

RAINHA GOLF & SPA RESORT



PAULO BERNARDO INTERNATIONAL

Real Estate Agency

EXECUTIVE SUMMARY

194

Independent Villas
46,500 sq m

174

Premium Site Villas
57,400 sq m

220

Linked Villas
38,600 sq m

290

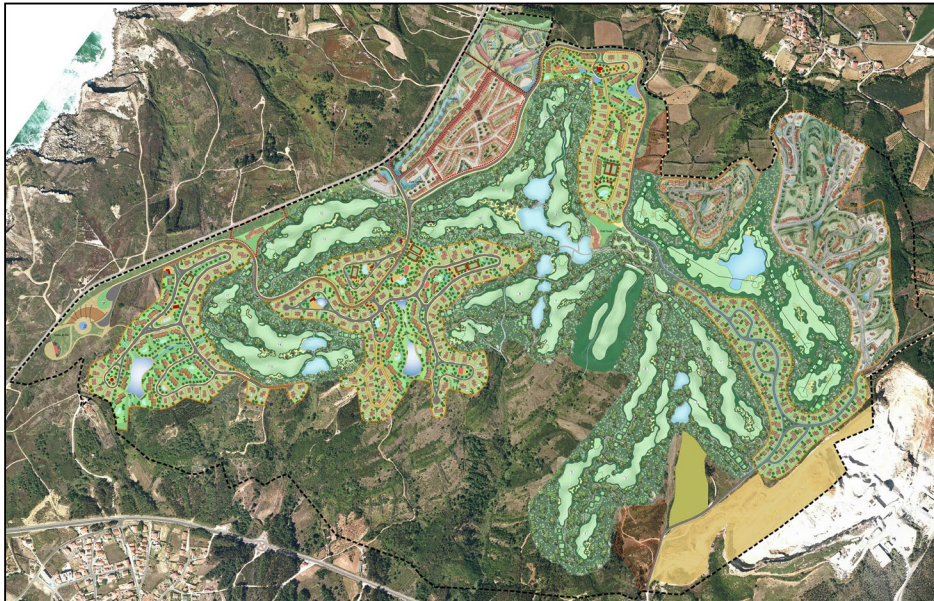
Apartments
36,450 sq m

100

Hotel Condominiums
8,400 sq m

120

Hotel Rooms
Five Star Standard



From its elevated position, the RGSR site benefits from quite spectacular views to the south over the Óbidos Lagoon with its extensive silver-sand and safe bathing beaches; to the southwest there are equally spectacular views across the entrance to Óbidos Lagoon and the Atlantic Ocean, and directly west panoramic views out over the Atlantic Ocean. To the north, northwest and east, there are stunning views over farmland, forests and rolling hills, with a vast number of vineyards within this prolific wine growing area famous for its excellent red and white wines.

The Portuguese market has been experienced tremendous Growth in the past few years. With sufficient investment, the company has the opportunity to take control of the project and begin construction in a very quick timescale.

Golden Visa Opportunity

Zero Inheritance Tax

Obidos Lagoon Safe Bathing

Freehold Property Sales

One of the last Coastal Sites in Portugal

Massive Local Support

Proven Architectural Style

PDM Approval zoning for tourism

PDP Approval for 978 Sellable Units

Spectacular Panoramic Views

PROJECT LOCATION - PORTUGAL'S SILVER COAST

Portugal's Silver Coast is aptly described as one of the treasures of Portugal, and covers a length approximately 190 Kilometres / 118 miles of coastline stretching from just south of the fishing port of Peniche 38 kilometres by road to the south of the RGSR development; and Portugal's second city Oporto, approximately 160 kilometres to the north of the RGSR development.

The Silver Coast is renowned for its vast number of unspoilt silver-sand beaches and stunning scenery. Just a short distance inland from any point on its majestic coastline, there are many medieval cities, towns and villages that are steeped in Portugal's rich history with centuries-old buildings, castles, churches and UNESCO world heritage sites including the ancient walled town of Obidos.

With the project's 18-hole international standard golf course, 9-hole family-friendly golf course adding to the 7 already established golf courses within 20 miles of the RGSR development including Praia d'el Rey, Bom Sucesso and Royal Obidos Golf Resort; it will become a first-class golfing destination.

190

km of coastline makes up the Silver Coast

7

Established Golf Courses

745

Construction Jobs Created

316

Permanent Local Jobs Created



THE PROJECT'S DEVELOPMENT SITE

The project's Master Plan covers a total area of 241 hectares (596 acres) at the Estrada Atlântica (Atlantic Road), Foz do Arelho, Caldas da Rainha, on Portugal's spectacular Silver Coast, and is located in an area of outstanding natural beauty with naturally undulating agricultural topography and at its nearest point is just 800 metres from the Atlantic shoreline.

From its south-facing / headland position the development directly overlooks the fishing village of Foz do Arelho and the huge and unspoilt Óbidos Lagoon. To the south west and west it looks out over the Atlantic Ocean, whereas to the east and north there are views of rolling hills, farmland and vineyards.

