



**HFBB Benchmark, Inc. (HFBB)**

## **Student Property Management Plan**

**Student Dedicated Rental Properties**

**JUNE 2017**

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## **EXECUTIVE SUMMARY**

HFBB Benchmark, Inc. (HFBB) is a property acquisition, development and distribution company with a focus on international asset management.

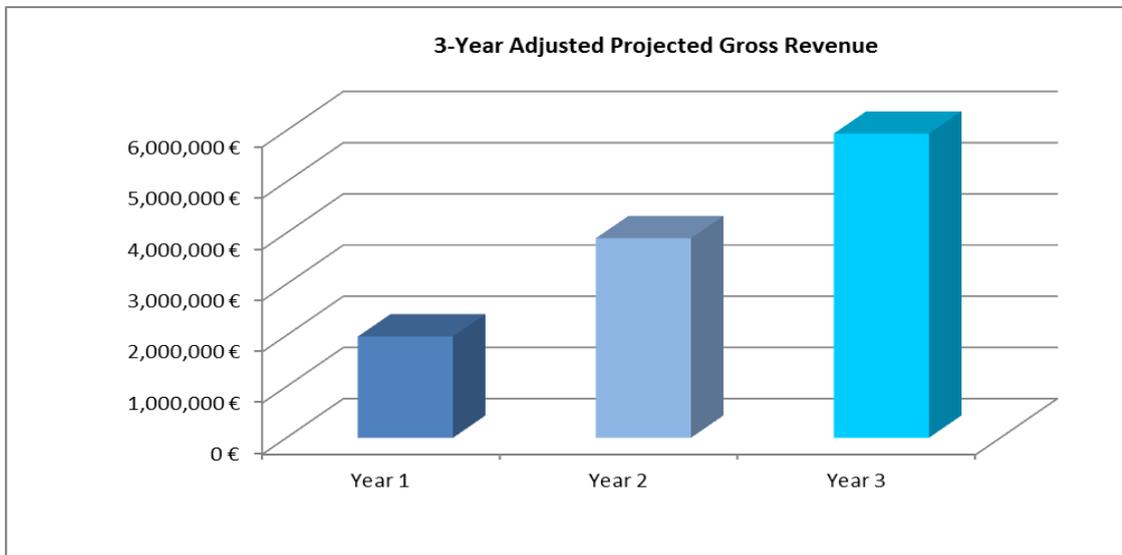
The company seeks capital appreciation by acquiring, developing, improving and managing diverse property assets with a focus on Smart Building and Smart Property technology.

HFBB will acquire severely discounted properties - fully refurbish the assets into modern flats - and generate a highly profitable revenue stream by renting the apartments to qualified university students. There is a growing imbalance in supply and demand for student housing across Europe with occupancy rates in student halls at 100% during the academic year.

### **The Company's Opportunity:**

1. Capitalise on the growing supply/demand imbalance in student housing by creating a viable and lucrative student property rental business. Dedicating rentals to university students will produce a consistent revenue stream, regardless of economic conditions.

2. Long term growth from increased property value. Refurbishing debilitated assets into modern, sustainable revenue producing units. This will be achieved by leveraging depressed property values with the current lowered cost of labour and automated management technology.



Projected Gross Revenue for Mid-Range Units, based on 550 € per month, 90% occupancy rate, with a completion rate of 333 units Yr.-1, 666 units Yr.-2 and 1,000 units Yr.-3.

## The Business

HFBB views three business functions for success; developing a Digital Student Property Marketplace, Development of physical properties and Rental Management dedicated to the student market.

The business plan is therefore divided into three sections:

1. HFBB Digital Student Property Marketplace
2. HFBB Student Property Development
3. HFBB Student Property Management

This plan focuses on the **Student Property Management**.

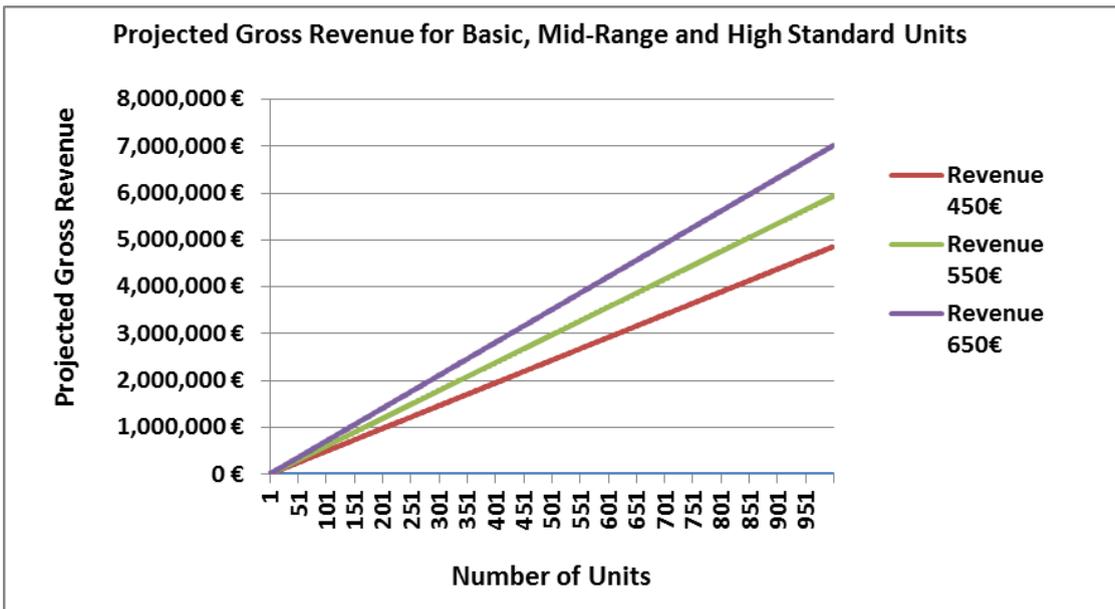
The Company will acquire properties discounted between 30%-70% from current market value from targeted off-market resources to High Street Banks. The Company seeks to acquire between 10-15 properties per year, producing 8-12 furnished flats per asset, per year. Each flat will consist of a minimum of 3-4 units producing a target goal of 1,000 student housing units over a 3 year period, per market.

Constant revenue streams will be generated through qualified student rentals which have proven to have occupancy rates near 100% during the

academic year. For this purpose, a specific Company will be created to promote these rentals under one brand.

The goal is to ultimately own all properties outright, paid for by rental revenue producing a twofold positive return; 1) significant increase in asset value of the overall properties and 2) creating a profitable and sustainable student flat rental brand. The business must acquire financing to launch.

The business expects to see a modest return in its first year of operations, become more profitable in its second year and quite profitable in its third year when revenues are realised from the rental of the full targeted 1,000 units. Rental rates will be competitive to the market, starting at around 450 € per month for basic rooms and up to 650 € per month in rooms located in more luxurious apartments.



