EAGLESTONE SECURITIES

The Cabo Verde Economy

Small is Beautiful

Research
May 2017

Economics
Tiago Bossa Dionísio
(+351) 211 214 431
tiago.dionisio@eaglestone.eu

Highly unique country in Africa

We increase our research coverage with this first report on Cabo Verde, a country that we believe is quite unique in the African continent in part due to its relative political, economic and social stability. This has allowed Cabo Verde to benefit over the years from international development aid and significant emigrant remittances. More recently, the country has also profited from material foreign direct investment inflows mostly targeted at the tourism sector, which plays a major role in the local economy, accounting for about 20% of its GDP and employing a relevant part of the population. Cabo Verde is a well-diversified economy largely based on the services sector. Its natural resources are scarce and only a small part of the land is arable, which means that most of the food consumed comes from abroad.

Growth likely to remain at 3-4% in 2017

Economic activity recovered to 3.9% in 2016 from a period of prolonged low growth during 2012-15. Real GDP growth benefitted from stronger private consumption and investment as well as higher services exports, which reflected improved sentiment levels. Confidence indicators continue their upward trend in the first months of 2017. The latest forecasts from the IMF and the central bank suggest that real GDP growth will remain at 3-4% this year, supported by stronger investment and a lower negative contribution from net exports. Inflation trended downwards in recent years, largely on the back of lower food prices, and is expected to stay at 1-1.5% in 2017-18.

External deficit improves on tourism and remittances

Cabo Verde's key trading partners include euro area countries, namely Portugal and Spain, exporting mostly fish products and importing consumer goods such as food and intermediate goods like materials for the construction sector. The country runs a large goods trade deficit of 30-35% of GDP, which is mostly offset by a significant contribution from services exports (tourism-related) and emigrant remittances. This allowed the current account deficit to decline to the lowest level in a decade in 2016.

Fiscal consolidation is a priority

The government aims to continue to focus on fiscal consolidation in order to reduce the budget deficit and public debt, which is mostly denominated in foreign currency. As a result, the budget deficit is projected to decline to near 3% of GDP this year and below 2% in 2018 (from 3.3% in 2016). However, this will remain insufficient to significantly bring down public debt levels, which stood at c130% of GDP in 2016.

Foreign Investment, Transparency and Doing Business

There are few barriers to foreign investment in Cabo Verde, with local laws stating that all investors, regardless of their nationality, have the same rights and are subject to the same duties and obligations. Cabo Verde Investments (CI) is the government investment promotion agency and is the first point of contact for any investment in the country. It offers the electronic platform "One Stop Shop of Investments", which is an effort to improve efficiency and de-bureaucratization of the investment process. Cabo Verde is considered a model country in Africa because of its transparency and good governance. It also ranks relatively favorably to other African countries in the World Bank's Doing Business Report. However, Cabo Verde still lags the middle-income country average in terms of competitiveness, making it crucial for the local authorities to remain focused on moving ahead with their structural reform agenda.

CABO VERDE AT A GLANCE

Location: an archipelago in the Atlantic Ocean and off the west coast of Africa. Praia, the capital city, is a 4-hour flight from Lisbon, Portugal

Language: Portuguese and Crioulo

Currency: Cabo Verde Escudo (1 EUR = 110.265 CVE)

Population (2017E): 538 thousand

Land and Natural Resources: only about 10% is arable, with limited natural resources

Politics: semi-presidential system with a president, prime-minister and national assembly. The next legislative elections will take place in 2021

Government: in charge since April 2016, setting fiscal consolidation in the medium-term as its main objective

GDP (2017E): US$ 1,636 million

GDP per Capita (2017E): US$ 3,044

GDP Structure: well diversified economy mostly based on the services sector

External Trading: main exports (sea products) and imports (fuels, dairy products, machines, eggs, cereals and vehicles)

Main Trading Partners: Euro zone (Portugal, Spain and the Netherlands)

Credit Ratings: “B” with “negative watch” by S&P’s (March 2017)

Ease of Doing Business: ranked 129 (out of 190 countries) in the World Bank’s 2017 report. It takes 11 days to start a business (36 days in Angola, 19 days in Mozambique and an average of 26.4 days in Sub-Saharan Africa)

Transparency: ranked 38 (out of 176 countries) in the Corruption Perceptions Index (2016) with a score of 59/100

ECONOMIC INDICATORS	2010	2011	2012	2013	2014	2015	2016	2017F	2018F	2019F
Gross Domestic Product										
Real GDP (% change)	1.5%	4.0%	1.1%	0.8%	0.6%	1.1%	3.9%	4.0%	4.1%	4.1%
Gross Domestic Product (current prices, CVE bn)	139	148	150	154	154	157	161	171	181	193
Gross Domestic Product (current prices, US$ mn)	1,664	1,865	1,752	1,851	1,861	1,575	1,636	1,637	1,730	1,838
Gross Domestic Product per capita (US$)	3,413	3,801	3,463	3,614	3,590	3,001	3,078	3,044	3,177	3,334
Investment and Savings (% of GDP)										
Total Investment	37.7%	37.2%	40.7%	39.3%	37.3%	41.5%	41.8%	45.1%	46.4%	49.1%
Gross National Savings	25.3%	20.9%	28.2%	34.4%	28.2%	37.1%	34.6%	36.6%	38.4%	41.8%
General Government Finances (% of GDP)										
Revenues	28.6%	25.6%	24.4%	24.5%	22.9%	26.7%	26.8%	26.4%	26.5%	26.5%
Expenditures	39.2%	33.3%	36.8%	33.8%	30.5%	30.6%	30.4%	29.2%	28.2%	28.4%
Budget Balance	-10.5%	-7.7%	-12.4%	-9.3%	-7.6%	-3.9%	-3.6%	-2.8%	-1.7%	-1.9%
Gross Debt	72.2%	79.4%	91.3%	102.5%	115.9%	127.8%	131.2%	134.7%	133.0%	129.2%
External Sector										
Volume of Exports of Goods and Services (% change)	0.9%	5.0%	5.3%	13.0%	3.1%	-4.2%	10.0%	-0.7%	5.9%	6.1%
Volume of Imports of Goods and Services (% change)	-0.6%	12.7%	-12.5%	-3.2%	10.5%	-19.3%	11.2%	-1.5%	4.6%	5.4%
Current Account (% of GDP)	-13.5%	-16.2%	-14.0%	-5.8%	-9.1%	-5.0%	-3.8%	-6.0%	-7.0%	-7.3%
Population (th)	488	491	506	512	518	525	531	538	545	551
Consumer Price Inflation										
Consumer Prices (period average)	2.1%	4.5%	2.5%	1.5%	-0.2%	0.1%	-1.4%	1.0%	1.5%	2.0%
Consumer Prices (end of period)	3.4%	3.6%	4.1%	0.1%	-0.4%	-0.5%	-1.2%	1.2%	1.8%	2.0%
International Reserves										
Net International Reserves (US$ mn)	382.2	338.6	375.8	475.3	511.4	495.4	565.9	606.6	638.1	657.2
Net International Reserves (in months of imports)	4.2	3.2	3.8	4.8	5.4	6.4	6.9	6.9	6.9	6.9
Exchange Rate										
Exchange Rate (period average, CVE/USD)	83.3	79.3	85.8	83.1	83.1	99.4	99.7	104.6	104.9	104.8
Exchange Rate (end of period, CVE/USD)	83.0	85.6	83.1	80.0	90.7	100.9	105.5	104.6	104.9	104.8
Nominal Exchange Rate (change)										

Sources: Central Bank, IMF (WEO April 2017) and Eaglestone Securities.

ECONOMIC ACTIVITY

Cabo Verde is an archipelago made up of 10 islands that is geographically located off the west coast of Africa near Senegal, The Gambia and Mauritania. Its relative political, economic and social stability differentiate Cabo Verde from most other countries in the African continent. This has allowed the country to benefit from international development aid over the years as well as significant emigrant remittances. More recently, Cabo Verde has also profited from foreign direct investment inflows targeted mostly at the tourism sector.

