



**INVESTMENT ANALYSIS AND RATING
ASSIGNMENT OF THE URBANIA (VALENCIA)
PROJECT**

SILVA & ASOCIADOS, ASESORES FINANCIEROS, S.A.
December 5, 2019

DOCUMENT'S OBJECTIVE

Investment analysis and rating assignment of a Project that consists in the construction of a residential building, published in Housers website under the name of URBANIA.

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.

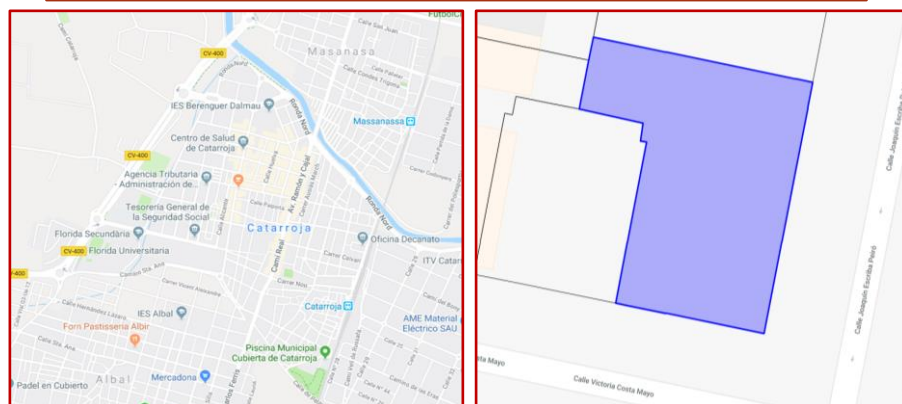
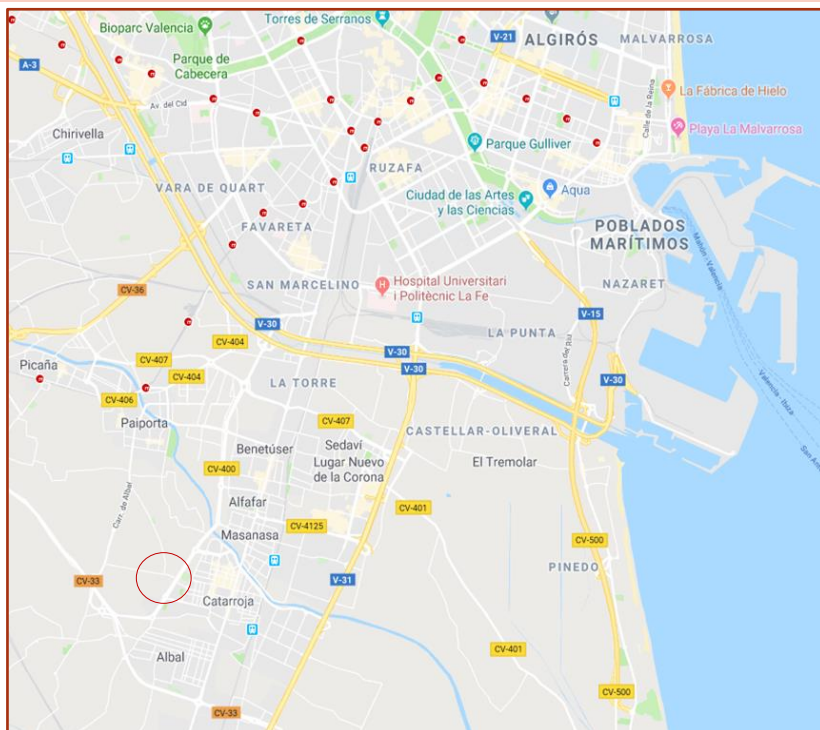
DESCRIPTION OF THE PROJECT

The investment project has the following main characteristics:

- The land under construction is located in the term of Catarroja, Horteta sector, at Joaquín Escribá street, province of Valencia.
- Construction of a 5-storey building and basement consisting of 30 apartments, 38 parking spaces and 4 storage rooms.
- 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 total project financing is € 720,500.
- The investment for the second tranche amounts to a total of € 277,500.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

LOCATION



Source: Google Maps

AREA & SURROUNDINGS

The land object of the investment is located in the municipality of Catarroja in the region of Huerta Sur, province of Valencia (Valencian Community) and is 8 km from the capital on the riverside of the Albufera of Valencia.

