



**INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE FACTORY IV PROJECT**

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.

August 20, 2020

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists on a building's renovation and 14 lofts construction, published in Housers website under the name of THE FACTORY.

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.

The company is not responsible for changes that affect the hypotheses to any degree that occur after the preparation of the report.

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

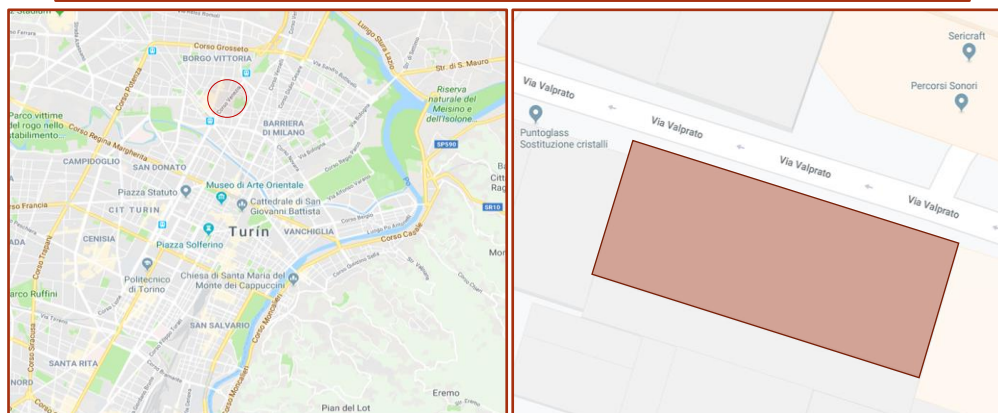
Silva & Asociados authorizes the publication of this investment analysis on Housers' website www.housers.com.

DESCRIPTION OF THE PROJECT

- Transformation of an old factory into a residential building that will have 14 lofts and that has the following main characteristics:
- The construction is located in the city of Turin, at number 69 of Via Valprato.
- 14 lofts with a private garden or terrace.
- 14 lofts with a private garden or terrace.
- The need for project financing amounts to € 1.000.000:

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SORROUNDINGS

The construction object of the investment is located in the city of Turin, capital of the Piedmont region.

Turin is an important city in northern Italy, a cultural and business center. The city is rich in culture and history. It is known for its many art museums, its restaurants, its churches, its palaces, its opera houses, its squares, its parks, its gardens and its libraries, among other attractions.

The metropolitan area of Turin has a population of 2.2 million inhabitants and the Piedmontese region has almost 4.4 million inhabitants.

BUSINESS PLAN

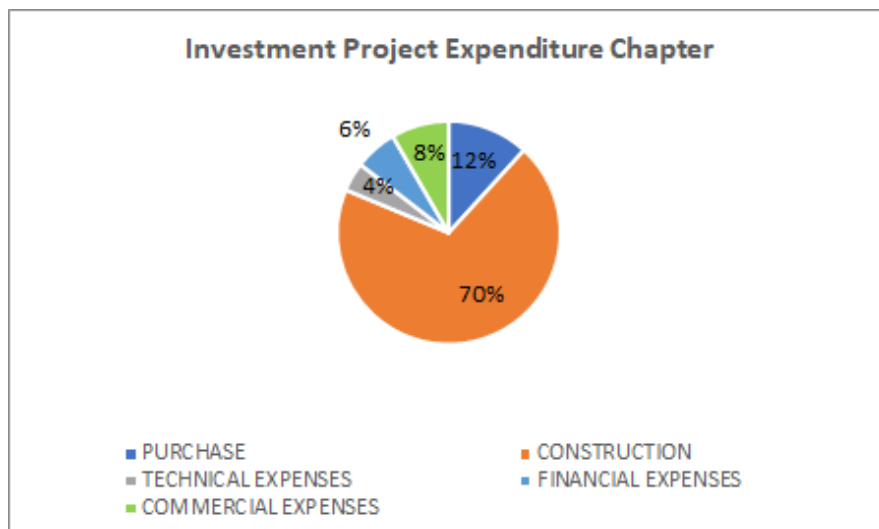
The summary of the business plan of the Project is as following:

€	2019	2020	2021	TOTAL
Income	0	0	4.684.550	4.684.550
Change in Inventories	1.360.000	1.966.900	-3.326.900	0
Procurements	-1.360.000	-1.966.900	-260.100	-3.587.000
Selling Cost	0	0	-3.587.000	-3.587.000
Gross Margin	0	0	1.097.550	1.097.550
Other operating expenses	-58.080	-38.720	0	-96.800
EBITDA	-58.080	-38.720	1.097.550	1.000.750
EBIT	-58.080	-38.720	1.097.550	1.000.750
Financial Result	-13.422	-91.204	-33.446	-138.072
EBT	-71.502	-129.924	1.064.104	862.678