Cabo Verde's unique characteristics in Africa have allowed the country to benefit from international aid, emigrant remittances and large FDI inflows

Cabo Verde is a well-diversified economy that is mostly based on the services sector, with tourism, public services, finance, real estate and retail representing the largest share of its GDP. The country's natural resources are scarce, sometimes leading to severe and prolonged water shortages and droughts, while land in several of the islands is not very fertile. Although nearly 40% of its population lives in rural areas, Cabo Verde has to import most of the food that it consumes.

It is a well-diversified economy mostly based on the services sector

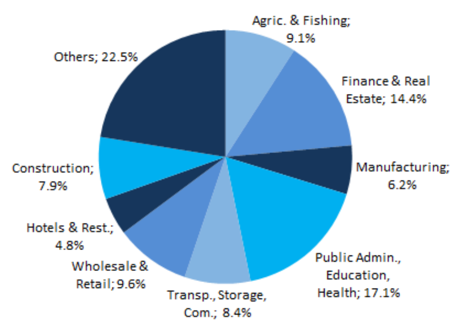
Economic activity in Cabo Verde recovered last year from a slowdown in the period 2012-15. However, the local economy was still impacted by an adverse external environment marked by the deceleration in its key trading partners, namely from Europe, which is the main source of tourism revenue, foreign direct investment and emigrant remittances.

Economic activity recovered last year from a slowdown period in 2012-15

Figures from the National Statistics Institute (INE) show that real GDP advanced 3.9% in 2016 (from 1.1% in the previous year), the highest rate recorded since 2011. This improvement was mostly led by a strong recovery in the manufacturing (9.7%), the public administration (8.5%) and the agriculture (7.3%) sectors. This compares with growth rates of 1.4%, 2.5% and 2.8%, respectively, in 2015. Activity reflected higher spending with salaries and social benefits in the public sector, an improved and more efficient tax collection, stronger demand and the impacts from the rainfall recorded in 2015.

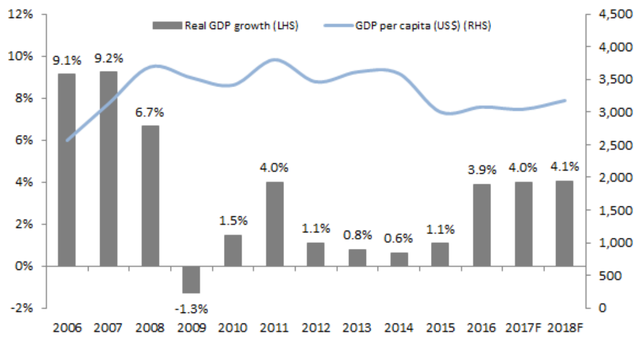
Real GDP advanced 3.9% in 2016 and was mostly led by a recovery in the manufacturing, the public administration and the agriculture sectors

GDP STRUCTURE (2016)



Sources: INE and Eaglestone Securities.

REAL GDP GROWTH AND GDP PER CAPITA



Sources: INE, IMF (WEO April 2017) and Eaglestone Securities.

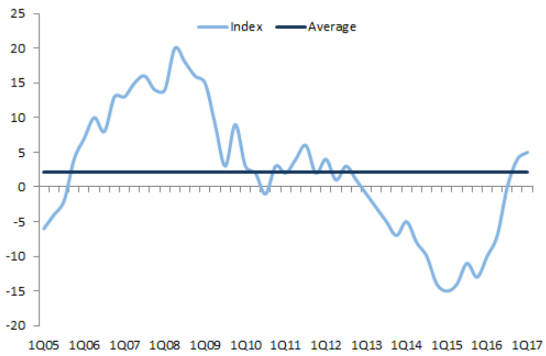
On the demand side, the country recorded stronger private consumption and investment as well as higher services exports, which came on a backdrop of improved sentiment levels from consumers and market participants in general. Last year also witnessed more activity in the credit markets, as restrictions to private sector financing were lowered, as well as faster growth in foreign direct investment inflows and a contraction in public investment.

Private consumption and investment also recovered on a backdrop of improved sentiment levels

Confidence indicators continued to improve in the first three months of 2017. Figures from the INE show that the economic climate index maintained the upward trend initiated in the second quarter of 2015, standing above its four-year average, largely as a result of the improvement in the sentiment in the tourism and retail sectors.

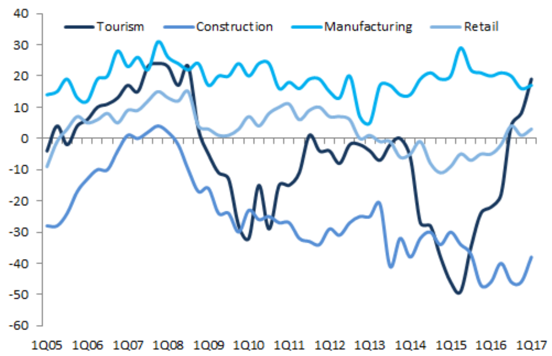
The economic climate index maintained its upward trend in 1Q17

ECONOMIC CLIMATE



Sources: INE and Eaglestone Securities.

CONFIDENCE INDICATORS BY SECTOR



Sources: INE and Eaglestone Securities.

In its latest World Economic Outlook (April 2017), the IMF forecasted that real GDP growth in the country should improve marginally to 4% this year (and 4.1% in 2018). This compares with the central bank's expectation that economic activity will likely decelerate to a level closer to the average of the interval of 3-4% in 2017. According to the Banco de Cabo Verde, the central bank, this reflects, for the most part, the impact of higher imported inflation in private consumption (assuming the stabilization of emigrant remittances, some wage growth restrictions and higher State transfers to families) and slower growth in public expenditures.

The local authorities expect real GDP growth to decelerate to the average of the interval 3-4% in 2017

On the other hand, as in 2016, investment is expected to remain supported by the conclusion of additional tourism resorts this year, most of which financed by foreign direct investment, and the delayed impact of stronger corporate and household credit growth, namely for housing, as well as the continued execution of the government's public investment program. Real GDP growth is also expected to benefit from a lower negative contribution from net exports, with the import of goods and services likely to slow as a result of lower private consumption (despite the impacts of higher imported inflation and the depreciation of the escudo against the dollar). In addition, the local authorities anticipate the export of goods and services to decelerate due to lower demand in the tourism sector. This will likely outweigh the expected recovery in the export of sea products, which have recently been impacted by restrictions in the industry.

Economic growth this year is expected to benefit from higher investment levels and a lower negative contribution in net exports

All in all, and in terms of activity sectors, economic growth should be mainly supported by a recovery in construction, retail and fishing as well as some improvement in public services, industry and hotels and restaurants.

Construction, retail and fishing are expected to support overall economic growth

INFLATION

Consumer price inflation has trended downwards in recent years, with the 12-month average inflation standing at -1.4% in December 2016 (from 0.1% in the previous year). This behavior mainly resulted from lower costs for food and non-alcoholic beverages, housing rents, water, electricity, gas and other fuels. It also reflected more favorable costs for imported goods, some increase in local fresh produce, the removal of a temporary customs measure adopted in 2015 and the increase in the VAT tax from 15% to 15.5%.

Consumer price inflation has trended downwards in recent years, with the 12-month average standing at -1.4% in December 2016

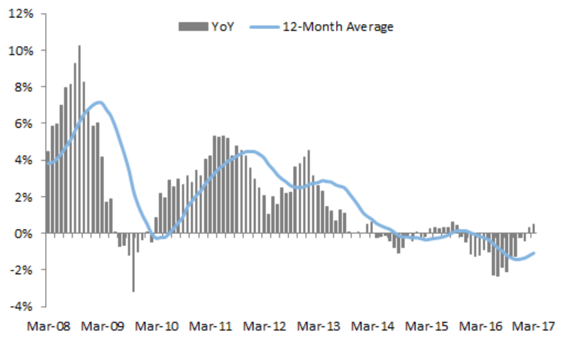
Specifically, the lower cost of food items contributed roughly 45% for the fall in inflation last year due to its large weight in the consumption basket of the local population. Moreover, the continued decline in Brent prices in 2016 essentially impacted utility costs, namely electricity and water. If excluding the more volatile energy costs, average inflation stood at -0.2% at the end of 2016 and was unchanged if also taking out the cost of food and drinks. This compares with 1.59% and 1.6%, respectively, in December 2015.

