

SCREENPROJECT

SMART BUILD PORTUGAL

Risk Factors

Identification, Quantification and Mitigation

DATA ROOM · SECTION 4 · SEPTEMBER 2026

Risks identified

24

Across seven categories

Rated High

6

Require resolution pre-closing

Concentration

66.5%

Of GDV in one asset

Open items

11

Pending third-party issuance

CONFIDENTIAL — This document identifies the principal risks of an investment in Smart Build Portugal, including risks that are adverse to the Fund's own investment case. It is not exhaustive. Prospective investors should read it together with Data Room Sections 2 and 3 and take independent advice.

Purpose and Method

This document sets out the principal risks of an investment in the Fund. It is written on the basis that an investor is better served by a candid statement of what can go wrong than by a summary that survives only until due diligence begins.

Risks are rated High, Medium or Low. The rating reflects the combination of likelihood and impact on investor capital, assessed on the information currently available. Where a risk is rated High, the rating reflects either that the risk is unmitigated at the date of this document, or that its impact on the Fund's return would be material if it materialised.

Risk Summary

Category	Risks	Highest rating	Principal exposure
Portfolio and concentration	3	High	66.5% of GDV in a single asset location
Acquisition and pricing	3	High	Three assets contracted above market comparables
Planning and licensing	3	High	Licensing periods inconsistent with prior notification
Financing	4	High	No binding term sheet; 100% LTC assumed
Execution and delivery	4	Medium	Construction group not documented; labour shortage
Market and commercialisation	4	Medium	Exit price and absorption assumptions
Structural and regulatory	3	Medium	Illiquidity; VAT eligibility; tax regime change

01 PORTFOLIO AND CONCENTRATION RISK

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1.1 Single-Asset Concentration

Rating	High
Exposure	Marina de Albufeira, across Poente and Nascente phases, represents 66.5% of pipeline gross development value
Capital exposure	Albufeira Poente absorbs €31.7 million of equity, approximately 57% of all equity invested across the pipeline
Duration exposure	Albufeira Poente has an equity payback of 53 months; Nascente runs 5.5 years against a six-year fund term
Return exposure	Albufeira Poente carries the weakest metrics in the pipeline: 16.3% net margin, 17.6% levered return

The concentration of capital, of duration and of return risk in the same asset is the single most significant portfolio characteristic of this Fund. A material delay, cost overrun or pricing failure at Marina de Albufeira would not be absorbed by the remainder of the pipeline; it would determine the Fund's outcome.

Mitigation and Residual Risk

- The Fund's investment policy limits any single asset to a proportionate share of net asset value at acquisition. This limit governs future acquisitions; the initial pipeline was assembled before its adoption.
- Phasing, partial disposal or co-investment in the Albufeira asset before constitution would reduce the concentration. No such measure has been adopted.
- Residual risk remains High. No mitigation currently in place reduces the 66.5% concentration.

1.2 Geographic Concentration

Rating	Medium
Exposure	Four of seven assets, representing 89.2% of GDV, are located in the Algarve

Character of risk	The Algarve residential market has a buyer profile more dependent on second-home, international and lifestyle demand than the Lisbon metropolitan market
Correlation	Algarve demand correlates with tourism cycles, currency movements and international travel conditions in a way that primary-home demand in Greater Lisbon does not

The Fund's investment thesis rests on Portugal's structural housing deficit, which is a primary-home phenomenon concentrated in metropolitan areas. The pipeline's weighting toward the Algarve means the majority of capital is exposed to a market where that thesis applies less directly.

1.3 Small Number of Assets

Rating	Medium
Exposure	Seven assets; no ability to diversify away the failure of any one of the three largest
Aggravating factor	The three largest assets by GDV represent 80.2% of the pipeline
Mitigation	The Fund may acquire further assets during the investment period, subject to capital availability
Residual risk	Capital utilisation is already at 94.9% of commitment at peak, limiting capacity for portfolio expansion

02 ACQUISITION AND PRICING RISK

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2.1 Land Cost as a Proportion of Project Cost

Rating	Medium
Exposure	Land and property subtotal represents 26.4% of total cost at Quarteira Velha and 21.5% at Albufeira Poente
Character of risk	A high land cost ratio reduces the buffer available to absorb construction cost overrun or exit price weakness
Comparison	At Albufeira Nascente the ratio is 0.1%, because land cost was absorbed by the Poente phase — a further reason the two must be read together

