

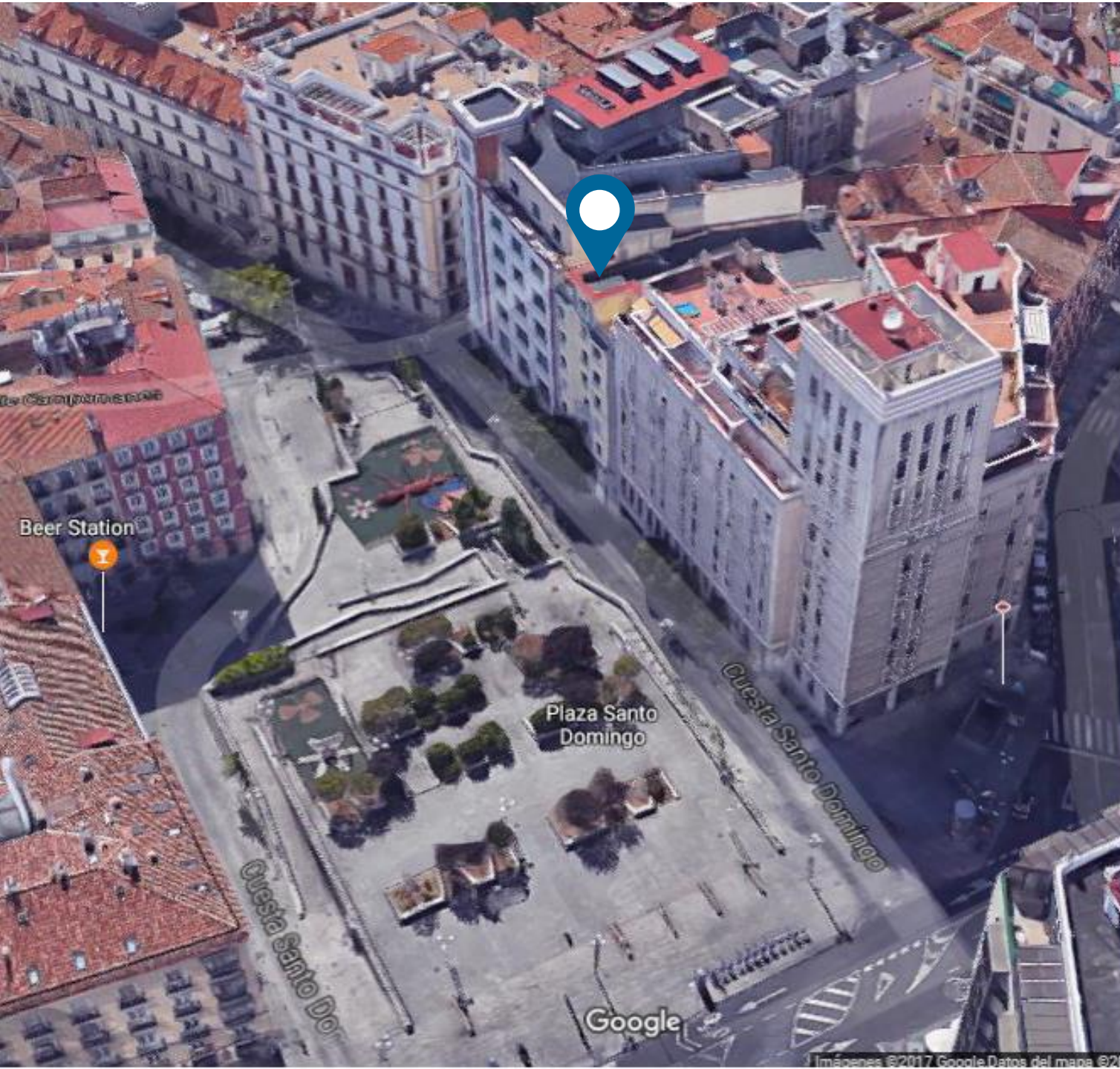
Boutique Apartments Santo Domingo

CUESTA DE SANTO DOMINGO, 11
MADRID

February, 2021



ASSET OVERVIEW



The Newly Refurbished 8-story Building

Holds 21 Serviced Apartments Of 1,2 And 3
Bedrooms, Plus An Additional Street Shop

Construction Area: 2,700 sq.m

The Surrounding Amenities Include:

- Supermarket 30m
- Shopping street 100m
- Gym 30m
- Café 50m
- Parking 60m
- Restaurants 30m

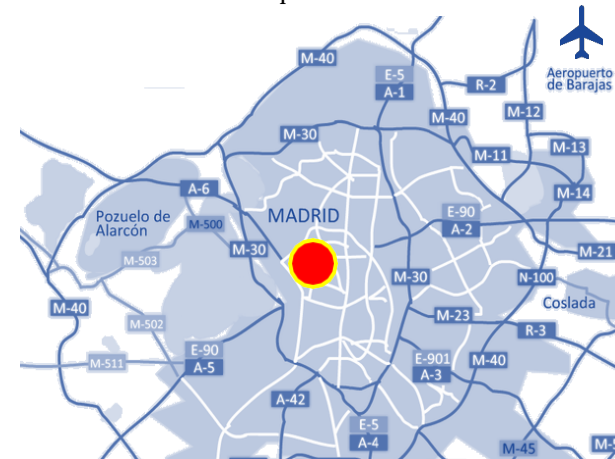
ASSET DESCRIPTION – LOCATION (I)

Asset located in Madrid, Spain's largest city and main business hub of the country