The project's detailed planning consent known as the Plano de Pormenor, was granted to the Câmara das Caldas de Rainha, the Municipal Council of Caldas de Rainha ('the Câmara'), by way of an act of Portugal's national parliament in May 2011, for a tourist development. Therefore the planning consent is permanent and will not lapse (Appendix D).

Additional land is required for the completion of the project and draft contracts are in place to purchase additional land from willing sellers as required.



144

Ha under
company control
at date of
funding

50

Minutes drive
from Lisbon
Airport
(A8 Motorway)

360°

Spectacular
Panoramic
Views

THE PROJECT'S DEVELOPMENT SITE



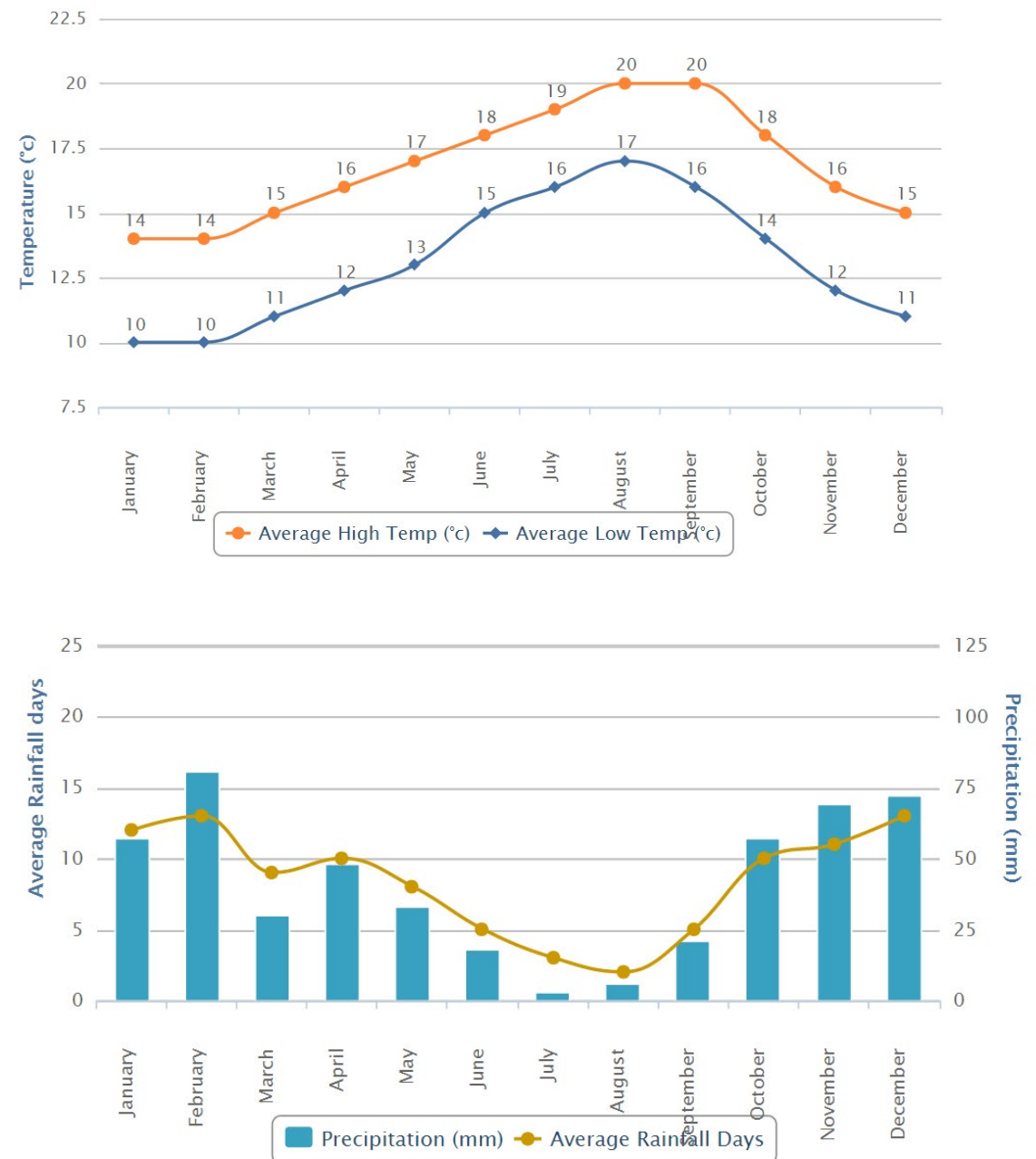
THE RELAXING CLIMATE OF PORTUGAL'S SILVER COAST

The great attraction for golfers is the more temperate climate on Portugal's silver coast as opposed to the summer time hot climate of the Algarve region.

During the months of June, July and August and due to the high day time temperatures in the Algarve reaching up to 30 degrees C in the 5 hours between 11:00 and 16:00, many feel that it is simply too hot to play golf and as a consequence, property occupancy levels can suffer.