The municipality of Catarroja has a population of 27,827 inhabitants and belongs to the Metropolitan Area of Valencia, which forms an urban network organized around the central coast of the Valencian Community. This is the third agglomeration by number of inhabitants of Spain, with a population close to 1,600,000 inhabitants.

BUSINESS PLAN

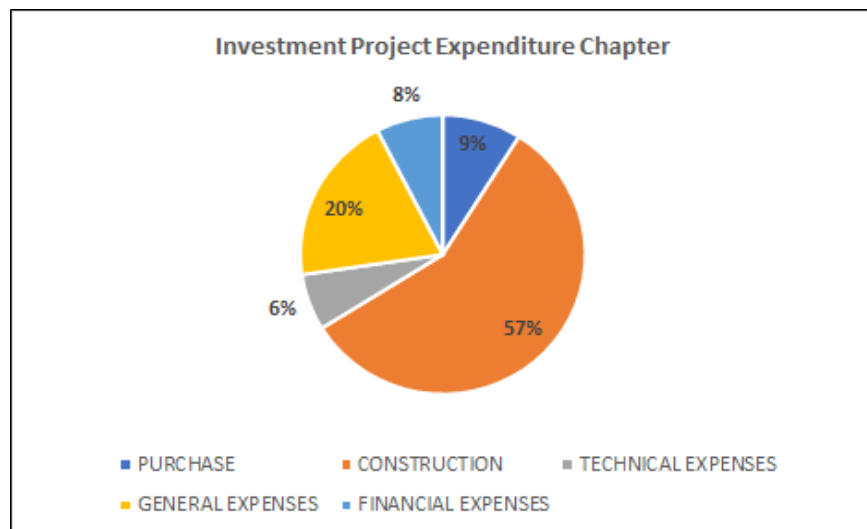
The summary of the business plan of the URBANIA Project is as following:

€	2019	2020	2021	TOTAL
Income	0	0	5,465,000	5,465,000
Change in inventories	753,513	1,651,627	-2,405,139	0
Procurements	-753,513	-1,651,627	-1,234,418	-3,639,557
Selling cost	0	0	-3,639,557	-3,639,557
Gross Margin	0	0	1,825,443	1,825,443
Other operating expenses	-42,882	-58,882	0	-101,756
EBITDA	-42,882	-58,882	1,825,443	1,723,678
EBIT	-42,882	-58,882	1,825,443	1,723,678
Financial result	-16,993	-110,540	-69,904	-197,436
EBT	-59,875	-169,423	1,775,540	1,526,242

