



altarius

ETI

NLA Real Estate ETI

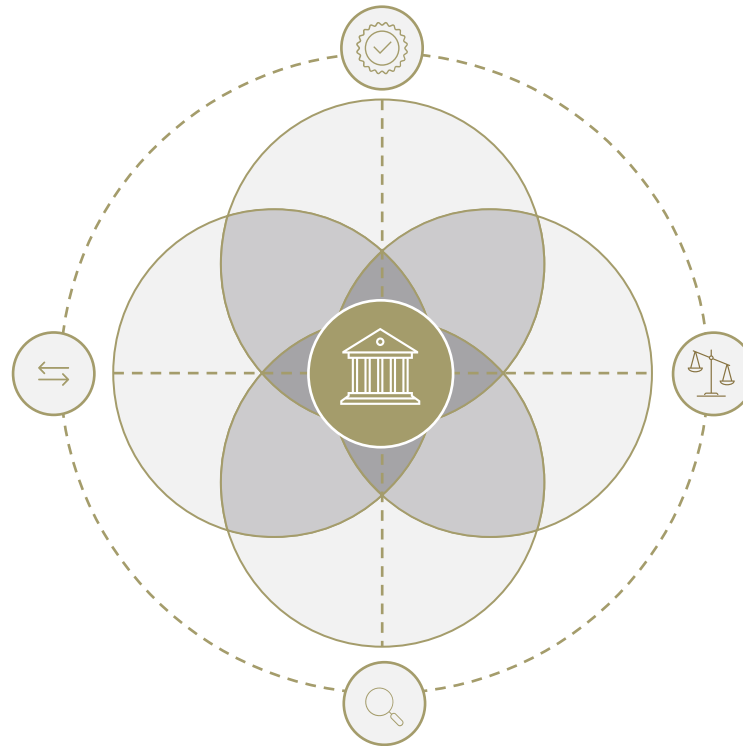
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Altarius ETI AG is a private limited liability company registered in Liechtenstein under company number FL – 0002.669.856-9. This document should always be read in conjunction with the Base Prospectus issued by the Issuer and approved by the Liechtenstein FMA on 14 June 2022 (the "Base Prospectus") together with supplements, if any, in order for the investor to obtain all relevant information for deciding whether or not to invest in the ETI Securities. The Base Prospectus has been approved by the Liechtenstein Financial Markets Authority (the "FMA") as the competent authority in Liechtenstein.

# Exchange Traded Instrument

With a distribution technology for every investment style or strategy. ETI growth continues to be driven by strong regulatory, demographic and structural headwinds.



*An Exchange Traded Instrument ("ETI") is, as the name suggests, a product traded on a regulated exchange. The regulatory framework ensures transparency, tradability and safety for market participants.*

# Discovering Real Estate Potential: Opportunities in Spain and Madrid

## Market stability and growth

The Spanish real estate market has remained resilient, showing steady growth supported by positive economic factors and increasing demand for properties. The robustness of the sector provides solid ground for investment and opens up opportunities for diversified investment strategies.

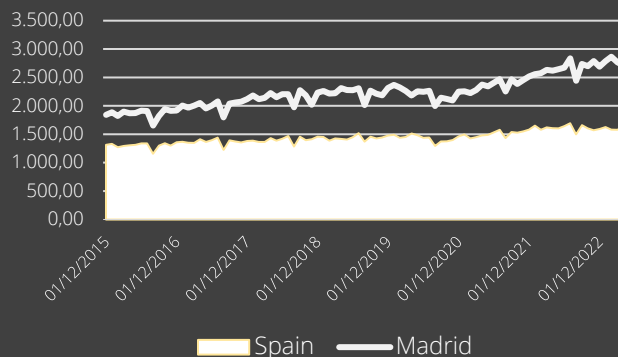
## Madrid as a focus

Madrid, with its dynamic economy and GDP growth, has proven to be an epicenter for real estate investment. High demand for housing, a growing population and its status as a center of commerce and culture make it an attractive target for real estate investment.

Distribution of Multifamily Investment (2022)  
By region

Madrid	Barcelona	Mál...	Val...
		7,93%	7,1...
46,53%	27,24%	Other	Se...
		6,98%	3,...
			0,...

Comparison of the average price of housing in Madrid in comparison with Spain as a whole.



## Investment opportunities in Madrid

The concentration of real estate assets in Madrid, as well as demographic and urban development trends, indicate significant investment opportunities. Investment opportunities in multi-family housing and fast-growing areas within the city represent areas of high yield potential.

