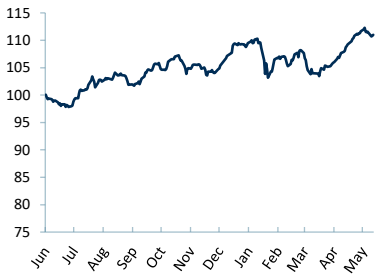
ESTIMATES

VALUE RANGE

GBp 201 – 211



AiM Composite

Wednesday, 06 June 2018

Intrinsic Price	201p
Value Range Low	196p
Value Range High	207p
Implied MCAP (m)	£2.01
Implied EV (m)	£2.01
GSX Index	YORC GSX
Financial YE	31-Dec
Currency	GBP

Business Activity
retail property investment

Key Metrics

Close Price	201p
MCAP (m)	£2.01
Net Debt (Cash) (m)	£0.00
EV (m)	£2.01
52 Wk Hi	N/A
52 Wk Lo	N/A
NAV 12m fwd	2210.19p

Key Ratios

S/P premium to NAV	-90.91%
LTV	N/A
Net Debt / Shareholder Equity %	N/A

Real Estate Sector Research
GSX Growth Market Index

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Yorcastle Initiation

Revolutionary fintech for good

Yorcastle's (YORC) innovation in the UK property market addresses a key financial and social challenge of our times – younger generations getting onto the property ladder. Yorcastle makes property purchase accessible again to younger generations by removing the need for a substantive deposit. Yorcastle achieves this by deploying blockchain ledgers to manage reliably, fractional ownership of property assets. This allows individuals with a good credit history to choose a property they like and to put money aside towards the purchase of the property on a per calendar month basis. Yorcastle buys the property chosen by the client, rents it back to the client and offers the client the option, via a second monthly account, to start acquiring equity in the property. From an investor perspective Yorcastle is neither a lender nor a mortgage provider.

- Provides investors with fractional ownership of property assets;
- High free cash flow (FCF) generation, FCF +ve during 2020;
- Provides clients with ability to reduce deposit for property purchase;
- Innovative use of blockchain;
- Equity dilution unlikely, due to split between Op Co and assets,

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)	CPS
2020E	1,878	929	768	1.82	1.82	0.77
2021E	3,186	1,923	1,484	2.49	2.49	1.48

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS
2020E	0.53x	1.08x	1.30x	0.55x	0.55x	1.30x
2021E	0.31x	0.52x	0.67x	0.40x	0.40x	0.67x

05/06/2018		
Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	1.0	1.0
Implied Intrinsic Price	201p	201p
Value Range Low	196p	196p
Value Range High	207p	207p
GSX	YORC	
Financial YE	Dec	
Reporting Currency	GBP	
NoSh (m)		1.0
NoSh (m) expected dilution (Exp D)		1.0
NoSh (m) full dilution (FD)		1.0

Key Metrics		adj.
Implied MCAP (m)	£2.0	£2.0
Net Debt (Cash) (m)	£0.0	£0.0
Implied EV (m)	£2.0	£2.0
52 Wk Hi	N/A	N/A
52 Wk Lo	N/A	N/A
Free Float	N/A	N/A

*Key Metrics FCF adj.	2020E	2021E
CPS (GBp)	76.8p	148.4p
CPS (Exp D) (GBp)	76.8p	148.4p
CPS (FD) (GBp)	76.8p	148.4p
P/CPS	2.6x	1.4x
P/CPS (Exp D)	2.6x	1.4x
P/CPS (FD)	2.6x	1.4x

Above we show full dilution (FD) and expected dilution (Exp D). YORC shares in issue at the date of this note are 1,000,000. We assume there are not dilutive effects over our 8-yr valuation horizon. Note that the 52wk high price is not available for a private company.