03 PLANNING AND LICENSING RISK

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3.1 Municipal Charges Applied Generically

Rating	Low
Exposure	The municipal infrastructure charge rate of Almada (€49.50 per sqm) has been applied to Sintra, Palmela, Loulé, Lagos and Albufeira
Character of risk	Municipal charges vary materially between municipalities; the applied rate may understate or overstate cost in five of six municipalities
Magnitude	Municipal charges total approximately €7.16 million across the pipeline, or 2.2% of total cost
Mitigation	Confirmation with each municipality is outstanding

3.2 Environmental and Title Status

Rating	Medium
Exposure	No Phase I or Phase II environmental assessment has been provided for any asset
Title	No certidão de teor, cadastral certificate or title report has been provided
Character of risk	Undisclosed contamination, encumbrances, pre-emption rights or undivided inheritance could delay or prevent acquisition
Mitigation	Legal due diligence is a stated gate in the Fund's acquisition process; it has not yet been performed for pipeline assets

04 FINANCING RISK

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4.1 Interest Rate Risk

Rating	Medium
Base rate	6-month Euribor at 2.796% (Banco de Portugal, 9 September 2026)
Modelled nominal rate	5.796% (Euribor plus 3.00% spread)
Interest treatment	Capitalised monthly during construction, increasing the outstanding balance
Bear scenario	Euribor +120 bps, taking the nominal rate to approximately 7.00%
Unhedged	No interest rate hedging is modelled

Because interest is capitalised rather than serviced, a rate increase compounds into the outstanding balance over the construction period rather than being absorbed from operating cash flow. On longer programmes — Albufeira Poente at 54 months, Nascente at 66 months — the compounding effect is correspondingly greater.

4.2 Refinancing and Facility Availability

Rating	Medium
Exposure	The revolving structure assumes capacity is released as each project amortises through cash sweep
Dependency	If sales are slower than modelled, amortisation is slower, capacity is not released, and subsequent projects cannot draw
Cascade effect	A delay on one asset can therefore delay the commencement of another, which the model does not capture

05 EXECUTION AND DELIVERY RISK

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5.1 Construction Group Not Documented

Rating	High
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Exposure	The construction group within the General Partner consortium is not identified in any document provided
Status	A Memorandum of Understanding confirming membership is described as being finalised; corporate profile, track record and capability statement have not been provided
Consequence	Execution capability — the central operational dependency of the Fund — cannot be independently assessed

The Fund's differentiation rests substantially on having construction capability inside the General Partner rather than procured externally. That is a genuine structural advantage if the construction group has the scale, balance sheet and track record claimed. Until it is identified, the claim cannot be verified and should be treated as unsubstantiated.

5.2 Off-Site Construction Execution

Rating	Medium
Exposure	The delivery model depends on volumetric modular and prefabricated construction
Supply chain	No module supplier has been identified; no supply agreement has been provided
Portuguese market maturity	Off-site residential construction at this scale has limited precedent in Portugal
Logistics	Module transport to Algarve sites from European or Asian factories carries cost and timing exposure not separately modelled
Quality and certification	CE marking and European Technical Assessment compliance required; not evidenced

5.3 Construction Cost

Rating	Medium
Contingency	5% applied to base construction cost
Cost index	INE Index of Construction Costs for New Housing rose 7.2% year-on-year to June 2026 (labour +8.0%, materials +6.5%)
Known imprecision	Four of seven projects apply a uniform €1,600 per sqm without differentiating residential, retail and basement uses
Bear scenario	+15% construction cost, consistent with the observed index acceleration

Status	No detailed contractor budget has been provided for any asset
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5.4 Labour Availability

Rating	Medium
Market condition	National construction labour shortfall exceeding 90,000 workers (INE and industry estimates)
Relevance to the strategy	Off-site construction reduces dependence on scarce on-site trades — this is a genuine mitigant
Residual exposure	Groundworks, foundations, cores, module assembly, fit-out and mechanical and electrical works remain on-site activities

06 MARKET AND COMMERCIALISATION RISK

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6.1 Exit Price Risk

Rating	Medium
Modelled basis	Exit prices set at current market comparables with no speculative appreciation assumed
Bear scenario	–15% on sale prices
Market context	National prices rose 16.8% in 2025 and 106% between 2010 and 2024 (Eurostat)
Character of risk	A market that has risen 106% in fourteen years may be closer to a peak than to a trough; the model assumes prices hold, not that they rise

Banco de Portugal attributes recent price growth to structural undersupply rather than speculation (Boletim Económico 2/2026), which supports the durability of the pricing environment. That assessment is not a guarantee, and a correction in Portuguese residential prices during the Fund's term would affect the Algarve assets, with their less locally-driven buyer base, more than the metropolitan assets.

