



INVESTMENT ANALYSIS AND RATING ASSIGNMENT OF
THE AMG COSTA BLANCA IV (ALICANTE) PROJECT

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DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists in the construction of a condo, published in Housers website under the name of AMG COSTA BLANCA IV.

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 utilised 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.

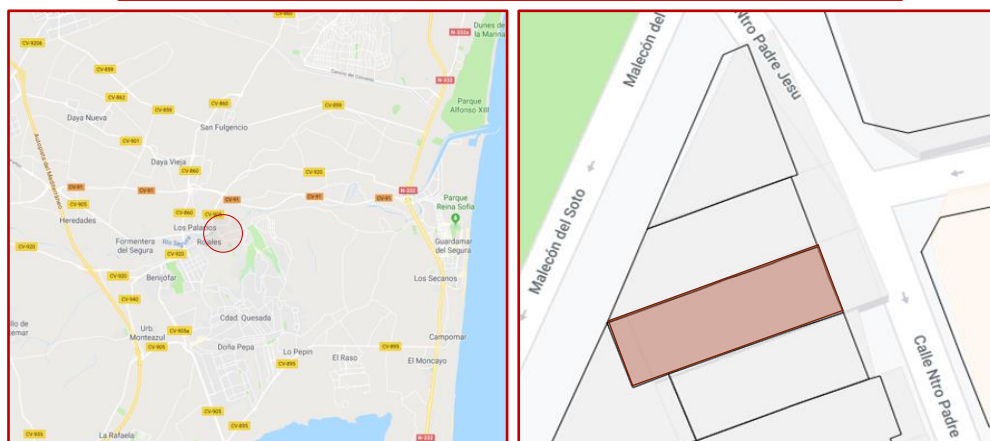
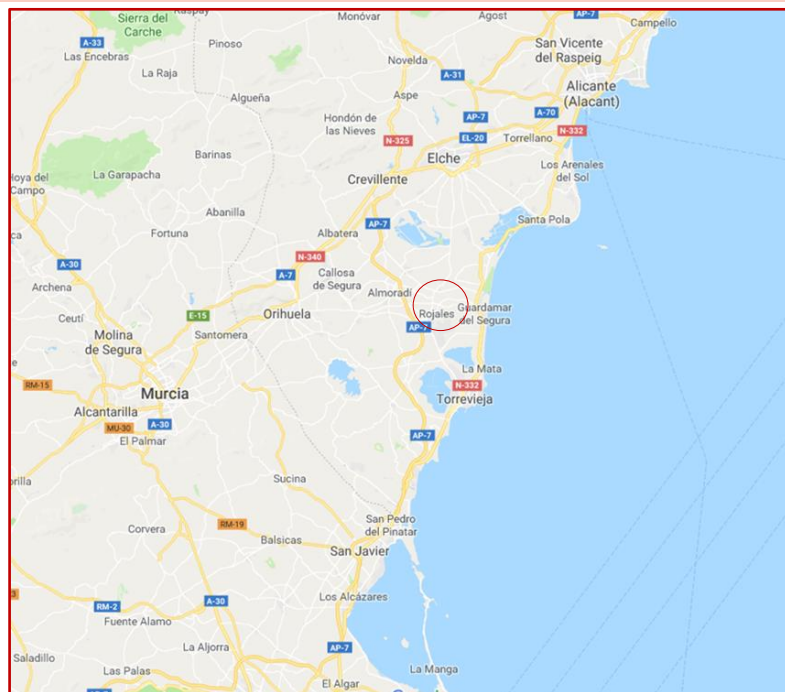
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The construction is located in the municipality of Rojales, province of Alicante, at number 6 of Nuestro Padre Jesús street.
- Construction of a 6-dwelling building and a shop.
- Each house has 3 bedrooms, 2 bathrooms, kitchen and living room.
- The investment amounts to a total of € 150,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SORROUNDINGS

The construction object of the investment is located in the municipality of Rojales, on the banks of the Segura River, in the Vega Baja del Segura region, province of Alicante (Valencian Community). Rojales is 25 km far from Elche, 42 km from Alicante and 60 km from the city of Murcia.

The municipality of Rojales has a population of around 16,500 inhabitants. The Vega Baja del Segura region has 276,804 inhabitants, while the province of Alicante has a population of approximately 2 million. The Valencian Community has 5 million inhabitants.

BUSINESS PLAN

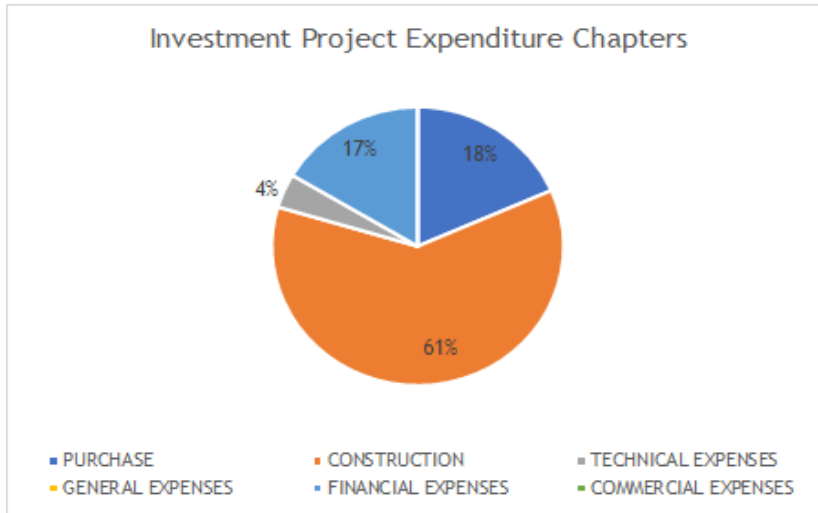
The summary of the business plan of the AMG COSTA BLANCA IV Project is as following:

€	2019	2020	2021	2022	TOTAL
Income	0	0	0	756.000	756.000
Selling cost	0	0	0	-442.600	-442.600
Gross Margin	0	0	0	313.400	313.400
Other operating expenses	-25.168	0	0	0	-25.168
EBITDA	-25.168	0	0	313.400	288.232
EBIT	-25.168	0	0	313.400	288.232
Financial result	-13.600	-20.800	-20.800	-6.933	-62.133
EBT	-38.768	-20.800	-20.800	306.467	226.099

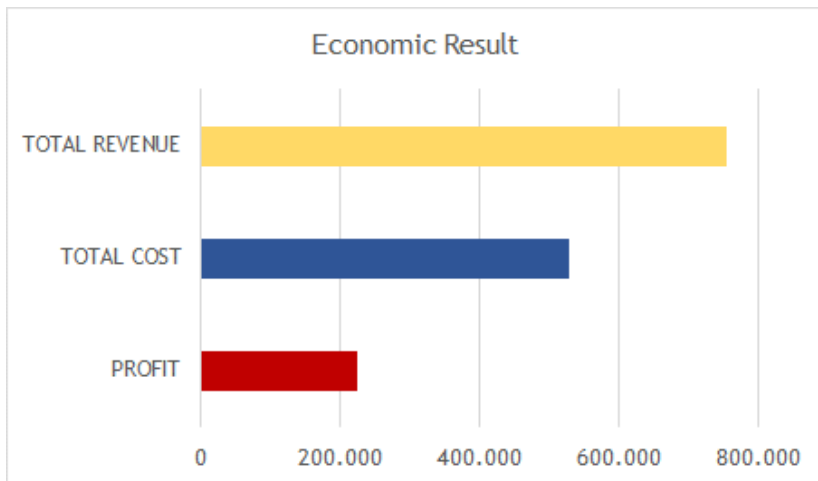
Source: Project Developer

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 ²	€/m ²
c/ San Pedro	Rojales	100	900
c/ Nuestro Padre Jesús	Rojales	101	1.040
c/ Cervantes	Rojales	97	1.078
c/ Joaquín González	Rojales	84	2.250
c/ Malecón del Soto	Rojales	99	1.131
Ciudad Quesada	Ciudad Quesada	130	2.900
c/ Salvador García Aguilar	Rojales	144	389
c/ Plaza de la Iglesia	Rojales	907	1.373
Average			1.383

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 at 1,383 €/m².

The cost of construction in the area has an average of 800 €/m².

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Fotocasa, REMAX, UrbaMar, Royal Home, RedPiso, Gilmar, Goolzoom)

PROJECT PROFITABILITY

	2019	2020	2021	2022	TOTAL
Cash Flow	-177.536	-86.303	-86.303	576.241	226.099
	Cash Flow	ROI			
TIR	25,16%	42,67%			

Source: Own elaboration

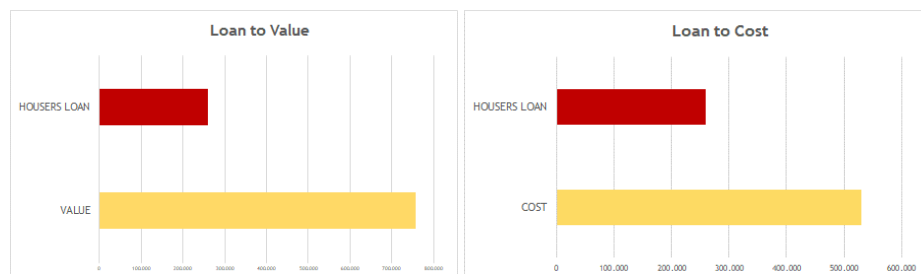
The profitability of the project stands at 25.16% of the capital invested and the Return on Investment (ROI) at 42.67%.

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 34% of the total value and 59% of the total cost.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT



Source: Own elaboration

Score	Quality
AAA	Optimal
AA	High +
A	High
BBB	Good
BB	Satisfactory +
B	Satisfactory
CCC	Minimal
CC	Questionable
C	Questionable -

PROJECT DEVELOPER

AMG HOLDING EUROPE INVESTMENT S.L. with VAT number B54932223, is a company whose corporate purpose is the complete construction, repair and conservation of buildings.

The developers have more than 5 years of experience and have completed a significant number of real estate projects satisfactorily.

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 a **BBB scoring** based on the following evaluated parameters:

DEVELOPER	C	CC	CCC	B	BB	BBB	A	AA	AAA
Developer's experience Nº projects Liquidity ratios Debt Ratios									

B

Source: Own elaboration

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

According to the analysis carried out, we have assigned to the AMG COSTA BLANCA IV investment project a **BBB scoring** 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					■				■
Licence					■				■
Area of influence construction					■				■
Selling Price €/m2	■								
Construction €/m2									■
City (population)	■								
Special locations				■					
% formalized sales						■			
Loan to Value (Housers Loan)		■							

BBB

GLOBAL EVALUATION

The overall rating of the investment project is determined by assigning a weight of **30%** to the Project Developer and the remaining **70%** to the project's scoring, which have been indicated from BBB to BBB, respectively and, therefore, we have assigned to **AMG COSTA BLANCA IV** project an **overall BBB scoring**, which indicates a **SATISFACTORY** rating.

FINAL SCORING

BB

Source: Own elaboration

Silva & Asociados, Asesores Financieros, S.A.

January 3, 2020



Juan José Silva Navarrete
Managing Partner

