



Scoring Report Río Real Golf Project

November 2020

- Private and confidential -

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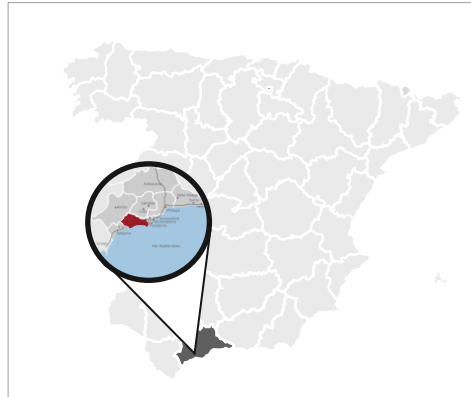
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1. Project Description and Business Plan

Project Description and Business Plan

Location

Río Real Golf, Marbella (Málaga) - Spain



Project Summary

Total residential available area	Square meters ⁽¹⁾	No. of homes
Housing typology		
• Type I (2D)	141	3
• Type II (2D Duplex)	158	4
• Type III (3D)	207	3
• Type IV (3D Duplex)	208	6
Total	2,928	16

- ❑ **Cornisa de Río Real Golf** is a project of 16 homes led by prestigious architect **Mr. Jesús del Valle**, which aims at becoming one of the best developments on Costa del Sol.
- ❑ **The investment property is located in Río Real (Marbella)**, 60 km away from the city of Malaga.

(1) Average square meters of houses of the same typology.

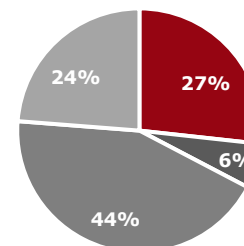
(2) There is a bank loan in 2021 worth €1,200,000 which is received and paid out in the same year.

(3) Source: The Company, publicly available information.

Business Plan

Business Plan (thousands of €)	2019	2020	2021	Total
Revenue	-	912	11,963	12,875
Funding obtained	3,329	(1,689)	(300)	1,340
Equity	1,110	230	-	1,340
Investment fund	2,219	(2,219)	-	-
Bank Loan ⁽²⁾	-	-	-	-
Housers Loan	-	300	(300)	-
Investment and operational costs	(2,734)	(1,344)	(3,462)	(7,540)
Land	(2,603)	-	-	(2,603)
Hard costs	-	(900)	(3,300)	(4,200)
Soft costs	(51)	(263)	(62)	(377)
Marketing costs	(80)	(180)	(100)	(360)
Financial Costs	(114)	(433)	(201)	(747)
Housers' financial expenses	-	(29)	(20)	(49)
Other financial expenses	(114)	(404)	(180)	(698)
Taxes and others	(525)	525	-	-
Taxes	(525)	525	-	-
Cash	(45)	(2,028)	8,001	5,928