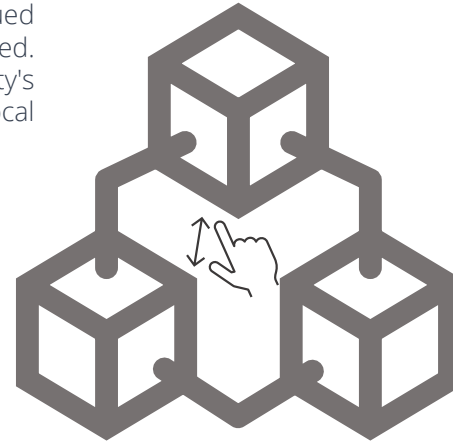
# Overview - House Flipping



**Identifying Investment Opportunities:** Undervalued properties with potential for capital appreciation are selected. Feasibility analysis includes assessment of the property's condition, location, and the economic prospects of the local market.



**Successful Sale Strategy:** After completing the refurbishment, the properties are positioned on the market at a competitive price, but below the adjusted market value. This strategy allows for faster asset turnover and profitability generation.



**Accelerated Investment Cycle:** The investment model focuses on accelerating the investment cycle, allowing for rapid capitalization on new opportunities and continuing to generate attractive returns for investors.



**Managing Budget Effectiveness:** The role of the portfolio manager is critical in the efficient management of costs. With meticulous standardization of processes, optimization of each stage of the process is essential to maximize ROI (Return On Investment).



**Value Added through Refurbishment:** The ARV (After Repair Value) of properties is raised through carefully planned and executed high quality renovations. Each improvement is selected based on a thorough analysis of recent comparable sales and market research, with the objective of maximizing return on investment. The choice of refurbishments is designed to appeal to a wide range of potential buyers, helping to ensure a quick and successful sale.

# Critical Review - Key Market Factors



## Supply and Demand Instability

The real estate scene in Madrid is characterized by a profound imbalance between supply, which is scarce, and robust demand. This asymmetry is a determining factor in price formation and market evolution.



## Economic Indicators

The Gross Domestic Product (GDP) of Spain and, in particular, of Madrid, are key macroeconomic indicators that correlate with the performance of the real estate market.



## Real Estate Market Take-up

The absorption rate (the speed at which properties are sold) in the Madrid property market is significant, which is indicative of sustained demand and a healthy market.



## Trends

Current investment trends show a strong orientation towards high quality and well-located assets, with an increasing focus on sustainability considerations.



## Housing Prices in Madrid

According to Tinsa's IMIE Local Markets Index, the average price per square meter of housing in Madrid increased to 3,576 euros/m<sup>2</sup> at the end of the first quarter of the year, a year-on-year increase of 3.8%.



## Institutional Framework and Policies

The market is underpinned by a solid institutional framework. However, certain regulatory policies are leading to a decrease in supply in the market.

# Trends and Challenges

## Boosting the Real Estate Market

*The Spanish real estate market has emerged as a preferred destination for international institutional capital, with high caliber institutions showing significant strategic commitment to the country.*

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Trends in house sales in Madrid since 2018- INE

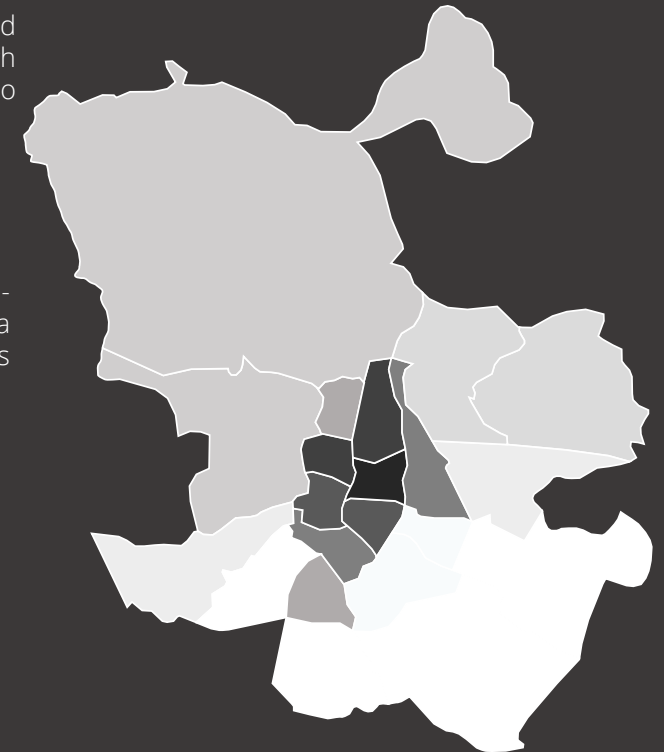
**+35%**

## Economic Indicators

The Spanish real estate market has emerged as a preferred destination for international institutional capital, with high caliber institutions showing significant strategic commitment to the country.

