EDISON

Secure Property

Acquisition update

Significant growth and diversification

Real estate

The past three months have seen substantial progress in SPDI's strategy for cash-generative growth and diversification of its property portfolio within the South-East Europe region. It has completed the acquisition of c US$20m of income producing assets, with a further US$20m due to complete imminently. Subject to that last completion, these three transactions (two in Romania and one in Greece) should more than double annualised net operating income from the 2013 level to c US$7.5m. The emergence of positive cash flow provides the base for the further substantial acquisition-led growth that management seeks, funded by new equity and debt.

Year end	NOI (US$m)	PBT* (US$m)	EPS* (c)	DPS (US$)	NAV/share (c)	NAV/share (p)	Discount to NAV (%)
12/12	1.6	(3.8)	(32.8)	0.0	267	167	66
12/13	2.9	(1.8)	(6.8)	0.0	162	101	44
12/14e	4.3	(1.2)	(3.6)	0.0	146	91	38
12/15e	7.6	1.5	3.0	0.0	149	93	39

Note: *PBT and EPS (fully diluted) are normalised, excluding valuation movements, exceptional items and FX. NAV is fully diluted and converted at US$1.60/£.

Acquisition activity accelerating

During 2014, SPDI has acquired a logistics centre in Romania (in May, with Nestle as the major tenant), an office building (fully let to Danone Romania), a residential portfolio (also in Romania), and expects to soon complete on a well let logistics park in Athens (with Kuehne + Nagel as the anchor tenant). All of the assets are income producing and cash generative, with SPDI's equity investment provided by cash and a recent US$1.3m equity placing at 70p per share. On a pro forma basis, the Ukraine share of annualised net operating income (NOI) will drop below 40% and the share of property asset value in Ukraine should fall below 50%.

H1 rental income robust

In 2013, SPDI's only income producing asset was the Terminal Brovary logistics warehouse on the outskirts of Kiev. Despite the crisis in Ukraine and the c 50% ytd decline in the UAH vs the US dollar, the H1 P&L and balance sheet impacts were contained. Rent income at Brovary was robust, supporting H1 NOI of US$1.9m (H213 US$1.8m) including a five-week contribution from Innovation. We have lowered 2014 estimates, mainly reflecting later acquisition completions and temporarily higher costs than we had assumed (see page 4). H1 Ukrainian property values were held at 2013 levels with an external review due at year end.

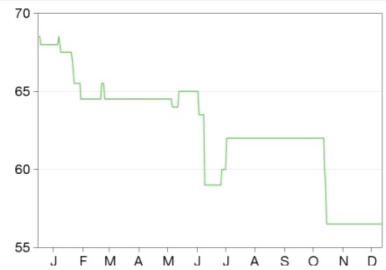
Valuation: Cash-generative acquisition strategy

Our revised estimate for operating cash flow after debt costs is 2.4p in 2016 (2.5% of opening NAV). From this base, SPDI targets significant cash-generative growth. The discount to NAV (38%) provides support, but future acquisitions will require equity issuance, with likely NAV per share dilution. A resolution of the Ukrainian situation should be positive for near-term sentiment and longer-term prospects in respect of the Ukraine assets, although their share is likely to decline further.

15 December 2014

Price	**56.5p**
Market cap	**£19m**
	US$1.60/£
Net debt (US$m) at 30 June 2014	21.2
Shares in issue	33.9m
Free float	15%
Code	SPDI
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	(8.9)	(17.5)
Rel (local)	4.3	(2.5)	(16.1)
52-week high/low		70.25p	59.00p

Business description

Secure Property (SPDI) is a Central and South-East Europe-focused property investor and developer. Its portfolio comprises recently acquired income producing assets in Greece and Bulgaria as well as an income producing logistics park (Kiev), and four development sites in Ukraine. Annualised NOI has reached c US$7.5m.