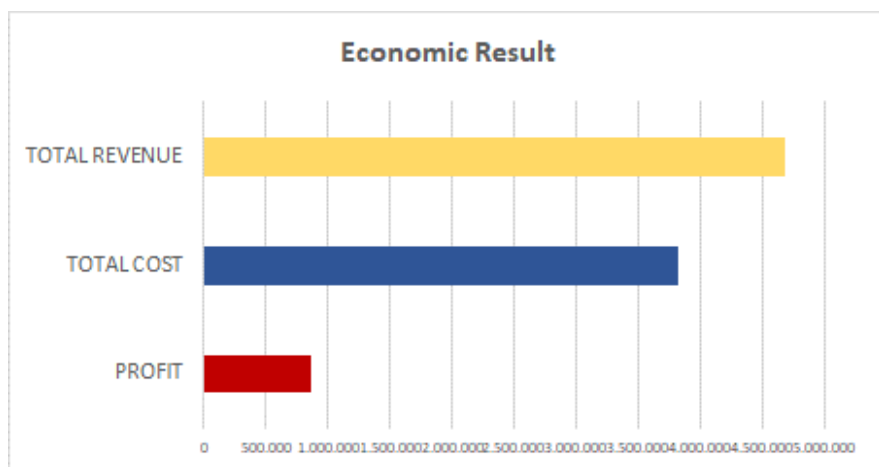
Source: Project Developer

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

Testigos de Mercado Zona			
Precio venta Viviendas			
Address	Municipality	m ²	€/m ²
via Valprato, 78	Turín	60	1,166.00
corso Venezia, 17	Turín	65	1,123.00
via Valprato, 51	Turín	100	1,850.00
via Parella	Turín	100	1,150.00
via Gressoney, 32	Turín	110	1,627.00
via Valprato, 78	Turín	120	1,208.00
via Valprato, 23	Turín	170	1,764.00
via Cervino	Turín	243	1,440.00
Average			1,416

In order to compare the selling price, we are using the one obtained by a wellknown company which places the average at 1,416 €/m².

The cost of construction in the area has an average of 1,962 €/m². The sale price established for the project is 2,404.80 €/m².

Source: Idealista.com (Tercero B), Benchmarking of the main Real Estate companies (Studi Immobiliari On, Alfa Badalona Centro Mar, Gesbau gestio inmobiliaria, Optim, Germa Juli, Don Piso BDN, Finques Enric)

RENTABILIDAD DEL PROYECTO

	2019	2020	2021	TOTAL
Cash Flow	-1.031.502	163.176	1.731.004	862.678

The profitability of the project stands at 44.16% of the capital invested and the Return on Investment (ROI) at 22.57%.

	Cash Flow	ROI
IRR	44,16%	22,57%

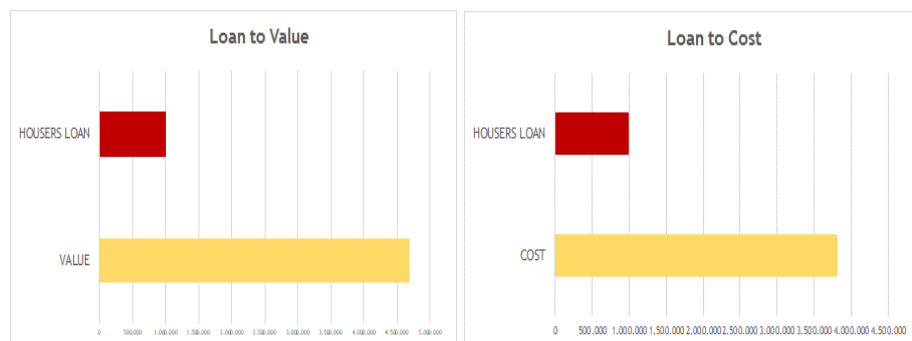
Fuente: Elaboración propia.

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.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

The Houser's Loan represents 21% of the total value and 26% of the total cost.



Source: Own elaboration

PROJECT DEVELOPER

SGS, SNC if Sussetto Andrea e Bertolina lilia. With NIF 10156790015, it is an Italian company whose corporate purpose consists of the acquisition, sale and exchange of real estate, the management of own and third-party real estate and real estate consulting activities.

The developers have extensive experience and have successfully completed a significant number of real estate projects

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)

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

DEVELOPER'S RATING

According to the result of our analysis about the Promoter we have assigned an **BB scoring** based on the following evaluated parameters:

PROMOTER	C	CC	CCC	B	BB	BBB	A	AA	AAA
Developer's Experience									
# Projects									
Equity Solvency Effects	■								
Liquidity Ratios			■						
Debt Ratios						■			
Asset Management Key Figures							■		
Deadline Key Figures								■	
Profitability Ratios									■

BB

Source: Own elaboration.

Equity Solvency Effects: The sale of an asset below its fair value by the company has been penalized, negatively affecting its capital solvency.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

According to the analysis carried out, we have assigned an **A 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)									

A

Fuente: Elaboración propia.

CALIFICACIÓN GLOBAL

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 BB to A, respectively and, therefore, we have assigned to THE FACTORY project an overall BBB scoring, which indicates a **GOOD** rating.

FINAL SCORING

BBB

Silva & Asociados, Asesores Financieros, S.A.

August 20, 2020



Juan José Silva Navarrete
Socio Director