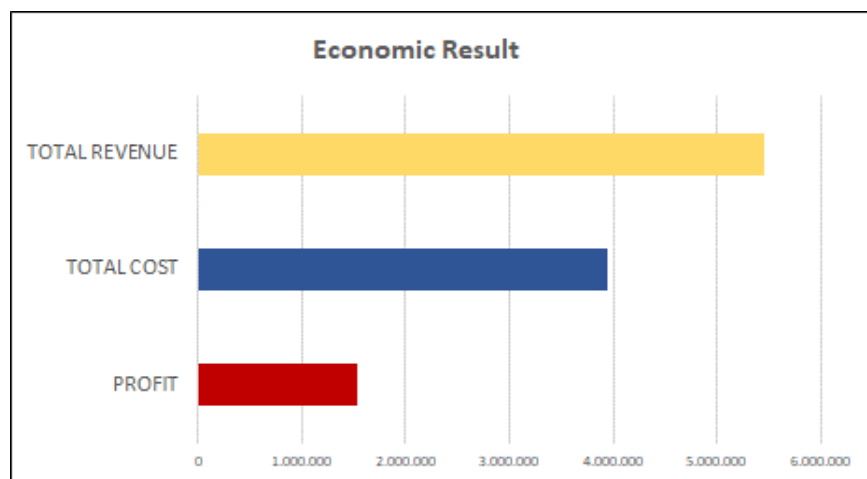
Source: Project Developer

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
Avenida Ramón y Cajal	Catarroja	90	1.617
Carrer Vicent Alexandre	Albal	95	1.308
Calle Massanassa	Catarroja	97	974
Calle Hernández Lázaro	Albal	110	1.146
Calle Cuenca	Catarroja	127	1.226
Calle Joaquín Escriba Peiró	Catarroja	150	1.140
Calle Salvador Ricart	Albal	65	859
Average			1,181

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 1,181 €/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 (Scandellari, Rimini Immobiliare, A Immobiliare Romagna, Investire Rimini, Agenzia Immobiliare 105, Mondocasa)

PROJECT PROFITABILITY

	2019	2020	2021	TOTAL
Cash Flow	-813,338	-1,101,049	3,440,049	1,526,242
IRR	Cash Flow		ROI	
	58.11%		38.75%	

Source: Own elaboration.

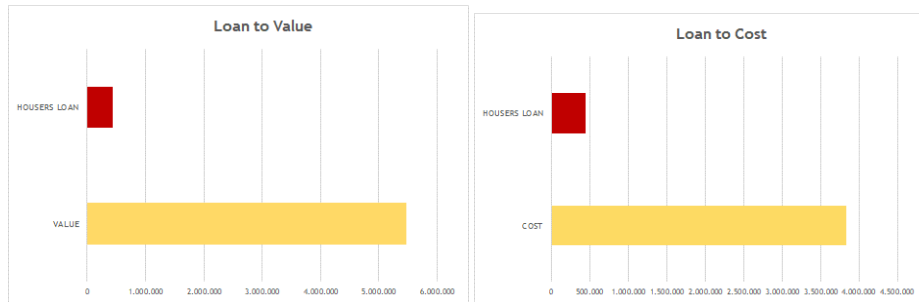
The profitability of the project stands at 58.11% of the capital invested and the Return on Investment (ROI) at 38.75%.

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 **16.21%** of the total value and **22.49%** 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

PROYECTOS ATLAPA S.L.U. with VAT number B-40534836, is a Spanish company established for the execution of the Project and its corporate purpose is the real estate promotion and intermediation, purchase and sale of all types of rustic and urban real estate, construction, promotion and execution of public and private works, urbanization, construction and promotion of real estate, all types of masonry repairs and rehabilitation of all types of constructions.

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:

PROMOTOR	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									

BBB

Source: Own elaboration

In order to complete the static analysis, we study the central's company ratios. The scoring fall from A to BBB due to the risk of being involved in several projects.

INVESTMENT ANALYSIS AND RATING ASSIGNMENT

PROJECT'S RATING

According to the analysis carried out, we have assigned to the URBANIA investment project a **BB scoring** based on the result of the weighting obtained on the following evaluated parameters:

PROYECTO	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									

A

Source: Own elaboration

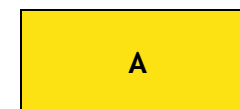
There has been a significant variation with respect to the scoring of the first tranche. This is mainly due to the following reasons:

- An appraisal is provided with a value higher than the one considered in the Business Plan, which justifies a higher sale price than the previously considered.
- Presales documentation is provided, therefore the scoring of this section is modified.
- A new criterion "Land ownership" has been introduced, which modifies the relative weights previously considered.

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

FINAL SCORING



Silva & Asociados, Asesores Financieros, S.A.

December 5, 2019



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