076	358.449

Income statement (data in euros)

	2020	2019	2018
Revenues	337.079	7.777	2.754
Production costs	-337.065	-7.777	-2.754
EBITDA	13,93	0,00	0,00
Amortizations	0	0	0
EBIT	14	0	0
Financial results	-13,93	0	0
EBT	0	0	0
Taxes	0	0	0
Net income	0	0	0

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
AAA
AA
A
BBB
BB
B
CCC
CC
C

Equivalence
Optimal
Very high
High
Good
Very satisfactory
Satisfactory
Minimal
Questionable
Very questionable

Analysis of the Promoter

This first analysis examines a series of parameters related to the company that runs the promotion, after studying its Annual Accounts, giving specific weight to each one.

According to the results of the analysis carried out, we have given each metric a grade according to the situation of the company.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
Company evolution	B									
Promoter experience	AAA									
No. Promoter projects	AAA									
Liquidity ratio	AAA									
Debt ratio	B									
ROE	C									
ROA	C									
Profitability ratio	C									

The promoter's rating is **BB**. It is given a weight of 40% on the global rating.

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.

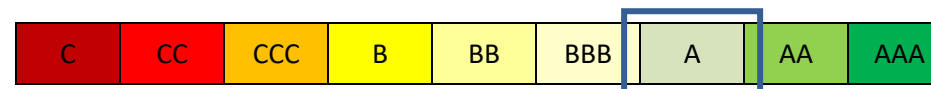
Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR	AAA									
ROI	AAA									
Licence	AAA									
Transactions	BBB									
Sale price €/m2 Country	B									
Sale price €/m2 Region	BBB									
Average price. vs district	BB									
City (residents)	B									
% Formalized sales	B									
Loan to Value	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 rating of the Project, which have been indicated as BB and AA, respectively and, therefore, we have assigned the project to investment of Sicily houses a **global rating of:**

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 rating of the Project, which have been indicated as BB and AA, respectively and, therefore, we have assigned the project to investment of Sicily Houses a global rating of:



The **SICILY HOUSES** project obtained a grade **A (high)** in the global rating

In Madrid, April 19, 2021.

Juan José Alvado Martín

PARTNER DIRECTOR

Proyectos CIGA

Soluciones empresariales

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

