



INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE MODULAR BCN
PROJECT

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.
December 28, 2019

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on the construction of a modular house, published in Housers website under the name of MODULAR BCN.

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.

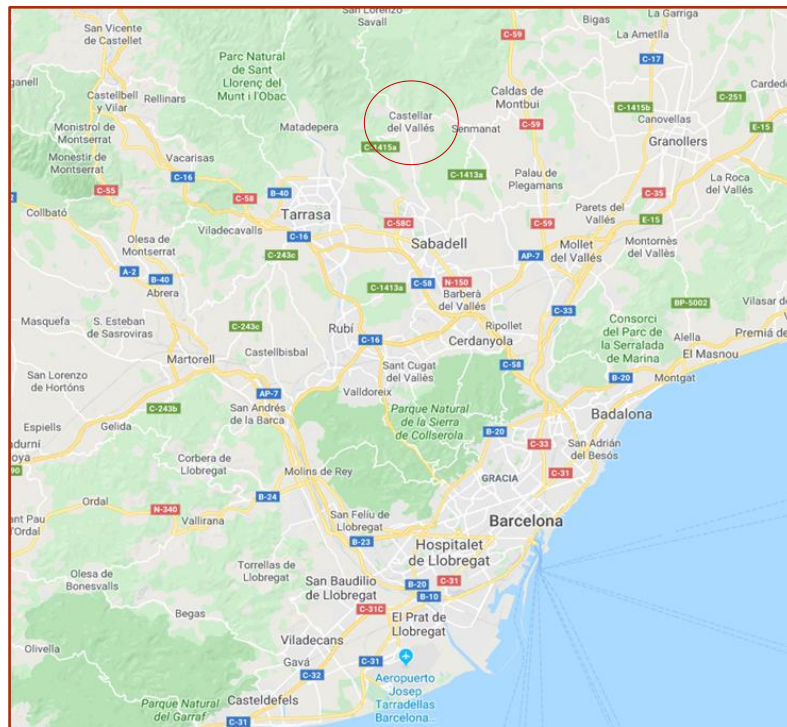
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The project under investment is located in Castellar del Vallés, in the province of Barcelona.
- Financing for the construction of a modular pilot housing that will serve as a showroom.
- 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 project financing amounts to € 500,000.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



AREA & SORROUNDINGS

The land subject of the investment is located at number 5 of the Carrer de l'Alger, in the municipality of Castellar del Vallés, in the Vallés Occidental region, province of Barcelona. The capital of the region is shared between the cities of Sabadell and Tarrasa.

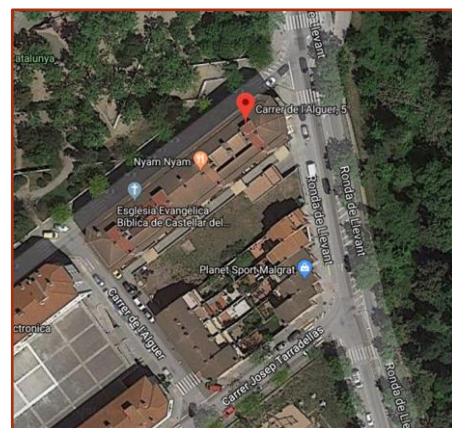
The population of Castellar del Vallés is about 25 thousand inhabitants, while the Vallés region has almost 1 million. This area is located within the metropolitan area of Barcelona, which has almost 5 million inhabitants.

BUSINESS PLAN

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

€	2020
Income	836,000
Change in Inventories	0,000
Procurements	-556,091
Selling Cost	-556,091
Gross Margin	279,909
Other Operating Expenses	-48,400
EBITDA	231,509
EBIT	231,509
Financial Result	-41,250
EBT	190,259