## Objectives

HFBB will launch its business starting with the very first fully refurbished building. Over the first three years, HFBB has the following objectives:

1. Acquire 1,000 rentable units to achieve a 95% average occupancy
2. Steadily increase revenues each year
3. Keep minimum annual net ROI above 10%

## **Mission**

HFBB will offer competitively priced high-standard student housing rentals oriented for qualified students to enjoy thriving Barcelona, Spain. The business will seek to offer the balance of study, relaxation and excitement they seek by providing easy access to universities as well as Barcelona's numerous cultural attractions and student nightlife hotspots.

## **Keys to Success**

Keys to success in the student housing letting business include:

1. Conveniently located property for student usage
2. Efficient management of the student facility
3. High full-term occupancy including during the offseason

## **Company Summary**

The purpose of HFBB is to acquire severely discounted properties - fully refurbish the assets into modern flats - and generate a highly profitable revenue stream by renting the apartments to qualified university students. HFB Benchmark, Inc., incorporated DECEMBER 2015.

## **Start-up Summary**

HFBB will invest in the establishment of a small office at an existing location near the main train station, Barcelona Sants Estacio, which is a central connection for major trains, metro, bus and incoming airport connection. The office will require: aesthetic renovations, adding signage, office equipment and furniture, setting up Internet and phone, shelves and displays.

Legal and Permits includes legal consultation for the business and related to financing agreements, building permits from local authorities, local office rental tax and a business license.

Rent is for the office space for one month. Standard local deposit is 2 months plus the first month of rent. The office space will cost 600 € per month.

Insurance will be liability both for the office usage and the rental units when in use by HFBB renters. To limit liability, the renter liable must be at least 18 years of age and have a valid guarantor with proper identification for security deposit.

The website, brochures, and advertisements will be detailed in the marketing strategy section and Web plan.

The cash required will see the business through until it has achieved the scale needed to support itself with positive cash flows.

Acquisition and Refurbishment Plan covers all initial acquisition and refurbishment costs up to finished unit, including; Insurance, Furnishing (Furniture, Bedding, Decor, Appliances, Electronic), Telephone (Internet, Cable, Cable Service Tax), Cleaning, Laundry, Maintenance, Unit Utilities (Gas, Water, Electric, Garbage, Building Tax).

**Business Costs - Fixed and Variable Monthly Costs for Year 1**

**Initial Fixed**

<u>Item</u>	<u>Cost</u>	<u>Description</u>
SPV Setup	3,500 €	Incorporation, Filing, Legal, Banking - FAH Law
Legal UCIS	5,000 €	FCA Management (If applicable) - Gallium UK
Web Setup	5,000 €	Design, Domain, Hosting, Ecommerce- EZOT web
Office Space	1,850 €	Deposit, 1st Month Rent - 75 sq. Meters, BCN Centro near central train station, airport receiving
Office Furniture	2,000 €	2 Desks, 2 Chairs, 4 Waiting Chairs, Furnishings
Office Equipment	2,500 €	2 Computers, Fax/Printer, Management Software, Peripherals (Paper, Mouse, Electrical, etc.)
Utilities Setup	500 €	Water, Elec., Gas, Internet
<b>Total Fixed</b>	<b>20,350 €</b>	

**Monthly Recurring**

<u>Item</u>	<u>Cost</u>	<u>Description</u>
Office Rent	600 €	Office Rent
Utilities	325 €	Electric 100, Internet Highspeed 100, Water/Gas 75, Building and Maintenance 50)
Employee Wages	4,000 €	2 Local Employees, 1 Full - Manager, 2 Part time assistant (Including Employment Tax)
Outsource Wages	1,000 €	Web Tech., Online site maintenance - Outsourced
Rental Software	100 €	Vacation rental software for management, ecommerce - Kigo.net
Advertising	2,500 €	Web SEO, Local Ad Placement (ex. U.K., GER, FRA, U.S.), Google AdSense, Social Media (FB,
Affiliate Advert	0 €	Cost free affiliate advertising - Day Trips, Tours, Local Attractions, Dining, Winery, etc.
Cleaning	200 €	Office
Petty Cash	250 €	Miscellaneous
Insurance	50 €	Office - mapfre.com
IRPF	750 €	Local Business Tax - 75€x10 properties
<b>Monthly Expense</b>	<b>9,775 €</b>	

**Yearly Estimated 117,300 €**

**Total Expense (Yr.1) 137,650 €**

Acquisition and Refurbishment Plan covers all initial acquisition and refurbishment costs up to finished unit, including; Insurance, Furnishing (Furniture, Bedding, Decor, Appliances, Electronic), Telephone (Internet, Cable, Cable Service Tax), Cleaning, Laundry, Maintenance, Unit Utilities (Gas, Water, Electric, Garbage, Building Tax).

## Apartment Services

The standard HFBB rental unit will be consistent in its amenities, as all assets will be purchased and not leased allowing for a specific branding of each student flat. Each flat will include the following features:

1. Sleeps a total of 3/4, with at least 3/4 private rooms
2. 1/2/3 Full Bathrooms
3. Fully equipped kitchen (refrigerator, freezer, range/oven, etc.)
4. Central air and heat
5. Fully furnished, Desks, Lamps, TV (extras depending on Unit type)
6. Free Wi-Fi
7. Coffee maker
8. Washing machine/dryer (coin operated), Bike storage
9. Comfortable furniture
10. Prime student oriented or central location

HFBB affiliates will offer:

1. Student attraction discounts
2. Student information entertainment packs
3. Tour information for Costa Brava and around Barcelona

Basic rental rates will depend on the season, unit location and amenities offered:

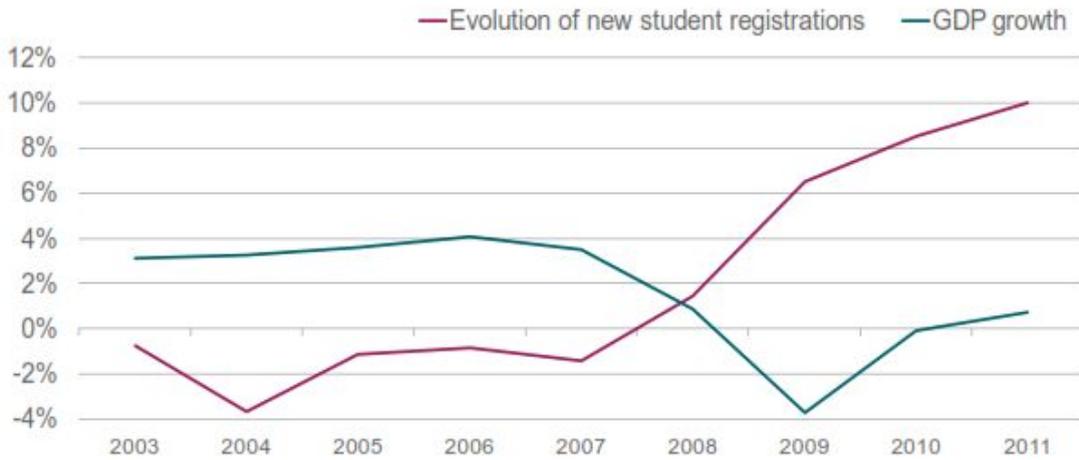
Basic units; 450 €-550 € per month

Luxury units; 600 €-650 € per month

Off Season (June to August); 400 €-500 € per month

Prices are competitive with other student flats and university provided housing in Barcelona.