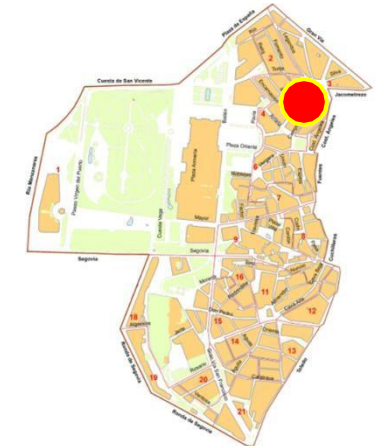
- The Asset is located in Madrid, the **largest city in Spain** with 3.2 million inhabitants (6.6 million in the Madrid metropolitan area).
- **Madrid has the third-largest GDP in the European Union** and remains **one of the world's major global cities**, thanks in part to its leadership in business, education, entertainment, media, fashion, science, culture and arts. Due to its economic diversity, high standard of living and market size, Madrid is considered the major financial center in Southern Europe. The head offices for the vast majority of major Spanish companies, such as Telefónica, Iberia, Santander, BBVA and Repsol, are found in Madrid.
- **Madrid received 10.4 million visitors in 2019** (+2.1% vs. 2018), which illustrates its status as Spain's main business hub and one of its top cultural destinations. The city offers a wide range of cultural events (e.g., sports, concerts, theatre) and has a rich history and unparalleled artistic heritage. It is also the second most popular conference & events destination in the world, hosting many different types of congresses (over 200 a year). Madrid also claims 20 Michelin-star restaurants and has two museums which are in the top 20 most visited museums in the world (El Prado and Reina Sofía). This positions the city as **one of the preferred worldwide and European destinations** for businesses, for tourism and for living.
- **Madrid-Barajas Airport is one of the largest transportation hubs in the world** with approx. 61.7 million passengers in 2019 and is only 15 km away (20-25 minutes) from the Asset.



Southern Europe



Madrid and surroundings

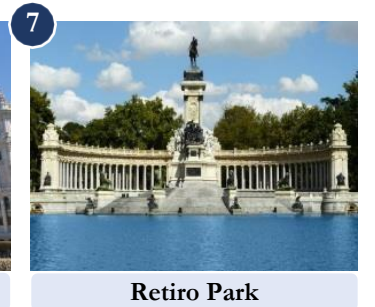


"Palacio" District - Sol (Madrid)

ASSET DESCRIPTION – LOCATION (II)

- The Asset is located at **11, Santo Domingo Street, in the heart of Madrid**, which is one of the most visited parts of the city. Being one of the most popular areas, this location showcases Madrid's rich diversity and culture through a **wide variety of commercial and leisure offerings while remaining a wonderful place to live.**
- **The city of Madrid is one of the most in-demand tourist destinations. More than 9.5 million tourists arriving at hotels in the city of Madrid** were recorded in 2019.
- The Asset is close to many of the iconic areas of Madrid. It is **only 100 meters from Gran Vía and Callao**, the main shopping area in Madrid, and **close to various prominent historical, commercial and political buildings** such as Madrid City Hall, Madrid Opera, Congress, the Royal Palace, and Puerta del Sol.

Location of most notable areas near the Asset



ASSET DESCRIPTION – LOCATION (III)