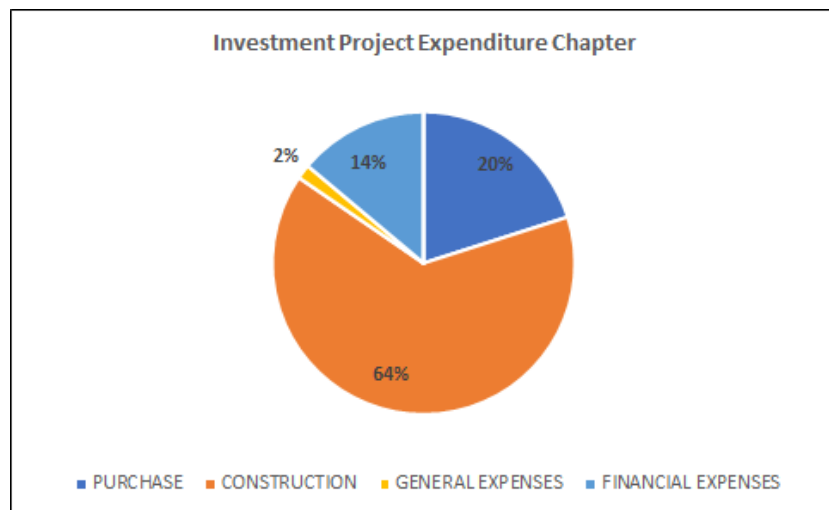
Source: Project Developer



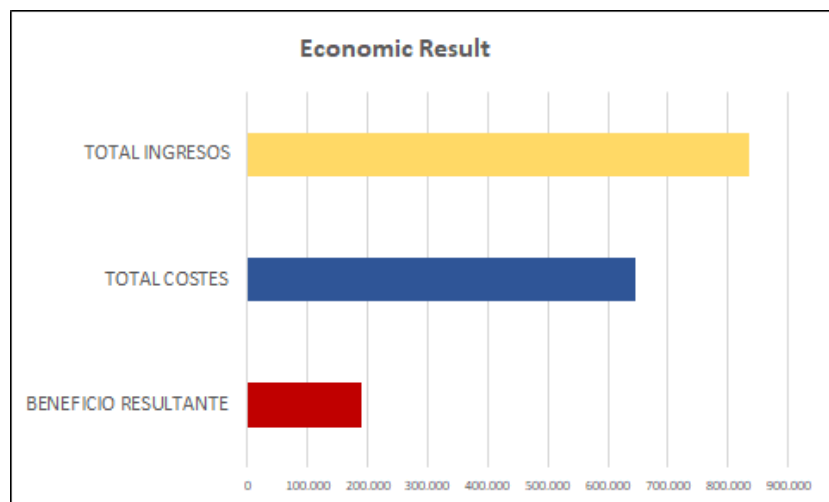
Source: Google Maps

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 ²	€/m ²
Ronda Ilevant	Castellar del Vallès	467	1,606
Eixample - Cam Bogunya	Castellar del Vallès	278	1,205
Eixample - Cam Bogunya	Castellar del Vallès	228	1,794
Carrer Prat de la Riba	Castellar del Vallès	280	1,132
Carrer de l'Arbreda	Castellar del Vallès	126	2,341
Poble - Casc Antic	Castellar del Vallès	160	1,681
Eixample - Cam Bogunya	Castellar del Vallès	105	1,800
Eixample - Cam Bogunya	Castellar del Vallès	209	1,431
Average			1,624

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Novafinques Castellar, Fincamps, SBD Inmobles, Pisos Castellar, Novacasa, Cedos Inmobiliaria, Comprarcasa RC Finques).

In order to compare the selling price, we are using the one obtained by the Project Developer which places the average at 1,624 €/m².

The cost of construction in the area has an average of 1,200 €/m².

PROJECT PROFITABILITY

2020		
Cash Flow	148,610	
IRR	Cash Flow	ROI
	28,11%	29,46%

Source: Own elaboration.

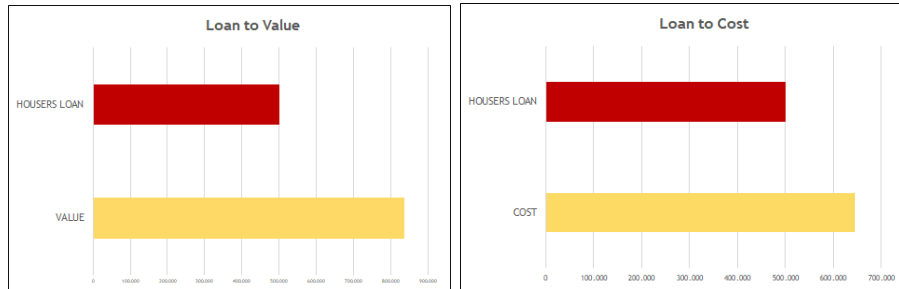
The profitability of the project stands at 28.11% of the capital invested and the Return on Investment (ROI) at 29.46%.

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 **59.81%** of the total value and **77.43%** 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

MODULAR SYSTEM GLOBAL, S.L., with VAT number B- 10434256, is a company whose corporate purpose is the construction of all kinds of engineering and architectural engineering works and services.

The developers have extensive experience and have developed 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 **AAA 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									

AAA

Source: Own elaboration

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

According to the analysis carried out, we have assigned an **BB** 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	■								

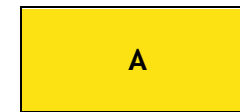
BB

Source: Own elaboration

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 AAA to BB, respectively and, therefore, we have assigned to MODULAR BCN project an overall **A** scoring, which indicates a **HIGH** rating.

FINAL SCORING



Silva & Asociados, Asesores Financieros, S.A.

December 28, 2019



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