Next events

AGM	30 December 2014
2014 results	March 2015

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Edison profile page

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Cash-generative growth and diversification

Management believes that with many European real estate investors focused on prime assets in core Western and Central European markets since the financial crisis, attractive opportunities remain within the South-East European markets. Prime real estate values are yet to fully recover from the global financial crisis and provide attractive yields (ungeared net initial yields of c 10%) and risk-adjusted return potential (supported by good-quality tenants and capital appreciation potential). Under new management since late 2011, SPDI's strategy was first to consolidate the existing assets in Ukraine and then to use this as a base to pursue growth and diversification across South-East European markets, investing in rented, income-producing assets or developing pre-let property. The growth and diversification strategy has developed rapidly during 2014, starting with the completed acquisition of the Innovation logistics park in Romania in May, and followed by three significant agreements over the past three months (one still to complete) to acquire additional immediately income-producing assets.

The three acquisitions since 30 June, at an aggregate cost of €31.5m (c US$41.0m), will add c US$3.0m to annualised NOI, taking it to c US$7.5m (c US$2.9m in 2013). Management expects no increase in underlying group overheads from the acquisitions, which after financing costs should add significantly to cash flow. On page 6 we illustrate the potential impact on cash flow per share from further acquisitions at current market yields.

Recent developments

Since our initiation note was published at the end of July, SPDI has reported interim results, has entered into the three property transactions (two have completed and one is due to complete imminently), and has raised c US$1.3m in equity funding by way of a share placement at 70p per share.

Interim results

The main features of the interim results were:

- Net operating income (after deducting property operating expenses) increased to US$1.6m, from US$1.5m in H213 and US$1.4m in H113.
- Driving NOI was operational income (rent, service charges and utilities income), which increased to US$1.9m versus US$1.8m in each of H113 and H213. The H114 Innovation acquisition (annualised operational income of c US$1.7m) contributed only from 23 May 2014. The recently announced transactions will partially affect H214 and fully affect 2015.
- Administrative expenses (US$2.1m) increased significantly versus H113 (US$1.4m), but less so compared with H213 (US$1.9m). Management indicates a temporary and unusual level of expenses related to some of the legacy Ukrainian issues. Other non-recurring income and expense items had only a minimal impact.
- The acquisition of Innovation at slightly below the fair net asset value of US$7.4m generated a small accounting gain of US$0.5m.
- The devaluation of the Ukrainian hryvnia functional currency versus the US dollar reporting currency (by c 40% during the period) had a significant positive effect in terms of the fair value gains on investment property (constant in US dollar terms) and a negative effect in terms of loan balances (both inter-company and the EBRD facility). These substantially netted out in the H1 P&L to a negative impact of US$1.9m, or 3.5% of the NAV at 31 December 2013.
- The board's estimated US dollar fair value of the investment properties at 30 June 2014 is the same as that provided by the external valuer, CBRE, at 31 December 2013. The external

valuation occurs annually and the board considers that in view of the linkage between rents and the US dollar, these values remain appropriate.

- Interest expense on the main (US$13.9m) EBRD loan was broadly similar to the prior year period and tax expense was minimal.
- Mainly due to the net €1.9m FX loss, the net loss for the period was US$2.6m (H113 US$0.6m loss and H213 US$0.4m profit). We estimate that the adjusted net loss (excluding fair value movements, FX gains/losses, and non-recurring other income and expenses) was US$0.8m (H113 US$0.8m loss and H213 US$1.2m loss).
- Fully diluted NAV per share at US$1.54 was c 10% lower than a year earlier and down c 5% from 31 December 2013.

Agreement to acquire a 17,756sqm warehouse in Athens

On 11 August SPDI reached a binding agreement to acquire an income producing asset located in the West Attica Industrial Area in Athens. The property is a logistics park with warehouse space, and includes an alternative (solar) energy production facility installed on the roof of the warehouse. In all, the complex comprises 17,756sqm of leasable space and is fully let, producing NOI of c €1.5m, which includes c €350k of contractual income from selling its electric production to the Greek Electric Grid. The leasable space is fully let with 71% leased to German multinational logistics company Kuehne + Nagel. All leases have a remaining term of at least 11 years.