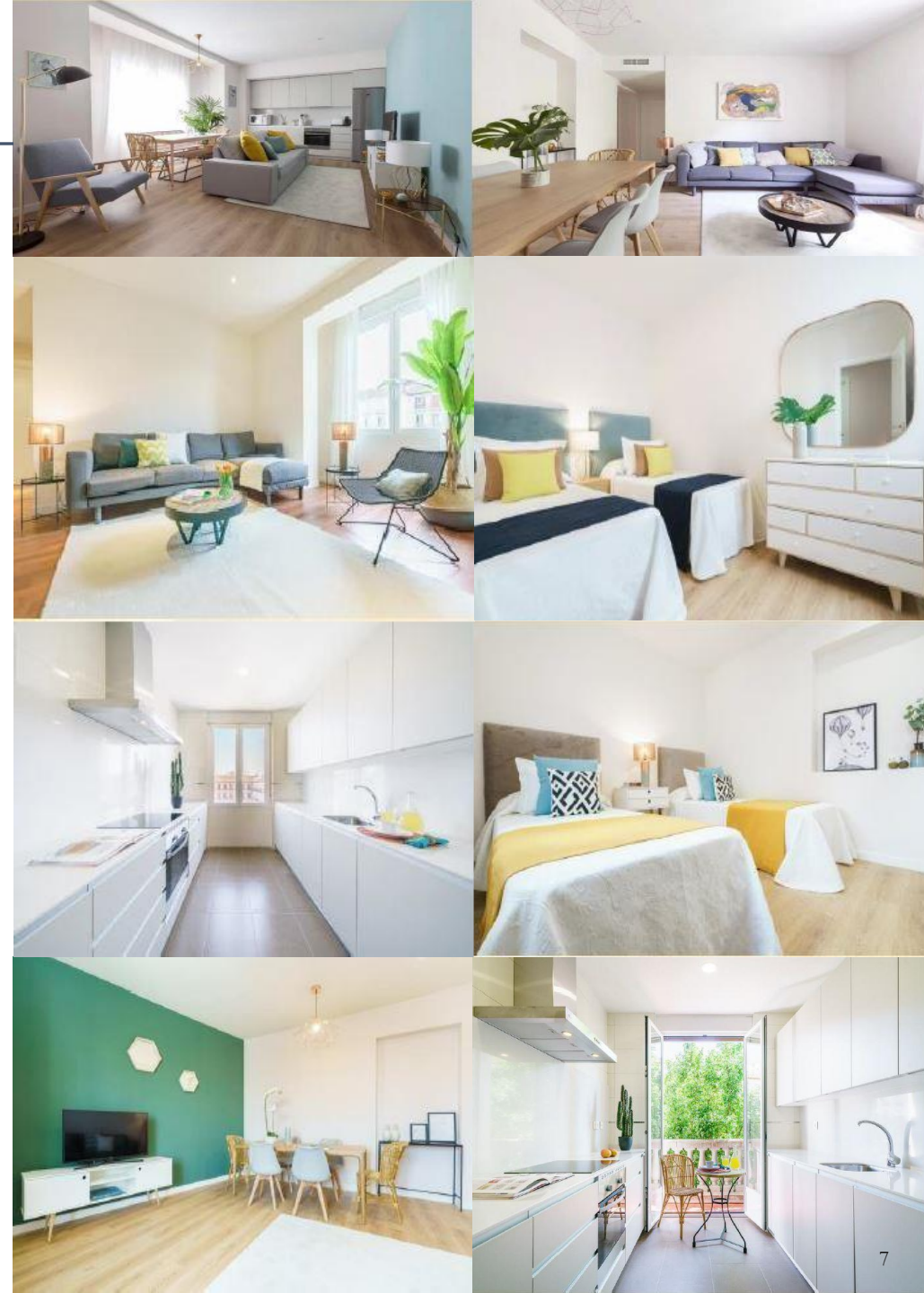
- **Centro District is a strategic location** not only because it is the city center, but also because it is the busiest area in Madrid in terms of retail, cultural and leisure offerings.
- The Asset is very close to the main retail and leisure areas (e.g., Preciados Street, Gran Vía, Callao Square, Fuencarral Street), yet it also benefits from not being located directly on any main commercial street, thus making it perfect for Tourist Apartments.
- **Gran Vía is the busiest, most popular street in Madrid.** It is 1300m long and more than 100 years old, and it is lined with some of the most sought-after retail shops in town – a true open-air shopping mall, drawing over 10 million people every year.
 - The current reform that is extending the centennial street sidewalks will increase tourists' footfall (recent study estimates **future average daily flow of people in 75,000 potential buyers** in its most commercial stretch).
- **Cuesta Santo Domingo is very well connected by public transportation to the rest of the city.** The closest metro station (Santo Domingo) is only c.90 meters walking distance from the Asset. The transportation hub at Puerta del Sol has 3 metro lines and Cercanías railway station (Madrid's largest) and it is only 7 minutes walking distance from the Asset. It is also connected to the city by at least ten different bus lines.

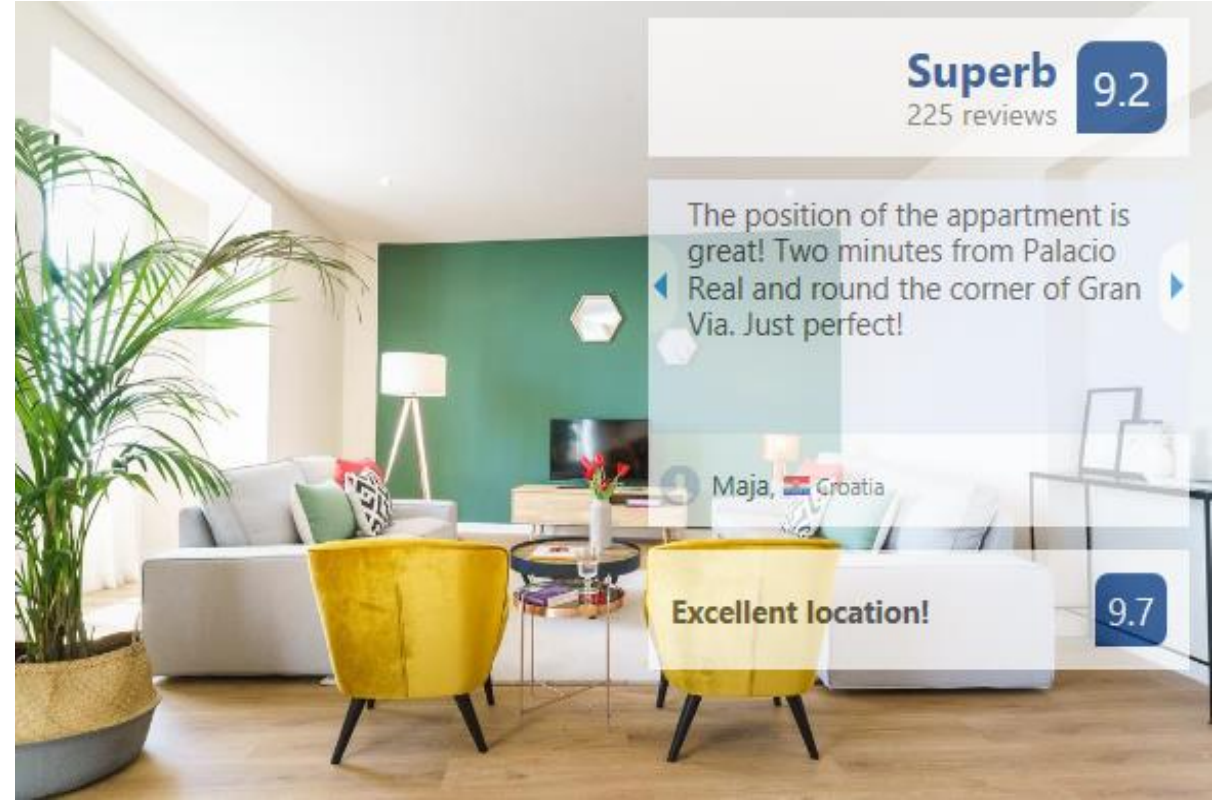




ASSET DESCRIPTION (I)

