

## **PROJECT ZURICH**

**Investment opportunity in affordable Build to Rent in a Premium area in Madrid**

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### **Project Description**



Project Zurich offers a dual investment opportunity in an affordable residential development located in Valdebebas (Madrid), one of the fastest-growing and most revalued areas. The asset benefits from the legal framework of Law 3/2024, which allows the reconversion of office land to protected residential, generating value from the outset.

Both strategies are channeled through a SOCIMI, optimizing taxation through the exemption of corporate tax on capital gains generated in the sale or exploitation of the asset.

## The development

**Total number of homes:** 251

- **Typologies:**
  - 50 one-bedroom homes
  - 186 two-bedroom homes
  - 15 three-bedroom homes
- **Annexes:** parking spaces, storage rooms, and landscaped common areas.
- **License:** the land is acquired with the building license granted.
- **Demand:** occupancy rate above 97% in comparable products

### **Simplified Timeline:**

- Construction: Jan 2026 → Mar 2028
  - Rental stabilization: Apr 2028 → Sept 2028
  - Repayment start: Feb 2029
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## About the sponsor

- The project is promoted by a development group with over 20 years of experience in the Spanish real estate sector, specializing in the development and management of residential assets in prime and expanding locations.
- In the last decade, the management team has managed over 1.1 billion euros in real estate investment, successfully delivering more than 10 residential developments ranging from high-rise homes in prime areas to Build-to-Rent developments and urbanizations with extensive common areas.
- Their track record includes the delivery of over 1,000 residential units and the comprehensive management of projects under different formats, from cooperatives to institutional investment vehicles, always with high quality standards and met execution deadlines.
- This solid track record, together with a multidisciplinary internal structure—integrating experts in architecture, construction management, finance, and legal—offers debt investors a high degree of security and execution capacity, reducing operational and market risks.

The financing will be structured with a **Loan to Cost (LTC) of 71%**, guaranteeing **ample equity**

**coverage**, reducing the risk of the operation.

The investment is backed by an asset in a prime location, **with high demand, regulated prices 20%-30% below market**, and a liberalization horizon that will significantly increase its value

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## Investment Strategies

### 1. Build-to-Sale Strategy (BTS) — Short-term

- **Investment:** EUR 20.2 M
- **Duration:** 32 months (construction + rent stabilization)
- **Vehicle:** SOCIMI
- **Financing:** 42 M debt (LTC 71%)
- **Expected exit:** sale of the asset to an institutional investor (forward sale)
- **Target profitability:**
  - Annual IRR: 10–12%
  - Base case (sale month 32): **13.5% IRR**
  - Alternative: permanence until liberalization with a yield of **6%** and **13.6% total IRR**
  - **Carry:** after the sale of the asset, profitability exceeding 12% will entail a 50% Carry (25% platform, 25% Promoting Company, 50% investor)
- **Advantages:**
  - High capital rotation
  - Tax exemption on capital gains
  - Added value from the change of use and project execution

### 2. Build-to-Rent (BTR) Strategy — Long term

- **Investment:** EUR 59.8 M
- **Duration:** ~18 years (construction + 15 years of protected operation + liberalization)
- **Vehicle:** SOCIMI (unleveraged)
- **Estimated Yield:**
  - Protected period: **6% annual**
  - Free period: **10% annual**
- **Estimated equity IRR: 9.2%** (sale at year 15)

- **Carry:** in month 36, an independent valuation of the asset is carried out, and profitability exceeding 9% will entail a payment by the investor equivalent to 50% of the excess profitability (25% platform, 25% Promoting Company)
  - **Advantages:**
    - Stable income indexed to inflation
    - Possibility of leveraging to minimize equity
    - Coverage against interest rate volatility
    - Exposure to affordable housing with revaluation potential
  - Aligned with core and ESG fund strategies
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## Risk Mitigation Factors

- **Promoting Company**  
Developer with a demonstrable track record in residential housing of more than 20 years and more than 1000 units delivered
- **Strategic Location**  
Valdebebas combines modern infrastructure, excellent connectivity, and structurally superior demand to supply.
- **Urbanistic risk eliminated**  
Land acquired with license granted and project approved in accordance with Law 3/2024 (reconversion of office land to protected residential).
- **Predictable cash flows**  
Affordable rent with expected occupancy >97% during the protection period.

## Integrated ESG Criteria

### Social (S):

- Affordable housing 20–30% below market.
- Direct contribution to reducing the housing deficit.
- Guaranteed access for families with regulated incomes.

### Environmental (E):

- Energy certification A/B, water and energy efficiency.
- Charging points for electric vehicles.
- Sustainable materials and low carbon footprint.

**Governance (G):**

- Transparent and audited vehicle.
- Periodic reporting with ESG metrics.
- Professionalized management and control of delinquency.

**Next Steps**

- **Confirmation of interest before:** October 30, 2025
- **NDA required** for detailed document review
- **Access to data room and complete financial model**
- **Target closing:** November 30, 2025