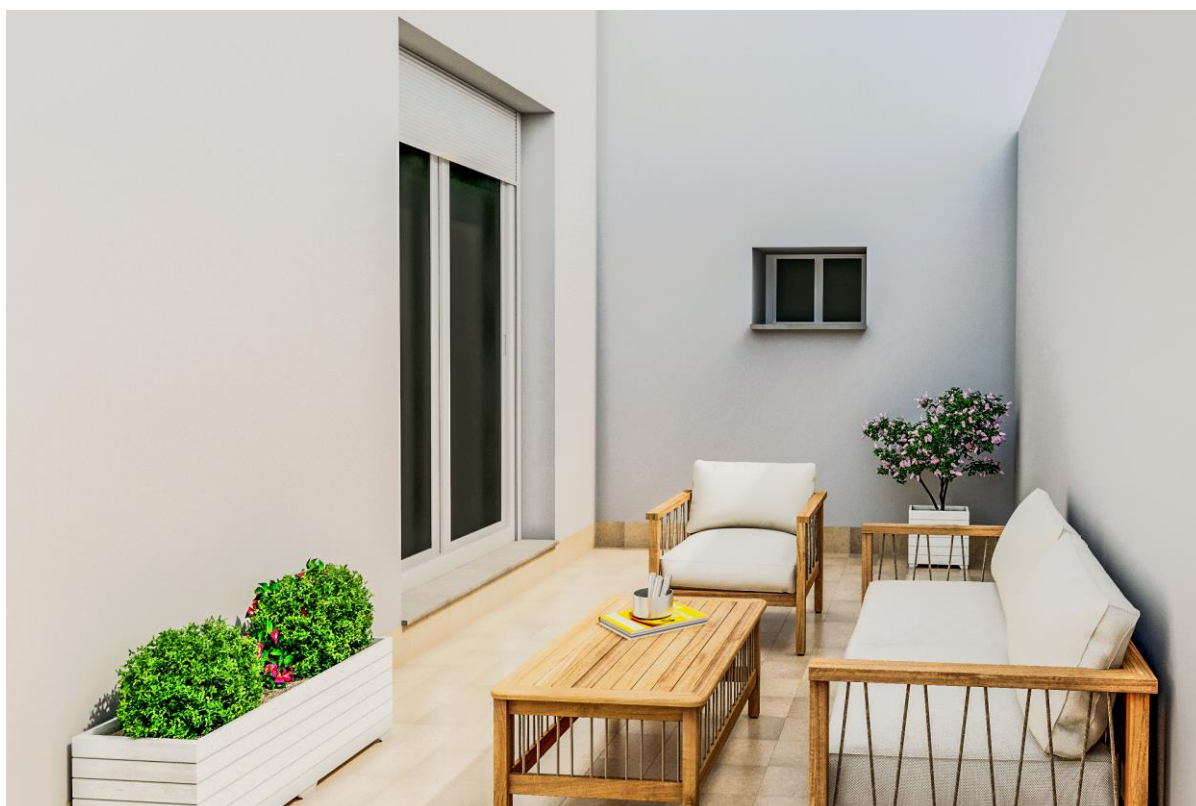


Dec 2020

San Telmo 2 0 4, Cádiz



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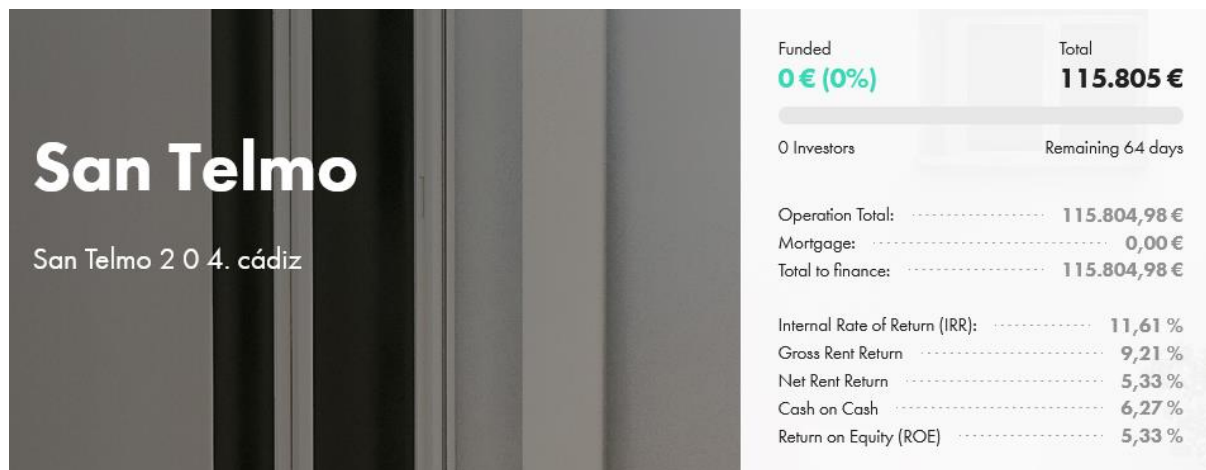
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1. Information about the apartment

We are back! After many months of uncertainty due to the COVID crisis, we are back with a brand new opportunity. We must take advantage of the current situation in order to buy cheap, and we cannot miss this opportunity!

We were already interested in this property back in February. But we are going to **acquire it 30% cheaper!** We have negotiated a 40,000 euros discount compared to



February's price!

a. Perfect for mid-term and short term rentals:

Although this property is perfect for tourist, and we will get all the required permits as soon as possible, our goal is to rent it as a mid-term property: this is our main assumption in our business plan, in order to avoid future effects of the COVID-19, and to try to be as cautious as possible.

