



**ITALY:
SESTRIERE**

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

22/12/2020

Purpose

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

In this project, which will have a duration of one year and six months (with the option of extending up to a maximum term of 2 years), it is required to obtain a financing of 500.000 €, divided into three tranches of 150.000 € + 150.000 € + 200.000 €, intended to pay for part of the construction work that will have a total cost of 3.466.668 €.

Nature and Scope of our services

Analysis of the investment Project base 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 investment project consists of the construction of 12 luxury apartments in various sizes ranging from one bedroom to four bedroom apartments, all with terraces overlooking the mountains.

The renovation began in 2018 and the following works have been carried out to date: demolition of the outer pylon; dismantling of the Telecom technology in the building, relocation to the ground floor and basement; emptying of internal parts, external piles with total clearance of the area; installation of the construction site and start of demolition of the area.

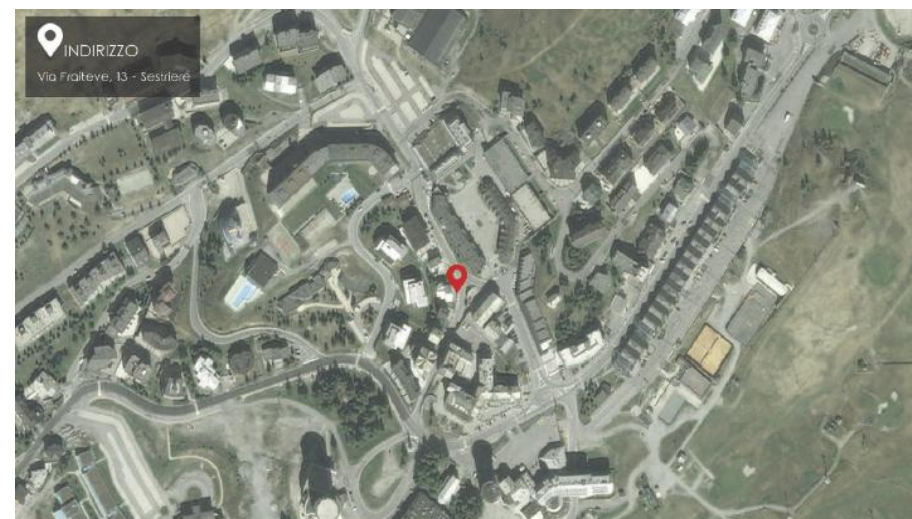
During the month of October and until the November break due to the start of the winter season, excavations, foundations, demolitions and construction works have been carried out. From the first quarter of 2021, contracts for the construction of the roof structure will be defined and will start from the second quarter. In the summer period until the 4th quarter, the external and internal works will be completed. The works will be completed in spring 2022.

Delivery is scheduled for June 2022.

Location

Sestriere is an Alpine municipality with a population of 929 inhabitants (2017), belonging to the province of Turin, in the Piedmont region, north of Italy.

Sestriere has one of the largest ski areas in Europe and is located 2.035 meters above sea level, an altitude that allows snowfall throughout the year. It is 17 km from the French border.

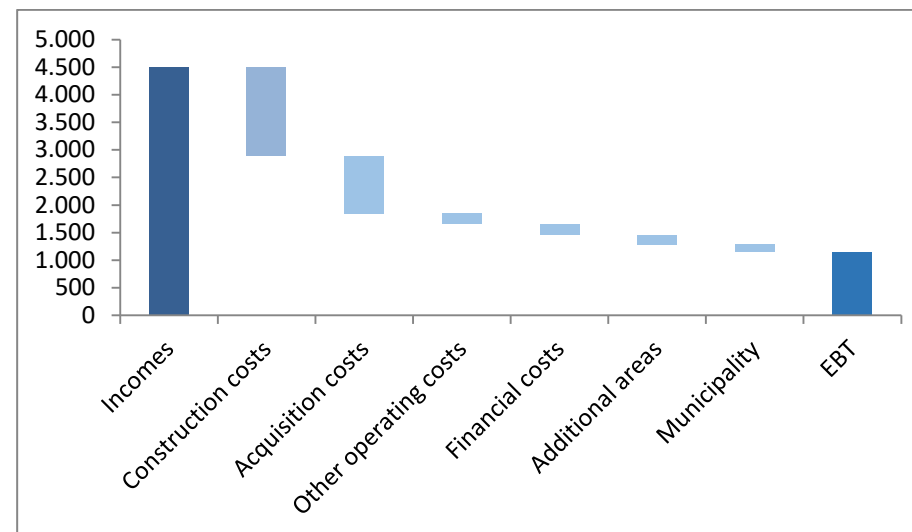
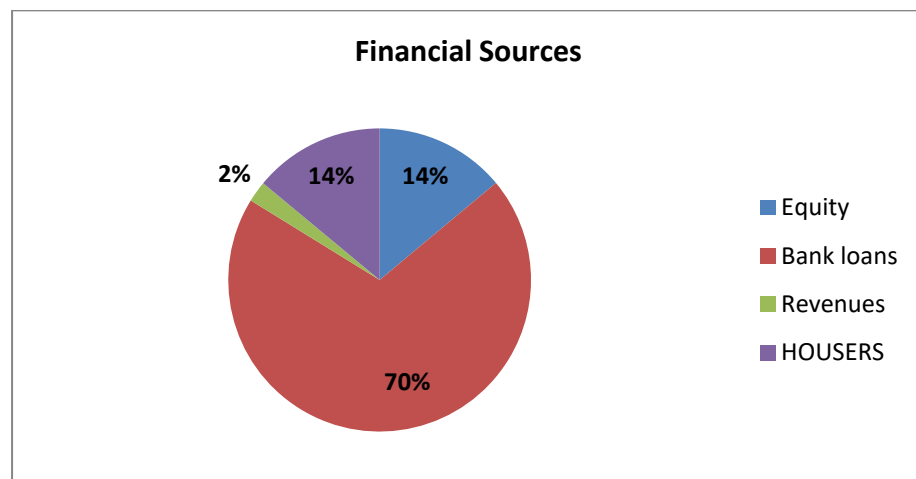