Management anticipates completion imminently and we have conservatively assumed a year-end completion in our estimates. Completion has required the separation of the asset from the vendor G.E. Dimitriou A.E.E. and its transfer to a newly formed entity, ownership of which will then be transferred to SPDI. The consideration is €2m, payable in cash, reflecting an agreed value for the complex of €15m and assumed debt of €13m. The terms of the debt have not been given. We have assumed this to be 445bp over three-month EURIBOR, similar to the disclosed rate on the Innovation financing.

Acquisition of an office building in Bucharest

Later in August, SPDI reached another binding agreement for the acquisition of EOS Business Park, a fully let, income-producing office building in Bucharest, Romania. The property is the local headquarters for Danone, the multinational French food producing company, and is situated next to Danone's factory to the north-east of Bucharest. The park consists of 3,386sqm of leasable office space, plus 90 parking spaces, and is fully let to Danone Romania until 2026. It generates NOI of c €600k per year. The consideration is €5.85m, partly payable from SPDI's own cash resources and the balance of c €4m in debt. The terms of the debt have not been given, but as with the Athens acquisition we have assumed this to be 445bp over three-month EURIBOR, similar to the disclosed rate on the Innovation financing. The acquisition completed on 5 November and is included in our forecast from this date.

Acquisition of a Bucharest residential portfolio

On 3 September SPDI announced the agreed acquisition of a residential portfolio in Bucharest, Romania. The portfolio has gross assets of c €10.5m based on externally assessed fair value, and when adjusted for debt, a net asset value of €3.3m. It consists of 122 apartments in four residential development projects, totalling 11,700sqm, spread across a number of different residential areas of Bucharest. 87 of the units are rented (portfolio occupancy is 71.3%), generating recurring NOI of c €270k. Additional rental income from the currently unoccupied properties is possible, as well as sales revenue from both occupied and unoccupied units. The terms of the debt attached to the acquired assets have not been given.

SPDI acquired the properties through a share exchange with all of the investors in a property company, Secure Investments II. Secure Investments II has effectively become a subsidiary of SPDI and its investors have all accepted new shares in SPDI with a lock-up of 12 months on 50% of the shares and 18 months on the balance. SPDI welcomes what it says are a group of experienced property investors, including family offices and institutions, that support its expansion strategy.

Lambros Anagnostopoulos (CEO of SPDI) and Constantinos Bitros (CFO of SPDI) each have a small interest in the acquired assets, in aggregate less than 5% of the total.

3.9m new shares were issued, effectively valuing the €3.3m of acquired net assets at 74p per share. Under AIM rules the acquisition is a related-party transaction and SPDI's board has received the advice of its nominated adviser, SP Angel Corporate Finance LLP, and has unanimously agreed (with Lambros Anagnostopoulos abstaining from voting) that the terms of the transaction are fair and reasonable insofar as SPDI's shareholders are concerned.

$1.3m equity placement

On 7 November SPDI announced the completion of a placing of 1.2m new ordinary shares (c 4%) with a new investor at 70p per share, to raise c US$1.3m. As well as introducing a new shareholder, the placing provides additional capital towards the recent transactions. At 30 June, SPDI held cash of US$4.2m with debt (including finance lease obligations) of US$25.4m. Our estimates include H214 debt taken on with the Bucharest office building (fully let to Danone) of US$5.25m, the Athens warehouse (main tenant Kuehne + Nagel) of US$16.3m, and debt acquired with the Bucharest residential portfolio of US$8.6m. Cash outlay on the acquisitions is US$2.3m for the Bucharest office building, and US$1.25m for the Athens warehouse (with US$1.25m deferred to H115). The Bucharest residential transaction was settled with shares. We estimate end 2014 cash at US$1.3m.