GRAPH 1 **GDP growth vs new student registrations growth** Demand for higher education is counter-cyclical



Graph sources: Focus Economics, Ministerio de Educación

## Market Analysis Summary

### Student Rental Market

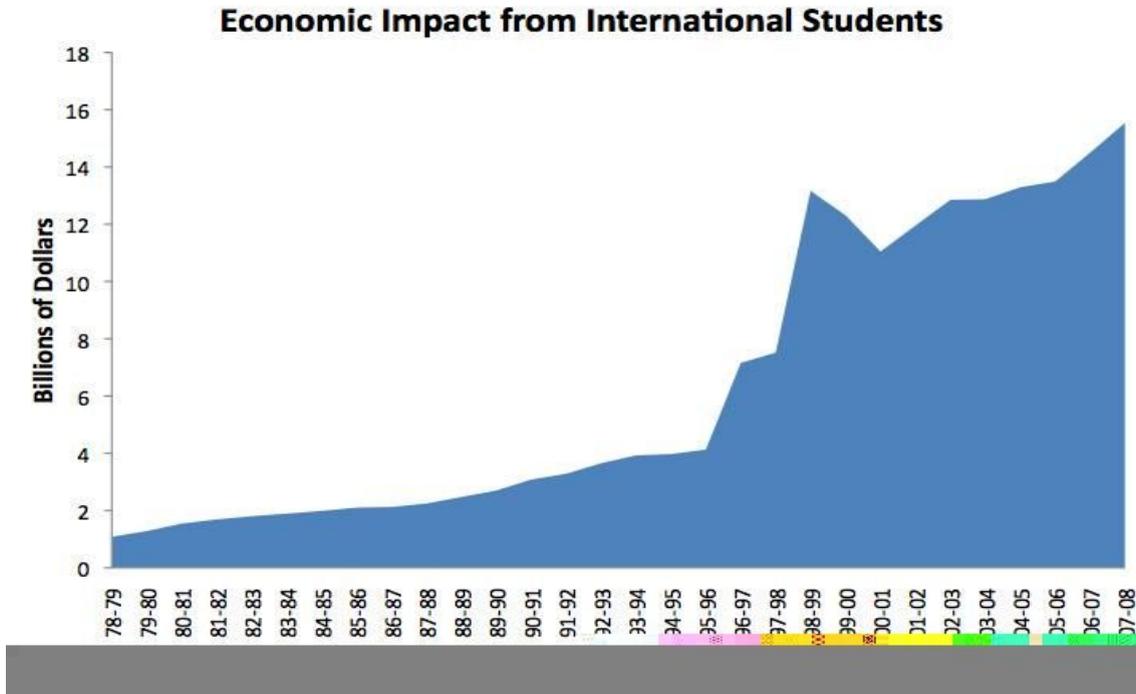
The student accommodation market has started to emerge as a significant mainstream global investment category, attracting increasing interest from investors, developers and private operators, according to the latest research from international property consultants Jones Lang LaSalle.

Although sometimes described as an ‘alternative’ investment sector, in these markets student housing is increasingly sought after by mainstream institutional investors.

Philip Hillman, lead director of Student Housing and Higher Education team in London said that student housing is increasingly a global asset class because students are increasingly international and mobile so developers and operators of student accommodation now operate across continents and investors are increasingly investing overseas.

This imbalanced market has resulted in outperformance both in the UK and US, outperforming other commercial real estate sectors delivering

total returns of between 11% and 15%. Stable income and solid rental growth plus resilient performance in downturns are key appealing attributes resulting in high occupancy rates where enrolments are rising at a higher rate than supply.



The report adds that investors have been attracted by the countercyclical nature of the sector. University enrolments have consistently grown during periods of economic downturn. The supply of new accommodation has struggled to keep pace with the surge in enrolments over the past 20 years and the shortfall of suitable accommodation has led to high occupancy and consistent rental growth.

‘Looking towards the emerging markets, it is considered that mainland Europe is around 10 to 15 years behind the markets of the UK and the US. ***There are few open market transactions at the moment but there are real opportunities for growth,***’ the report explains.

‘However the sector in these emerging markets should benefit from an accelerated acceptance of the investment characteristics of the sector as a result of the growth of the UK and US markets.’

Savills, (Savills UK | Estate Agents & Lettings UK & London) the international real estate advisor notes that the majority of student halls in the main university towns across Spain have 100% occupancy rates during the academic year (October to June). Furthermore, over the last three years the report records an 80% drop in student housing development completions, while over the same period new student registrations have increased by almost 20%. With student housing stock due to increase by just 1.3% in the current academic year (2011-12) placing more pressure on supply, Savills identifies a window of opportunity for developers and investors.

“The student housing market, already an established alternative asset in the UK, is also becoming a niche sector for European investors. With some uncertainty surrounding the fundamentals of traditional commercial property sectors, investors are looking for alternatives in Europe. With a sustained demand and student registrations consistently rising year on year, student accommodation could be seen as such an alternative.”

\*The average monthly rent in public halls for full board stood at approximately 650 €, or 950 € per month in private halls

\*The monthly price to rent a room in Barcelona City Centre is currently (2015) between 350 € and 450 € in a shared apartment of 3-4 bedrooms on average.

Investors in student accommodation are turning their attention towards mainland Europe because the Continent is ripe for a boom in overseas student numbers.

***“While the UK is now well established as a destination for student housing investment, the European market remains relatively untapped,”*** according to Savills Spotlight: European Student Housing Report.

With a high number of both domestic and international students it doesn't come as too much of a shock that demand for student accommodation is high and occupancy rates currently stand at around 99%. There is also said to be a shortage of supply of high-quality, self-contained property so the

increased amount of money being invested in the sector will hopefully make way for this.

It looks like students will be saying goodbye to basic and hello to luxury in the near future.

It's a rental sector where it's impossible for your tenants to lose their jobs and where demand remains usually steady regardless of economic conditions or downturns. If gone about carefully, student housing rentals can return higher yields and a steady demand that is not likely to significantly wane.

**Student accommodation may be the right investment if you are heading into retirement and want or simply want a steady income opportunity.**

## **Market Segmentation**

### **Spanish Student Housing Market**

#### **Why is Spain so popular with students?**

Spain offers a uniquely relaxed experience, it's Siesta culture allowing students to pursue their academic interests at a different pace. However, this doesn't mean that Spain should be treated less seriously academically speaking! Spain is particularly known for its foreign language courses, with Spanish universities being world famous for their foreign language centres. The country also offers students a uniquely diverse cultural experience, the historic sense of regionalism allowing students to experience widely varying languages, cultures and traditions all within one country.