Whereas in the more temperate climate of Portugal's Silver Coast, golfers are able to relax and play throughout the day during the summer months of June, July and August because they are not faced with the oppressively high temperatures experienced in the Algarve region.

The effects of climate change in this region will be less pronounced than those of the Algarve, reducing long term risk to property buyers as well as risk to any long term goals of the developer.



EASE OF ACCESS

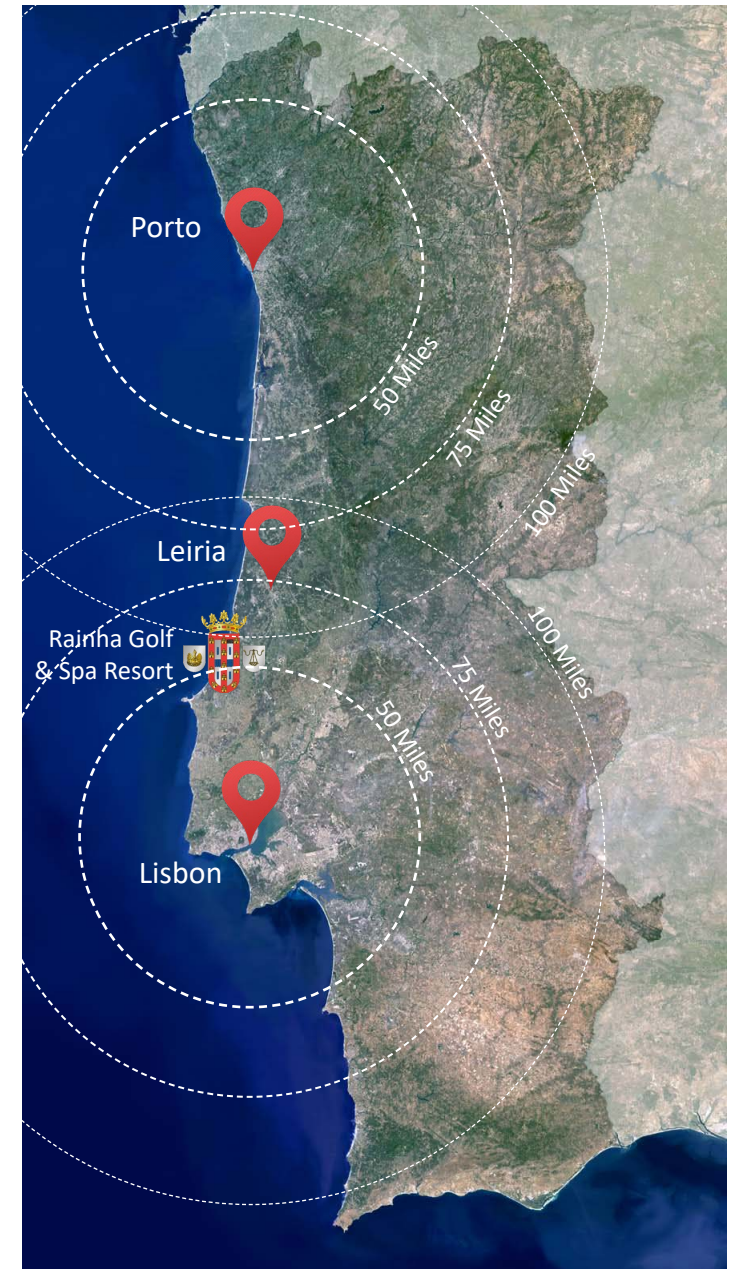
The proposed RGSR development site is located just 82 kilometres / 50 miles from Lisbon International Airport and is easily and directly accessible via the A8 motorway to its Junction 19, which is located 3 (three) kilometres to the west of the ancient Spa and market town of Caldas da Rainha.

From the A8 motorway at its Junction 19, it is just a 4 minute drive along a purpose-built quite link road (pictured below) to the main entrance of the RGSR development directly overlooking the sea on the Estrada Atlântica.

And importantly in this context: the Plano de Pormenor (detailed planning consent) was granted exclusively to the Câmara (Appendix C).

Therefore the planning consent is in 'the gift' of the Câmara and it will only be passed to a company that is managed by people of high integrity and with the project management skills and experience together with the financial support to develop the project.

The Mayor of the Câmara has promised to pass its planning consent to the Company's management team, only subject to the Company having sufficient funds to proceed with the development (Appendix D).