Estimate revisions

In Exhibit 1 we show our old and revised estimates. The main impact on our 2014 estimates is that acquisitions have been completed later in the year than our original assumptions, and therefore contribute less. This impact unwinds in 2015 and 2016, when all recent acquisitions will contribute for a full period (we assumed that the Athens warehouse acquisition completes by year end 2014). The residual impact in 2014 and 2015 comes from changes to our underlying estimates, including negative FX translation effects of previously assumed euro-based NOI, lower future cash costs, and the increased share count from the recent share placing (not in our original base forecast).

Exhibit 1: Estimate revisions

	NOI (US$000s)			PBT (US$000s)			EPS (US$)			NAV/share (c)			NAV/share (p)		
	Old	New	% change	Old	New	% change	Old	New	% change	Old	New	% change	Old	New	% change
2014e	4,795	4,298	-10%	(202)	(1,229)	508%	(0.5)	(3.6)	612%	165	146	-11%	97	91	-6%
2015e	7,864	7,570	-4%	1,357	1,465	8%	3.3	3.0	-10%	168	149	-11%	99	93	-6%
2016e	8,023	7,665	-4%	1,500	1,810	21%	3.6	3.7	2%	172	153	-11%	101	95	-5%

Source: Company data, Edison Investment Research

H1 net operating income (NOI) was largely generated by the Terminal Brovary logistics property, with a five-week contribution from the Innovation logistics park acquisition (Bucharest, Romania), completed on 23 May 2014. Brovary, located on the outskirts of Kiev, has not been exposed to civil disturbance and its warehouse space (90% of the total, with a small amount of vacant associated office and mezzanine space) remains 100% let. This is mainly to international tenants and rents are directly linked to the US dollar. At the end of 2013 the average unexpired lease length was just under three years, with the largest tenant accounting for c 27% of rental income. We estimate that in US dollar terms, Brovary NOI was broadly similar to H213 (down c 5%), implying that much of the UAH decline versus the US dollar has indeed been passed through to rents.

Administrative expenses were somewhat above the level implied by our previous full year forecasts (c US$2.1m versus a full year forecast of US$3.2m), which we understand to include temporarily higher costs related to some of SPDI's legacy issues. We expect this to largely normalise in H2, and we now forecast US$3.8m in administrative expense for the year (an implied US$1.7m in H2). For 2015 we look for £3.1m.

Within administrative expenses, depreciation is running at lower levels than we had expected, and hence cash expenses are correspondingly higher. This is reflected in our operating cash flow forecasts.

Our revised estimates show SPDI's net operating cash flow to be positive in H214 (US$1.0m versus a negative US$2.0m in H1) and more substantially so in 2015 (US$4.1m) and 2016 (US$4.3m). 2014 cash flow after net financing costs (c US$2.8m) is negative but is forecast to be positive in 2015 and 2016 (c US$1.1m/2.8c per share and c US$1.5m/3.8c per share respectively).

We have allowed for c US$1.7m of debt amortisation in 2015 and c US$1.9m in 2016. 2016 will also see US$1.0m set aside in escrow in relation to the amortising EBRD loan facility. For this reason, despite increasingly positive net operating cash flow after interest costs, we anticipate some further need for financing (c US$1.5m pa during 2015 and 2016). This may be achieved through external fund-raising (equity or debt) or by refinancing some of the paid down debt at higher levels. In the longer term we expect this gap to be closed by additional cash accretive acquisitions. Our model categorises the EBRD loan facility as non-current debt at the end of 2014, following management's belief that this will be concluded imminently.

Our forecast for net debt at the end of 2016 is US$52.4m, or c 50% of property assets (including properties under construction) and c 89% of shareholders' equity. Our estimate of EBITDA for 2016 is US$4.7m, giving interest cover of 1.64x.

