



August 10<sup>th</sup> 2016

Dear Investor,

We are pleased to be writing to you with a further update on your investment.

The Project is moving towards its final stages and, despite all the negative circumstances which have befallen the international markets during the past few months, we wish to emphasise once again that is our intention to adhere to our original proposed schedule as depicted in the March 16<sup>th</sup> update to our SIPP investors, when we indicated the deadline to instigate the repayment process would commence in the final quarter of 2016.

With the full effects of BREXIT still yet to be determined, the extent of this uncertainty has made it an even more difficult task in forecasting the effects such large scale economic consequences might have upon the position of the Project. The outcome of the U.K. referendum could lead to a potential downturn in the global economy, as yields on safe assets have declined further.

Despite the indifferent perspectives for the Global Economy as forecast by the International Monetary Fund, experts at Price Waterhouse Coopers (PWC) predict sustainable economic growth for Spain, in spite of any possible ramifications caused by BREXIT; gains are expected in Spain's rates of consumption, employment, export

incomes, and real companies' investment volumes over the coming months, even it is anticipated that prospects for growth within the EU as a whole could deteriorate.

Within the next three to six months, PWC expect solid improvement in the financial strength of Spanish companies. Regarding the predictions for productive investment, exports and employment tax, they forecast sustained rises over the next six months. With the best growth prospects highlighted for the Spanish economy, experts only rate the current economic position within the USA as 'good' whilst those of the other economies in the EU, China and Japan are considered to be just 'average'.

### **The Administrative Process of the Project**

Even if the full macroeconomic consequences resulting from the BREXIT vote are yet to be ascertained, the outcome has already had immediate consequences on the microeconomics of The Project, as literally overnight all our revenue streams came to an abrupt halt so remedial measures were immediately sought to try and overcome this precarious situation, as we are now at a crucial point in meeting our financial commitments in reference to the concluding aspects of the technical and administrative process.

We are on the verge of obtaining the final clearance to commence the infrastructure prior to the final construction phase and, in the forthcoming weeks, after the summer, the Local Government of *Almansa* is intending to put the final



signed trade and legal agreement between the City and The Project in the public domain. This administrative act is the final official confirmation of the completion of all the administrative legal procedures from which the start of building process is initiated.

### **Equity Partners**

As we have tried to communicate in all of our updates, both the unique concept of The Project and its strategic location were always expected to be a very attractive proposition for investment funds and top logistics operators to purchase, not just the site (or part of it), but also the development company which holds it as an asset. The benefits of the opening of the new dual Suez Canal pathway just 10 months ago, a factor that had been carefully evaluated nine years ago and was a key consideration in determining the location of The Project, are now proving that we had made the correct strategic decision, as it has proven to be the primary focal point of interest for all parties involved in the ongoing negotiations regarding the Project.

Following the publication of our previous update, which referred to the open discussions we were having with some major companies at the time, interest in the Project has continued to grow steadily, particularly since we have arrived at the current stage in the administrative process. Rather than being wholly reliant on just one scenario, we have now achieved two alternative pathways running in parallel, thereby giving an overall boost to the process and so further enhancing the

possibilities of reaching a successful conclusion. In this respect, we are in serious discussions with two other Groups who, during the past two months, have both expressed a forthright interest in The Project; each of them is now working towards placing their best bid, with various visits commencing this week, and continuing right up to the end of September, in a final effort to agree upon a deal which is acceptable to both parties.

**As mentioned in our last update, our total liabilities are considerably smaller than the value of our assets thereby ensuring there is a substantial buffer in place for the sale of the equity shareholding, the proceeds of which will then provide the liquidity to repay all of our investors.**

### **Repayment**

With the above in mind, and given that the position of The Project has been so strongly endorsed during these past few weeks, we are now in a position to make provision for the repayment process, in the final quarter of 2016, as originally envisaged; exact dates and protocols will be duly communicated to our investors once all of the aforementioned visits have been completed and there has been a successful outcome to the ongoing negotiations.

It has been a very difficult period for many companies throughout the world in recent years, us included. Despite having to contend with a small number of ill-informed

individuals whose reckless rumour mongering and false accusations within social media circles were potentially very damaging to the Project, and against the interest of all parties concerned, some of them included (only “some”, as there were others without any kind of connection with the Project), it would not have been possible to reach this juncture without your wholehearted support and unwavering commitment. But having made many tough decisions and with much hard work undertaken to reach this point, we are now just one step away in being able honour our financial obligations to you all.

In our next update, scheduled for the middle of October, we'll keep you fully informed on the repayment process.

Once again, please accept my personal gratitude for your faith, patience and, in some instances, for the personal sacrifices you have made during the past few years.

Yours sincerely,



**Eduardo Martín**  
Managing Director