- The building has been newly reconditioned to include **21 serviced apartments distributed over 8 floors (Ground Floor + 7), attic and basement**. The apartments range of one, two, and three bedrooms with a Retail unit on the ground floor. Its central location close to many of the most visited parts of Madrid make this Asset **an ideal building for tourist apartments**.
- Each apartment ranges from 46.04 sq.m. to 111.56 sq.m. for a total of 1,856.76 sq.m. total and an additional 251.25 sq.m. to account for the Retail shop.
- Apartments with two or three rooms also include two bathrooms, while single rooms have one. There are **three apartments per floor and a total of six different layouts**.
- The tourist apartments are currently being rented on a short-term basis. Running with **an annual occupancy rate of 65% and ADR of €135 in 2019** (the average ADR in Madrid was 95.5€), the building has been able to achieve at 9.0/10 on booking.com, an online travel and related services website.
- The building has a diligent and capable in-house property management team, who is responsible for the **revenues management, cost controlling, marketing, reception, and daily operation & maintenance**. The team is highly motivated and greatly committed to maximize the return on investment (yield) to the owner of the assets.
- The team has developed its own tool to monitor the economic performance of the assets. With more than 8 years experience in properties management, public relation, and sales & marketing, the team members are highly qualified and own Master degree of Tourism management from University Rey Juan Carlos, Master degree of Hotel management & restaurant food beverage in EAE business school, and Bachelor degree in Business Administration from IE Business School.





“Facilities details, modern decoration, spacious, bright, extremely comfortable...” - Customer



ASSET DESCRIPTION (II)

Flat	Size (m ²)	Bedroom	Bathroom
1 Exterior	109.12	3	2
1 Center	67.30	2	2
1 Interior	87.16	2	2
2 Exterior	111.56	3	2
2 Center	67.30	2	2
2 Interior	87.16	2	2
3 Exterior	111.56	3	2
3 Center	67.30	2	2
3 Interior	87.16	2	2
4 Exterior	111.56	3	2
4 Center	67.30	2	2
4 Interior	87.16	2	2
5 Exterior	111.56	3	2
5 Center	67.30	2	2
5 Interior	87.16	2	2
6 Exterior	132.80	3	2
6 Center	46.04	1	1
6 Interior	87.55	2	2
7 Exterior ⁽¹⁾	129.12	2	2
7 Center	46.01	1	1
7 Interior	87.58	2	2
GF Retail unit	276.29	n.a.	n.a.
Office and Storage	219.45		
Total excl. common area	2,352.5	+ Common Area 277.92	= 2630.42 sq.m

(1) Penthouse, includes 2 terraces of 21.25sq.m. and 21.04sq.m. facing Plaza Santo Domingo



OPPORTUNITY HIGHLIGHTS (I)

Excellent fully refurbished historical building in a prominent location in Central Madrid

- The Asset is **located in the heart of Madrid at 11, Cuesta de Santo Domingo Street, adjacent to Gran Vía and Callao** (the main commercial area in the city accounting for one of the highest pedestrian footfall in Spain), which makes the building a best-in class investment opportunity.
- The city of Madrid is the **most populated city in Spain** (3.4 million inhabitants) and **the third largest urban within the EU** (with 6.6 million inhabitants). Madrid is the political, economic and cultural center of Spain, where the **GDP per capita stands in the top-5 within the European Union**, being the **most important city for business in Southern Europe**.
- The Asset is close to **Gran Vía, Callao Square, Puerta del Sol** and two of the most prominent development projects in the city of Madrid: (i) **Plaza de España** (only 500 meters from the Asset), the future Riu Plaza España hotel, and (ii) **Canalejas** (900 meter from the Asset), that consists of rehabilitation of seven contiguous buildings located between the streets of Alcalá, Sevilla, Plaza de Canalejas and San Jerónimo (mixed-use luxury project that will transform the city center).

Madrid as an extraordinary Tourism Destination

- The **number of visitors arriving in Spain rose up to 79.4 million tourists in 2019**, which breaks international tourism records for fifth year in-a-row and would make **Spain the world's second most visited country in the World** after France.
- **Current international visitors represent 53% of the total** in 2019. USA & Canada remained as the first international market, accounting for almost 9% of the total tourist arrivals, followed by UK & Ireland, Italy, France, Germany and Portugal.
- **The city of Madrid is one of the most in-demand tourist destinations**. More than 9.5 million tourists arriving at hotels in the city of Madrid were recorded in 2019. National tourist arrivals have increased at a 4.5%.
- **The accumulated total tourism expenditure in Madrid during 2019 has exceeded €8.2 billion, the number of visitors increased by 3.0% among tourists with longer duration (more than 15 nights)**.
- Representing 53.7% of the total overnights in 2018, Barcelona and Madrid were **the largest urban destinations** in the country. Both registered similar demand increases (+2.0% and 2.7% respectively), sustained by the overseas market.