On a pro forma basis, we estimate that non-Ukraine property assets (Greece, Romania) will account for 46% of the total (assuming completion of the Athens warehouse) and 37% of property NOI.

We have not assumed any revaluation impacts, either for the newly acquired assets (more likely to be positive) or for the legacy Ukrainian assets (likely to be negative in our view). In 2013, SPDI appointed CBRE (Ukraine) as its valuer. The appraisal values as at 31 December 2013 were determined using a range of valuation techniques, and management believes that carried values at year-end were conservatively set. These same valuations were carried at H114, considered fair by the board of SPDI, but CBRE will conduct a formal valuation at year end. Despite the linkage of Brovary rents to the US dollar, the weakness of the economy and ongoing political uncertainty may well have a negative impact on the Ukrainian valuations in our view. Over the medium term, it is unclear how quickly the situation in the Ukraine will improve and how tenants may react. The expected weakness of the economy and the implied local currency price increases of imported goods should be expected to affect the underlying business of the tenants for as long as current conditions prevail, but their occupancy strategy in relation to Brovary is likely to meanwhile be determined by their longer-term views on the Ukraine situation. The share price discount to NAV arguably discounts that risk, especially if the more recent acquisitions can provide some positive offset. In October, the World Bank forecast that the Ukraine economy will shrink c 8% in 2014 and a further 1% in 2015. Meanwhile, the newly installed ministers for economy and finance are pledging to enact reforms that will lead to resumed growth by 2016.

By way of illustration, we estimate that a 10%/20% decrease in the value of the Ukraine property assets (investment properties and investment properties under construction) would reduce 2014 shareholders' equity by c 8.6%/17.2%, US$4.9m/US$9.8m, or c 12.8c/25.6c per share (7.6p/15.2p). Meanwhile, a 10% increase in the value of the non-Ukrainian property assets would increase 2014 shareholders' equity by c 9.2%/18.4%, US$5.7m/US$11.4m, or c 14.7c/29.4c per share

(9.2p/18.4p). Our P&L forecasts for 2015 assume unchanged NOI (unchanged occupancy and US dollar rents) at Brovary, and 2% pa growth in NOI at the other non-Ukrainian income producing assets.

Management targets significant cash-generative acquisitions

Management intends to seek significant additional cash-generative acquisitions and believes it has the opportunity over time to build a company with more than US$400m in gross assets (2014e: US$116m). Clearly this will depend on access to additional equity and debt funding. In Exhibit 2 we illustrate the impact of an incremental US$25m acquisition at an ungeared net initial yield of 10%. Equity is assumed to represent 40% of the acquisition cost and newly arranged debt 60% at an assumed 5% interest rate. Incremental corporate and administrative expenses are assumed to be minimal, in line with management's guidance that it could support a business of more than US$400m in assets with c US$5m of expenses (2015e US$3.1m). The assumed tax rate of 15% represents a broad average of rates applicable in Romania, Bulgaria and Greece.

Exhibit 2: Illustration of cash flow and net asset per share impact of US$25m acquisition

	US$000s
Rental Income	2,500
Utility and Property expenses not recovered by tenants (1.5%)	(38)
NOI	2,463
Property maintenance (1.0%)	(25)
Corporate admin and opex expenses	(125)
Interest expense	(750)
Cash flow before tax	1,563
Tax	(234)
Tax rate	15%
Cash flow after tax	1,328
Cash return on cash equity	13.3%
Forecast operating cash flow after financing costs	1,475
Operating cash flow after financing costs (inc US$15m acquisition)	2,803
Acquisition costs	25,000
Equity (40%)	10,000
Debt (60%)	15,000
Interest rate	5%
Net initial yield	10%
Equity issued (US$)	10,000
$/£	1.60
Equity issued (£)	6,250

Source: Company data, Edison Investment Research. Note: US$1.60/£.