#### **Erasmus Sets a New Record for Study Abroad Funding**

Erasmus is the world's largest and most successful program for study abroad funding.

The latest Erasmus statistics released by the European Commission today reveal that nearly 270 000 students - a new record - benefitted from EU grants to study or train abroad in 2012-2013. While studying at another

university continues to be the most popular choice, one in five students (55 000) opted for Erasmus job placements in companies. The three most popular destinations for Erasmus students in 2012-2013 were Spain, Germany and France.

### **Spain has highest number of Erasmus students**

The European Commission's report also highlights how active different countries are within the scheme. According to 2012-13 data, the most popular destination for Erasmus students was Barcelona, Spain.

### **€15 billion to be awarded in the next seven years**

In the next period (2014-20), plans are set for the initiative to grow exponentially as part of the European Commission's reform strategy, aimed at modernizing higher education and increasing student mobility by at least 20%. The study abroad funding that Erasmus offers is a key part of this strategy, and the scheme has been given a 40% budget increase for the next seven year period, bringing its total budget to €15 billion (US\$20.4 billion).

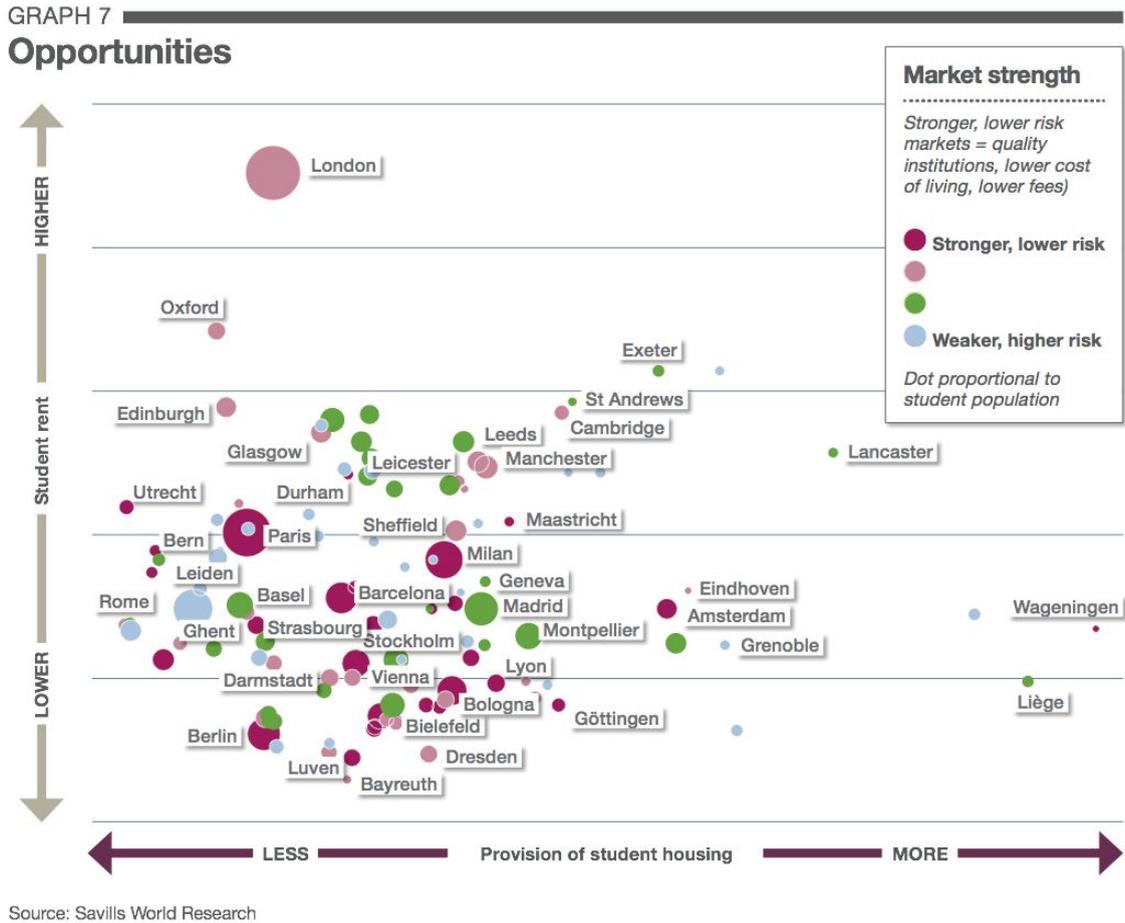
### **Spain is a Top 5 study destination**

With just 2.3% Spain seems to be one of the less important destinations if you compare it to the big players like the US and the UK. However, Spain showed a remarkable development. In the last 5 years, the popularity towards the other countries world-wide more than tripled! For obvious reasons, Spain is especially popular among other Spanish speaking countries such as Chile, Mexico and Argentina. However, it is also a great opportunity for US and UK citizens for example, to learn one of the most popular languages of the world besides Chinese, Hindi and English!

### **Top E.U. Student Populations by Country with Provision Rates**

1. **U.K.:** 2,500,000 students, 21% student housing provision rate.
2. **Germany:** 2,400,000 students, 11% student housing provision rate.
3. **France:** 2,300,000 students, 11% student housing provision rate.
4. **Spain:** 1,900,000 students, 8% student housing provision rate.

Spain has the 4<sup>th</sup> highest E.U. student population with well under half of the provision rate of the United Kingdom.



## Target Market Segment Strategy

HFBB will focus on qualified students with higher levels of disposable income, mainly international students from U.S.A., U.K., Scandinavia, Germany, France but also local students who qualify. By tapping into Barcelona’s large international student market, there is more leeway as to the type of flat that can be rented and marketing can be more focused on more stringent qualifications. Also, by offering modern flats that fit a more prestigious profile, the business can better stand out among the options for student flats in Barcelona.

## Student Housing Business Analysis

The student rental industry is an asset-intensive business for large corporate players who must purchase expensive properties and develop entire residences of purpose built housing to serve students. However, small players can enter the market and produce revenues with just one single flat. With reduced barriers to entry, an opportunity exists for mid-market flat rentals to produce significant profit margins.

When choosing a student flat, students look at the following:

1. **Location:** Most students will choose the geographic area near the university they plan to attend first and then look at the flat rental companies available there. They will generally not be swayed to a different geographic area based on the company.
2. **Availability and promotion of appropriate activities:** Students are looking for rental companies which make activities easy to find and take part in, either by providing them directly or providing resources and help to access those activities.
3. **Flat amenities:** For students at the high end of the market, luxurious accommodations and creature comforts on the flats are extremely important. It is this group which HFBB will focus on.
4. **Price:** For students at the lower end of the market, price is more important than amenities. For most groups, flat rentals can be much less expensive than university provided accommodations.

## Competition and Buying Patterns

The student flat rental industry is comprised of university provided residences (although many are at 100% occupancy), a limited number of independent businesses in Barcelona, as well as owners of individual flats who rent out their flats to students without meeting the local requirements for commercial properties. Legal student flat businesses include those which own their own flats and residences built for students.