## Innovation in living spaces

Consumers are increasingly demanding high-quality, well-designed properties that offer functional value or create a connection with people. This shift in consumer expectations is driving innovation in property design and functionality.



Average price Housing Eur./m2	
Districts	
Salamanca	5495
Chamberí	5158
Chamartín	4795
City Center	4758
Retiro	4500
Arganzuela	4061
Moncloa	3900

# Epicenter of Population Growth and Housing Demand

Madrid, the capital of Spain, has experienced significant population growth, which has boosted the demand for housing in the city. This trend has strengthened Madrid's position in the Spanish real estate sector.

## Population growth in Madrid

Annual population growth of 0.56% in 2023, with an estimated population of 6,751,374 people.

Madrid is the third largest city in the European Union, after London and Berlin.

The Madrid metropolitan area, which includes 40 surrounding municipalities, has an estimated population of 6.5 million people.

## Demand for housing in Madrid

The demographic boom of the late 1990s and early 21st century, driven by the improving Spanish economy, has increased demand for housing in the city.

The unemployment rate in Madrid fell to 10.7% in April 2023, which could have an impact on people's ability to buy homes.





# Investment Strategy

NLA Real Estate ETI implements an investment strategy underpinned by the House Flipping business model, which focuses on the acquisition of residential properties at prices below their intrinsic value in the Madrid real estate market. This tactic benefits from the purchase of undervalued real estate assets, followed by high-quality renovations and a sale at prices below market rate.

The company's approach encompasses three fundamental aspects of the real estate business: acquisition, renovation and sale. Each segment of the investment process is supported by specialized departments, ensuring optimal efficiency at all stages of house flipping.

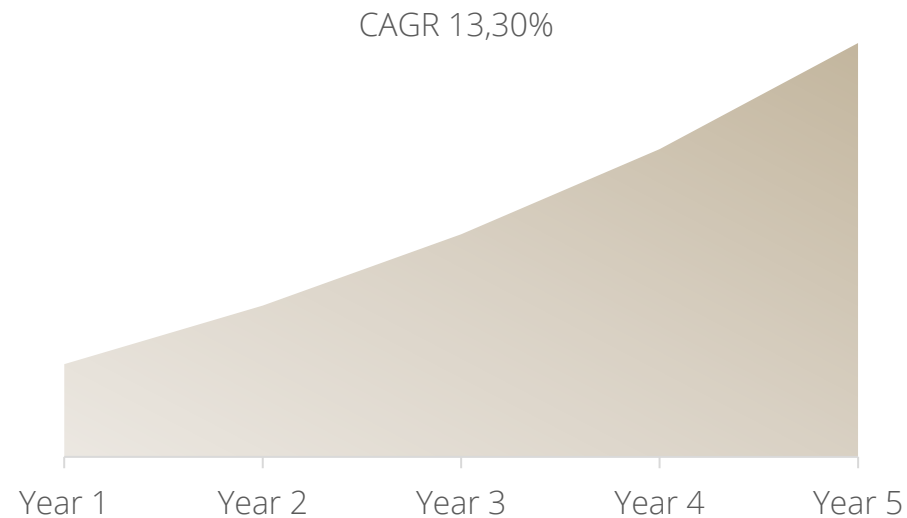
Thanks to its sufficient cash flow, the strategy is able to carry out cash purchase transactions, enabling it to acquire assets quickly and minimize financing complications. With its strong liquidity, the strategy has the ability to enter into cash acquisition transactions, allowing them to take advantage of market opportunities with agility and minimize exposure to financial risk. Once the property has been secured, the focus is on high quality renovations, applying strict cost management covering acquisition, improvement and disposal expenses, with the objective of optimizing the return on investment.

In addition, the strategy is constantly updated on real estate market trends to adapt to changing demands and take advantage of investment opportunities. This involves staying informed about changes in prices, market demand and real estate regulations, enabling them to make informed decisions and maximize the return on their investments.

ISIN	DE000A3G6GH4
WKN	A3G6GH
Bloomberg ID	[TBD]
Issuer	Altarius ETI AG
Investment Manager	Altarius Capital Limited
Underlying	NLA Real Estate Linked Note
Portfolio Manager	Llano Illana
Exchange	Börse Frankfurt
Base Currency	EUR
Offering	Public
Min. Trading Size	1 Unit
Issue Price	1.000,00
Pricing	Daily
Listing Date	11/12/2023

## Performance Scenario

Multiple scenario simulations have been conducted to analyze the potential performance of the strategy over a 5-year period, considering the specified investment parameters and market conditions. weighted compound annual growth rate.