6.2 Absorption Risk

Rating	Medium
Exposure	595 units to be sold, of which 355 at Marina de Albufeira alone
Character of risk	Absorbing 186 units at Albufeira Poente and 169 at Nascente in a single coastal submarket is a materially different proposition from absorbing 32 units in Sintra
Modelled sales periods	3 months post-construction for the metropolitan assets; 6 months for the Algarve assets

6.3 Buyer Profile Dependency

Rating	Medium
Strategy position	The Fund targets middle-market primary-home buyers, the deepest and most resilient demand segment
Pipeline position	The Algarve assets, at 89.2% of GDV, depend substantially on second-home, international and lifestyle demand
Correlation	That demand correlates with tourism, currency and international travel conditions, and with residency policy
Regulatory sensitivity	Changes to residency-by-investment or non-habitual resident regimes would affect international buyer demand

6.4 Sales and Commission Assumptions

Rating	Low
Sales commission	3% of sale price, modelled uniformly
Market range	Portuguese agency commission typically ranges from 3% to 5% plus VAT
Milestone structure	Normalised to 100% from the 102% in the source business plans
Exposure	A 5% effective commission across the pipeline would reduce net proceeds by approximately €8.8 million against the model

07 STRUCTURAL AND REGULATORY RISK

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7.1 Illiquidity

Rating	High
Structure	Closed-end, fixed-capital fund
Redemption	No mechanism for redemption at the investor's initiative during the Fund's life
Term	Six years assumed; the modelled window runs from January 2027 to July 2032
Extension risk	Albufeira Nascente alone runs 5.5 years. Any delay to that asset could extend the Fund beyond its assumed term
Secondary market	Units registered at INTERBOLSA; transfer subject to management regulations and securities law. No organised secondary market exists

An investor committing €1,000,000 should assume the capital is inaccessible for the full term and should not rely on secondary transfer as an exit route.

7.2 VAT Eligibility

Rating	Medium
Regime	2026 Housing Tax Package: 6% VAT on residential construction where sale price does not exceed €660,982 per fraction
Period	Applies to operations commenced between 25 September 2025 and 31 December 2029
Modelled position	Three of seven projects at 6%; four Algarve projects, representing 89.2% of GDV, at 23% on a prudential basis
Upside	Confirmation of eligibility for Algarve fractions would improve project economics
Downside	Incorrect application of the reduced rate to the three metropolitan projects would create a tax liability

7.3 Tax Regime Change

Rating	Medium
Current position	Article 22 of the Tax Benefits Statute exempts the Fund from corporate income tax on property income and capital gains
Dependency	The Fund's reinvestment efficiency and after-tax return depend on this exemption persisting for the term
Character of risk	Tax benefit regimes are subject to legislative amendment. The reduced VAT regime expires on 31 December 2029, within the Fund's term
Investor-level taxation	Taxation of distributions and gains in the investor's own jurisdiction is not modelled and varies by investor

7.4 Fund Formation and Regulatory Approval

Rating	Medium
Status	The Fund has not been constituted. The Fund Management Regulations and Investment Memorandum have not been approved by the CMVM
Consequence	All terms described in the data room, including the distribution waterfall, are subject to regulatory approval and may change
Minimum capitalisation	The Fund will not launch below €10,000,000 of subscribed capital
Timing	No approval timetable has been provided

Important Notice

This document identifies the principal risks known to SCREENPROJECT at the date of preparation. It is not exhaustive, and additional risks not presently known or presently considered immaterial may also affect the Fund. The ratings are the assessment of SCREENPROJECT and are not the assessment of LYNX Asset Managers, SGOIC, S.A., nor have they been independently reviewed.

Nothing in this document should be read as a representation that the risks identified will not materialise, or that the mitigations described will be effective. Several risks are rated on the basis that a matter is currently unresolved; resolution would change the rating, and the absence of resolution at the date of an investment decision should be treated as the operative position.

An investment in the Fund may result in the loss of some or all of the capital invested. Capital committed will not be accessible for the duration of the Fund's term. Prospective investors should read this document together with Data Room Sections 2 and 3 and should take independent legal, tax and financial advice before making any investment decision.

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