THE PLANNING CONSENT

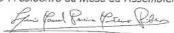
The Detailed Planning Consent Provides For:

- A 7,150 yard 18-hole Championship Golf Course;
- Also a 9-hole family-friendly golf course and;
- A substantial golf clubhouse overlooking the 9th and 18th holes of the championship golf course; complete with golf shop, bars, coffee shop and restaurant designed to have spectacular views across the 18-hole championship golf course;
- A 120 room 5 Star “citadel” Hyatt Regency Hotel & Spa. The site for the Hotel & Spa was chosen by Peter Norman, Senior Vice President Hyatt International (Europe, Africa and Middle East);
- To be surrounded by 100 tastefully designed 1 and 2 bedroom hotel-quality hotel-linked condominiums within an “old Portugal” style setting of cobbled streets, walkways and concealed off-road parking.
- With the facility of the hotel-linked condominiums, the 5* hotel and spa will have the flexibility during times of peak demand to offer up to 220 available rooms.




ASSEMBLEIA MUNICIPAL DAS CALDAS DA RAINHA
ACTA
SESSÃO DE 19 DE ABRIL
REUNIÃO DE 19 DE ABRIL
2011

125 - PLANO DE POMENOR DA ESTRADA ATLÁNTICA / FOZ DO ARELHO – Fim do Período de Discussão Pública: _____
 Presente deliberação da Câmara nº 526 de 18 de Abril do seguinte teor: _____
 Presente o Relatório de Ponderação de Discussão Pública, para efeitos de aprovação: _____
 Esteve presente o Arquitecto Luis Rebelo, representante da empresa PLURAL, explanando as alterações efectuadas ao Plano de Pomenor, na sequência da discussão pública. _____
 A Câmara tomou conhecimento e deliberou aprovar o Relatório supra referido, com a execução do Campo de Golfe, na 1ª fase bem como retomar o estudo da zona envolvente do Plano de Pomenor da Estrada Atlântica / Foz do Arelho. _____
 Mais deliberou a Câmara remeter o Plano de Pomenor da Estrada Atlântica / Foz do Arelho e demais documentação à Assembleia Municipal para efeitos de aprovação. _____
 A presente deliberação foi tomada por unanimidade, com as declarações de voto dos Partidos Socialista e CDS/PP. _____
 O assunto foi posto à discussão _____
 O Senhor Presidente da Assembleia pôs à votação o Plano de Pomenor da Estrada Atlântica/Foz do Arelho. _____
 Foi aprovado por maioria com trinta e três votos a favor e duas abstenções. _____

O Presidente da Mesa da Assembleia

 (Luis Manuel Pereira Monteiro Ribeiro, Dr.)

In addition to the above 100 hotel-quality / hotel-linked condominiums; over a proposed 10 year development programme, the Company plan to construct further residential properties bringing the total number of sellable units to 978. The properties will be set within superbly designed, permanently irrigated sustainable landscaping; with a property range of tastefully designed detached villas, linked villas and apartments to be located within several self-contained and secure gated locations across the development to include:

- 194 independent villas (4 different property sizes)
- 174 premium-site villas (3 different property sizes)
- 220 linked villas (three different property sizes)
- 290 apartments, and (three different property sizes)
- 100 Hotel Condominiums

The above proposed property mix is not set in stone, because from the very start of the development and over time, the Company will have the flexibility to adjust its property mix to match the requirements of the prevailing property market and to satisfy purchaser-specific demands.

Other property owner and visitor facilities within the development will include: residential clubhouses (very popular with residents and rental tourist visitors in Portugal and Spain); tennis courts; swimming pools, and children’s play areas. The development will also have restaurants, cafes, bars and other retail shops all to be operated by Portuguese nationals. And it will have a convenience store providing a full range of locally produced fresh fish and fresh food products; grocery products and a range of standard household products, newspapers, beers, wines & spirits.

And should there prove to be a market demand, there is the flexibility within the overall development to allocate land to construct other tourist and family-friendly amenities such as crazy golf, trampolines, zip-wires, climbing activities, mini golf and indoor and outdoor bowling.

PROJECT OVERVIEW - THE RESIDENCES



OLD PORTUGAL - ÓBIDOS



DEVELOPMENT PHASE 1 & MARKETING

The very size of the project naturally calls for a phased development programme. In this regard the Mayor of the Câmara has also advised the Company, that he is prepared to allow the Company to commence work on site for Phase One concurrent with the Câmara's processing and issuing of construction licences. Therefore, this project is "Shovel-Ready" and subject to the availability of funding, the Company would be in a position to commence work on site within 4 weeks.

At this location the Company plans to establish a show property with a sales and marketing suite and coffee shop. An important feature of the marketing suite's property will be a rooftop terrace which will have 360-degree spectacular views across the whole of the green fields development site; breathtaking views to the south over Óbidos Lagoon and 180-degree views to the south west, west and north out across the Atlantic Ocean. This feature with its spectacular terrace-top views will be certain to leave a massive favourable and lasting impression on prospective purchasers.

Once the marketing suite's "shop window" is established, the Company plans to take immediate steps to progress the project by constructing a First Phase development of 60 residential properties for sale. The Company's British and Portuguese Architects design theme for the residential properties will be "Old Portugal" on the exterior of the properties with ultra-modern interiors because we are advised that this is what today's 2019 property market requires.