Investment Case

Competitive background – a vacuum

Property investment yields run at 4.5-8%. The proportion of 25-34 yr olds with a mortgage has fallen to 27% from 65% (IFS Feb '18). Yorcastle is a highly disruptive concept offering significant upside for early stage growth investors. In addition, for later stage and income investors it will offer low-risk asset backed yields. Yorcastle's disruptive proposition is made possible by a creative application of blockchain technology. Historically, direct ownership of property has been challenging in an investment vehicle because property has to have an owner. A company can buy the property but investors who buy the shares own shares only in the company and not in the properties. Blockchain changes this by creating a reliable and equitable mechanism for direct fractional ownership of the property assets via the issue of tokens or preference shares that are separate from, and do not represent, ownership or voting rights in the Company.

Market opportunity - The market opportunity arises from four factors 1) common adoption of blockchain technology allowing for a fractional ownership model; 2) The economic effects of the global financial crisis 20017-10, which continue to radiate and include the near-death of the mortgage broker (pipelines for brokers dropped by as much as 80% post the 2007-10 global financial crisis) and retail property deposits rising to 40%; 3) Estate agents have found that a significant slice of the buying market has fallen away as it just cannot get past the deposit barrier (cannot afford to save enough money for a deposit); 4) Mortgage lenders use income multiples to assess capacity to repay. Yorcastle does not use a multiples model but instead assesses the capacity of the client to pay rent and repay capital.

If there is no bank of "mum and dad" young professionals and others are unlikely to enter the market, and longer term, may lose the aspiration to own. Yorcastle cuts away the deposit barrier to entry and so supports ownership aspiration. YORC requires a deposit that equates to around 3-4 months of pcm rent. This is far more achievable as a deposit than 10 - 40% of the capital value of the property and could re-open the market for young professionals and others. Post Brexit marginal demand for renting and buying is already falling away, which suggests that property prices will continue to rise but at a more sustainable rate, rather than fall.

Licence barrier overcome – Yorcastle's model and structure means that it is not a mortgage provider or lender from a regulatory respective. Yorcastle buys the property the client has chosen. The client then pays into two accounts – a rental account and fractional share of ownership account. Yorcastle is not charging interest on the capital sum. The client has significant flexibility in terms of increasing fractional ownership. Yorcastle's assumption, based on market data, is clients move property every 8 years on average.

Catalysts

Raise GBP 250-500k for platform development.

Operational Strategy

Based upon our discussions with management and the structure of the investment proposition, we take the view that investors in Yorcastle are unlikely to be diluted as a result of cash in from financing activities.

Yorcastle is neither a lender nor a mortgage provider. YORC offers clients the ability to choose a property that, subject to valuation, Yorcastle will then acquire and rent back to the client, whilst at the same time providing the client with the ability to buy the property in fractional portions over time via a property acquisition agreement and payment structure. YORC does not charge interest on the capital portion. Note that increase in equity ownership of the property does not equate to any ownership of, or voting rights in, YORC the company.

Dispenses with need for a deposit

YORC will deploy blockchain, a digital distribution ledger technology, to underpin an offering that consists of a rental agreement and property acquisition contract, to allow the client to get a foot on the property ladder. Clients will find the right property for themselves and then, via a mobile app and subject to valuation, apply to buy their chosen home through Yorcastle.

Fractional ownership of property asset recorded via the Equity Value Account (EVA) using blockchain ledgers.

Yorcastle is not a lender or a mortgage company, thanks to blockchain and its ability to deliver fractional ownership of the property

YORC's operational strategy dispenses with the need for a substantive deposit. YORC allows the client to buy the property via fractional ownership, by making a separate monthly payment into an Equity Value Account (EVA) in addition to a rental payment per calendar month (pcm). The rental amount pcm decreases over time pro-rata to the value accumulated in the clients' individual EVA. As clients pay into their EVAs the value of the EVA increases as a proportion of the price Yorcastle paid for the property until it reaches the same value as the Yorcastle purchase price. YORC does not charge interest on the capital sum.

- **Independent Trustee** – An independent Trustee offsets the charge against each property in line with the amount of accumulated capital in each client's equity account until the client owns 100% of the property.