The lower cost of food items contributed roughly 45% for the fall in inflation last year

The latest figures from INE show that consumer prices declined 0.2% in March 2017 from the previous month, standing at 0.5% YoY. The 12-month average reached -1.1% in the period (vs. -1.2% in February). Consumer prices continued to be driven down by lower food, housing rents and utility costs. Inflation is expected to remain at around 1-1.5% in the next couple of years. This should help improve household disposable income and boost purchasing power, allowing for higher private consumption levels.

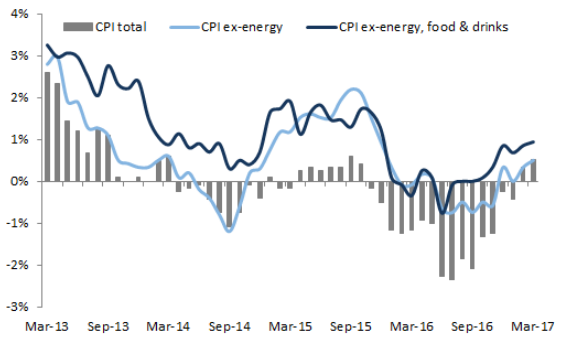
Consumer prices continued to decline in March 2017, driven by lower costs in food, housing rents and utilities

ANNUAL AND 12-MONTH AVERAGE INFLATION



Sources: INE and Eaglestone Securities.

ANNUAL (TOTAL AND CORE) INFLATION



Sources: INE and Eaglestone Securities.

MONETARY POLICY

The central bank's main objective is to ensure price stability. However, it also seeks to protect the exchange rate regime's credibility by maintaining a level of net international reserves that is sufficient to ensure, above all, the short-term coverage of contractual and contingent liabilities and address a possible temporary shortage of capital.

The central bank's main objective is to ensure price stability and maintain an adequate level of net international reserves

Against a backdrop of slowing economic growth and in the absence of significant pressures in the country's external accounts and muted inflation, the central bank has loosened monetary policy in recent years. In 2014, the Banco Central de Cabo Verde cut its benchmark interest rate by 200 basis points to 3.75%. In February 2015, it further reduced interest rates by 25 basis points to 3.5%, lowered the minimum reserve requirement ratio from 18% to 15% and cut the remuneration rate of excess reserves from 0.5% to 0.25%.

Low economic growth in recent years, coupled with no significant pressures on the balance of payments and inflation, allowed the central bank to loosen monetary policy

Monetary policy should remain accommodative going forward, although the central bank is expected to carefully monitor and preserve the international reserves at a level considered to be adequate for the risk profile of the country.

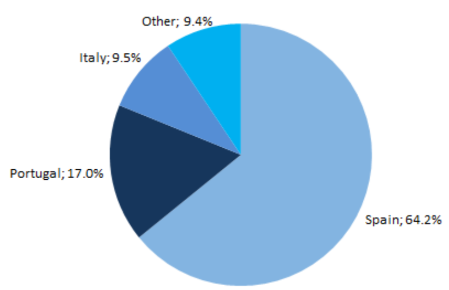
Monetary policy should remain accommodative in the foreseeable future

EXTERNAL ACCOUNTS

Cabo Verde's main trading partners include euro area countries, namely Portugal, Spain, Italy, the Netherlands and France. According to data from the INE, Spain accounted for nearly two-thirds of the country's total exports in 2016 followed by Portugal (17%) and Italy (9%). On the other hand, Portugal is the country's largest supplier, representing half of its imports last year, with Spain and the Netherlands accounting for 11% and 7% of the total, respectively.

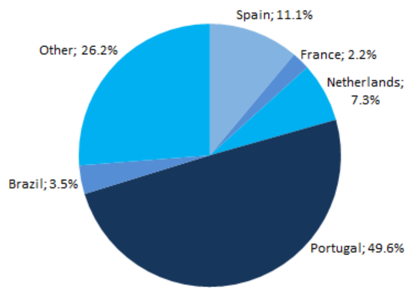
Cabo Verde's main trading partners include several euro area countries

EXPORTS BY COUNTRY (2016)



Sources: INE and Eaglestone Securities.

IMPORTS BY COUNTRY (2016)



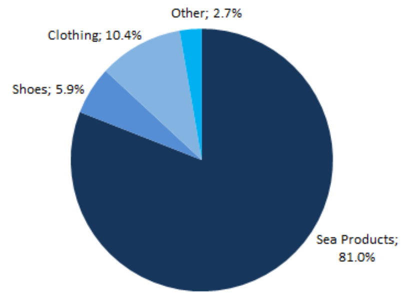
Sources: INE and Eaglestone Securities.

The country sells mostly fish products in international markets. These accounted for over 80% of the total exports in 2016, with the rest including clothing (10%) and shoes (6%). Although

The country mostly sells sea products overseas and *mainly buys consumer goods such as food products*

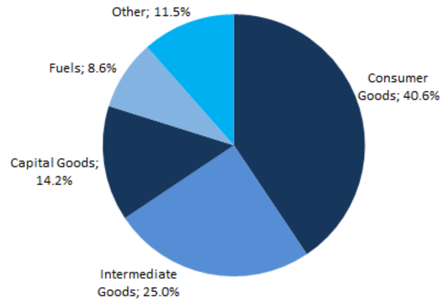
the fishing industry accounts for a relatively small share of the country's GDP, it employs a large part of the population and plays an important role for the local economy. Meanwhile, imports are much less concentrated than exports and mainly include consumer goods like food products and intermediate goods like materials used in the construction sector. The main capital goods imported include machinery. Finally, fuels also account for a relevant part of the country's imports, reaching nearly 9% of the total last year.

EXPORTS BY PRODUCT (2016)



Sources: INE and Eaglestone Securities.

IMPORTS BY PRODUCT (2016)



Sources: INE and Eaglestone Securities.

External accounts improved last year as a result of the reduction of the current account deficit

Figures from INE also show that Cabo Verde's external accounts improved in 2016 on the back of a reduction in the current account deficit, which fell 22% YoY (in local currency terms) on top of an already strong decline of 44% YoY in 2015. This came largely as a result of a strong increase in net services exports, reflecting the increased demand in the tourism sector, as well as higher private transfers (26% YoY). Despite this, the country's trade deficit deteriorated in 2016, as exports remained flat from the previous year, while imports rose at a double-digits growth rate, namely imports of consumer and intermediate goods. The evolution of the income balance reflected the repatriation of reserves and dividends from companies operating in the construction and tourism sector and interest payments to foreign investors holding government debt. This was, however, compensated by much higher private transfers in the period.

The capital and financial accounts deficit widened significantly

The decline in the capital account surplus was due to the large drop in official transfers, which fell by nearly a third from 2015. Moreover, the financial account deficit widened significantly, and to a level seen in 2014, reflecting a negative contribution from other investments, namely from the withdrawal of currency and deposits.

The current account deficit declined to 3.8% of GDP in 2016, the lowest level since 2005

Overall, this means that the current account deficit accounted for 3.8% of GDP last year, down from 5% in 2015, and registering the lowest level since 2005. The country's exports of goods accounted for only 9.2% of GDP while imports stood at 42.7%, evidencing its strong reliance for goods from abroad. On the other hand, the capital and financial accounts deficit widened to 8.4% of GDP (from 4% of GDP in 2015), which, as mentioned above, was principally due to the deterioration in the financial account deficit.