In the context of the Company's proposed property design philosophy: we have attached the type of "Old Portugal" style that the Company plans to use as a template for the apartment blocks. And it will be this attractive and relaxed property style with its open garden layout that the Company also plan to build at the main entrance to the development and within which the company shall install its sales and marketing suite with its 9 metre high rooftop viewing platform.

In this regard: the Company is advised by its property marketing consultants Jones Lang LaSalle, that such designs combined with the very high quality standards of construction and finish, will be very well received in the current booming market.



EXECUTIVE SUMMARY - THE COMPANIES MANAGEMENT TEAM & ADVISORS

The Company's Management Team and its British & Portuguese Construction Industry professionals and British & Portuguese Advisors.

- A very experienced team of construction industry professionals - Architects (Real Estate), Golf Architects, Landscape Architects, Civil & structural Engineers, Chartered Surveyors, Quantity Surveyors, Land Purchasing Agents, Land Purchasing Lawyer, Portuguese and UK accountants and Portuguese and UK corporate and tax lawyers.
- Up to 24 years of detailed working knowledge of the RGSR project;
- The team that conceived and designed the RGSR project's Master Plan;
- A project management team with proven international project management experience;
- A comprehensive knowledge of the landowners;
- Are expert in the land purchasing process;
- Have a comprehensive knowledge of the law associated with the project;
- Have the full support of the Mayor and the Camara das Caldas da Rainha, Portugal (the municipal Council of Caldas da Rainha) that holds the detailed planning right to the development; and
- Have the support of Portugal's central government who have contracted with the company to provide it with €8,700,000 in interest free loans plus €11,900,000 non refundable cash incentive with which to develop the project.



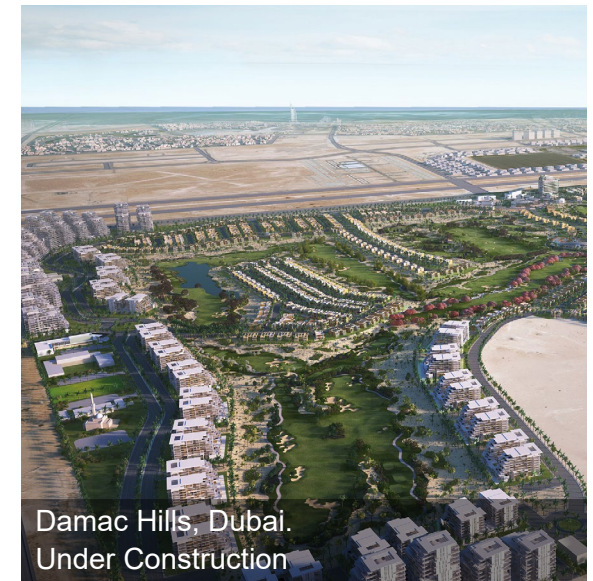
EXECUTIVE SUMMARY - INTERNATIONAL DESIGN GROUP

NW Silver Coast Properties have engaged International Design Group (IDG) as Lead Consultants for the Rainha Golf & Spa Resort. IDG's specialist experience in design and construction of golf resorts worldwide is unrivalled.

International Design Group deals with all aspects of the design and consultancy of purpose built golf resort communities.

Projects vary from small urban regeneration projects through to enormous sites for new cities. The various disciplines integrate seamlessly to provide a single point of design responsibility for even the largest developments. This ability to manage complex golf and real estate projects is invaluable in the Rainha Golf & Spa Resort.

Staff include Architects, Golf Course Architects, Landscape Architects, Engineers, Urban Planners and Project Managers.



MARKET DATA - VILLA COMPARABLES

The following figures show the prevailing residential selling prices within the region of the proposed RGSR development to year ending December 2014. Since December 2014, the region has seen strength growth in the demand for good quality new build property and strong growth in property selling prices.

As may be seen from the map on page 9 of this summary, the proposed RGSR development is located in the southern part of the Leiria district on Portugal's Silver Coast. This area has recently witnessed very significant growth in demand for good quality new build residential property and selling prices. To year ending November 2017, residential property selling prices increased by 9.83% and to year ending November 2018 by a further 6.6% (Source: RICS)

Royal Obidos				
€ 1,214,200	€ 4,856 per Sq M	250 Sq M	4 bed	
€ 1,950,000.	€ 5,386 per Sq M	362 Sq M	5 Bed	
Quintas D'Obidos				
€ 2,113,900	€ 4,973 per Sq M	425 Sq M	4 Bed	
€ 1,458,400	€ 3,431 per Sq M	425 Sq M	5 Bed	
Praia del Rey				
€ 2,100,000	€ 2,521 per Sq M	833 Sq M	5 Bed	
€ 995,000	€ 3,109 per Sq M	320 Sq M	5 Bed	
€ 950,000	€ 2,328 per Sq M	408 Sq M	4 Bed	
€ 430,000	€ 2,866 per Sq M	150 Sq M	4 Bed	
Bom Sucesso				
€ 800,000	€ 2,298 per Sq M	348 Sq M	4 Bed	
€ 875,000	€ 3,027 per Sq M	289 Sq M	5 Bed	
€ 495,000	€ 2,391 per Sq M	207 Sq M	3 Bed	
€ 720,000	€ 3,171 per Sq M	227 Sq M	4 Bed	



GOLF COURSE REQUIREMENT FOR 90,000 CU M OF SAND

Over many years the Câmara have been looking for ways to remove thousands of cubic metres of excess sand from the mouth of Óbidos Lagoon and its extensive flanks. The Company's Geologists have tested the sand and found it to be suitable for capping and bunkers on golf courses.