Competitors in the Barcelona region include:

1. **Barna Students Place:** Offers rental apartments for students in Barcelona. Similar core business model.  
<http://barnastudentsplace.com>

2. **Resa Housing:** Offers university accommodation in apartments and rooms in shared apartments in Barcelona.  
<http://www.resahousing.com/eng>
3. **Habitatge Jove:** Flats and rooms for International, Spanish and Erasmus Students and more.  
<http://www.habitatgejove.com/webv2c/en/index.htm>
4. **University Residence Halls:** University residence halls, although as stated, we believe we are more of a solution than competition as many halls are fully booked so a wealth of students do not have the option to stay in these accommodations.

## Web Plan Summary

The website for HFBB will offer a great deal of information for potential student renters about the various locations available. The site will inform these parties about the price, availability of flats, deposits and requirements for each unit. The site will allow them to move forward by using a simple application form to make reservations online. HappyFlatsBarcelona.com will use software systems by Kigo.net at 89€ per month.

## Website Marketing Strategy

The website will target qualified students planning to attend Barcelona universities. The site will be marketed through the following tactics:

1. Apartment rental sites targeted toward student bookings.
2. Google and alternatives: Chitika, Adversal, Qadabra, Clicksor, Amazon
3. Banner ads on student-related websites
4. Listing in flat rental databases for Barcelona
5. Search engine optimisation (SEO) undertaken by the initial Web developer

## Target markets for local web ad publications;

1. U.K.
2. U.S.
3. France

4. Germany
5. Scandinavia
6. All major European Student sites

## **Development Requirements**

The website will provide the following information:

1. Services offered by HFBB for renters (descriptions and photos)
2. Basic Rates and Special offers
3. Activities in Barcelona (links, photos and more information)
4. Contact information and LiveDesk on-line
5. About Us - background, business values
6. Services for renters – Wi-Fi, laundry, bike storage, etc.
7. Policies and procedures for rental
8. FAQs – Application, deposits, details on other rules, etc.
9. Availability Calendar (Kigo.net)
10. Reservation request form (with credit card payment/bank wire)
11. User Reviews (if applicable)

Website will contain photographs and information with coloured brochure and leaflets. This will contain external and internal pictures, comprehensive details, the exact location, local attractions and details of how to get there (with a map included).

Good reviews will be very important to building a trusted brand. Statistics show that 81% of internet users find user reviews important so the Company will keep strict maintenance policies and use the reviews as a tool to correct any faults a client may find during their stay.

All copy will be produced by HFBB management and the coding and design of the website will be through a Web design firm for 5,000 €.

## **Strategy and Implementation Summary**

The basic strategy for HFBB is to target qualified students interested in high-standard private housing accommodated for their studies in trendy Barcelona. The business will offer additional activities and

recommendations, but will be perfect for all students who seek to enjoy some creature comforts as they enjoy beautiful Barcelona, Spain.

Key elements of the strategy implementation include:

1. Website advertising and marketing
2. Awareness of and relationships with student organisations who will be offered discounted rates to bundle with packages for their clients
3. Strategic Business Alliances and Affiliate programs to enhance offers

## **Competitive Edge**

HFBB has a competitive edge in cost minimisation, allowing for lower operating costs and producing a wider profit margin. This will be manifested in the marketing, sales and operations of the business. The effect of this edge will be a high profitability rate. We will provide a quality temporary home to students who think of the flat as "their" place in Barcelona and will return to HFBB, allowing marketing and sales efforts to be reduced due to repeat business and word of mouth advertising. This will build the brand and help achieve a 95% minimum occupancy from the second to third full years of operation.

## **Marketing Strategy**

Marketing for HFBB will focus in on the target market of qualified students. Materials will show students having fun together, both together and in individual activities (beach, hiking, swimming, shopping, cafes, architecture, museums and other attractions).

Marketing will include:

1. Local advertising in Barcelona student and student accommodation magazines
2. International advertising focusing on U.K., Germany, France, U.S., Scandinavia
3. Website creation and promotion (see Web plan)

4. Partnerships and SBA's with student accommodation agents, both local and International. These will be implemented immediately upon launch

## **Sales Strategy**

HFBB's sales will be managed almost entirely on-line creating a very inexpensive cost structure. Through the online software, HFBB can manage all application requests from interested students, approve and confirm them by email.

Initially it will only take one employee to respond by phone if requested to answer specific questions raised, and pursue business through partnerships with student accommodation agents. This will include offering a discount to student accommodation agents so they can bundle the rentals with student accommodation packages to their students. Sales will depend in large part on the on-line reservation request form to close business. The website will prepare students with a great deal of information so they are better informed before reserving.

Local employees will be paid a base salary. They will have the authority to vary from the advertised prices, but will use this at their discretion to book dates which are unlikely to be used otherwise (i.e., off season bookings). Special higher rates for students with luxury units are expected to balance out these discounted dates. Rates will be updated and offered on the website and the availability calendar as needed.

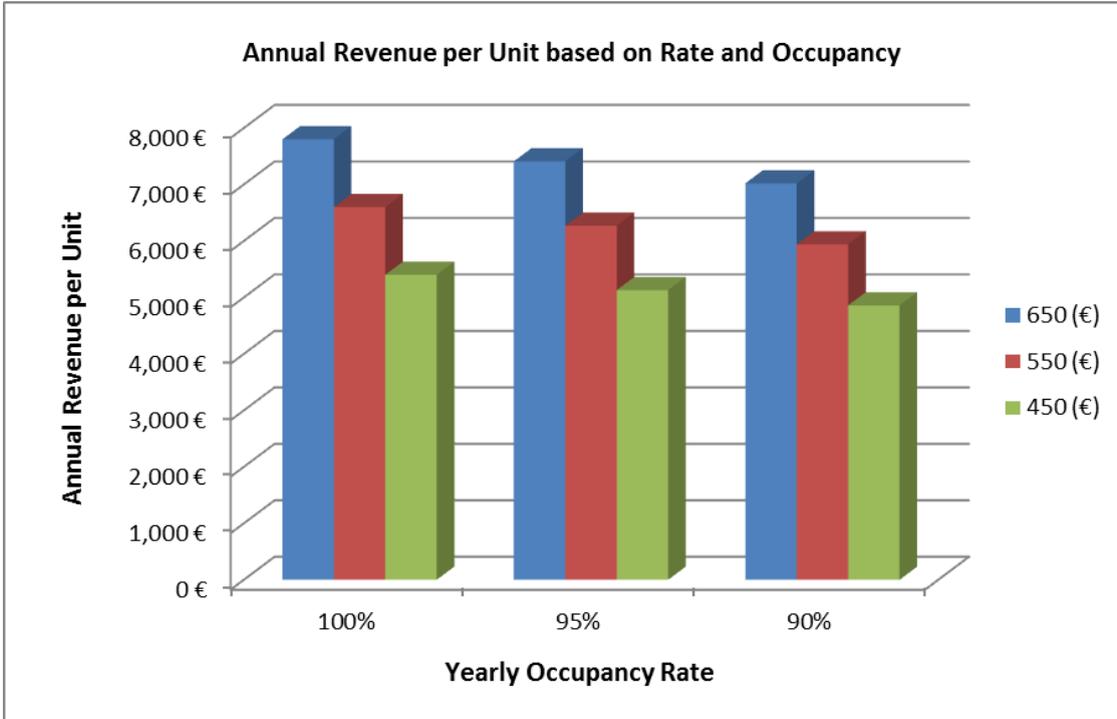
## **Sales Forecast**

The business will seek to launch before October 2015, the start of the new academic year.

