



PROJECT:  
MICHELANGELO

PROYECTOS  
CIGA

## INVESTMENT ANALYSIS AND RATING ASSIGNMENT

26/11/2020

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## Purpose

The purpose of this document is the analysis of the investment Project: Michelangelo, and the assignment of a credit rating to it.

In this Project, which will last approximately 2 years, it is required to obtain a financing of 600.000 €, divided into three tranches of 200.000 €, for a total cost of 6.580.000 €

## Nature and Scope of our services

Analysis of the investment Project 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](http://www.housers.com).



## Project description

The project consists of the construction of 35 houses spread over five floors, which will be built on a 3.500-square-meter plot.

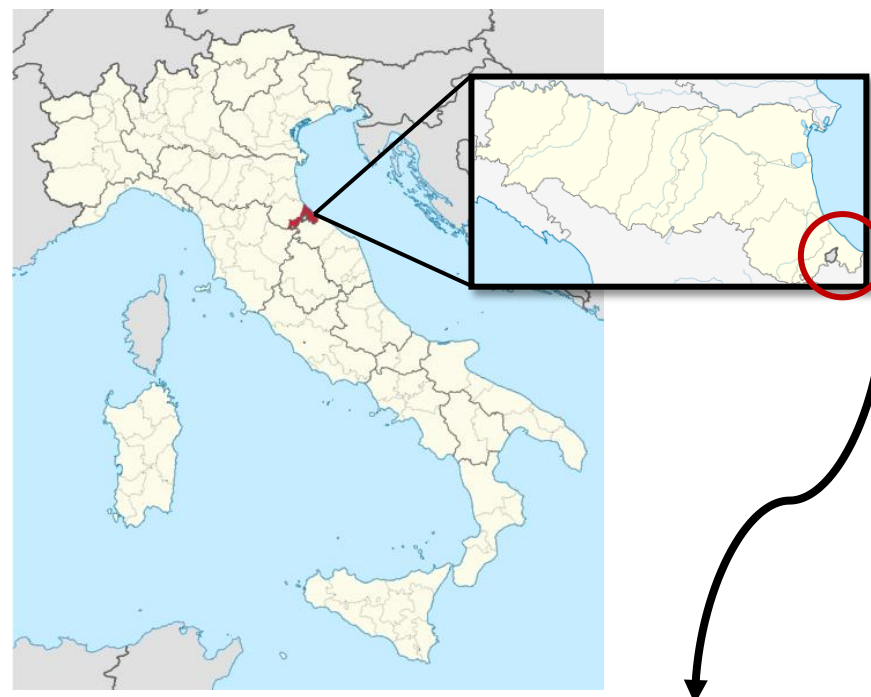
These homes will follow the following typologies:

Type	Bedrooms	Bathrooms	Number of dwellings
A	3	3	10
B	2	2	20
C	1	1	5
<b>Total</b>			<b>35</b>

The real estate development investment land is located in Rimini, in the Torre Pedrera district. Rimini is the provincial capital of the Emilia Romagna region, known for tourism, entertainment and culture, with the average age of the regional population being 45,5 years.

This municipality has a population of 151.200 inhabitants and a population density of 1.097 inhabitants / km<sup>2</sup>. The population is constantly growing (as indicated by the annual average variation from 2014 to the present) and the districts that attract the most residents are those close to the sea and well connected, as is Torre Pedrera, the neighborhood where it is located the Project: Michelangelo.

## Location

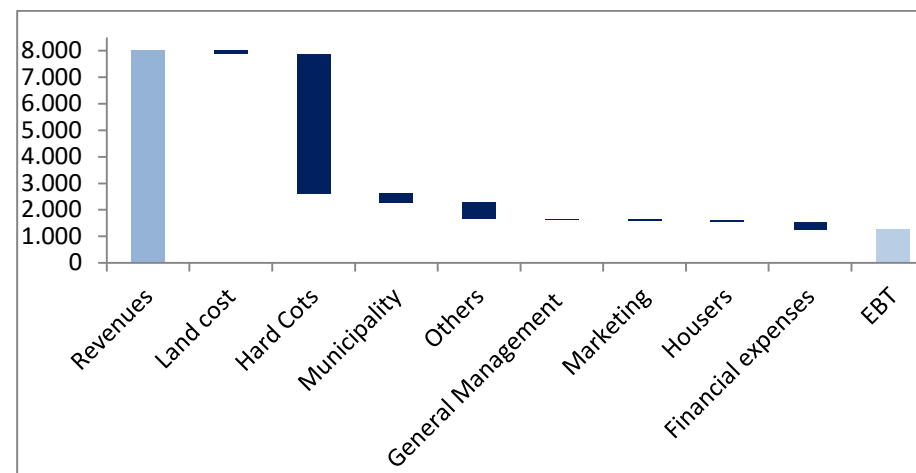
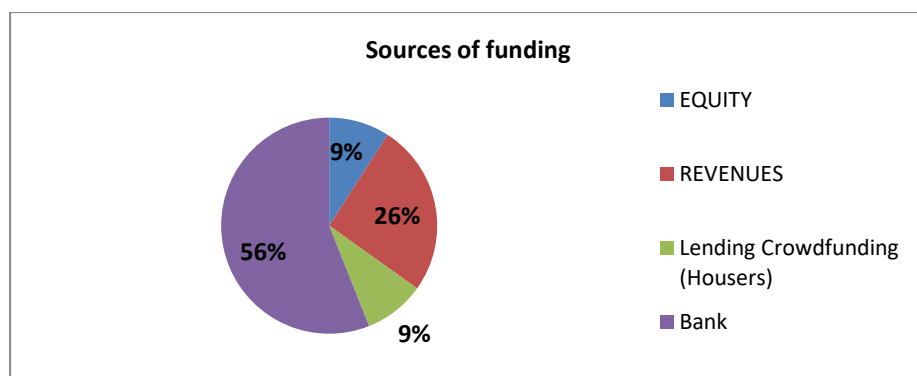