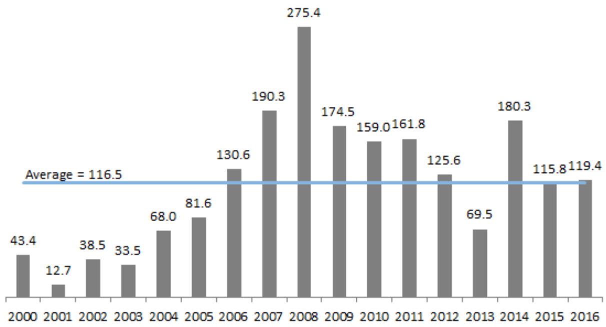
BALANCE OF PAYMENTS	Million CVE			Million US$			YoY Change(1)		% of GDP		
	2014	2015	2016	2014	2015	2016	15/'14	16/'15	2014	2015	2016
Current account balance	**-14,042**	**-7,861**	**-6,114**	**-169.0**	**-79.1**	**-61.3**	**-44.0%**	**-22.2%**	**-9.1%**	**-5.0%**	**-3.8%**
Trade balance	-50,277	-47,839	-54,113	-605.2	-481.3	-542.8	-4.9%	13.1%	-32.6%	-30.6%	-33.6%
Exports	21,044	14,845	14,813	253.3	149.4	148.6	-29.5%	-0.2%	13.6%	9.5%	9.2%
Imports	-71,322	-62,684	-68,926	-858.5	-630.7	-691.4	-12.1%	10.0%	-46.2%	-40.0%	-42.7%
Services (net)	21,888	20,603	23,625	263.5	207.3	237.0	-5.9%	14.7%	14.2%	13.2%	14.7%
Income	-7,692	-5,870	-5,634	-92.6	-59.1	-56.5	-23.7%	-4.0%	-5.0%	-3.7%	-3.5%
Current transfers	22,039	25,244	30,007	265.3	254.0	301.0	14.5%	18.9%	14.3%	16.1%	18.6%
Government	4,664	5,395	4,992	56.1	54.3	50.1	15.7%	-7.5%	3.0%	3.4%	3.1%
Private	17,375	19,850	25,015	209.2	199.7	250.9	14.2%	26.0%	11.3%	12.7%	15.5%
Capital and Financial accounts (net)	**-14,259**	**-6,267**	**-13,585**	**-171.6**	**-63.1**	**-136.3**	**-56.0%**	**116.8%**	**-9.2%**	**-4.0%**	**-8.4%**
Capital account	659	1,884	1,316	7.9	19.0	13.2	186.0%	-30.1%	0.4%	1.2%	0.8%
Financial account	-14,917	-8,151	-14,901	-179.6	-82.0	-149.5	-45.4%	82.8%	-9.7%	-5.2%	-9.2%
Direct investment	-14,303	-11,121	-10,999	-172.2	-111.9	-110.3	-22.2%	-1.1%	-9.3%	-7.1%	-6.8%
Other investments	-614	2,970	-3,901	-7.4	29.9	-39.1	n.m.	n.m.	-0.4%	1.9%	-2.4%
Errors and omissions	**-1,534**	**-2,174**	**-945**	**-18.5**	**-21.9**	**-9.5**	**41.7%**	**-56.5%**	**-1.0%**	**-1.4%**	**-0.6%**
Current and capital accounts	**-13,383**	**-5,977**	**-4,798**	**-161.1**	**-60.1**	**-48.1**	**-55.3%**	**-19.7%**	**-8.7%**	**-3.8%**	**-3.0%**

(1) Change in local currency. Source: Banco de Cabo Verde and Eaglestone Securities.

Foreign direct investment improved slightly in 2016 and, as expected, was mostly concentrated in the tourism and hotel sector

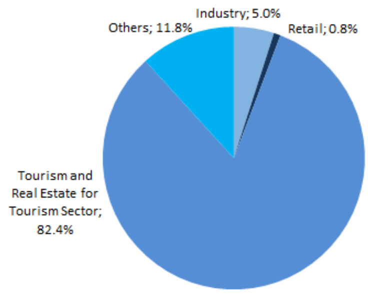
Meanwhile, foreign direct investment improved slightly in 2016 from the previous year both in local currency and dollar terms, standing at US$ 199.4 million. This figure is slightly above the average of US$ 116.5 million recorded during the period 2010-16, but it is significantly lower than in 2014. Investment is mostly concentrated in the tourism and hotel sector, especially in the islands of Sal, Boa Vista and Santiago. Also, about 45% of the investment amount last year came from investors based in the United Kingdom followed by Portugal (6%) and Spain (5%).

FOREIGN DIRECT INVESTMENT (US$ MILLION)



Sources: Banco de Cabo Verde and Eaglestone Securities.

INVESTMENT BY ACTIVITY SECTOR (2016)



Sources: Banco de Cabo Verde and Eaglestone Securities.

Cabo Verde has a great emigrant tradition and receives a significant amount of remittances from abroad every year

Cabo Verde has a great emigration tradition and receives a significant amount of remittances from abroad every year. In fact, the diaspora surpasses the local population, with many families having relatives living overseas. The emigrant population continues to choose Europe and the United States as their main destination.

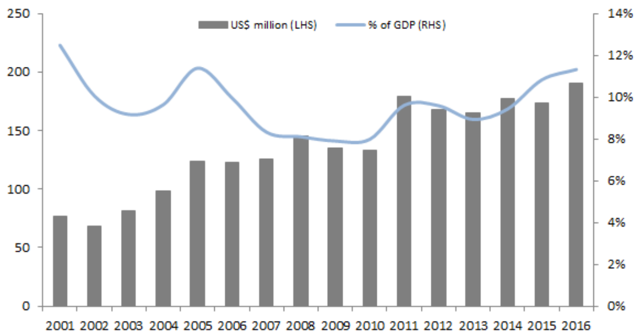
Emigrant remittances have expanded at an average annual rate of nearly 5% during 2010-16, above the country's average real GDP growth in the period

The amount of remittances in dollar terms has expanded at an average annual rate of nearly 5% during 2010-16, above the country's average real GDP growth rate in the period. At the end of 2016, emigrant remittances surpassed US$ 190 million and represented 11.3% of GDP after recovering in the second half of the year. The latest quarterly figures showed that remittances in the last three months of 2016 stood well above the quarterly average of the last six years after posting a deceleration earlier in the year, namely during the second quarter.

Nearly a third of the remittances in 2016 came from emigrants living in Portugal

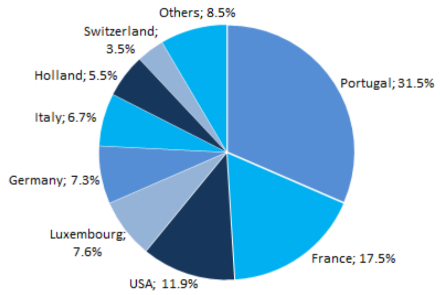
Central bank figures also showed that nearly a third of the remittances recorded in 2016 came from emigrants living in Portugal. This was followed by France and the United States, which accounted for nearly 18% and 12% of the total, respectively.

ANNUAL EMIGRANT REMITTANCES (US$ MILLION)



Sources: Banco de Cabo Verde and Eaglestone Securities.

EMIGRANT REMITTANCES – COUNTRY OF ORIGIN (2016)



Sources: Banco de Cabo Verde and Eaglestone Securities.

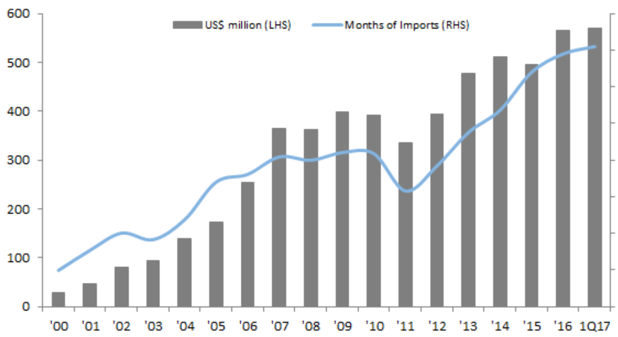
Cabo Verde accumulated a significant amount of net international reserves over the years

The large of amount of emigrant remittances, the inflow of foreign direct investment, mainly in the tourism sector, and donor contributions has allowed Cabo Verde to accumulate a significant amount of international reserves over the years. Said differently, net reserves have expanded at an average annual rate of 20.6% in dollar terms during 2010-16, reaching an all-time high of US$ 565.9 million and representing 6.9 months of imports at the end of 2016. The latest data showed that net reserves have stabilized in the first months of this year, but the trend is likely to continue to be upwards.

Cabo Verde's fixed exchange rate regime means that the local currency is pegged to the euro at a EUR/CVE exchange rate of 110.265 since January 4, 1999. Central bank data showed that the Cabo Verdean escudo depreciated almost 16% against the dollar during 2015, but remained rather stable against the greenback last year. Meanwhile, the local currency has depreciated just below 4% in the first three months of 2017.

