

Risk Assessment

1. Market, Tourism & Economic Risks

- **Tourism Demand Fluctuations:** The project's success depends on stable and growing tourism in Alicante. Economic downturns, travel restrictions, or shifts in consumer preferences may reduce hotel occupancy rates and villa sales.
- **Market Competition:** Increased competition from other hotels, short-term rental properties, or alternative travel accommodations may impact pricing power and profitability.
- **Economic Conditions:** Rising interest rates, inflation, or global economic downturns could affect investor returns and construction costs.

2. Regulatory & Permit Risks

- **Zoning & Permits:** The expansion of 15 villas, a restaurant, and a wellness center requires approvals from local authorities. Delays or denials could impact the project timeline and financial returns.
- **Environmental & Sustainability Regulations:** Compliance with environmental impact assessments and energy efficiency standards may require additional investments or adjustments to the project.
- **Legal Framework Changes:** Changes in local hospitality, taxation, or foreign investment laws could alter the financial landscape and operational costs.

3. Construction & Development Risks

- **Cost Overruns:** Unexpected increases in material or labor costs, supply chain disruptions, or design modifications could lead to budget overruns.
- **Project Delays:** Delays in construction due to adverse weather, contractor issues, or logistical challenges could affect revenue timelines.
- **Quality & Standards:** Ensuring high construction quality and compliance with building codes is crucial for long-term success. Deficiencies could lead to higher maintenance costs and reputational damage.

4. Financial & Liquidity Risks

- **Bond Liquidity & Exit Options:** The bonds are not publicly traded, which may limit investors' ability to exit early. Secondary market transactions are not guaranteed.
- **Debt Service Obligations:** The project relies on stable revenue generation to meet interest payments. Lower-than-expected occupancy rates or villa sales could affect financial stability.
- **Funding Gaps:** If additional financing is required beyond the bond issuance, the company may need to seek alternative funding sources, potentially affecting overall returns.

5. Operational Risks

- **Hotel & Hospitality Management:** The success of the hotel and wellness center depends on strong operational execution, customer satisfaction, and efficient cost management.
- **Brand Reputation & Marketing:** A weak marketing strategy or negative guest reviews could impact bookings and profitability.
- **Staffing & Talent Acquisition:** Recruiting and retaining skilled hospitality professionals is essential for service quality and business success.

6. Force Majeure & Unforeseen Events

- **Natural Disasters & Climate Risks:** Alicante's coastal location poses risks from storms, floods, or other extreme weather events that could damage infrastructure and disrupt operations.
- **Geopolitical & Health Crises:** Events such as pandemics, wars, or security concerns could impact travel demand and operational continuity.
- **Supply Chain Disruptions:** Shortages of key materials or equipment could delay construction and increase costs.