Business Plan

A summary of the quarterly Business Plan for Sestriere's investment project is as follows (in euros):

	Total	2020	2021	2022
Sales	4.470.000	0	30.000	4.440.000
Other incomes	34.000	0	17.000	17.000
Turnover	4.504.000	0	47.000	4.457.000
Operating Costs	3.163.477	1.708.750	970.727	484.000
Operating Margin	1.340.523	-1.708.750	-923.727	3.973.000
Financial Costs	187.750	0	125.250	62.500
EBT	1.152.773	-1.708.750	-1.048.977	3.910.500

A summary of the main spending chapters 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 on a quarterly basis are as follows (in euros):

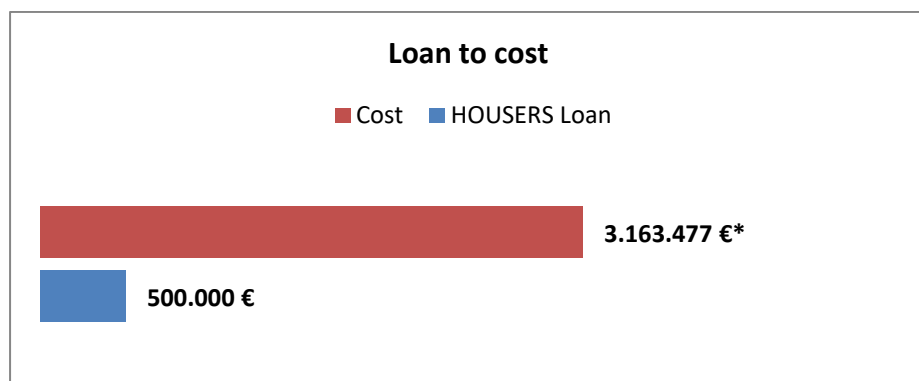
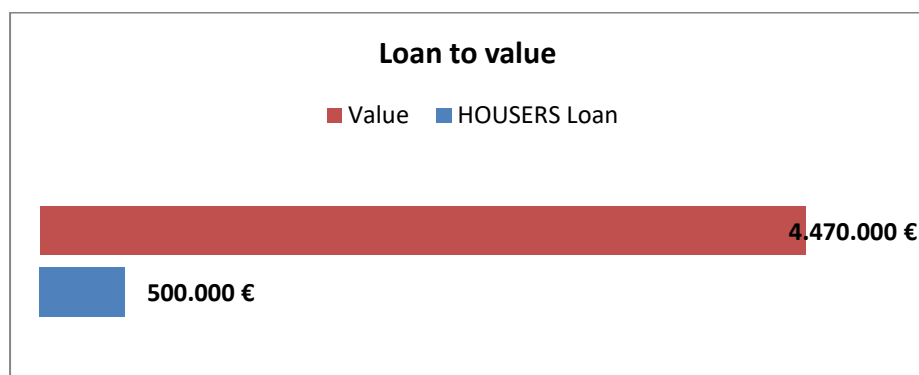
	Total	2020	2021	2022
Cash Flows	1.152.773	-458.750	76.023	1.535.500

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

TIR	ROI
31%	131%

Leverage

The total loan of 3.000.000 € required by the developer represents 67% of the value of the property and 95% of its cost. At the same time, the HOUSERS loan represents 11% of the value and 16% of the cost of the project.