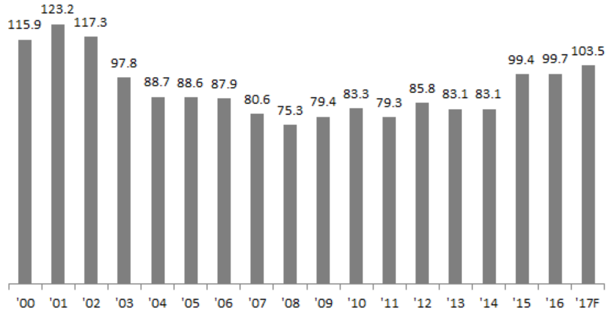
The country's fixed exchange rate regime means that the escudo is pegged to the euro at 110.265

NET INTERNATIONAL RESERVES (US$ MILLION)



Sources: Banco de Cabo Verde and Eaglestone Securities.

AVERAGE EXCHANGE RATE (US$/CVE)



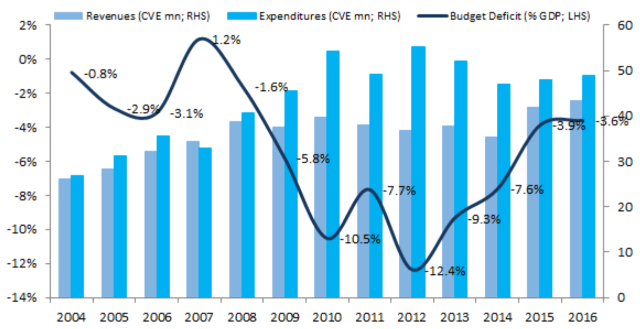
Sources: Banco de Cabo Verde and Eaglestone Securities.

PUBLIC ACCOUNTS

Cabo Verde's budget deficit (including grants) reached CVE 5,798 million in 2016, dropping 4.3% YoY and representing 3.6% of GDP. This was the lowest budget deficit recorded since 2008 (-1.6%) and resulted from a 3.3% increase in total revenues and grants, which outweighed the 2.4% rise in total expenditures. The budget deficit figure means that total public debt rose nearly 6% to CVE 211.5 billion, which represents 131.2% of GDP (up from 127.8% in 2015), namely 98.1% of GDP in foreign debt and 33.1% of GDP in domestic debt.

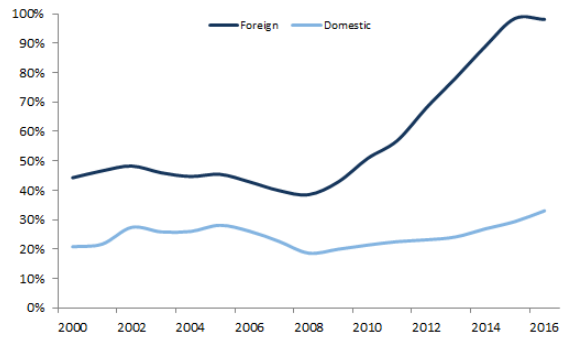
The budget deficit declined to 3.6% of GDP in 2016, the lowest level recorded since 2008

EVOLUTION OF PUBLIC ACCOUNTS



Sources: Ministry of Finance and Eaglestone Securities.

FOREIGN AND DOMESTIC DEBT (% OF GDP)



Sources: Ministry of Finance and Eaglestone Securities.

A closer look at the government's 2016 accounts shows that public receipts were boosted by higher tax revenues, which reflected the continued impact of the tax reforms implemented since 2013 and an improvement in economic activity. These rose 6.8% YoY last year after an already robust 11.8% annual increase in 2015. Income tax, taxes on goods and services and taxes on international transactions all saw an improved annual performance. We highlight the marked increase in personal income taxes, which offset the sharp decline in corporate taxes. According to the local authorities, this was due to the impact of the base effect of double taxation in 2015, the transition to the new tax code and technical-operational problems with the implementation of the electronic tax return that prevented the collection of all corporate taxes in 2016. Grants advanced 3% (after surging nearly 38% in 2015) and represented 2.5% of GDP last year.

Receipts were boosted by higher tax revenues and reflected the continued impact of the tax reform implemented since 2013 and improved economic activity in the country

Meanwhile, current expenditures rose 7.3% YoY and clearly represented the "lion's share" of public spending, namely 90% of the total (from an average of 73% in the previous five years). It is worth noting the strong increases in staff costs and social benefits, with this impact being

Expenditures advanced only 2.4% due to the significant decline in softened by slightly lower expenses on goods and services in the period. More importantly, public spending was impacted by the significant drop in capital expenditures, which tumbled an additional 26.9% YoY after posting already strong declines in the previous three years. The local authorities stated that this significant drop reflected the impacts of (1) the phasing-out of the multi-annual investment program still in place, (2) the transition to a new government in the country and (3) the late approval of the 2016 budget, which only took place in 3Q16.

capital investment

GOVERNMENT ACCOUNTS	Million CVE				% Change			% of GDP			
	2013	2014	2015	2016	2014	2015	2016	2013	2014	2015	2016
Total revenues and grants	**37,716**	**35,327**	**41,826**	**43,220**	**-6.3%**	**18.4%**	**3.3%**	**24.5%**	**22.9%**	**26.7%**	**26.8%**
Total revenues	33,692	32,540	37,985	39,265	-3.4%	16.7%	3.4%	21.9%	21.1%	24.3%	24.4%
Tax revenues	28,099	27,061	30,252	32,304	-3.7%	11.8%	6.8%	18.3%	17.5%	19.3%	20.0%
Income Tax	8,596	7,747	9,561	10,078	-9.9%	23.4%	5.4%	5.6%	5.0%	6.1%	6.3%
Personal	4,793	4,998	5,222	6,346	4.3%	4.5%	21.5%	3.1%	3.2%	3.3%	3.9%
Corporate	3,802	2,749	4,339	3,732	-27.7%	57.9%	-14.0%	2.5%	1.8%	2.8%	2.3%
Tax on Goods & Services	13,136	12,833	14,038	14,941	-2.3%	9.4%	6.4%	8.5%	8.3%	9.0%	9.3%
VAT	10,523	10,170	11,283	11,986	-3.4%	11.0%	6.2%	6.8%	6.6%	7.2%	7.4%
Other	2,613	2,663	2,755	2,955	1.9%	3.4%	7.3%	1.7%	1.7%	1.8%	1.8%
Taxes on International Transactions	5,700	5,754	6,082	6,813	1.0%	5.7%	12.0%	3.7%	3.7%	3.9%	4.2%
Other Taxes	668	726	572	472	8.7%	-21.3%	-17.4%	0.4%	0.5%	0.4%	0.3%
Other revenues	5,593	5,480	7,733	6,961	-2.0%	41.1%	-10.0%	3.6%	3.5%	4.9%	4.3%
Grants	4,024	2,787	3,841	3,955	-30.7%	37.8%	3.0%	2.6%	1.8%	2.5%	2.5%
Total expenditures	**52,025**	**47,083**	**47,884**	**49,018**	**-9.5%**	**1.7%**	**2.4%**	**33.8%**	**30.5%**	**30.6%**	**30.4%**
Current expenditures	35,424	37,542	41,040	44,015	6.0%	9.3%	7.3%	23.0%	24.3%	26.2%	27.3%
Staff costs	16,601	17,172	17,058	18,252	3.4%	-0.7%	7.0%	10.8%	11.1%	10.9%	11.3%
Goods and services	5,062	5,744	6,805	6,770	13.5%	18.5%	-0.5%	3.3%	3.7%	4.3%	4.2%
Debt payments	3,383	3,444	4,134	4,223	1.8%	20.0%	2.2%	2.2%	2.2%	2.6%	2.6%
Current transfers	4,074	4,389	4,753	4,903	7.7%	8.3%	3.2%	2.7%	2.8%	3.0%	3.0%
Social benefits	4,150	4,348	4,729	5,148	4.8%	8.8%	8.9%	2.7%	2.8%	3.0%	3.2%
Subsidies	101	107	161	160	5.5%	51.4%	-0.8%	0.1%	0.1%	0.1%	0.1%
Other current expenditures	2,053	2,339	3,400	4,558	14.0%	45.4%	34.1%	1.3%	1.5%	2.2%	2.8%
Capital expenditures	16,601	9,541	6,844	5,003	-42.5%	-28.3%	-26.9%	10.8%	6.2%	4.4%	3.1%
Balance (excl. grants)	**-18,333**	**-14,543**	**-9,899**	**-9,753**	**-20.7%**	**-31.9%**	**-1.5%**	**-11.9%**	**-9.4%**	**-6.3%**	**-6.0%**
Balance (incl. grants)	**-14,309**	**-11,756**	**-6,058**	**-5,798**	**-17.8%**	**-48.5%**	**-4.3%**	**-9.3%**	**-7.6%**	**-3.9%**	**-3.6%**

Sources: Local Authorities and Eaglestone Securities.