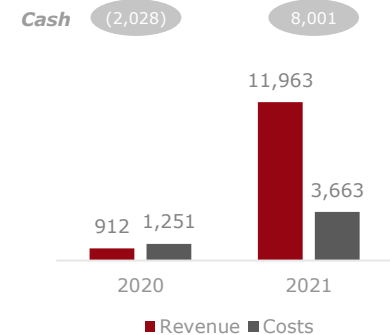
Funding Sources



- Equity
- Bank loan
- Investment Fund
- Housers Loan

Economic Development

thousands of €



2. Project Profitability and Market

Cash Flow, Comparable Assets and Property Developer

Profitability Analysis

Cash Flow	Total	2019	2020	2021
Construction costs	(7,180)	(2,655)	(1,163)	(3,362)
Land	(2,603)	(2,603)	0	0
Hard costs	(4,200)	-	(900)	(3,300)
Soft costs	(377)	(51)	(263)	(62)
Cash flow from investing activities	(7,180)	(2,655)	(1,163)	(3,362)
Sales	12,875	-	912	11,963
Deliveries	12,875	-	912	11,963
Cost of sales	(360)	(80)	(180)	(100)
Marketing costs	(360)	(80)	(180)	(100)
Cash flow from sales	12,515	(80)	731	11,863
Unlevered cash flow	5,335	(2,734)	(432)	8,501
Equity increase/decrease	1,340	1,110	230	0
Debt increase/decrease	-	2,219	(1,919)	(300)
Financial expenses	(698)	(114)	(404)	(180)
Origination fee Housers	(49)	-	(29)	(20)
Levered cash Flow	5,928	480	(2,553)	8,001
Taxes	-	(525)	525	-
Cash flow post-tax	5,928	(45)	(2,028)	8,001
Accumulated unlevered CF	5,335	(2,734)	(3,166)	5,335
Accumulated levered CF	5,928	(45)	(2,073)	5,928

	Unlevered CF	Levered CF
% Net margin	41.4%	46.0%
Net margin	5,335	5,928
IRR	68.5%	n.a.
(Contribution)/Surplus	(3,166)	(2,073)
CoC	2.0x	2.3x

Market

- ❑ **Marbella is an exclusive place on Costa del Sol** and is considered one of the most exclusive tourist destinations in Europe. It has a **population of c. 143 thousand inhabitants**, concentrating almost 9% of the total population of the province.
- ❑ The average sales price of the Project is **4,396.4 €/sqm**.

Comparable Market

Comparable Promotion - "Soul Marbella"

C/ Green s/n ⁽¹⁾	Municipality	Square meters	€/sqm
Apartments	Bahía de Marbella	231	3,805.56
Penthouses	Bahía de Marbella	341	3,693.39
Semi-detached houses	Bahía de Marbella	479	2,521.37
Average			3,340.11

Project Developer

- ❑ **Magnum Properties, S.L.** is a real estate developer **constituted in 2018 by the Ouro family** and dedicated to the development of homes in prime locations.
- ❑ It has **offices in Santiago de Compostela (headquarter) and Marbella**, and is also finalizing upcoming openings in Madrid and Ibiza.
- ❑ It is specialized in developing small and geographically diversified developments in the main points of interest of the market.



Río Real Golf Villas (4 exclusive Villas) located in Marbella.



Los Altos de Valderrama (Sotogrande-Cádiz).

(1) Comparable assets related to development named "Soul Marbella". Average data per type of asset. Source: The Company.

3. Scoring Fundamentals

Investment Scoring Criteria

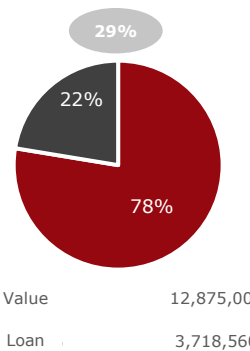
Developer			
Accounting ratios ⁽¹⁾	2018	2019	Growth
Annual performance			
Revenues	39,016	32,940	(15.6%)
EBITDA	(124,924)	29,878	n.a.
Net result	(124,924)	8,349	n.a.
Net financial debt	(120,172)	3,728,213	n.a.
Liquidity ratios			
Current assets / Current liabilities	1,238.3x	24.2x	(98.0%)
Current assets – Inventories / Current liabilities	1,262.5x	41.1x	(96.7%)
Debt ratios			
Debt/Equity	0.01x	0.6x	n.a.
Debt/EBITDA	1.5x	121.8x	n.a.
EBIT/Financial expenses	31.67x	n.a.	n.a.
Asset management ratios			
Return on assets (ROA)	(0.02x)	0.00x	n.a.
Accounts receivable rotation	3.6	0.8	(76.3%)
Fixed assets rotation	0.02x	0.01x	(17.6%)
Inventories rotation	109.5%	(1.6%)	(101.4%)
Term ratios			
Days of sales	3,089	13,014	321.3%
Days of inventories	220	48,780	n.a.
Days of payment	n.a.	-	n.a.
Profitability ratios			
Return on equity (ROE)	(2.4%)	0.1%	n.a.
EBITDA Margin	(320.2%)	90.7%	n.a.
EBIT Margin	(415.3%)	5.2%	n.a.