In the first year of operation, the average price will be 550 € a month for a basic unit during the academic year, 625 € a month for a semi-luxury unit during the academic year and 450 € a month for a basic unit during the off-season (July-August). The prices listed reflect these totals and will be increased roughly with inflation in future years.

Direct cost of sales includes weekly cleaning, post-rental cleaning (part-time employee responsibility) and amenities. These costs are expected to grow with inflation as well.

Yearly Projected Revenues per Unit (Room)



### Management Summary

HFBB will be directed and managed by a HFBB Benchmark, Inc. nominee responsible for sales and marketing (working with designers where necessary), provide all copy for ads, the website, and brochures, and the launch of the business.

Local employees will run daily operations. Specifically, running the office, provide renter orientations and support, schedule and supervise flat cleanings by a contracted cleaning service, repair, and maintenance. Employees will follow well established operations procedures.

Two employees will work out of the office which will be equipped with a phone, computers, Internet, cash safe-box and reservation software.

## Management Tasks

The task table illustrates the key activities for the first year of the business. Before the business officially opens in October 2015, the marketing campaign will begin with the development of the website, brochure, and other media ads. Internet advertising, marketing and the running of those media ads will occur before October 2015.

Task Schedule													
Year 1 Tasks													
Month	R&D stage	1	2	3	4	5	6	7	8	9	10	11	12
Task 1	Investment Identification and Valuations												
Task 2	Parent Company Subsidiary SPV Agreement												
Task 3		Subsidiary Membership Formation / Funding											
Task 4					Subsidiary Formation								
Task 5						Seure Assets							
Task 6						Acuire Assets							
Task 7													
Task 8													
Task 9													
Task 10													
Task 11													
Task 12													
Task 13													
Task 14													

## Personnel Plan

A single manager with one assistant will fulfil all roles of supporting the renters during their stays. One additional assistant will be brought on for the second or third summer as needed. The assistants will not be full time employees but rather part time which will save on insurance and Social

Security costs.

### Personnel Plan

	Year 1	Year 2	Year 3
Flat Manager	€18,000	€20,000	€22,500
Flat Assistants	€12,000	€24,000	€24,000
Total People	2	3	3
Total Payroll	€30,000	€44,000	€46,500

### Financing Plan

The business is expected to grow as refurbishments increase the amount of rentable units. The business will grow from the first room (unit) offered in Year-1 to 1,000 rooms offered by end of Year-3. In order to achieve the full 1,000 room target, the Company must secure project financing in the amount of 20M €.

### Start-up Funding

Investors will provide the bulk of the investment.

Start-up Funding	
Start-up Expenses (2 yr. ops)	€230,950
Start-up Assets to Fund	€1,769,050
Total Funding Required	€2,000,000
Total Funding	€2,000,000

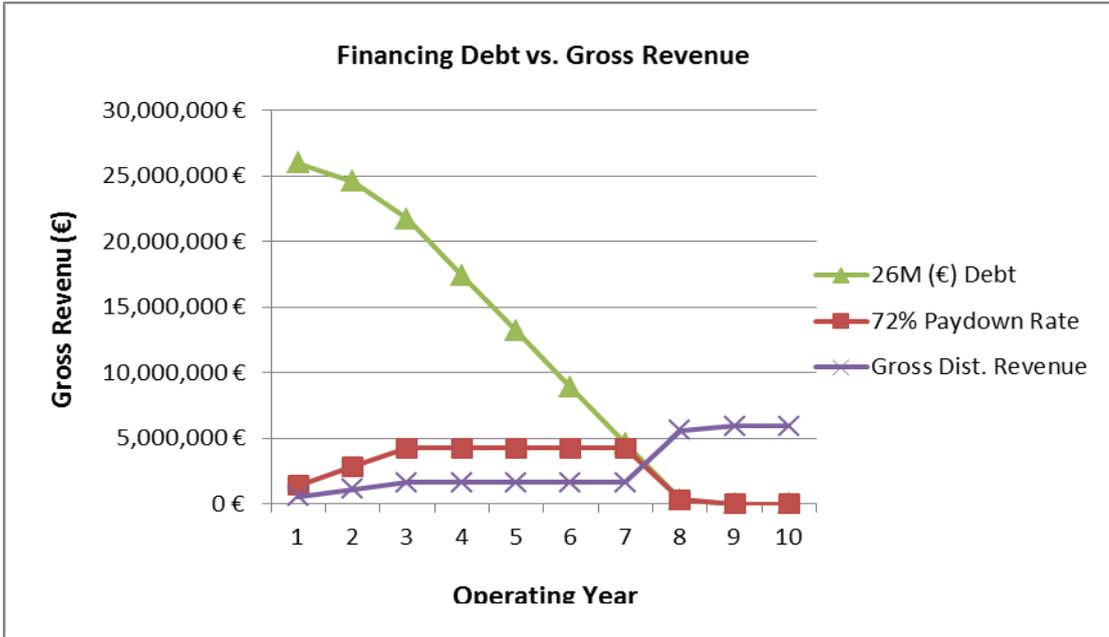
### Important Assumptions

For the purpose of simplifying projections, HFBB projects an average rental price of 550 €, minimum occupancy of 90% and the flats will be filled with a minimum 3 individuals per flat.