TOURISM

Tourism plays an important part in Cabo Verde's economy. The sector accounts for nearly 20% of its GDP and is a major source of foreign direct investment, foreign receipts and international reserves. According to the survey carried out annually by INE, the number of establishments in the country stood at 233 at the end of 2016. This represents an increase of 3.1% from the previous year and is 1.6 times the number from a decade earlier. These establishments offered 11,435 rooms, 18,382 beds and 24,376 spaces, which is, respectively, 7.6%, 1.8% and 6.2% more than in 2015. It is also more than double the figures these categories recorded in 2006.

Cabo Verde had 233 hotel establishments at the end of 2016, or 3.1% more than in the previous year

ESTABLISHMENTS												Change		
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	'16 vs. '06 (x)	Annual Avg.	'16 / '15
Number of establishments	142	150	158	173	178	195	207	222	229	226	233	1.6	5.1%	3.1%
Number of rooms	4,836	5,368	6,172	6,367	5,891	7,901	8,522	9,058	10,839	10,626	11,435	2.4	9.0%	7.6%
Number of beds	8,828	9,767	11,420	11,720	11,397	14,076	14,999	15,995	18,188	18,055	18,382	2.1	7.6%	1.8%
Capacity	10,450	11,544	13,708	14,096	13,862	17,025	18,194	19,428	23,171	22,954	24,376	2.3	8.8%	6.2%
Number of staff	3,290	3,450	4,081	4,120	4,058	5,178	5,385	5,755	6,282	6,426	7,742	**2.4**	**8.9%**	**20.5%**

Sources: National Statistics Institute (INE).

Cabo Verde had 77 residencies, 64 hotels and 59 boarding houses at the end of 2016. This is 33.0%, 27.5% and 25.3%, respectively, of the total number of establishments in the country. When compared with 2015, there were six more residencies, five more hotels, two more *pousadas* and one more condominium. On the other hand, there fewer boarding houses (-5) and aparthotels (-2).

Residencies accounted for a third of the total number of establishments in the country

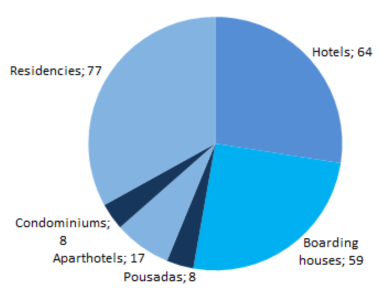
In terms of location, the island of Santiago had the largest number of establishments (50, or 21.5% of the total). It was followed by the islands of Santo Antão (42), São Vicente (41) and Sal (29). The largest annual increase in the number of establishments happened in the islands of Boa Vista and Brava, with two new establishments each, followed by São Vicente (+1), Sal (+1) and Santiago (+1).

The island of Santiago had the largest number of establishments

Meanwhile, the supply of beds was mainly concentrated in the island of Sal (46.2%). This was followed by the islands of Boa Vista (29.3%), Santiago (10.1%) and São Vicente (6.5%). The remaining islands provided nearly 7.9% of the total available beds in 2016.

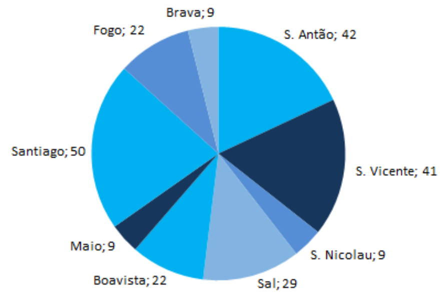
The supply of beds was mainly concentrated in the island of Sal

TYPE OF ESTABLISHMENT (2016)



Sources: INE and Eaglestone Securities.

ESTABLISHMENT LOCATION BY ISLAND (2016)

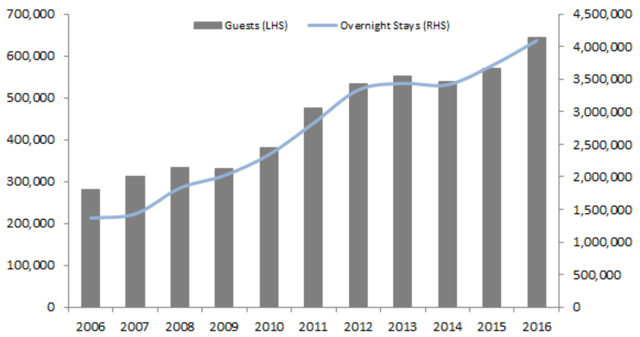


Sources: INE and Eaglestone Securities.

During the period of January-December 2016, hotel establishments hosted more than 644,000 guests and recorded more than 4.1 million overnight stays. This represents an additional 75,042 guests and 382,551 overnight stays than in 2015, or an increase of 13.2% and 10.3% YoY, respectively. Hotels remain the clear choice of where to stay, accounting for 84.3% of the total guests and 91.1% of the overnight stays.

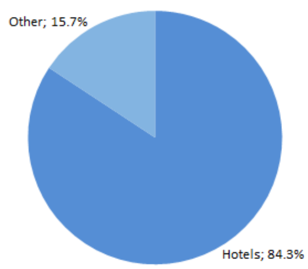
The number of guests and overnight stays increased 13.2% and 10.3% YoY, respectively, in 2016, with hotels being the clear choice of where to stay

NUMBER OF GUESTS AND OVERNIGHT STAYS (2006-16)



Sources: INE and Eaglestone Securities.

GUESTS IN HOTELS AND OTHER ESTABLISHEMENTS (2016)

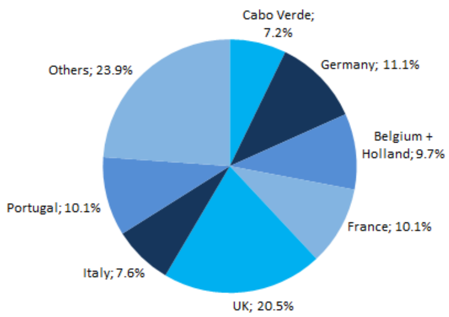


Sources: INE and Eaglestone Securities.

The United Kingdom accounted for the largest number of guests and overnight stays in Cabo Verde again in 2016, namely for 20.5% and 30% of the total, respectively. This was followed by Germany, Portugal and France in terms of the number of guests and Belgium + Holland, France and Portugal in terms of overnight stays. About 7% of the guests and 3% of overnight stays at hotel establishments came from Cabo Verde, as detailed below.

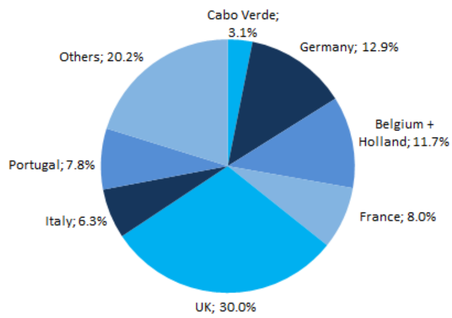
More guests and overnight stays in the country's hotel establishments came from the United Kingdom

GUESTS BY COUNTRY OF ORIGIN (2016)



Sources: INE and Eaglestone Securities.

OVERNIGHT STAYS BY COUNTRY OF ORIGIN (2016)



Sources: INE and Eaglestone Securities.

