



DISCOVERY

— INVESTMENTS & REAL ESTATE —

Investors Deck

August 2019



Introduction

- Discovery is born in August 2018 after several years of incubation during which the business model was researched, explored and consolidated
- This Enterprise initiative's Target is the investment in Real Estate Assets to be managed and profit from their income related to rental
- The Business Model is based in high yield investments through the management of a fully integrated value chain, from research and acquisition, all necessary upgrading and finalizing with the tenant selection and rental contract signature through secure payment insurance transferring payment default and damages to a third party



Business Model

- Discovery has detected that even while big cities with a strong demand, such as Madrid or Barcelona, are getting to saturation levels after 2008 subprime crisis, there is still potential to procure Assets in middle size cities, with economical capacity and growth potential that attract working class which will push for the rental demand such as Seville and Alicante
- On the other hand, and as a consequence of the economic recovery and the limited Access to credit (or the fear to it) the demand for rental apartments has been increased
- This both facts combined have fostered the short term return on investment of this business and made possible the very existence of this Company with the legal security associated to the rental insurance
- Taking this into account, Discovery bases its business model in three pillars: very attractive Price of acquisition, very short turn around time and low cost from acquisition to rental, and high rental Price to specific groups of interest willing to rent over the market price



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Strategic Partners

- Discovery Works together with two Insurance companies to insure and manage all the Assets in its portfolio
- They are DAS and SEAG

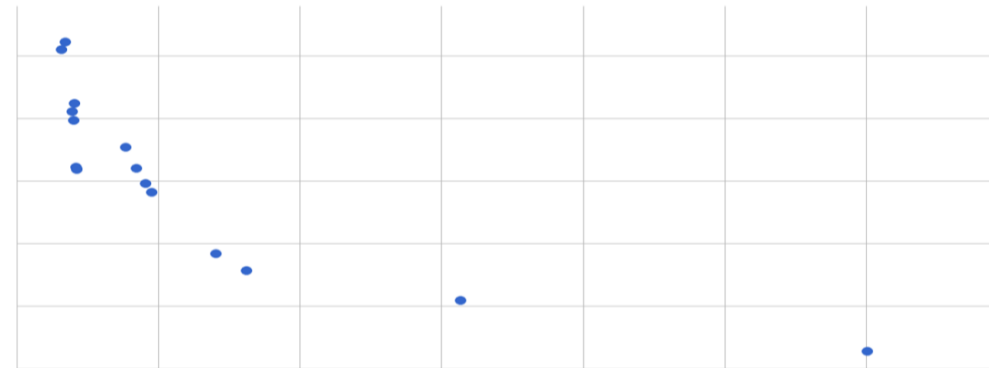




Market Survey

- Using all resources available and since 10 years ago, Discovery have worked to identify the best investment opportunities for the partners equity available

Rate of Return



Procurement Price

- From this R&D effort a clear correlation with the Rate of Return is found as shown by the graph (real data coming from Discovery operations) where yield is proportional to the inverse of the procurement Price (anchor effect from the rental Price)
- Looking for this higher return other expenses and efforts will be necessary to manage the investment due to its fragmentation
- Discovery is able to keep proportional to the investment volume the expenses related to this fragmentation and below the market average



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Our Assets

- Discovery portfolio has 13 assets (1000 m²)
- Current income is 3640 €/month
- No debt or liability associated the them
- Occupancy levels are at 60%
- Another 30% are under renovation
- And 10% are in the market looking for tenants
- Gross sales are estimated at 5820 €/month for full occupancy



Next opportunities

- Currently 6 additional Assets are identified as potential candidates to become part of Discovery Portfolio
- The aim is to acquire those that are more attractive and will provide more sound grounds for the recurrent income
- In the short term, an estimate investment of **150.000,00 €** is considered for the next 3 months
- This investment will be in the urban area within Seville city
- In order to achieve this target the minimum subscription will be 80% of the capital as External financial means, and the difference provided by Discovery as equity
- The turn around time estimated for the Assets from acquisition to rent is 1 month



How to benefit?

- Discovery is offering third party investors to participate in three different ways:
 - Equity
 - Debt (backed up with the Company Assets and current revenues)
 - Shared Ownership (joint asset acquisition in exchange for an agreed profit within an agreed timeframe)
 - Credit back up (credit endorsement to a third financial institution which will provide the liquidity)



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Value Proposition: Equity

- Minimum capital: 3.000,00 €
- Return on Equity: 6% Annual
- Management fees to be covered by Discovery
- Dividend distributions, first one after 6 months of operations and quarterly onwards
- Privileged investment opportunity in future rounds and periodic capital investment available



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Value Proposition: Debt

- Minimum Ticket: 5.000,00 €
- Gross Interest: 5% Annual
- Quarterly interest payments and annual Principal repayment at a maximum rate of 5% over the complete debt amount
- Interest reinvestment and Principal longer longevity and periodic contributions also possible



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Value Proposition: Shared Ownership

- Minimum Ticket: 10.000,00 €
- Gross Return: 20% in 10 years
- Management fees to be covered by Discovery
- Monthly payments arrears from transaction in exchange for increase of ownership
- Privileged investment opportunity in future rounds





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Value Proposition: Credit back up

- Minimum Back up: 20.000,00 €
- Gross Interest: differential to 4% minus the final interest obtained from the financial entity
- Quarterly payment of interest



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Investor Support

- Discovery provides services to support the investor related to financial advise and debt structuring
- The necessary information to carry out this investment will be provided individually and after contacting our experts team
- The specific mechanisms related and intended to regulated Discovery and investors relationship is not the scope of this presentation. This information will be provided to the formally interested parties after a Non Disclosure Agreement



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Thank you for your attention

Contact:

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