## Business Plan

A summary of the Business Plan for the Michelangelo investment Project is as follows:

Income Statement	2020	2021	2022	2023	Total
Incomes	190.000	2.681.750	3.872.500	1.270.750	<b>8.015.000</b>
Hard Costs	0	-1.571.520	-2.619.200	-1.047.680	<b>-5.238.400</b>
Other Costs	-265.500	-482.261	-419.751	-65.990	<b>-1.233.502</b>
Total Costs	-265.500	-2.053.781	-3.038.951	-1.113.670	<b>-6.471.902</b>
EBITDA	-75.500	627.969	833.549	157.080	<b>1.543.098</b>
Amortization					<b>0</b>
EBIT	-75.500	627.969	833.549	157.080	<b>1.543.098</b>
Interests		-177.600	-201.518	0	<b>-379.118</b>
EBT	-75.500	450.369	632.031	157.080	<b>1.163.980</b>
Tax		-135.111	-189.609	-47.124	<b>-371.844</b>
Net Profit	-75.500	315.258	442.421	109.956	<b>792.136</b>

A summary of the main spending typologies of the project investment and its financing is as follows:



Source: Project promoters, in thousands of €

## Project profitability

After analyzing the Business Plan, the cash flows to be obtained annually are the following:

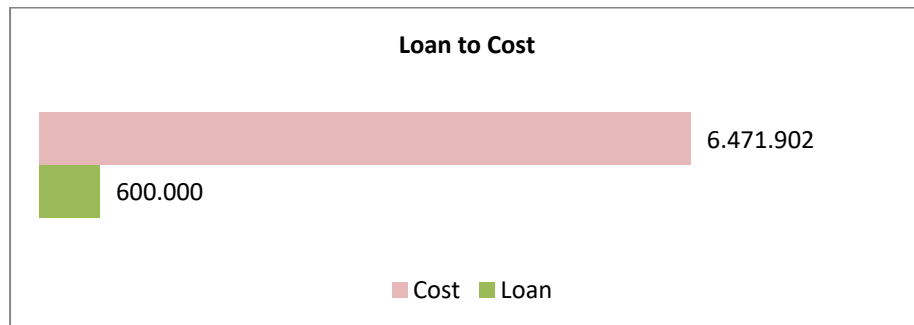
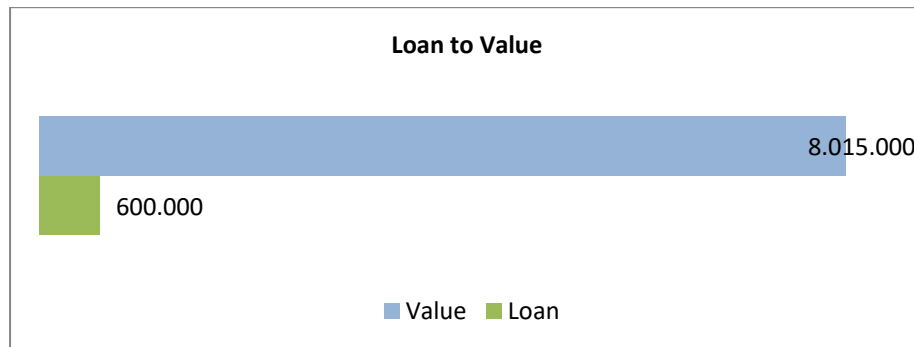
	2020	2021	2022	2023
Cash Flows	<b>265.500 €</b>	<b>1.725.291 €</b>	<b>1.827.761 €</b>	<b>955.166 €</b>

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

IRR	ROI
26%	53%

## Leverage

The collective loan of 600.000 € required by the developer represents 7% of the property's value and 9% of its total cost.