(1) Ratios calculated over aggregated figures of Magnum Properties S.L. and Cesar Ouro S.L.; (2) Loan to value: Loan amount divided by accumulated sales over the maturity period of the House's loan; (3) Loan to cost: Amount of the loan divided by total costs of the Project; Source: The Company, publicly available information.

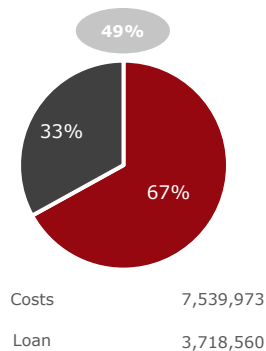
Project
<ul style="list-style-type: none"> Construction of 16 houses and 32 parking spaces, distributed over 6 floors, common areas, Spa and Swimming pools, in the best area of Río Real, Marbella. The promotion consists of homes, some of them duplex, with 2 and 3 bedrooms with the highest qualities of the market. The Project is carried out by the architect Jesús del Valle, artist with big experience on the Costa del Sol and author of projects such as the Hotel Bobadilla (Loja), the house of Julio Iglesias, etc. Cornisa Río Real Golf is located in the eastern part of Marbella, 5 minutes from the shopping mall La Cañada, adjacent to the future Four Seasons Hotel and the urbanization La Finca de Marbella, and a few meter away from the prestigious golf club Río Real Golf Club.



Loan to value ⁽²⁾



Loan to cost ⁽³⁾



4. Investment Scoring

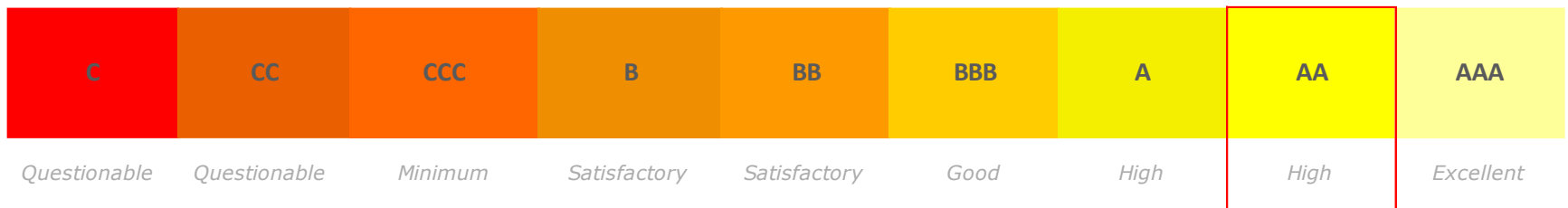
Investment Scoring

Developer									
Scoring criteria	C	CC	CCC	B	BB	BBB	A	AA	AAA
Developer's experience									AAA
Number of projects									AAA
Annual performance				BB					AAA
Liquidity ratios									AAA
Debt ratios				BB					AAA
Asset management ratios				BB					AAA
Term ratios									AAA
Profitability ratios	C								AAA

Project									
Scoring criteria	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR ⁽¹⁾									AAA
ROI									AAA
Licenses					BB				AAA
Comparables in areas of influence							A		AAA
Sqm price					BB				AAA
Sqm construction cost ⁽²⁾									AAA
Inhabitants (mm)						CCC			AAA
Special locations								A	AAA
% of sales							C		AAA
Loan to value									AAA
Loan to cost									AAA
Land property									AAA

Scoring grade results in an **A** (40% weight)

Scoring grade results in an **A** (60% weight)



1 Due to the existence of a corporate guarantee offered by the parent company (Cesar Outo S.L.) over the Project, final grade is automatically increased by one stage to AA.

(1) Unlevered cash flow IRR; (2) There are no publicly available data on construction costs per sqm of comparable developments; Source: The Company.



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