*without any financial cost

Market Comparison

The average sale price of the project is 2.980 € / m². It corresponds to the income of 4.470.000 € spread over an area of 1.500 m².

Comparison with other properties in the area:

Address	District	Price	€/m2
Via La Gleisa	Sestriere	300.000	5.085
Del Colle	Sestriere	297.000	4.569
Via Reale Vecchia	Sestriere	159.000	4.077
Terzo Reggimento Alpini	Sestriere	618.000	3.987
Via la Gleisa	Sestriere	220.000	3.929
Via Sauze	Sestriere	228.000	3.738
Via La Gleisa	Sestriere	290.000	3.580
Piazza Agnelli	Sestriere	198.000	3.536
Via Fraiteve	Sestriere	102.000	3.400
Via La Gleisa	Sestriere	135.000	3.375
Via Monte Grappa	Sestriere	135.000	3.000
Via Monterotta	Sestriere	180.000	3.000
Via TerzoRegimento	Sestriere	140.000	2.979
Via Monterotta	Sestriere	110.000	2.973
Via Monte Grappa	Sestriere	250.000	2.941
Via La Gleisa	Sestriere	185.000	2.846
Via La Gleisa	Sestriere	330.000	2.519
Piazza Fraiteve	Sestriere	220.000	2.444
Via Monterotta	Sestriere	116.000	2.320
Piazza Agnelli	Sestriere	138.000	2.300

Source: Idealista Corporate Website, Own analysis of the main real estate companies (Gabetti, BIM, Sestriere Case, Studio Immobiliare "Sestriere" etc)

The summary of the sale price has been prepared from an analysis of a comparable product in the area where the project is located, prepared by reference real estate companies that place the average at 3.330 € / m². Or what is the same, 12% higher than the sale price of the project apartments.

Promoter

SGS, SNC with NIF 10156790015, spin-off of the mother company SGS SRL that owns the property, is an Italian company whose corporate purpose consists of the acquisition, sale and exchange of properties, the management of own and third-party real estate and real estate consulting activities.



The developers have extensive experience and have developed a significant number of real estate projects successfully, several of them in Sestriere itself and other mountain valleys.



Promoter Financial Statements

Balance Sheet (in euros)

	30/06/2020	Var. %	2019	Var. %	2018
Non-current Assets	2.332.360	-30%	3.314.966	0%	3.320.522
Current Assets	3.434.590	66%	2.068.402	5%	1.965.528
Total Assets	5.766.950	7%	5.383.368	2%	5.286.050

Equity	94.098	654%	12.481	-65%	35.842
Non-current Liabilities	3.972.716	18%	3.362.030	-2%	3.416.187
Current Liabilities	1.700.137	-15%	2.008.857	10%	1.834.021
Equity & Total Liabilities	5.766.950	7%	5.383.368	2%	5.286.050

Income Statement (in euros)

	30/06/2020	2019	Var. %	2018
Turnover	228.183	1.619.573	-2%	1.659.732
Production costs	116.742	1.505.355	0%	1.507.089
EBITDA	111.441	114.218	-25%	152.643
Amortization	0	67.952	0%	67.952
EBIT	111.441	46.267	-45%	84.691
Financial result	-59.378	-42.951	-45%	-77.848
EBT	52.063	3.316	-52%	6.844
Tax		1.335	-66%	3.937
Net Profit		1.981	-32%	2.907

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	Mnimal
CC	Questionable
C	Very questionable

Promoter Analysis

This first analysis examines a series of parameters related to the company that runs the promotion, after studing 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	C									
Debt Ratio	CCC									
ROE	AAA									
ROA	C									
Profitability Ratio	CCC									

The promoter rating is **BBB**. 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.

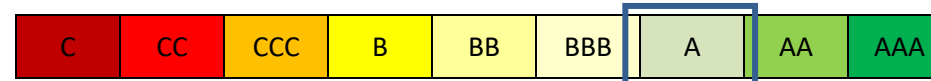
According to the result of the analysis carried out, we have rated each metric with a grade according to the situation of the promotion itself.

Variables	Score	C	CC	CCC	B	BB	BBB	A	AA	AAA
TIR	AAA									
ROI	AAA									
License	AAA									
Transactions	AA									
Sale Price €/m2 Country	AA									
Sale Price €/m2 Region	AAA									
Sale Price €/m2 Province	AAA									
Promotion price. vs district	BBB									
City (inhabitants)	C									
% formalized sales	C									
Loan to Value (Housers loan)	CC									
Loan to Cost (Housers loan)	C									
Land Ownership	AAA									

The project's grade is **AA**. 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 A, respectively and, therefore, we have assigned the project to Sestriere investment a global **rating of:**



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

In Madrid, December 22, 2020.

Juan José Alvado Martín

PARTNER DIRECTOR

Proyectos CIGA

Soluciones empresariales

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