Therefore, the Company plans to use 90,000 m³ of the Lagoon sand on its 18-hole and 9-hole courses; thereby removing the adverse environmental impact of importing 90,000 m³ of sand by road from distant locations, which would involve 2,250 x 40 cubic tonne vehicle movements. With the Lagoon sand less than two kilometres from the development, it produces a win-win situation for the Câmara, the Company and the environment.

The Company's Geologists have also tested the quality of the stone in the quarry which may be seen in the Master Plan located on the eastern boundary of the development. They have reported on its immediate availability and its high quality.

The Company's Architects say that a substantial amount of stone of this quality will be required for the Portuguese-type cobbled paving throughout the development and it is excellent material for decorative panels.

As with the sand from the Lagoon: having such an abundance of high quality raw material within walking distance from the development boundary is a huge plus. And the Company's Civil Engineers have already agreed with the quarry owners to create a temporary roadway from the quarry onto the development, so delivery of the quarry stone will not have to travel on public roads. This is another win-win for the Company, the quarry operators and the environment.

It should also be noted: that before the development's construction is completed, the Company and the quarry operators plan to exhaust the quarry's aggregate and by saving the stone within the quarry in stockpiles; this will allow the quarry to return to its natural state. When this is achieved, there will be an opportunity for the quarry to be adapted for leisure activities which the Company believes will compliment the development as well as enhancing the local environment.



OTHER DEVELOPMENT OPTIONS

Ever increasingly people – particularly retirees in the United Kingdom, the whole of Ireland and other northern European countries – are concerned about their personal security and safety in later life. Therefore, with Portugal reputed to be one of the safest countries in the western world, the Company is currently investigating the prospect of collaborating with a substantial UK-based provider of retirement homes, with a view to constructing a retirement village within the development, yet separate, safe and secure.

There are many obvious benefits for the above mentioned retirees market in terms of a warmer all year round climate, a significantly lower cost of living and the opportunity to travel extensively throughout the Iberian Peninsula and beyond. Therefore, the Company believes that there is a real prospect of a safe retirement village becoming a reality.

THE GOLF COURSE & GREY WATER IRRIGATION SYSTEM

In the Iberian Peninsula when developers are seeking planning consent to construct golf courses, the question that now always arises is the availability of water to irrigate the golf course during the spring and the hot summer months. Increasingly the use of potable water for golf courses has become a serious environmental as well as a political issue.

In the case of the Company's 18-hole and 9-hole golf courses, it has reached an agreement with the Câmara to obtain 6,000 m³ of recycled "grey water" per day from the Câmara's sewage works at Caldas da Rainha and Foz do Arelho.

However, in order to obtain the 6,000 m³ of recycled grey water per day from the Câmara's sewage works [ETARS], it is important to appreciate the much wider technical and political background against which it is to be achieved. But once achieved, there will be huge and very tangible benefits for the environment; the Câmara's finances; for the Company and the future residents on the development.

The Câmara's two sewage plants are hopelessly inefficient and in desperate need of refurbishment.

Due to that problem, the sewage plants have to re-process the sewage several times instead of just once, in order to ensure the processed water is of a sufficient quality standard to be flushed into the Óbidos Lagoon, which is a prolific fisheries resource as well as an important bathing and boating amenity.

The energy and facilities operating costs to the Câmara of having to process the sewage several times to achieve the stringent water quality standard is enormous.



THE SOLUTION

The Company's sewage-processing technical team have international experience in dealing with such matters both in Europe and the Middle East. And with regard to the Câmara's sewage problem, it is completely understood and is fully documented. Therefore, subject to funding, the Company's Engineers and Water Scientists will have no difficulty in resolving this problem at a measured cost.

As a result of this agreement with the Camara, the Company will be able to irrigate the total land area covered by the Golf Course and its periphery; the public-space gardens and grassed areas and the gardens and lawns of residential properties across the development on a 24/7 basis throughout the year.

But as well as a site-wide irrigation system, there is an additional environmental benefit to be had from the grey water project. And this is due to the fact that the RGSR development site sits directly above a huge aquifer that supplies all of the potable water to the Municipality. Therefore, as part of the grey water project, the Company will take the 6,000 m³ of grey water each day; but in the event that it is not all required, the Company plan to install 6 (six) strategically placed bore-holes within the development, so that any surplus water is returned directly to the aquifer.