Customer buys equity value of property over time via an Equity Acquisition Plan (EAP)

- **Online distribution** – Clients will apply online using an automated assessment platform via a Yorcastle mobile app. Via the app, the client (which can be more than two people) discovers the value of property it can afford. The app will calculate the 3-4 months rental deposit required to proceed and once Yorcastle has accepted the client via assessing its ability to pay (rather than using a multiple of income – the baseline for mortgage lending) the client can view the EVA online. Payments to the EVA are flexible. Rental payments are not.

Equity value of property = price paid by Yorcastle to acquire property

BY keeping the property asset in the portfolio YORC is not exposed to stamp duty – a transaction tax

- **Property sales** – Yorcastle has complete control over the sale of property assets. If the client requests that the property be sold, YORC can elect to buy out the client's equity and thereby retain the property asset, which means stamp duty is not due, a saving to YORC. Any value appreciation in the property is shared with the client in direct proportion to the client's EVA (we expect there to be appreciation rather than depreciation of value in property assets on average). For example, if a property cost YORC GBP 100k to buy and at the time of buying back from the client, the client held 50% of the equity value, and if the sale value of the property was GBP 110k, the client would receive GBP 55k, i.e. 50% of the cost of the property and 50% of the 10k uptick in value.

Investors should note that Yorcastle is not obliged to buy the property for the client.

Market Background

"The extraordinary house price inflation over the past 30 years is likely to continue for the next 50 years" David Miles, former member of the Bank of England's monetary policy committee (MPC).

Whilst we are inclined to agree with the overall direction of travel, we have some differences with the magnitude we are invited to infer from David Miles's quote above.

Each year approximately 19,000 students graduate and go on to find employment, though not limiting the product to graduates, this group will make up the target audience for Yorcastle's first nationwide marketing campaigns. In 2016 graduates had an unemployment rate of 2.9%, or 49.1% lower than the unemployment rate of non-graduates at 5.9%. A review of employment statistics from the UK's Office of National Statistics (ONS) reveals that 88% of postgraduates and 87.3% of undergraduates were employed in 2016 versus 70.4% of non-graduates.

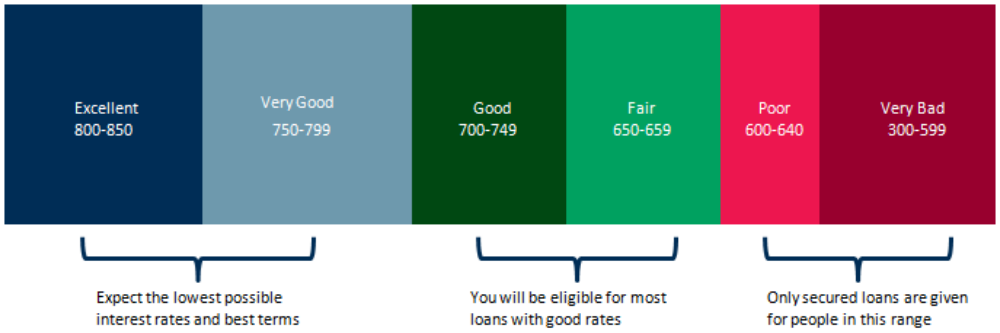
- **Target Market defined** – Yorcastle's target market is young professionals with good credit ratings aged between 24 and 35. For now this group remains aspirational in terms of professional progression (earnings growth) and home ownership (capital accumulation). Data from the Institute for Fiscal Studies (IFS) suggest that UK students graduate with GBP 50,000 in debt. Upon employment new graduates have little ability to save whilst servicing their degree incurred loans and living expenses.

The average deposit for a first-time buyer is currently between 10-20% of the equity value of the property and has reached as high as 40% post the 2007-10 global financial crisis. We estimate private sector rental yields are around 6% (on the capital value of the property being rented, down from around 8% before the millennium). As such monthly rents are around the same cost as a mortgage on the property. We estimate mortgages run between 2.5% and 5.5%. In addition, mortgage lenders demand relatively high deposits (10%-20%) and high multiples of income.