OPPORTUNITY HIGHLIGHTS (II)

Singular opportunity to invest as per the restrictive new legislation for Tourist Apartments

- By the end of 2019, in Madrid, there were over 15,000 houses fully dedicated to tourist use, which only represented 0.91% of total city's residential offer.
- The Asset has **all permits/licenses to operate as Tourist Apartment Building** under new legislation in 'Touristic Apartments' sector.
- **Restrictive New Legislation:**
 - City Counsel outlawed completely the issuance of new licenses for tourists apartments in the historic centre.
 - For those apartments that are outside historic center, City Counsel has planned to outlaw rental of apartments to tourists unless the property has its own private entrance. This will have a very large impact on almost every properties in the city, and restrict rentals to independent properties, thus reducing the offer of Tourist Apartments accommodation.
 - Proposals also look to prevent existing conditions whereby entire residential buildings are being rented out to tourists on short term lets. Owners will need to have the permission of homeowners of the community or building to be able to rent out their property for short term holiday lets.

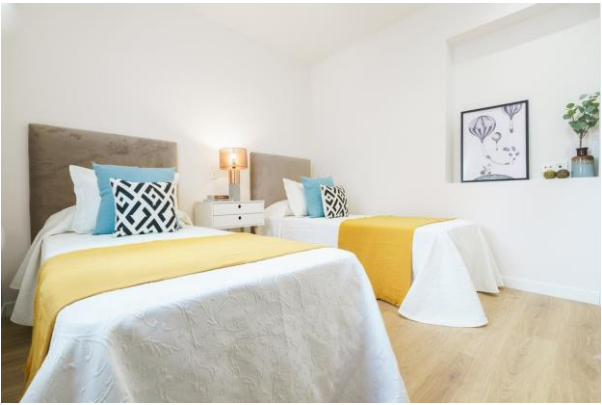
Capital value's growth potential and meaningful liquidity at exit

- The severe correction in real estate prices between 2009 until 2019 discouraged development of new residential units. However, the **market momentum, macroeconomic fundamentals and access to financing have all meaningfully improved.**
- There are **other rehabilitation and renovation projects nearby, especially in Gran Vía and Puerta del Sol**, which will improve the area substantially and which **have already started to have a direct impact on the capital values of all surrounding properties.** During 2018, capital values in the luxury housing segment in the area have experienced a YoY 10.8% growth, **having reached peak values of €8,000 per sq.m. during 1Q2019.**
- Due to its moment and attractive location, the quality of the Asset after its full refurbishment, the Asset has a **very high liquidity**, which is very important for upcoming investors.

Highly dedicated in-house management team

- In-House management team with great dedication and responsibility covering full belt of property management: Revenues management, cost control, marketing, reception and operation & maintenance. Capable of maximizing the ROI for investors.
- **Achieved gross revenues of c.€700K in 2019, excluding the potential rental income from the shop, currently is not rented.**

TYPE OF APARTMENT – A (EXTERIOR)



TYPE OF APARTMENT – B (CENTRO)



TYPE OF APARTMENT – C (PENTHOUSE)



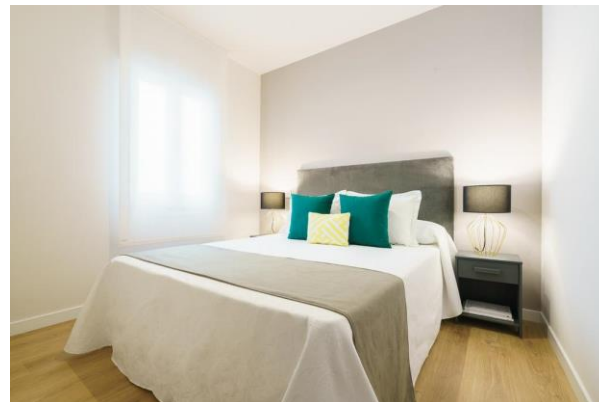
TYPE OF APARTMENT – D (EXTERIOR)



TYPE OF APARTMENT – E (CENTRO)

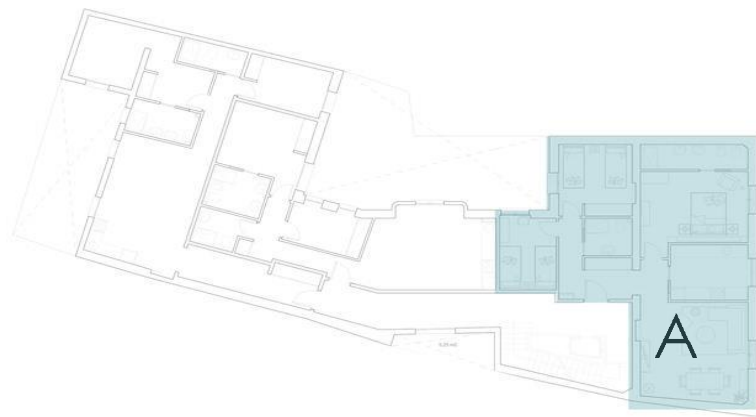


TYPE OF APARTMENT – F (INTERIOR)