In Exhibit 3 we illustrate how the above acquisition would affect our current operating cash flow per share estimates and NAV per share estimates, for a range of potential equity issuance prices. Because of the immediately cash-generative nature of the illustrated acquisition, cash flow per share is significantly enhanced in each case. At the range of share issuance prices illustrated, the NAV per share is diluted; at higher share prices the dilution is reduced.

Due to the reduction in our current structure cash flow forecasts (mainly due to our reallocation between depreciation and cash costs discussed above), the accretion to cash flow per share from the illustrated acquisition is higher than previously forecast.

Exhibit 3: Per share impact of illustrated US$25m acquisition on 2016 estimates				
Issuance price (p)	**45**	**50**	**55**	**60**
2016e forecast operating cash flow after financing costs (US$m)	1,475	1,475	1,475	1,475
Operating cash flow after financing costs (inc US$25m acquisition) (US$m)	2,803	2,803	2,803	2,803
2016e forecast operating cash after financing costs per share (p)	0.24	0.24	0.24	0.24
Operating cash after financing costs per share, inc US$25m acquisition (p)	0.33	0.34	0.35	0.36
2016e forecast NAV per share (p)	95	95	95	95
NAV per share inc US$25m acq. (p)	82	84	86	88
Cash flow per share accretion	40%	44%	47%	50%
NAV per share dilution	-14%	-12%	-10%	-8%

Source: Company data, Edison Investment Research. Note: US$1.60/£.

Valuation: NAV support, but cash generation is key

In our view, it is the potential for SPDI to build further upon its growing, income-producing asset base that will drive returns for shareholders. Our forecasts already show a move to positive operational cash flow in H214 and positive earnings in 2015, the first full year for the new income-producing assets. Our revised forecast of 2.4p fully diluted operating cash flow per share for 2016 is equivalent to a c 2.5% return on opening NAV. As we show above, further purchases of assets should be capable of generating positive operating cash flow in their first year of ownership and are capable of significantly enhancing earnings and cash flow per share, even if further equity issuance is likely to dilute NAV per share. That should in due course deliver sufficient funds for distribution and enable SPDI to hold assets for income pending exit opportunities over three to five years if market capitalisation rates display the decline that management expects. As noted above, we have assumed no change in the value of Ukraine assets (with US dollar denominated rental streams), although in our view these are likely; nor have we assumed any revaluation of the assets to be acquired, although management believes this is likely given its observation that market-wide capitalisation rates imply a fair value for the assets that is above the prices to be paid.

Given continuing low interest rates, strategies aimed at exploiting the margin between the attractive yields that can be earned on good-quality real estate let to sound tenants and financing costs, to generate cash returns available for shareholder distribution, are still finding favour. We note a number of examples in developing European markets where yields of 5-7% are associated with very small discounts to NAV or even premiums.

Sensitivities: Financing new investment

We highlight below a number of sensitivities that could have a significant bearing on our earnings and cash flow forecasts for SPDI as well as net asset value.

- SPDI has reported that both the EBRD and Bank of Cyprus have agreed to amend the terms of existing (US$15.0m) debt, but that the transaction is still awaiting formal signing. Management believes this may happen imminently, after a purely procedural delay. Our forecasts also assume a successful conclusion of the restructuring, but this is not certain. If not concluded, it would imply a significant financing issue for the group and it is beyond the scope of this note to speculate how its future might develop.
- Our estimates assume the completion of the Athens warehouse acquisition and if this should not happen, both profits and cash flow will be lower than we have estimated. Looking forward, the successful execution on SPDI's strategy to build a leading regional property company and further enhance free cash flow significantly depends on acquisitions, requiring access to new assets, equity and debt on suitable terms.