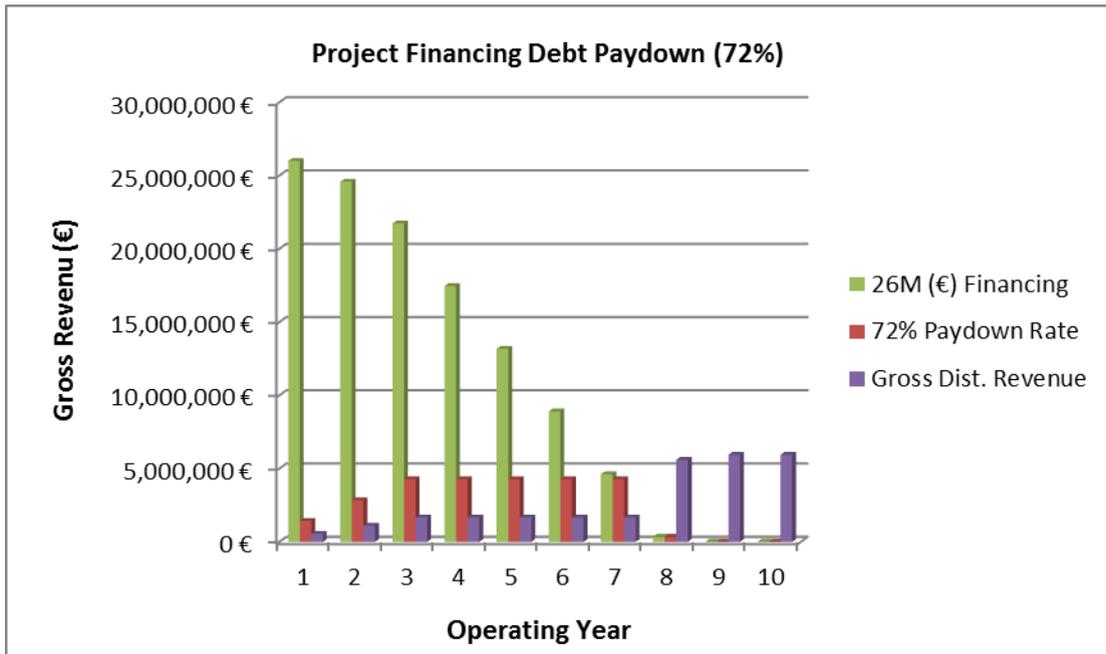
### Project Financing Pay-Down

Project financing debt pay-down for 20M € (26M € = 20M € @ 3% Int.,

min. 10 Yr. period) using 72% of Gross Revenue. Full project financing debt will be paid after the 1<sup>st</sup> Quarter of Year-8, at which time all assets will be owned outright by the Company.



Yearly revenue based on 550 € per mo. rate and 90% occupancy.



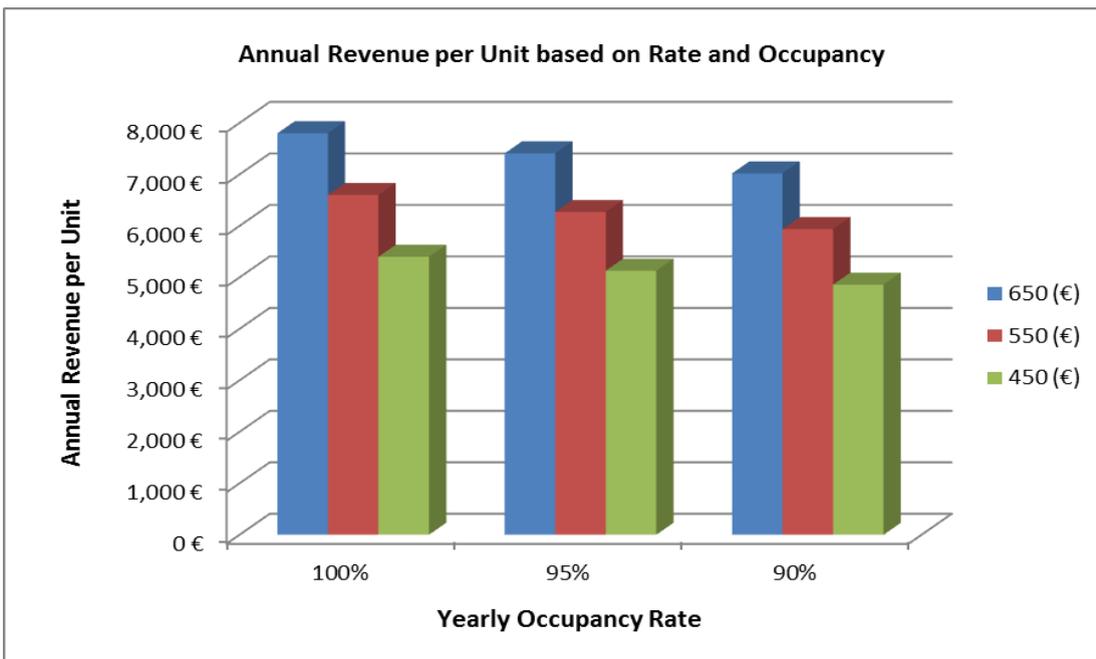
Yearly revenue based on 550 € per mo. rate and 90% occupancy.

## Monthly Break Even Analysis by Unit

Avg. "all-in" cost per apartment – 50K €  
 Avg. apartment 3 units = 16.666 € per unit  
 \*Excluding financing costs.  
 Year of Revenue Break-Even 2.7 Yr.

Avg. Per-Unit Revenue 1 Yr. € 6,270

## Adjusted Revenue by Unit



## Projected Profit and Loss

**\*Student Rental Company costs based MVP financing 2M€, excludes project financing (20M €)**

Gross margins will improve during the academic year in future years as cost of sales are lower during this period when rates are higher.

Marketing will increase as efforts intensify to market an increased number of flats.

Depreciation is for the depreciable assets over a five year period.

Website marketing includes 1,500 € per month for ongoing search engine marketing, 750 € per month for search engine optimisation, and 250 € per month for website hosting and maintenance.

Rent is set at 600 € per month and utilities (electricity, phone, Internet for the office/store space) at 325 € per month in the first year. Rent will remain fixed throughout a 5 year lease with option to exit after 1 year.

Payroll burden includes payroll taxes and insurance/benefits for employees.

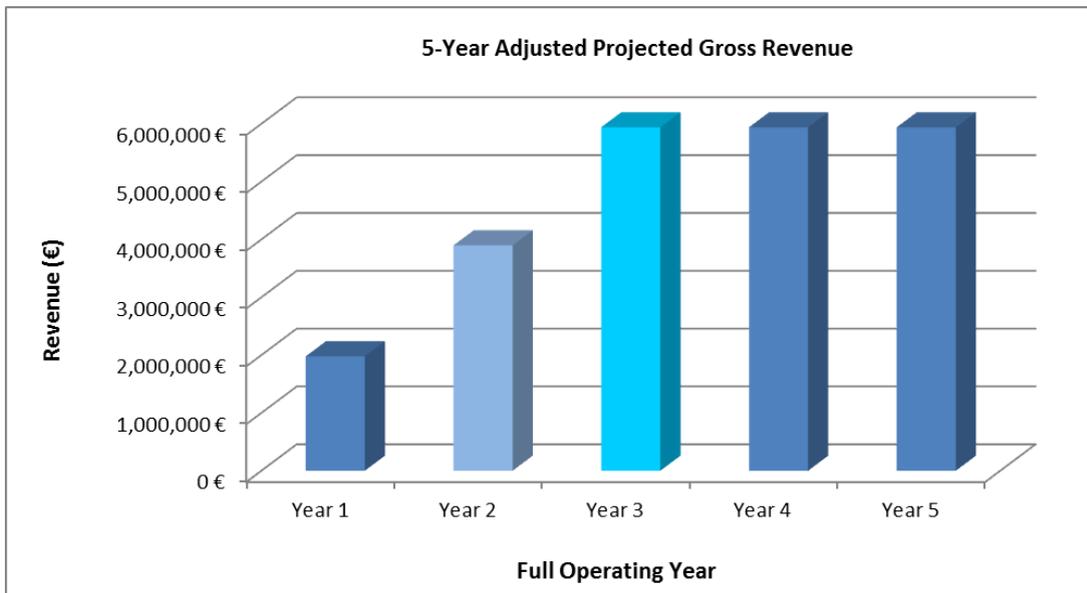
Office and flat maintenance covers light maintenance of the office/store and flats and general supplies.