It is important to highlight that this result has been generated taking into account several critical variables and represents the weighted compound annual growth rate as set out in the regulation of this instrument. It is the result we would expect to see given the current investment strategy based on estimates and applied at the large scale of the investment model.

# Investment Strategic Principles

The investment strategy takes a holistic approach to evaluating real estate opportunities, seeking those that meet clearly defined objectives.

## Geographical Focus

The strategy focuses on urban centers, in particular within the M30 in Madrid, where high growth potential and constant demand is identified.

## Seasonality

An investment period of 6 to 7 months is established, with the objective of rotating the portfolio 2 to 3 times a year. This approach allows for rapid adaptation to changing market conditions.

## Investment Backed Security

All investments are backed by real estate collateral, providing an additional layer of security for investors.

## After-Repair Value Strategy


After-Repair Value (ARV) is used as a key tool for evaluating investment opportunities. The objective is to select properties that, once improvements have been made, show a significant increase in market value that far exceeds the costs incurred in those improvements..

## Diversification

The importance of a diversified portfolio is emphasized. Investments cover a wide range of municipalities and asset classes. Furthermore, it is diversified over a price range from EUR 250,000 to EUR 1,500,000, with a maximum allocation of 30% per asset to mitigate risk.

# Elegibility Criteria

They represent the backbone of the investment strategy. These criteria, applied systematically, identify the investment opportunities with the greatest potential in the market and ensure that each selected asset is aligned with the strategic and performance objectives.

 **Location**  
Priority to properties within the M30 in Madrid

 **Acquisition Price**  
Range from 250,000 to 1,500,000 euros..



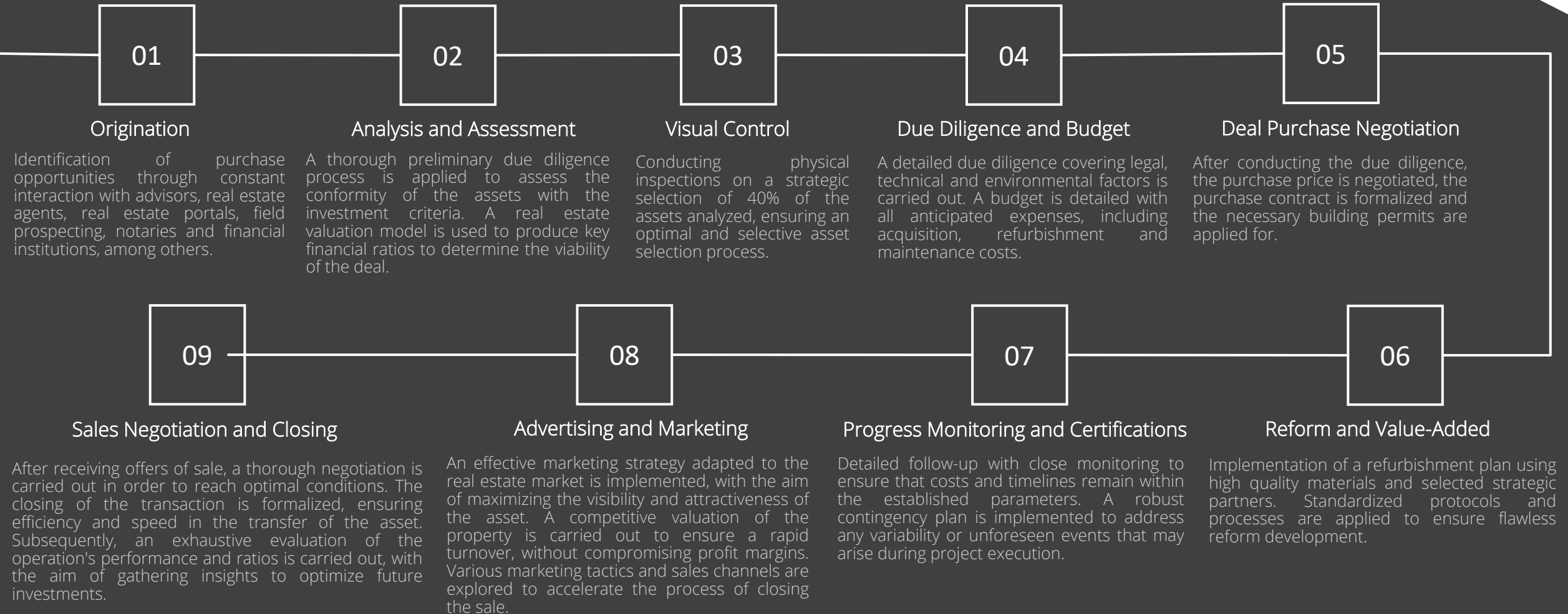
Additional Criteria for Selection

 **Qualitative Criteria**  
Number of floors, brightness, demand, condition of the property, refurbishment.

 **Quantitative Criteria**  
Dimensions, cost of refurbishment, number of rooms and bathrooms, common spaces, outdoor spaces, lift.