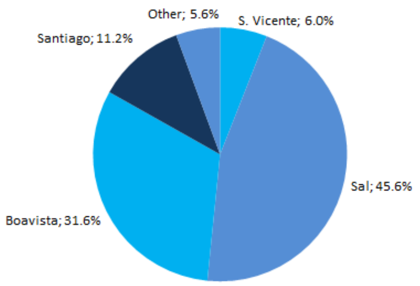
The island of Sal hosted 45.6% of the total guests in the country's establishments followed by the islands of Boa Vista (31.6%) and Santiago (11.2%). The same order applies for overnight stays: Sal (50.4%), Boa Vista (40.7%) and Santiago (3.7%).

Nearly half of the guests and overnight stays were in the island of Sal

The majority of the tourists coming from the United Kingdom selected Sal (49.9%) and Boa Vista (49.2%) as their destination, with 93.3% of them choosing to stay in a hotel. German tourists picked Boa Vista (60.2%) and Sal (33%), also clearly selecting hotels as their preferred place to stay (94.4%). In terms of the tourists from Belgium + Holland, they chose Sal (52.7%) and Boa Vista (43.8%) as their first choices, also choosing to stay in hotels (94.3%).

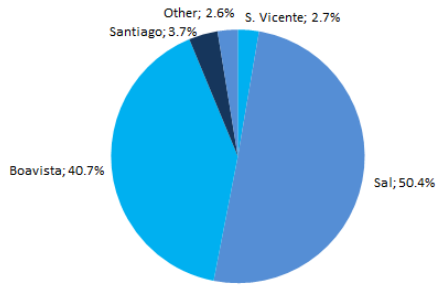
The majority of UK tourists opted to stay at hotels in Sal and Boa Vista

GUESTS BY ISLAND DESTINATION (2016)



Sources: INE and Eaglestone Securities.

OVERNIGHT STAYS BY ISLAND DESTINATION (2016)



Sources: INE and Eaglestone Securities.

Tourists from the United Kingdom were also the ones that stayed the longest in the country, with an average stay lasting 9.1 nights. This was followed by visitors from Belgium + Holland (7.4 nights), Germany (7.1 nights) and Italy (5.2 nights). The residents of Cabo Verde stayed an average of 2.6 nights in the country's hotel establishments during 2016.

Tourists from the UK also stayed the longest in the country

FOREIGN INVESTMENT

Foreign investment is regulated in the Cabo Verde Investment Law (Decree-Law No. 34/2013) and the Law of Industrial Development. According to them, there are few regulatory barriers to foreign investment, with the government looking for both private and foreign investment to drive the country's economic growth with a special focus on tourism, transportation services, renewable energy and export-oriented industries. These laws state that all investors, regardless of their nationality, have the same rights and are subject to the same duties and obligations under the laws of the country. This means that foreign investors receive the same treatment as national investors in terms of taxes, license approvals and registration, and access to foreign exchange. The aim of the local authorities is to promote a market-oriented economic model in the country.

There are few barriers to foreign investment, with laws stating that all investors, regardless of their nationality, have the same rights and are subject to the same duties and obligations

The Industrial Development Statute regulates the granting of incentives and simplifies the investment approval process. Moreover, the Code of Fiscal Benefits (Law No. 26/VIII/2013) establishes the principles and rules applicable to tax benefits, establishes the content and sets the corresponding rules for granting and monitoring these benefits. It foresees specific tax benefits for investments made in the industry sector provided that these are made under the Investment Law. Tax benefits available to the industry sector relate to Corporate Income Tax (CIT or IUR), Property Tax (IUP), Stamp Duty, and Customs Duties. Additionally, the investor has access to other tax incentives (not specific for industry sector), namely, the contractual regime for investment projects, job creation, donation regimes, internationalization and the International Business Centre.

The Code of Fiscal Benefits establishes the principles and rules applicable to tax benefits

Cabo Verde Investments (CI) is the government investment promotion agency. CI is the first point of contact for any investment in the country and offers the electronic platform "One Stop Shop of Investments" for the promotion, settlement and monitoring of all investments. The platform provides increased efficiency and effectiveness of the investment processes, improving understanding and communication between CI, its customers and other stakeholders, public and private entities, project developers of domestic and foreign

Cabo Verde Investments is the first point of contact for any investment and offers the electronic platform "One Stop Shop of Investments"

investments. The "One Stop Shop" also offers on a single platform the necessary services that were once provided through several institutions. The platform is an effort to improve the efficiency and de-bureaucratization of the investment process in the country, ensuring that it is completed within a maximum period of 75 days. Despite the improvements, investing in Cabo Verde remains a relatively slow process.

TRANSPARENCY AND DOING BUSINESS

Cabo Verde is considered a model country for much of Africa due to its transparency and good governance

Cabo Verde is considered a model country for much of Africa because of its transparency and good governance. In 2016, the country was ranked 38th (out of 176 countries) on Transparency International's Corruption Index, receiving a score of 59/100, and only trailed Botswana when compared with other African countries.

The country ranked 129th (out of 190 countries) in the World Bank's Doing Business Report for 2017

It was also ranked 129th (out of 190 countries) in the World Bank's Doing Business Report for 2017. This is better than the rankings of Angola (182), Gambia (145), Guinea (163), Guinea-Bissau (172), Mozambique (137), Senegal (147) as well as the average of Sub-Saharan Africa (142). As detailed below, Cabo Verde ranks favorably against these countries in areas such as "starting a business", "getting electricity", "registering property", "getting credit", "paying taxes", "trading across borders" and "enforcing contracts". On the other hand, it lags in other areas like "protecting minority investors" and "resolving insolvency".

WORLD BANK DOING BUSINESS REPORT

	Cabo Verde	Angola	Gambia	Guinea	Guinea-Bissau	Mozambique	Senegal	SSA Average
Ease of doing business (rank)	**129**	**182**	**145**	**163**	**172**	**137**	**147**	**142**
Starting a business (rank)	**100**	**144**	**168**	**133**	**176**	**134**	**90**	**125**
Number of procedures	8.0	8.0	7.0	6.0	8.0	10.0	4.0	7.8
Time (days)	11.0	36.0	25.0	8.0	8.0	19.0	6.0	26.4
Cost (% of income per capita)	14.7	27.5	125.2	77.7	36.9	18.0	62.7	51.4
Paid-in min. capital (% of income per capita)	0.0	0.0	0.0	13.6	295.7	0.0	4.7	33.8
Dealing with construction permits (rank)	**108**	**111**	**122**	**164**	**155**	**30**	**139**	**132**
Number of procedures	16.0	10.0	12.0	27.0	11.0	10.0	13.0	14.5
Time (days)	140.0	203.0	144.0	173.0	116.0	111.0	202.0	155.6
Cost (% of warehouse value)	4.1	0.6	2.2	1.9	13.4	3.5	7.6	7.6
Building quality control index (0-15)	10.0	6.0	4.5	8.5	6.5	11.0	10.0	7.3
Getting electricity (rank)	**142**	**171**	**154**	**160**	**182**	**168**	**162**	**150**
Number of procedures	7.0	7.0	5.0	4.0	7.0	7.0	6.0	5.3
Time (days)	88.0	145.0	78.0	69.0	455.0	91.0	75.0	120.4
Cost (% of income per capita)	1,026.9	1,195.7	3,569.1	6,636.4	1,519.8	2,509.0	3,822.3	3,872.5
Reliability of supply and transparency of tariff index (0-8)	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Registering property (rank)	**73**	**170**	**124**	**140**	**149**	**107**	**142**	**132**
Number of procedures	6.0	7.0	5.0	6.0	8.0	6.0	5.0	6.2
Time (days)	22.0	190.0	66.0	44.0	51.0	40.0	71.0	57.0
Cost (% of property value)	2.3	3.0	7.6	8.5	5.5	5.4	10.2	8.2
Quality of the land administration index (0-30)	10.0	7.0	8.5	5.5	3.0	9.5	10.0	8.4
Getting credit (rank)	**118**	**181**	**118**	**139**	**139**	**157**	**139**	**116**
Strength of legal rights index (0-12)	2.0	1.0	8.0	6.0	6.0	1.0	6.0	5.1
Depth of credit information index (0-8)	6.0	0.0	0.0	0.0	0.0	4.0	0.0	2.6
Credit registry coverage (% of adults)	20.0	1.9	0.0	0.0	0.1	5.3	0.6	7.1
Credit bureau coverage (% of adults)	0.0	0.0	0.0	0.0	0.0	0.0	0.6	7.7
Protecting minority investors (rank)	**162**	**81**	**165**	**145**	**137**	**132**	**137**	**127**
Strength of minority investor protection index (0-10)	3.7	5.5	3.5	4.0	4.2	4.3	4.2	4.4
Extent of conflict of interest regulation index (0-10)	4.0	5.3	4.0	4.3	4.7	5.3	4.7	4.9
Extent of shareholder governance index (0-10)	3.3	5.7	3.0	3.7	3.7	3.3	3.7	3.9
Paying taxes (rank)	**86**	**157**	**171**	**184**	**149**	**112**	**174**	**129**
Payments (number per year)	30.0	31.0	49.0	57.0	46.0	37.0	58.0	38.3
Time (hours per year)	180.0	287.0	326.0	440.0	208.0	200.0	441.0	304.2
Total tax rate (% of profit)	36.6	48.0	51.3	68.3	45.5	36.1	45.1	47.0
Postfilling index (0-100)	70.6	28.0	48.4	12.3	48.4	62.5	54.3	54.5
Trading across borders (rank)	**113**	**183**	**112**	**162**	**153**	**106**	**130**	**137**
Time to export: border compliance (hours)	90	240	109	72	67	78	61	104
Cost to export: border compliance (USD)	630	735	381	778	677	602	547	585
Time to export: documentary compliance (hours)	48	169	61	139	60	70	26	93
Cost to export: documentary compliance (USD)	125	240	183	128	316	220	96	227
Time to import: border compliance (hours)	60	276	87	91	72	14	53	145
Cost to import: border compliance (USD)	588	935	326	909	755	354	702	670
Time to import: documentary compliance (hours)	48	180	32	156	36	24	72	108
Cost to import: documentary compliance (USD)	125	460	152	180	384	171	545	321

