

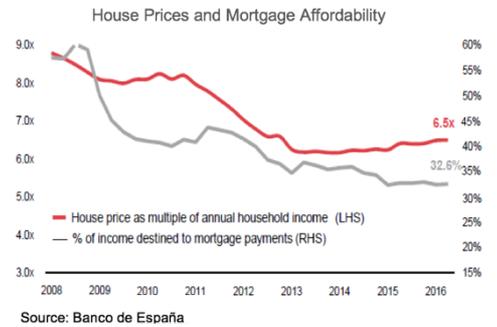


### Why Spain now?

Stoneweg takes a positive view of the real estate market within Spain based on economic fundamentals, demand / supply drivers and real estate pricing shifts which have taken place over the last two, to three, years. Ranked sixth globally as the place most likely for investors to allocate capital in 2016, by 2018, within Europe, Spain was ranked only behind Germany in terms of interest by real estate investors.

Spain was the fastest growing European economy in 2017 with 3.1% GDP growth, leading the five largest economies which averaged 1.7% growth. Consumer confidence continues to gain with average private consumption growth of 3.4%, coupled by a reduction in unemployment to 16% from a peak of 27% in Q1 2013.

#### Afford. Levels at 15 Yr. High in Spain



#### A bounce in mortgage originations

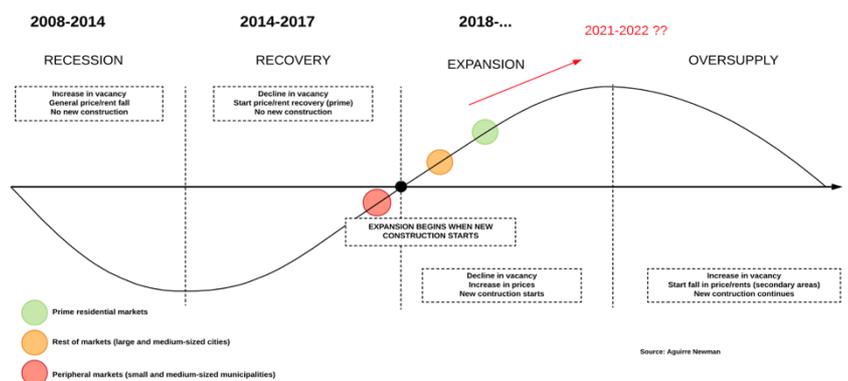


With rising household wealth, up 90% since post-crisis low in 2009, demand is supported by macroeconomic and demographic fundamentals. We are witnessing strong momentum in house prices at a time when affordability is at its greatest level for 15 years. These upward trends in pricing have been taking place since the low of 2013 and new build prices have grown by 15% since then.

Improving employment, increasing household income, favorability for international investors and better mortgage terms provide an attractive backdrop for the residential development market. Our market indicators suggest that prime residential and large / medium-sized cities are entering an expansionary phase which we predict should last until 2021-2022.

Despite recent political and constitutional uncertainties within Catalonia, we also maintain a positive view of the real estate market within that region. To date, we have not experienced a deterioration in local real estate sales which are primarily drive by domestic, rather than international, demand. We consider the investment market to be both stable and positive; though continue to monitor the situation closely.

#### Market Entering an Expansionary Phase



In short, significant demand for residential units is expected through 2021 / 2022 with continued house price increases, partly driven by increases in mortgage availability as confidence and increased liquidity return to the market. We de-risk through pre-sales and down-payments during this expansionary phase. The supply of new housing is well below equilibrium levels, the supply shortage continues and we are well placed to satisfy this need.