APARTMENTS DISTRIBUTION

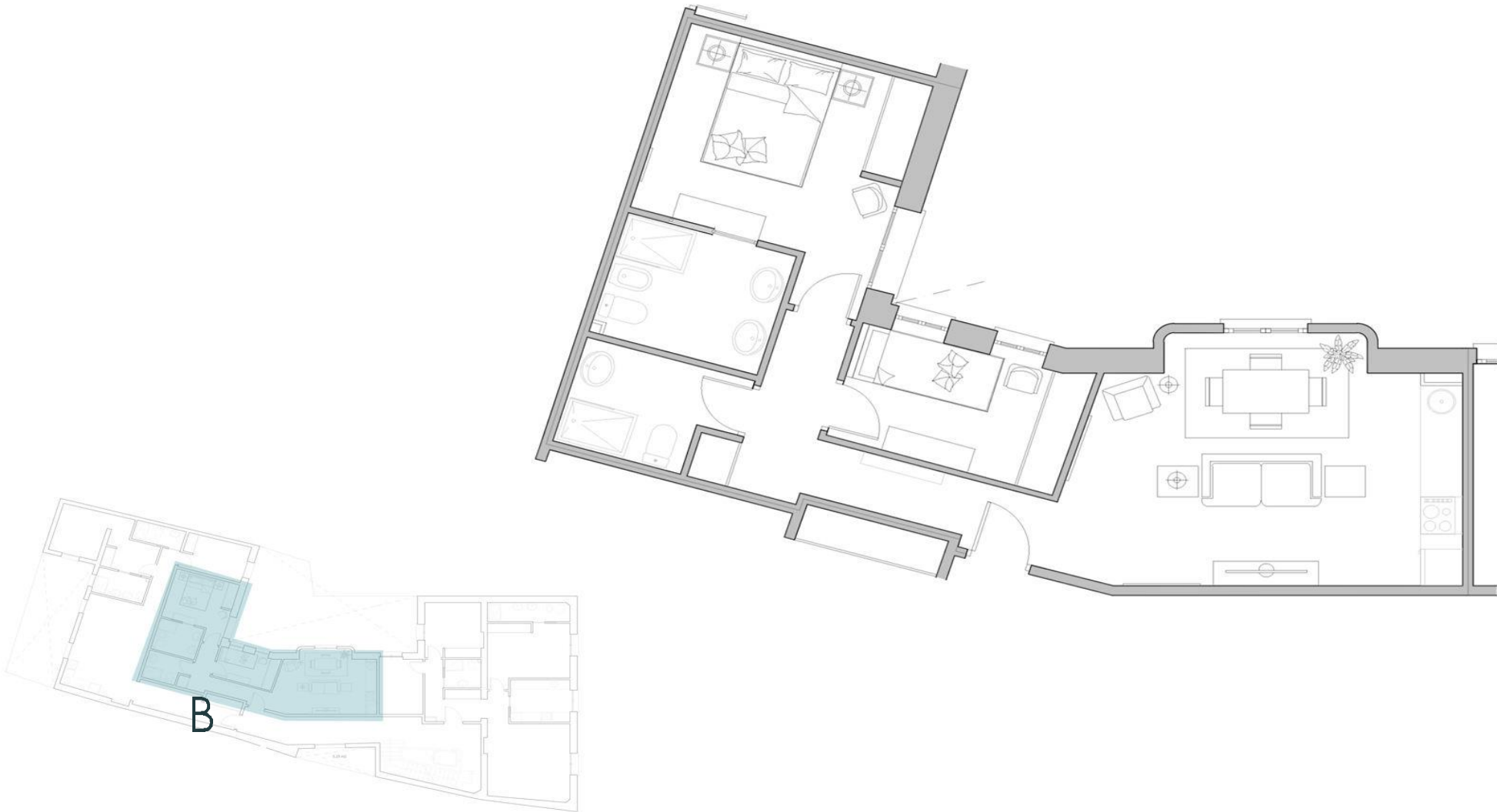
TYPE OF APARTMENT: A



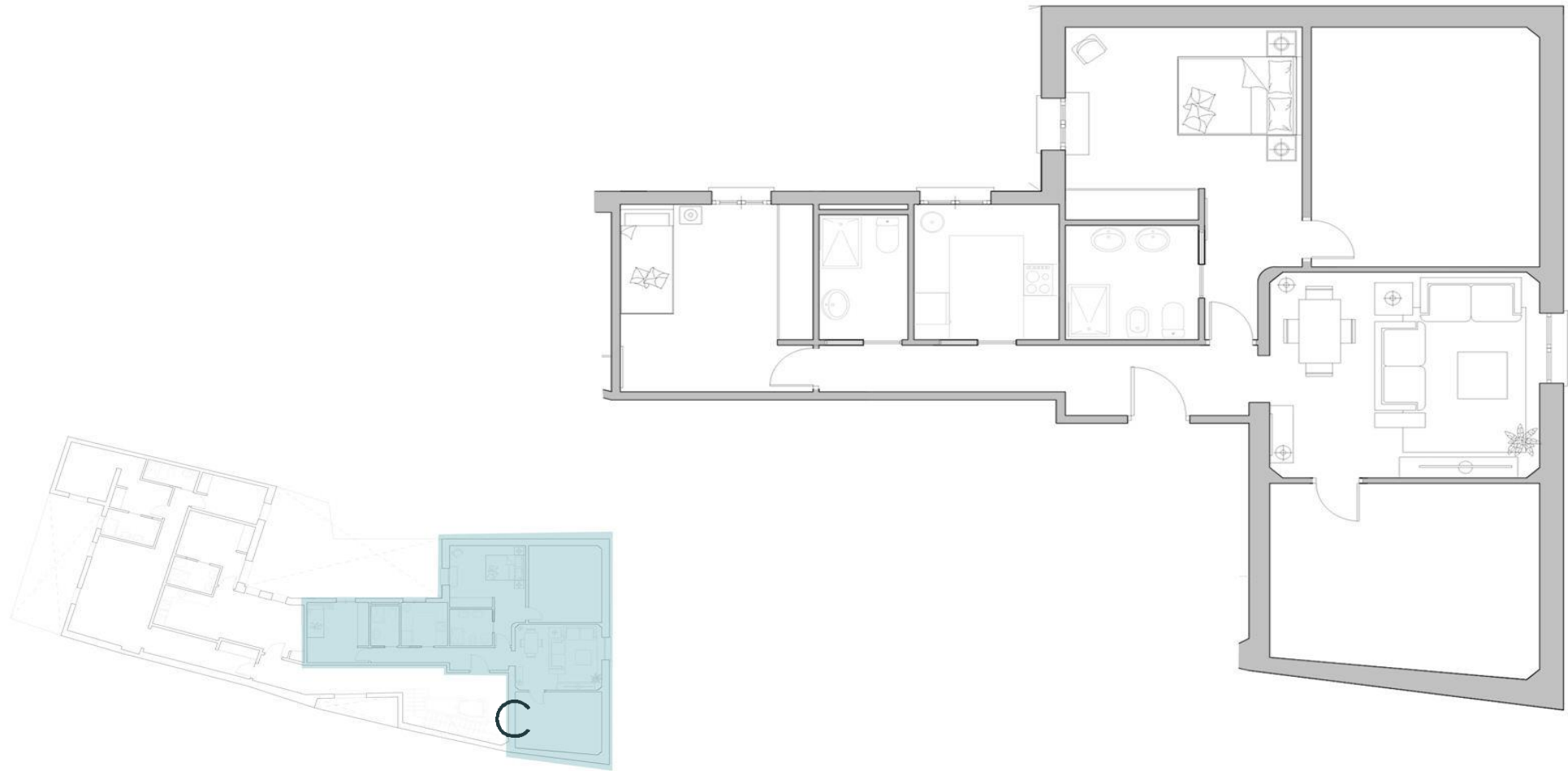
GÄRNA
MADRID

F

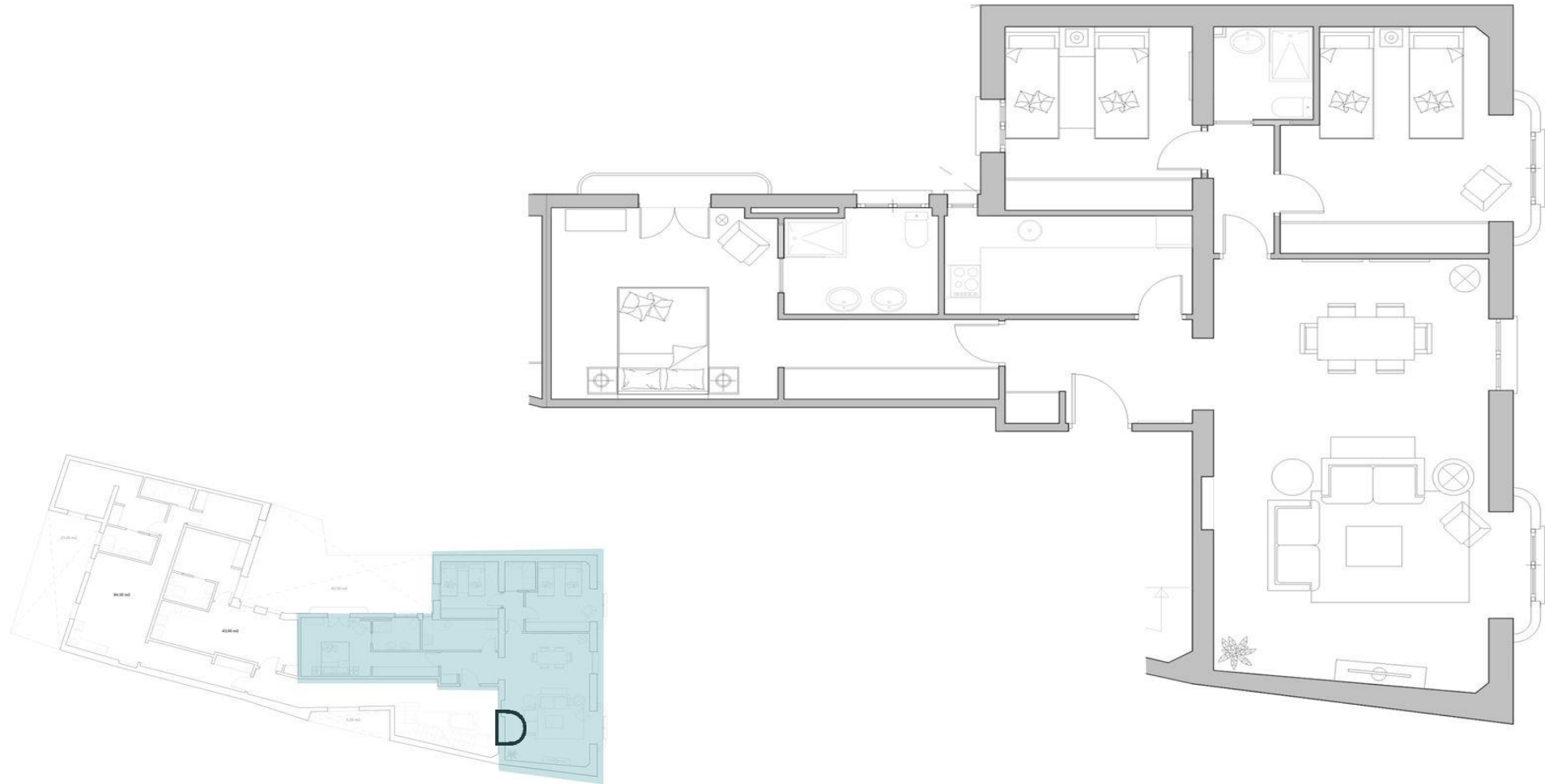