Because of block chain's ability to deliver and manage fractional ownership, Yorcastle can offer property purchases for multiple applicants, e.g. more than two persons, something mortgage providers are unable and unwilling to consider.

We expect Yorcastle to target clients above 600 on the credit scoring exhibit below.

Exhibit 1: **ACF's normalised credit score range**



Source: ACF Estimates, credit scoring agencies;

The fundamental drivers for UK property prices are:

a) population growth coupled with a mismatch with;

b) new house builds (pop is growing faster than accommodation is);

c) low interest rates and

d) Quantitative Easing (QE), which drives asset price inflation - property prices rise.

The inability of salaries to keep up with property price rises, has meant that young professionals are now unable to meet deposit and income multiple demands from mortgage lenders.

Whereas the drivers above have led to the exclusion of a large number of potential property owners from the market at the retail level they have, conversely, created an environment of stable returns for property investment vehicles.

● **House price inflation** – The rate of house price inflation over the previous 30 years is likely to moderate. In real terms (adjusted for inflation) between 1983 and 2011 UK house prices rose 101% and London prices rose 124%. According to the Halifax house price data nominal UK house prices have risen 428% and London house prices rose 559% between 1983 and 2011. (The FTSE 100 rose around 105% in real terms over the same period and 440% in nominal terms). These trends have continued over the 7 years since 2011 with a contraction in prices between 2007 and 2009 during the global financial crisis. In effect, house prices have continued to rise over 40 years (in the short-run they remain are subject to the usual boom and bust of any market).

Long run (30 yrs) development of house prices likely to continue

● **Market development (short run) -** We see little overall reason why the general pattern of long and short run house price changes will not continue over the next 30 years. However, the rate of house price inflation is likely to reduce in the near term (next 36 months). We base our near-term house price assumptions on two factors:

Short-run (36m) house price rise should soften

Firstly, Quantitative Easing (QE), has contributed to the acceleration in asset price inflation over the last decade. Central Banks, the BoE, ECB and Fed, have eased off or shut the QE accelerator and though QE remains in effect in the UK and Europe, the rate of asset inflation (including house prices) should decline.

Secondly, the marginal demand for accommodation in the UK is softening due to Brexit. Many European migrants have made or are making the decision to return earlier to their countries of origin than originally planned as a result of the UK's Brexit decision. These economic migrants seem unlikely to be replaced in the short run. European migrants returning to their own countries impacts the residential rental market negatively. A softening of demand for the residential rental market should lead to a reduction in demand and investment interest in the buy-to-let market. In turn we expect the softening in buy-to-let demand to dampen the rate of house price rises.

● **Market development (long run)** - The UK's Office of National Statistics (ONS) attributes UK population rises since the 1990s to net migration and estimates that the population has grown by 251k p.a. between 2004 and 2016 – or 2.7m to 63.8m by mid-2016. There are many well documented practical problems collecting census data, including people who don't want to be counted, young men who can't be bothered to be counted and those that simply forget. Macro and micro-economic data can be used as a proxy for census data, in the UK this data suggests the UK population is 5-10m higher than ONS estimates.

Net migration driven population rise also has effects on the national birth and death rates. We suspect migration driven population rises have had a negative impact on the replacement rate due to the inability of young couples to buy their own properties. There is also a perception that resources are under pressure and urban areas are over-crowded, which in turn reduces the impetus for young couples to reproduce, or at least delays the decision into the period where fertility for couples begins to decline.

● **Underlying demand from "excluded" young professionals -** it remains observable that over the last decade, irrespective of historically low interest rates, the UK property market has become inaccessible to the majority of the UK population. The young professionals' cohort that is unable to draw significantly upon the bank of mum and dad is now effectively financially disenfranchised from the property market. Yorcastle aims to reopen the property market door to this group by reducing the deposit constraint and focussing on affordability for a client rather than multiples of income.