While some costs are expected to rise at least with inflation, operating costs are expected to decline with brand exposure and efficiency.

Based on 2M € equity financing alone, the business will have liabilities in the first and second year and move to profit in the third year, with significant profit in the fourth and fifth years as the number of flats under management reaches full potential.

## **Projected Cash Flow**

The investor class financing is projected to be repaid over three years with an aggressive 80% profit share dividend policy paid to equity investors set for a 10-Year period. Dividends will then revert to an 80% portion to be paid to the founders/owners (see Dividend Policy models pg. 23)

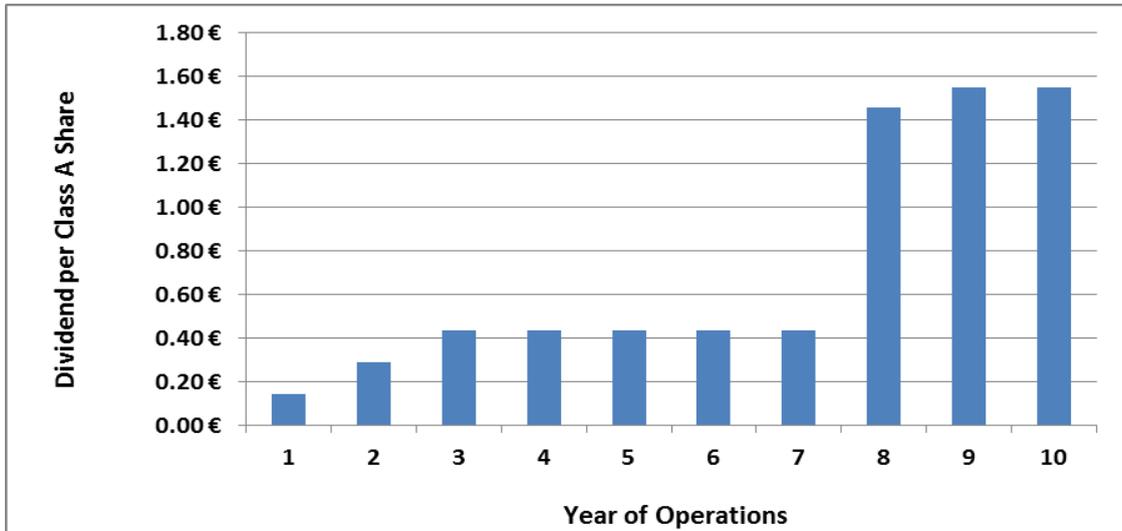


Revenues based on 550 € per month, 90% occupancy rate, completion rate of 333 total units Year-1, 666 total units Year-2 and 1,000 total units Year-3.

### Projected Balance Sheet

The business will be asset-intensive, as shown in detail in the Acquisition and Refurbishment plan, as the flats themselves will be acquired by the holding company. The actual flats are the main assets of the business and could be sold, presumably at profit, if the business folded. The liabilities of the business will decrease as the debilitated properties are refurbished and finished into rentable units, improving the net worth of the business.

**Projected Member Dividend Schedule - After Tax (35%)**



**Appendices**

**Strategic Business Alliances, Business Relations and Reference**

**Research Data**

Invest In Spain – Government Supported

<http://www.investinspain.org>

**Advertising**

*Dalton’s Weekly* (020-7955 3808)

[www.daltonstudents.com](http://www.daltonstudents.com)

Google Adsense (and Lower cost affiliate competitors)

Chitika, Adversal, Qadabra, Clicksor, Amazon Associates and others

Local web Ad publications specific to student accommodation in local markets.

**Web**

Kigo – reservation system, email parsing, the channel manager, website hosting, calendar syncing, email notifications, analytics, hosting, security,

maintenance. Leading Student Rental Platform.

[www.Kigo.net](http://www.Kigo.net)

EZOT, Inc. – founded in 1998 with one simple goal in mind: To empower the average business to easily and affordably take advantage of the latest and most powerful Internet technologies.

<http://www.ezot.com>

Web/Domain/SEO extras – [www.google.com](http://www.google.com), [www.GoDaddy.com](http://www.GoDaddy.com), [www.domainservices.com](http://www.domainservices.com)

### **Regulatory Solutions**

Gallium Fund Solutions Limited

Gallium provides a wide variety of professional services to enable clients to launch their funds efficiently and cost effectively.

<http://www.gallium.co.uk>

### **Student Rental Market**

<http://www.propertywire.com/news/global-news/student-accommodation-investment-property-201211077120.html>

[www.savills.co.uk](http://www.savills.co.uk)

[http://pdf.savills.com/documents/European\\_Student\\_Spotlight\\_2013.pdf](http://pdf.savills.com/documents/European_Student_Spotlight_2013.pdf)

### **Spanish Student Housing Market**

[http://europa.eu/rapid/press-release\\_IP-14-821\\_en.htm](http://europa.eu/rapid/press-release_IP-14-821_en.htm)

<http://www.topuniversities.com/student-info/university-news/erasmus-sets-new-record-study-abroad-funding>

<http://www.mastersportal.eu/articles/390/top-5-study-destinations-in-europe.html>

### **Barcelona Student Housing Market**

<http://barcelonacatalonia.cat/b/wp-content/uploads/2012/12/datasheet-2012-angles.pdf>

<http://erasmusu.com>

[http://www.iagora.com/studies/uni/Universitat\\_de\\_Barcelona](http://www.iagora.com/studies/uni/Universitat_de_Barcelona)

### **Property Market in Spain**

<http://www.imf.org/external/pubs/ft/scr/2015/cr1501.pdf>

<http://www.lucasfox.com/news-and-press/2014/07/31/spanish-real-estate-market-reports/>

### **Property Market in Barcelona**

<http://www.telegraph.co.uk/finance/property/investment/10542844/Worlids-20-best-places-to-invest-in-property.html?frame=2777629>

<http://www.lucasfox.com/updfiles/publications/barcelona-market-report-2014.pdf>

### **Investment Risk Warning**

IMPORTANT: This business development plan is for general information purposes only. It does not provide financial product advice nor is it an offer of securities. Investments are not suitable for everyone. Investors should meet the requirements under one of the following categories; certified high net worth investors, sophisticated investors, self-certified sophisticated investors, accredited investor or special exempt status. If you require personal advice on the suitability or other aspect of this investment, consult a qualified, licensed adviser, who will conduct an analysis based on your circumstances. Applications may not be approved to non-qualified investors.

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