TYPE OF APARTMENT: B



TYPE OF APARTMENT: C



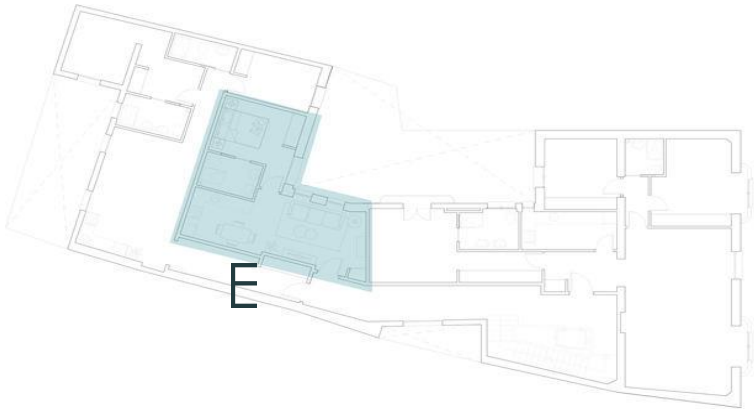
TYPE OF APARTMENT: D



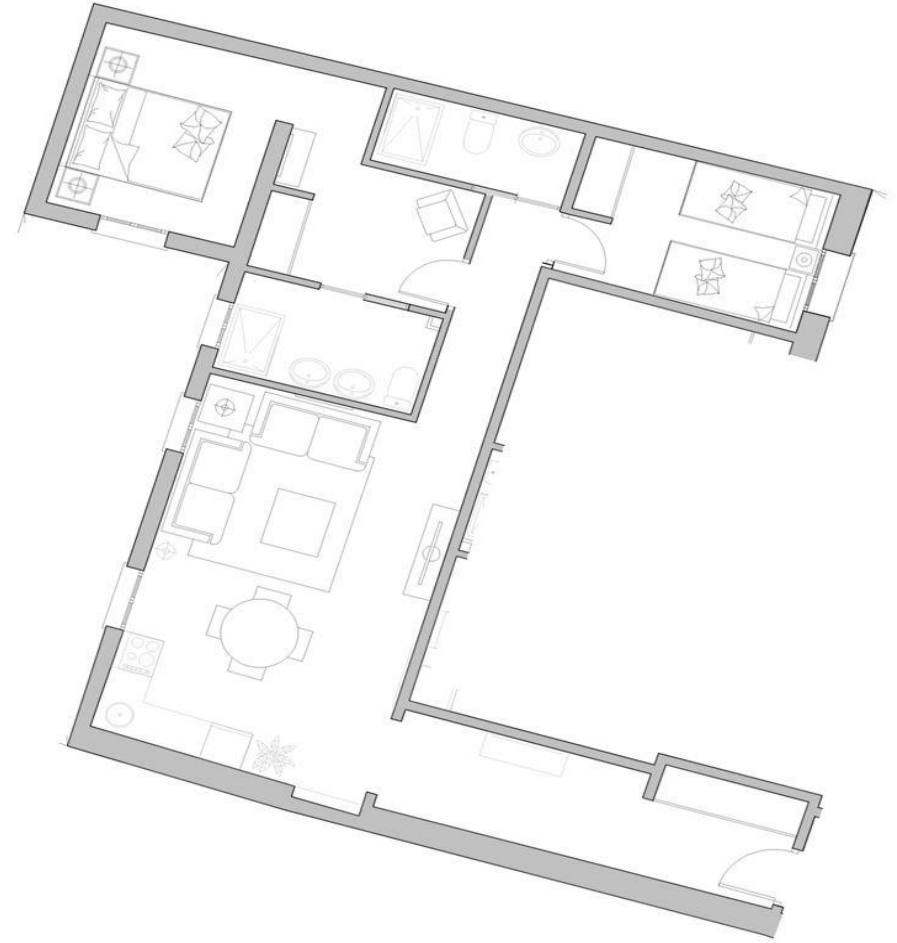
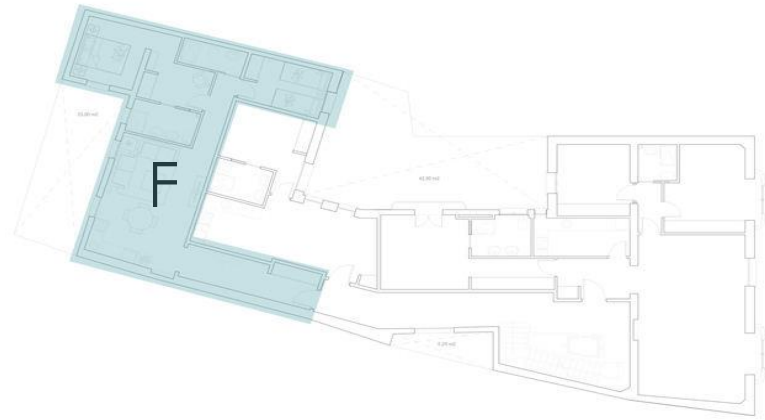
GÄRNA
MADRID

F

TYPE OF APARTMENT: E



TYPE OF APARTMENT: F



GÄRNA
MADRID

F



Canaan Capital | Europe
Cuesta de Santo Domingo 11, Madrid
Tel: +34 657 326 599
Email: salva.hui@canaan-capital.com