Also, during the interim period when grey water will not be available for golf course irrigation; the Câmara has agreed to allow the Company to use the 6 (six) bore-holes across the development in order to draw water from the aquifer to irrigate the golf course for a short period.

PHOSPHATE & ENERGY RECOVERY

Concurrent with its proposed grey water re-cycling project, the Company is also investigating the recently proven sewage re-cycling technology available, whereby the raw sewage is processed into an energy source and the recovered phosphate can be sold and used as agricultural feedstock.

The only plant of its type in the UK is operated by Severn Trent Water at its Stoke Bardolph sewage works Nottingham. The Stoke Bardolph works serves a population of 650,000 but also has to process a stream of difficult-to-treat trade waste.

This particular installation has reduced the footprint of the sewage works by 75%; plant operating costs have been reduced significantly by the use of "free energy" and savings have also been made in other areas of its operations.

PROJECT SERVICES

The Company has worked with all of the service suppliers over many years, and the provision of gas, electricity, telecoms and potable water supplies shall be installed without difficulty.

The Company is currently seeking to collaborate with a substantial solar energy systems supplier, with a view to installing a site-wide solar energy system. The debate will be about the options of a property-fixed solar panel system or an on-site solar energy farm.

INVESTMENT

THE COMPANY IS SEEKING A FUNDING 'FACILITY' OF €20.0 MILLION SUBJECT TO CONTRACT WHICH WILL BE SUPPORTED BY A 135 HECTARE (333 ACRE) FREEHOLD LAND-ASSET WHICH HAS DETAILED PLANNING CONSENT.

Alongside an investor funding facility, the company is supported by the Portuguese Government's project development funding incentive scheme based on the following amounts and terms:

- The government will provide an interest free loan of €8.73 Million repayable over 8 years, based on a capital rest for the first two years after the draw down of the funds and thereafter repayable over the following 6 (six) years by way of two equal annual payments in order to repay the loan in year eight.
- Also, under the Portuguese Government's same project development funding incentive scheme, the company shall be entitled to receive a non-refundable cash incentive of €11.88 MILLION.

It may be seen from the combined sums of the interest-free loan of €8.78 million and the non-refundable cash incentive sum of €11.92 million (€20.70 million). That as well as a 'shovel-ready' project in an idyllic environment and an internationally experienced management team of construction industry professionals. The Company is able to secure funding from the Portuguese government equal to the €20.0 million funding be asked of an investor.

At present the Portuguese residential property market is literally booming with prices continuing to rise on Portugal's Silver Coast with many international independent property pundits describing Lisbon as the new San Francisco.

As may be seen by reference to page 14 of this Summary, the Company's proposed residential property selling prices are based on the market's bench-mark selling prices of December 2014 and the strategy is to sell just 60 properties in the first 12 months.

The Company believes that its proposed property selling prices are cautious, because again by reference to page 14 of this Summary; it may be seen that during the year ending November 2017 property prices in the Leiria district of Portugal's Silver Coast increased by 9.83% and to year ending November 2018 property prices had increased by a further 6.6%.

20m

EUR Budgeted
funding facility
required

8.7m

EUR interest
free loan from
Portuguese
Government

11.9m

EUR non
refundable cash
incentive from
Portuguese
Government

135

Ha Freehold
land



PAULO BERNARDO - INTERNATIONAL

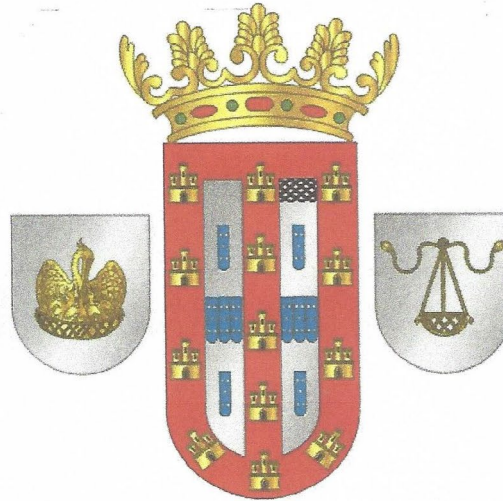
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PAULO BERNARDO INTERNATIONAL

POLICAL SUPPORT
THE CÂMARA DAS CALDAS DE RAINHA



APPENDIX E

PORTUGAL PROPERTY REPORT
APRIL 2018



[Home](#) » [Property News](#) » [Europe](#) » [Property prices and rents in Portugal continue to grow, latest index shows](#)

6TH APRIL 2018 **EUROPE**

Property prices and rents in Portugal continue to grow, latest index shows



Property price growth in Portugal is continuing to accelerate due to a lack of supply and rents in the residential market are also rising strongly, the latest index data shows.

The lack of supply is affecting the main residential areas of Lisbon, Porto and the Algarve covered by the monthly survey index from the Royal Institution of Chartered Surveyors and Confidencial Imobiliário.

Growth is predicted rise further and survey respondents continue to foresee headline house prices increasing by around 4.5% over the next 12 months, with this rate anticipated to accelerate to around 5.5% on average over the next five years.