- The 2013 property valuations in the balance sheet were struck by the external valuer (CBRE, Ukraine) at the end of 2013 and were held constant at H114 despite continuing political and economic uncertainty in Ukraine. The H1 valuation was based on the board's assessment of fair value and a formal valuation will occur at the year end. We have assumed no change in the value of Ukraine assets (with US dollar-denominated rental streams), although in our view these are likely; nor have we assumed any revaluation of the assets to be acquired, although management believes this is likely given its observation that market-wide capitalisation rates imply a fair value for the assets that is above the prices to be paid. A sensitivity analysis of the impact of positive and negative property valuation movements on NAV per share is shown on page 5.
- Ukraine's economy is facing significant near-term political and economic challenges. However, assuming completion of the Athens warehouse acquisition, we estimate that the Ukraine share of annualised income will fall to below 40% and its share of the property assets will fall to below 50%.
- Target investments are in less transparent/liquid property markets. That increases the risk of volatility in asset and to a lesser extent rental values. In order to limit exposure to factors outside management's control the investment focus is on Grade-A assets and blue-chip tenants.
- Results are reported in US dollars, but the shares (and possible future distributions) are quoted in sterling. Operational foreign exchange risk is managed by setting all underlying rents and expenses in euros or US dollars to hedge local currency exposure.
- The auditors draw attention to a risk that SPDI could lose its right to some of its development sites if development is not undertaken according to an agreed schedule. At 31 December 2013, development site assets were US$23.4m in total but management indicates that the risks are remote (it continues to pay c US$0.25m pa in licences) and argues that this situation applies to only two of the sites where it owns less than 100%, with aggregate exposure (after minority interests) of c US$6m.
- Assets include c US$5m in respect of a pre-payment for an aborted acquisition. The new management team has been engaged in litigation to secure legal ownership of the site in Kiev by way of collateral and reports that it has recently received a favourable court ruling that will enable it to shortly establish clear legal ownership of the site.

Exhibit 4: Key P&L data (US$000s)

Year end December	2012	2013	2014e	2015e	2016e
Revenue - rent, service charges & utilities	2,121	3,609	5,204	9,012	9,018
Investment property operating expenses	(554)	(721)	(906)	(1,442)	(1,353)
Net operating income	1,567	2,887	4,298	7,570	7,665
Administration expenses	(3,242)	(3,288)	(3,825)	(3,101)	(3,001)
Other income, net (inc gain on acquisition)	524	658	513	0	0
Operating Profit before valuation gains/(losses)	(1,152)	258	986	4,469	4,664
Valuation gains/(losses)	3,452	843	0	0	0
Investment property gains derived from functional currency devaluation	0	0	18,123	0	0
Operating Profit	2,301	1,101	19,109	4,469	4,664
Net Interest	(2,155)	(1,374)	(1,702)	(3,004)	(2,854)
FX gains/(losses)	0	268	(19,993)	0	0
Profit Before Tax (FRS 3)	145	(5)	(2,586)	1,465	1,810
Tax	(84)	(167)	(34)	(293)	(362)
Minorities	70	(14)	38	0	0
Profit After Tax (FRS 3)	132	(185)	(2,583)	1,172	1,448
Adjusted earnings:					
PBT (IFRS3)	145	(5)	(2,586)	1,465	1,810
Adjust for:					
Valuation gains/(losses) from investment property inc FX	(3,452)	(843)	(18,123)	0	0
Other FX gains/(losses)	0	(268)	19,993	0	0
Other income, net	(524)	(658)	(513)	0	0
Normalised PBT	(3,831)	(1,775)	(1,229)	1,465	1,810
Tax	(84)	(167)	(34)	(293)	(362)
Minorities	70	(14)	38	0	0
Normalised net profit	(3,845)	(1,955)	(1,226)	1,172	1,448
Closing Basic Number of Shares Outstanding (m)	11.1	28.2	33.9	33.9	33.9
Closing Fully Diluted Number of Shares Outstanding (m)	12.7	32.2	38.7	38.7	38.7
Average Basic Number of Shares Outstanding (m)	10.2	24.8	28.2	33.9	33.9
Average Fully Diluted Number of Shares Outstanding (m)	11.7	28.8	34.5	39.5	39.5
EPS - normalised (c)	(37.9)	(7.9)	(4.3)	3.5	4.3
EPS - normalised and fully diluted (c)	(32.8)	(6.8)	(3.6)	3.0	3.7
EPS - (IFRS) (c)	1.3	(0.7)	(9.2)	3.5	4.3
Op. cash after net interest expense/share (c)	(36.3)	(8.1)	(8.2)	2.8	3.8
Op. cash after net interest expense/share (p)	(22.7)	(5.0)	(5.1)	1.8	2.4
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0
NAV per share - basic (c)	305	185	167	170	175
NAV per share - fully diluted (c)	267	162	146	149	153
NAV per share - basic (p)	191	116	104	106	109
NAV per share - fully diluted (p)	167	101	91	93	95
US$/£	1.60	1.60	1.60	1.60	1.60