Not enough house building to equilibrate supply and demand for first time buyers - Our analysis suggests house prices will continue to rise in excess of incomes over the mid-term because property building is not fast enough to keep up with underlying population growth. This suggests that the deposit barrier and income multiple challenge will remain in place for young professionals.

Brexit uncertainty acts as a moderator to the rate of buy-to-let growth.

Buy-to-let takes property out of the market for first time buyers, which serves as an upward price driver. We expect the low interest rate environment to continue to stimulate buy-to-let mortgages. Buy-to-let is likely to continue to grow (though less fast) whilst investment returns remain higher than cash deposit returns in an historically low interest rate environment.

● **The minimum deposit barrier –** Yorcastle's model aims to assist buyers primarily outside the London market. Our research suggests that the average theoretical minimum deposit range for the smallest property type outside of London lies between GBP 39k and GBP 113k.

In part this spread reveals problems with using averages and official statistics, but it is also indicative of the range of experience of buyers and supports the (largely anecdotal) reports that many young professionals cannot see themselves ever owning a property. Yorcastle provides the bridge to this pent-up demand.

Yorcastle's model aims to assist buyers outside London

Our minimum theoretical deposit range is based upon two calculation approaches using Jan 2018 government data and ACF's own research for this note carried out during April and May 2018 and described below.

Our research suggests an average theoretical range for a first-time deposit on the smallest property type outside London is GBP 39k-113kk.

First method - Our "on the street" research with estate agents and brokers suggests that though the current formal deposit requirement remains at around 5%. in practice the average deposit for a first-time buyer is 17% of the purchase price of their property or GBP 39k on the average price of the smallest property type outside London based upon Jan 2018 data from the UK government's House Price Index (HPI).

In practice, our theoretical deposit range GBP 38k-59k will rarely, if ever, be achieved by first time buyers.

In London, the average deposit spread is between 19% - 26%, according to our research. Within zone one (central London) deposits are around 20%, outside of zone one deposits rise rapidly to 26%. This data suggests loan to value (LTV) ratios across the UK lie in the range 74 - 90%. These statistics suggest that London two bed deposits run at in excess of £130k.

Average annual house price inflation across the UK over the last 12m was 4.9%.

Second method - Many mortgage lenders will use an income multiple as the maximum ceiling they will be prepared to lend to buyers. Mortgage lenders then reduce the amount they are willing to lend down from the income multiple ceiling, based upon affordability criteria - essentially an outgoings test. Single income usually creates a lending ceiling of between 3-4x annual income. A dual income is often calculated as 4x the primary income plus the second income. E.g. a first-time buyer couple on GBP 35k and 25k p.a. (London salary data) respectively would have a maximum borrowing ceiling of 35k*4 plus 25k or GBP 165k, which would then be reduced according to the mortgage provider's assessment of outgoings.

A GBP 113k minimum deposit outside London assumes a mortgage lender assesses the average couple as having nil outgoings.

The average salary in the UK was estimated by the ONS at GBP 27k, a number distorted by London salaries. We estimate that outside of London the average primary earner is on GBP 25k p.a. and the secondary earner is on GBP 15k p.a. Using the mortgage formula above the maximum borrowing ceiling outside London would equate to GBP 115K

In practice, minimum deposits will be far higher after mortgage providers use outgoings to reduce the maximum lending ceiling.

The UK average property price across all property types and regions in Jan 2018 was £235k (source data from the UK government's House Price Index (HPI)). The London average house price across all property types was GBP 485k in Jan 2018. A London flat or maisonette (the least expensive and smallest residential property type) averaging GBP 432k. Outside of London the Jan 2018 average price for a flat or maisonette was GBP 228k. This data set suggests that the minimum average deposit in Jan 2018 could not be less than GBP 113k for an average income couple buying the average smallest property in England (ex London).

House price rises between January 2018 and the date of this report (16 months) have continued to outstrip incomes, though less fast, suggesting the theoretical minimum average deposit outside London for the smallest property type has risen above GBP 113k.