Prices grew by 12.8% at the national level in 2017 but in Lisbon's historical centre, prices increased by 21.1% year on year and have doubled since 2013.

APPENDIX F

PORTUGAL PROPERTY REPORT
DECEMBER 2018



Home » Property News » Europe » Lack of supply is driving up property prices in Portugal

5TH DECEMBER 2018 EUROPE

Lack of supply is driving up property prices in Portugal

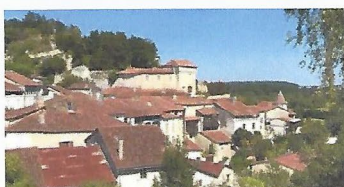


An imbalance between demand and supply is continuing to drive strong price growth in Portugal's residential property market, the latest housing market survey suggests.

A similar picture is depicted in the lettings market, where rents continue to rise firmly on the back of solid tenant demand and falling landlord instructions, according to the October trend report from the Royal Institution of Chartered Surveyors (RICS) and Confidencial Imobiliário.

Overall, new buyer enquiries remained unchanged in October with the net balance coming in at just -2%. This follows a broadly flat underlying trend in demand over the past few months, notwithstanding the 21% net balance reading in September.

What's more, enquiries were reportedly flat in all three regions covered in the survey. Likewise, the agreed sales net balance indicator pointed to no change in transactions at the national level, although sales did reportedly rise very modestly across Porto and the Algarve.



Available in one click

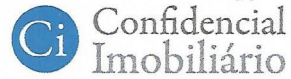
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APPENDIX G

PORTUGAL RICS PROPERTY REPORT
JANUARY 2019



January 2019 RICS/Ci Portuguese Housing Market Survey Activity steady at the start of the year

- Sales and enquires broadly flat
- Near term expectations recover slightly
- New instructions continue to fall

Summary:

The January 2019 RICS/Ci PHMS results point to a more stable trend in activity to start the year, following a slightly weaker picture reported in the previous month. Moreover, near term expectations moved back into positive territory, albeit only modestly. In the lettings market, rental expectations also turned marginally positive once more.

Starting with the sales market, new buyer demand held more or less steady, having declined in December. That said, it has now been four months since the last positive reading was posted for the new buyer enquiries indicator. At the same time, newly agreed sales were also flat at the headline level during January, and this was broadly the case across all regions covered (Lisbon, Porto and the Algarve). Going forward, sales expectations did improve compared to last month, and respondents in each area are now expecting to see some growth. The strongest improvement was seen in the Algarve, while sentiment picked-up only slightly in Lisbon and Porto.

The volume of new sales instructions being listed on the market continued to decline, with the surveys indicator remaining in negative territory for a twenty-third successive month. This lack of supply appears to be one factor underpinning prices, despite relatively subdued demand trends at present. Indeed, a net balance of +17% of respondents reported a rise in prices over the period (although momentum appears to have faded over the past six months). In terms of the outlook, a net balance of +43% of contributors anticipate prices at the headline level will be higher in a year's time. At the five year horizon, contributors now expect prices will increase by an average of approximately 2% per annum. The regional data shows medium term projections are now pretty even across Lisbon, Porto and the Algarve.

The national confidence index (a combined measure of near term price and sales expectations) recovered to +15, following a reading of -4 in December.

In the lettings market, tenant demand increased at a slightly stronger pace than in the previous report (net balance improved to +21% from +10%), while landlord instructions fell again. Rents continue to be driven higher as a result, although expectations for rental growth going forward are now more modest in comparison to a few months ago.

The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

To be put on the automatic press release distribution list for receipt on the morning of the embargo date c: tparsons@rics.org

Ricardo Guimarães, Director of Ci: "Buyers are getting more cautious and sensible about prices. A comment from a PHMS respondent suggests that current global market sentiment is pointing to the near future being marked by stabilization and consolidation. The same agent adds that vendors are seeing their houses taking longer to sell, showing that, very often, asking prices are much higher compared to the effective closing prices in each location. This is confirmed by Confidencial Imobiliário's information system, that shows a 22% price gap between demand and supply."

RICS Chief Economist, Simon Rubinsohn: "The January survey results show a recovery in market expectations, even if momentum is more subdued than this time last year. Sentiment is now consistent with the still positive macro backdrop, despite downside risks. Indeed, the economy expanded by a solid 2.1% last year and, although growth may lose a bit of impetus, the outlook still remains reasonably bright."

Chart 1: Sales market indicators

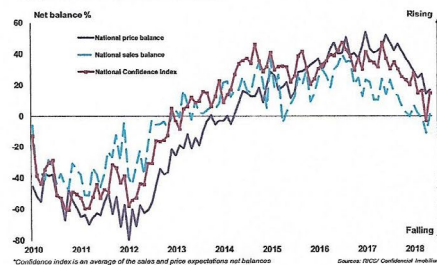


Chart 2: Lettings market indicators