Source: Company data, Edison Investment Research

Exhibit 5: Key balance sheet and cash flow data (US$000s)

Year end December	2012	2013	2014e	2015e	2016e
Fixed Assets	52,679	53,743	110,926	111,057	111,189
Investment properties	39,230	39,600	96,676	96,776	96,877
Investment property under construction	8,353	9,000	9,000	9,000	9,000
Prepayments made for investments	5,000	5,000	5,000	5,000	5,000
VAT non-current	0	0	0	0	0
Property plant & equipment	96	143	78	109	140
Long term assets	0	0	172	172	172
Current Assets	5,705	18,292	5,448	4,920	4,805
VAT & other tax receivables	4,256	3,637	2,255	2,255	2,255
Other prepayments & other current assets	1,192	1,322	1,928	1,928	1,928
Cash & equivalents	256	13,333	1,265	738	623
Current Liabilities	(20,018)	(17,132)	(12,579)	(12,738)	(14,240)
Interest bearing borrowings	(16,564)	(15,277)	(9,509)	(11,009)	(12,509)
Trade & other payables	(2,562)	(1,075)	(2,517)	(1,176)	(1,176)
Taxes payable	(530)	(584)	(280)	(280)	(280)
Provisions	(335)	(164)	(111)	(111)	(111)
Finance lease liabilities	(28)	(32)	0	0	0
Deposits from tenants	0	0	(162)	(162)	(165)
Long Term Liabilities	(3,436)	(1,632)	(46,210)	(44,484)	(41,552)
Interest bearing borrowings	(1,778)	0	(35,131)	(33,511)	(30,677)
Finance lease liabilities	(566)	(534)	(10,047)	(9,941)	(9,835)
Trade & other payables	(665)	(663)	(443)	(443)	(443)
Deposits from tenants	(428)	(435)	(589)	(589)	(596)
Net Assets	34,930	53,271	57,583	58,755	60,202
Minorities	(1,039)	(1,063)	(1,026)	(1,026)	(1,026)
Shareholders' Equity	33,891	52,208	56,558	57,729	59,177
CASH FLOW					
Operating Cash Flow	(2,878)	(1,178)	(770)	4,396	4,690
Net Interest	(1,127)	(1,032)	(1,808)	(3,004)	(2,854)
Tax	(247)	(107)	(376)	(293)	(362)
Capex	(199)	(236)	(101)	(150)	(150)
Acquisitions/disposals	0	0	(30,759)	(1,250)	0
Financing	2,354	17,045	1,259	0	0
Dividends	0	0	0	0	0
Other (inc debt acquired on acquisition of subsidiary)	(843)	1,677	(18,360)	0	0
Net Cash Flow	(2,940)	16,170	(50,913)	(301)	1,325
Opening net debt/(cash)	(15,739)	(18,679)	(2,509)	(53,422)	(53,723)
Other	0	0	0	0	0
Closing net (debt)/cash	(18,679)	(2,509)	(53,422)	(53,723)	(52,399)

Source: Company data, Edison Investment Research

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