Cadiz is a small peninsula, where the land is scarce, but is holding a large University, (more than 25 thousand people), several Hospitals and many Government offices. Therefore, there's a large demand for long-term and mid-term rentals. Although is not as profitable as short-term rentals, it is still a great solution for the low season. (Obviously, we will rent it as vacation rental property the whole year as soon as it is more profitable than mid-term rentals. In this scenario, the yields will increase, but for the business plan, we have not assumed that).

To summarize, in our business plan, for the whole 4 years, we have assumed that:

- from October to June we are going to rent it as mid-term property
- from June to September we are going to rent it as a short-term property.

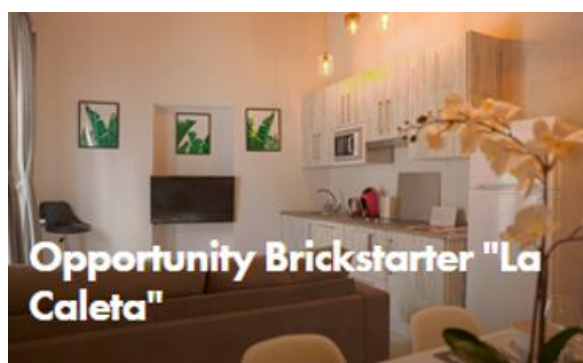
b. Reasons to invest in this new opportunity:

Main reason to invest in this property are:

- **Acquired 30% below the market price of February 2020.**

- Very high demand for mid-term rentals due to the scarcity of land, the existence of 2 hospitals, the university with 25 thousand students and teachers, and other Government centers in just 3 square km
- Possibility to rent it as a short-term apartment when we consider it appropriate during the whole year.(It will increase the total yield)
- Location: located in the historic center of Cádiz, the favorite area of tourists and students as it is very close to the universities and several hospitals. There is a very high CURRENT demand for students and workers.
- Typology: despite being a small house, due to its distribution we can obtain two double rooms. It also has a large terrace that also gives it plenty of ventilation and light.

c. Performance of similar apartments



↑ Monthly short-term net interest delivered in 2019: 731 eur/month
 ↑ Current mid-term income: 530 eur/month



↑ Similar apartment but worse location for mid-term rentals
 ↑ Current mid-term income: 550 eur/month

2. Project Summary

It is a property that we are going to acquire from an investment fund **with a strong discount on the initial sale price.**

It is located on the first floor, which will avoid possible restrictions on vacation rentals in the future. It has 49 square meters very well distributed, in two double rooms, a kitchen integrated in the dining room, a bathroom and a large private terrace.

The master bedroom has a large custom built-in closet, and it is naturally ventilated. The other room and the living room have direct access to the private patio, which gives a lot of ventilation and light to the apartment.

The distribution is perfect for both mid-term and short-term rentals. Even for long-term rentals, but this is not our goal.

It is a very versatile property, with capacity for up to 4 people, perfect for couples, small families, etc.

a. Location, Location, Location...

The best thing about this apartment is the location. Just 100 meters from the university, the vice-chancellor's office and the Gran Teatro de Falla, and just 8 minutes from both La Caleta Beach, as well as the various clinics and hospitals.

The location is perfect since the historic center is the neighborhood most in demand by tourists, students and officials. The walking distance to the main points of interest, according to Google Maps, is:

- University of Cádiz (medicine): 1 minute (110 meters)
- University of Cádiz (vice-chancellor): 2 minutes (180 meters)
- San Rafael Clinic: 3 minutes (250 meters)
- Catholic University of Cádiz: 4 minutes (350 meters)
- La Caleta Beach: 6 minutes (550 meters)
- University of Cádiz (economics): 7 minutes (600 meters)
- Women's Hospital: 7 minutes (600 meters)
- Hospital la Salud: 9 minutes

3. Market study

a. Business plan assumptions:

In order to carry out our business plan, we have assumed that, throughout the life of the project, it will be rented as a mid-term rental property from October to May, and will be rented on a short-term property during the summer months from June to September (included).

In other words, we start from the premise that the vacation rental business will not be recovered at any time. A conservative assumption since, in the event that we can rent the apartment as a vacation rental property throughout the whole year (at least in 2023 and 2024), the **income and profitability of the project would increase considerably.**

It is also important to take into account the characteristics of the real estate market in Cádiz, where the land is geographically limited (it is a peninsula), and there is a high demand due to the presence of universities, hospitals and other Government offices (City Council , etc..).

Also we have to keep in mind that down-town Cádiz is the main tourist attraction in the city, as it is there where the main tourist attractions are located, the Cathedral, La Torre Tavira, the Gran Teatro Falla.

b. Half-stay rental (October - May):

To estimate the mid-term income, we have taken as a reference the income at which we have rented our current apartments, specifically our opportunity at “La Caleta” (smaller apartment without terrace), rented for 530 euros per month.

Only the presence of the University of Cádiz, with more than 20 thousand students and almost 5 thousand employees among professors and other service professionals, causes a high organic and stable very high demand, which absorbs all the supply. If we do a quick search on Idealista (the leading portal in Spain), and we look for furnished apartments in the historic center, we find only 109 properties.

c. Holiday rental (June-September)

Even this year, with the COVID crisis, vacation rentals this year have worked very well in Cádiz (in terms of income it has suffered a drop of only 5% compared to 2019), and even in low season, we are having occupancy rates much higher than those we have in other areas such as Valencia, Seville, Malaga or even Alicante.

To estimate the income of the vacation months, we have taken as a reference the income obtained in the vacation regime in 2020, the year of the covid.

When the tourist sector recovers, we will manage the property as a vacation rental property throughout the whole year, as long as it is more profitable than the current model. In this scenario, the total yield will increase.