Management Team

- **Founder, CEO, Simon Kiero-Watson.**

Simon is a highly successful banker and SME market specialist with an outstanding track record in the delivery of business strategy and growth. Simon qualified as a corporate adviser in 2001 with the Chartered Institute of Securities and has become an established name in the UK's SME corporate finance industry. He has exceptionally strong commercial awareness and an impressive knowledge of the delivery of financial services products and procedures and risk management. He has also successfully lectured and written investment guides for the SME sector to both businesses and investors and has published articles in specialist investment publications such as Shares Magazine and Growth Company Investor.

- **Director, Simon Wajcenberg.**

Simon is an entrepreneur with a very strong track record of founding and pioneering global digital businesses such as Stocknet.co.uk, one of the UK's first online stock brokerages, in 1998. In 1999 Simon founded Freequotes.co.uk, the UK's first real-time share price information provider, and TMN Plc, one of the first online direct marketing companies, which was listed on AIM in 2000. TMN today has a market capitalization in excess of £100M. In 2010 Simon founded StrikeAd, the world's first global, mobile Demand side Platform (DSP). More recently, Simon launched K1T Capital (2017) and North Block Capital. KIT is a quant hedge fund and North Block is a blockchain and crypto assets investor. Simon has extensive, M&A, international board-level expertise, He is a past winner of the Ernst & Young Entrepreneur of the Year awards.

Advisory Board

- **Property Adviser, Selvan Saha.**

Selvan is a London based financier, international property investor and serial entrepreneur. Selvan has worked at IBM Management Consulting and as a stockbroker, founding both a broking firm and derivatives trading firm. He is an investment advisor to the Malaysian government. Selvan was educated in the UAE, Australia and completed Cambridge University's Advanced Management Program in 2013.

- **Property Adviser, Adrian Gleave.**

Adrian has spent his career in property with a store planning software program adopted by blue chip retailers including Exxon, Morrison's supermarket, Staples and Office Depot. Adrian has been a director of Metro Electric plc, acquired and merged Powabyke, and founded renewable energy business Clenergen Corporation (ORGE) operating in Asia and India. Clenergen was reversed into American Bonanza Resources Corp on the US OTC market. Adrian is currently Commercial Director of, FCA regulated, SVS Securities plc.

- **Legal Adviser, Mark Archer.**

Mark is an M&A lawyer with additional experience in banking and finance, regulation and debt capital markets. His client base includes Offshore Trust funds, large corporates, SMEs and HNWIs as well as an EC Regulated Exchange.

- **Legal Adviser, Joss Alcraft.**

Joss is corporate lawyer with expertise in IPOs, bond issues on UK and international markets, M&A, JVs, private equity, shareholder agreements and corporate restructuring.