# The Key to Success: The Investment Process



# Management Team



José Luis Illana

Emilio Martinez

Javier Fdez-Palacios

Director

Risk Director

Investment Analyst

José Luis is a logistics and security expert with a solid 19-year track record, including roles at Prosegur and DHL Aviation. Until 2018, he held the position of Managing Director of Prosegur Cash. José Luis applies his vast experience in the financial sector as Director of Infocasas Consulting, becoming a trusted leader in the industry, where he has been providing value since 1995.

Emilio has more than 15 years' experience in the financial sector having worked in European and international financial entities. His role consists in designing and implementing the global risk management framework performing holistic investment and operational due diligence exercises of each strategy in order to identify the inherent and most material risk factors within the management framework. Emilio is qualified as FRM (Financial Risk Manager) by the Global Association of Risk Professionals.

Professional in Finance and Financial Markets, with a professional career in financial studies. He has experience in the areas of investment and analysis of investment strategies mainly in equity, fixed income, ETFs and funds. Additionally, he has extensive knowledge in the creation, structuring and efficient distribution of alternative management vehicles.

# Llano Illana

## Portfolio Manager

Llano Illana is an established company with more than 23 years of experience in the real estate industry, specializing in the dynamic Madrid market. Its team is made up of highly trained and dedicated professionals who share a common goal: to satisfy the demands and expectations of its clients.

With a focus on urban properties, the company is dedicated to the development, purchase, sale and construction of various real estate assets. It has extensive knowledge and experience of the Madrid property market, enabling it to offer specialized services tailored to the unique characteristics of this region.

With a reputation built on integrity and reliability, Llano Illana has earned the trust of numerous clients over the years. Its dedicated team of experts is always ready to provide insightful guidance and tailor-made solutions to meet needs.



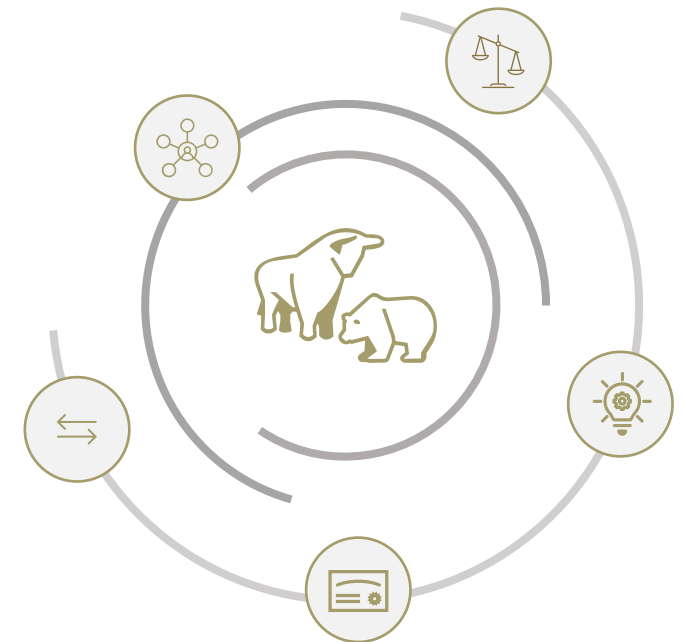
# Altarius ETI AG

## Issuer

Altarius ETI AG, as the issuer, focuses on the asset structuring practice based on the issuance of exchange-traded instruments and products. Our objective is to provide asset managers with an alternative structuring solution that enhances their management environment and strengthens their scope by eliminating the barriers that faced when launching an ETI.

The mission of Altarius ETI is to democratize access to investment by elevating alternative investments into exchange-traded instruments, making us a European leader in exchange-traded products (ETIs). We are the only provider in Europe to offer physical replication of leveraged and inverse ETPs.

Altarius ETI issues innovative investment products that allow investors to access market or strategy returns that would otherwise be difficult to access through conventional listed securities.





## Stakeholders



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