## Market comparison

The average sale price of the Project is 2.084 €/m<sup>2</sup>. It corresponds to the income of 8.015.000 € divided by an area of 3.845 m<sup>2</sup>.

Comparison with other properties in the area:

District	€	€/ m <sup>2</sup>
Rivabella	152.000	2.235
Rivabella	289.000	2.064
Viserba	200.000	3.333
Viserba	205.000	2.356
Viserba	145.000	2.636
Viserba	155.000	3.444
Torre Pedrera	125.000	2.451
Torre Pedrera	129.000	2.688
Torre Pedrera	170.000	2.000
Torre Pedrera	129.000	2.580
Torre Pedrera	125.000	2.273
Torre Pedrera	260.000	2.476
Torre Pedrera	330.000	2.063
Torre Pedrera	270.000	3.140
Torre Pedrera	185.000	3.033
<b>Average</b>		<b>2.403</b>

Source: Idealista Coporate Website, Own analysis of the main real estate companies (Gabetti, CasA&Altro, RiminiHouse, Tecnocasa etc)

The summary of the sale price has been prepared from an analysis of a comparable product (apartment with energy class A +) in the area where the project is located, prepared by benchmark real estate companies that place the average at **2.403 € / m²**. Or what is the same, **15%** higher than the sale price of the project apartments.

If we focus solely on the district where is located Project: Michelangelo, the average sale price of the homes is **2.522 € / m²**.

## Promoter

Case da Sogno S.R.L., based in Via Ludovico Cenci (Rimini), is a real estate developer with ten years of experience in the purchase of land, construction and sale of houses with special attention to sustainable building, energy saving and design focused on the residential qualities of the buildings.

In recent years it has had experience in construction in the Rimini area, Padulli district: he has managed the construction of semi-detached houses, a manor house, several buildings with numerous apartments and more than a dozen houses with certified green building.

In addition, the construction of a real estate complex consisting of fifteen units of townhouses and apartments is about to begin, while carrying out this project.

Finally, another building is expected to be built soon, again in the same area, consisting of 6 apartments and three commercial premises of which he already owns the land.

## Promoter Financial Statents

Income Statement	2019		2018		2017
Turnover	1.463.983	33%	1.104.640	-31%	1.598.690
Production Cost	1.308.651	59%	825.429	-43%	1.440.222
EBIT	155.332	-44%	279.211	76%	158.468
Financial Results	-105.700	-23%	-136.508	-4%	-141.476
EBT	49.632	-65%	142.703	740%	16.992

Balance Sheet	2019		2018		2017
Non-Current Assets	445.372	0%	445.197	0%	446.129
Current Assets	5.189.865	-11%	5.846.802	-22%	7.501.867
Total Assets	5.656.693	-10%	6.292.270	-21%	7.948.516

Equity	234.519	27%	184.886	338%	42.184
Non-Current Liabilities	194.293	-4%	202.192	-22%	260.821
Current Liabilities	5.227.881	-11%	5.905.192	-23%	7.645.511
Equity and Liabilities	5.656.693	-10%	6.292.270	-21%	7.948.516

## 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 note that indicates the level of risk exposure. This qualification of the investment project is based on two analyzes.

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	Equivalence
AAA	Optimal
AA	Very high
A	High
BBB	Good
BB	Very satisfactory
B	Satisfactory
CCC	Minimal
CC	Questionable
C	Very questionable

## Promoter Analysis

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									
N. of promoter projects	AAA									
LIQUIDITY RATE	C									
DEBT RATE	CCC									
ROE	AAA									
ROA	C									
PROFITABILITY RATE	CCC									

The promoter 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.

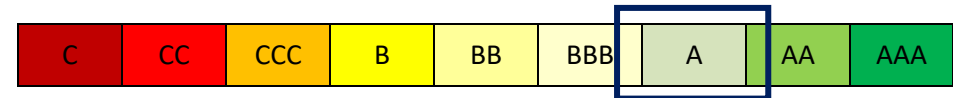
According to the result of the analysis carried out, we have rated each metric with a grade according to the situation of the promotion itself.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
IRR	AAA									
ROI	AAA									
Licence	AAA									
Transactions	BB									
Sale Price €/m2 Country	AAA									
Sale Price €/m2 Region	AAA									
Sale Price €/m2 Province	BB									
Price prom. vs district	A									
City (inhabitants)	BBB									
% sales formalized	C									
Loan to Value	BB									
Loan to Cost	B									
Land Property	AAA									

The project's grade is **A**. It is given a 60% weight with on 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 BBB, respectively and, therefore, we have assigned the project to Michelangelo investment a global **rating of:**



The **Michelangelo** Project has obtained an **A (high) rating** in the global rating.

In Madrid, November 26, 2020

Juan José Alvado Martín

PARTNER DIRECTOR



# Proyectos CIGA

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