Source: World Bank.

WORLD BANK DOING BUSINESS REPORT (Continued)	Cabo Verde	Angola	Gambia	Guinea	Guinea-Bissau	Mozambique	Senegal	SSA Average
Enforcing contracts (rank)	**43**	**186**	**107**	**115**	**164**	**185**	**144**	**131**
Time (days)	425.0	1,296.0	407.0	311.0	1,715.0	950.0	740.0	656.9
Cost (% of claim)	19.8	44.4	37.9	45.0	25.0	119.0	36.4	44.8
Quality of judicial process index (0-18)	8.0	4.5	5.5	5.0	8.0	9.0	6.5	6.4
Resolving insolvency (rank)	**169**	**169**	**117**	**113**	**169**	**65**	**101**	**123**
Number of years	no practice	no practice	2.0	3.8	no practice	1.5	3.0	3.0
Cost (% of estate)	no practice	no practice	14.5	8.0	no practice	20.5	20.0	23.1
Recovery rate (cents on the US$)	0.0	0.0	26.6	19.9	0.0	34.1	23.4	20.5
Strength of insolvency framework (0-16)	0.0	0.0	7.5	9.0	0.0	10.0	9.0	6.3

Source: World Bank.

COMPETITIVENESS INDICATORS

Cabo Verde's competitiveness has improved in recent years, but it still lags the middle-income country average. The latest report from the World Economic Forum (2016-17) showed that the country ranked 110th (out of 138 countries) in the global competitiveness index, scoring 3.8 points (out of 7). This is only a modest improvement from the previous report.

Cabo Verde also ranked 110th (out of 138) in the global competitiveness index

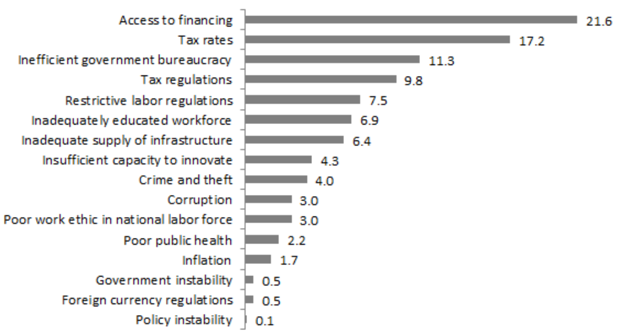
GLOBAL COMPETITIVENESS INDEX	2015-16 Rank / 140	Score (1-7)	2016-17 Rank / 138	Score (1-7)
Overall rank	**112**	**3.7**	**110**	**3.8**
Basic requirements (40%)	**92**	**4.2**	**89**	**4.3**
Institutions	66	3.9	71	4.0
Infrastructure	94	3.3	94	3.4
Macroeconomic environment	124	3.6	107	4.0
Health and primary education	51	6.0	58	5.9
Efficiency enhancers (50%)	**122**	**3.4**	**121**	**3.4**
Higher education and training	81	4.1	79	4.1
Goods and market efficiency	99	4.1	97	4.1
Labor market efficiency	125	3.6	116	3.7
Financial market development	111	3.4	112	3.4
Technological readiness	77	3.6	78	3.8
Market size	138	1.5	137	1.4
Innovation and sophistication factors (10%)	**104**	**3.3**	**105**	**3.3**
Business sophistication	106	3.5	108	3.5
Innovation	100	3.1	98	3.1

Source: World Economic Forum.

According to the World Economic Forum, there is significant room for improvement in areas like labor market efficiency, financial market development, business sophistication as well as innovation. The most problematic factors for doing business in the country were suggested to be access to financing, government bureaucracy, tax rates and complexity of the tax system and restrictive labor regulations. It is therefore critical the local authorities implement structural reforms aimed at improving the business climate to enhance competitiveness and attract private investment.

It is critical to implement structural reforms aimed at improving the business climate in order to enhance competitiveness and attract private investment

MOST PROBLEMATIC FACTORS FOR DOING BUSINESS



Source: World Economic Forum.

Disclaimer

This document has been prepared by Eaglestone Advisory Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and its affiliates ("Eaglestone"), and is provided for information purposes only.

The information and opinions in this document are published for the assistance of the recipients, are for information purposes only, and have been compiled by Eaglestone in good faith using sources of public information considered reliable. Although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading we make no representation regarding its accuracy or completeness, it should not be relied upon as authoritative or definitive, and should not be taken into account in the exercise of judgments by any recipient. Accordingly, with the exception of information about Eaglestone, Eaglestone makes no representation as to the accuracy or completeness of such information.

This document does not have regard to specific investment objectives, financial situation and the particular needs of any specific recipient. Recipients should seek financial advice regarding the appropriateness of investment strategies discussed or recommended in this document and should understand that the statements regarding future prospects may not be realised. Unless otherwise stated, all views (including estimates, forecasts, assumptions or perspectives) herein contained are solely expression Eaglestone's research department.

This document must not be considered as an offer to sell or a solicitation to buy any investment instrument and distribution of this document does not oblige Eaglestone to enter into any transaction. Nothing in this document constitutes investment, legal, tax or accounting advice. The opinions expressed herein reflect Eaglestone's point of view as of the date of its publication and may be subject to change without prior notice

This document is intended for is made to and directed at (i) existing clients of Eaglestone and/or (ii) persons who would be classified as a professional client or eligible counterparty under the FCA Handbook of Rules and Guidance if taken on as clients by Eaglestone and/or (iii) persons who would come within Article 19 (investment professionals) or Article 49 (high net worth companies, trusts and associations) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 and/or (iv) persons to whom this communication could otherwise be lawfully made in the United Kingdom or by respective home jurisdictions regulators for non UK countries. None of the investments or investment services mentioned or described herein are available to "private customers" as defined by the rules of the Financial Conduct Authority ("FCA"). It should not be disclosed to retail clients (or equivalent) and should not be distributed to others or replicated without the consent of Eaglestone. Eaglestone name and the eagle logo are registered trademarks.

Additional information is available upon request.

AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

CAPE TOWN - 22 Kildare Road Newlands 7700 - T: +27 21 674 0304

JOHANNESBURG -Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 105, 3rd Floor - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, nº 174, 4º andar S - T: +258 21 342 811

Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

EAGLESTONE SECURITIES

Business Intelligence
Caroline Fernandes Ferreira
(+351) 211 214 430
caroline.ferreira@eaglestone.eu

Research
Tiago Bossa Dionísio
(+351) 211 214 431
tiago.dionisio@eaglestone.eu