- **Adviser, Mike Kessler.**

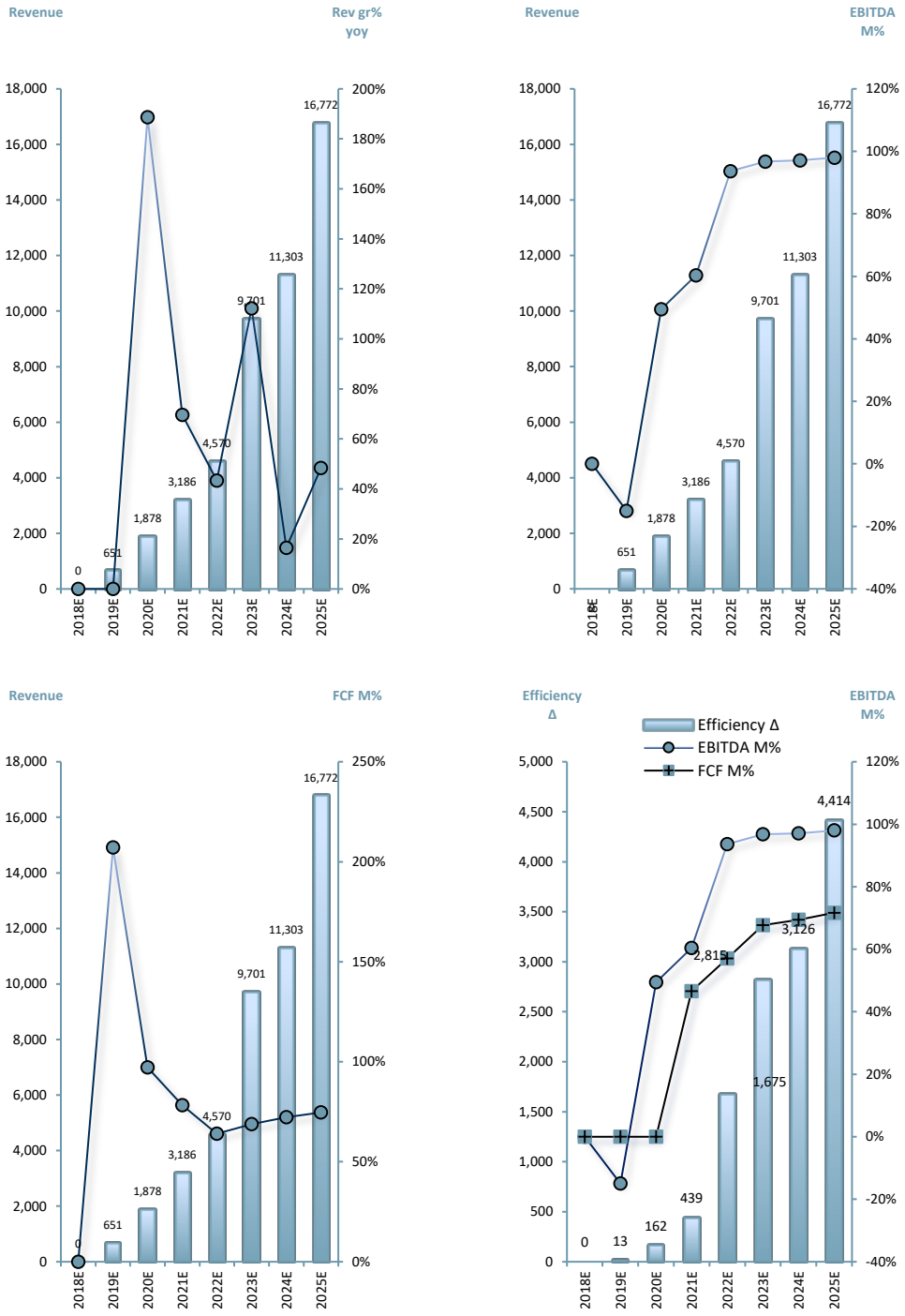
Mike began his career as a trader in a blue-chip investment bank 20 years ago. He is a serial entrepreneur and a founding listing member of the Gibraltar Stock Exchange.

- **Marketing Adviser, Neil Sen.**

Neil has been an independent consultant for 20 years and runs an events company that runs a polo event and a golf day in the UK and India as a mechanism to generate deal flow and meet new potential clients. Before this Neil founded and sold a telco.

Forecasts

Exhibit 2: YORC financial metrics



Our forecasts are based upon management guidance and our own sensitivity analysis. We focus on cash proxies (EBITDA) and free cash flow (FCF). However, Net Income remains important for assessing elements of balance sheet strength, nevertheless we are strongly of the view that only cash matters.

Valuation

Exhibit 3: YORC WACC, DCF and Value Range

YORC GSX WACC Calc	*ERP Global
Pre-tax cost of debt	5.4%
ETR	20.0%
After-tax cost of debt	4.3%
Current Leverage	
Debt	0.0%
Equity	1,000,000
Target Leverage	
D / (D+E)	0.0%
ACF β adj levered	0.89
rf	0.80%
Rm	6.2%
ERP	5.4%
Cost of equity	5.63%
Risk adj.	85.00%
WACC	90.63%

*Bloomberg ticker indicates ACF market ERP

Note: We assume the conservative Debt / Equity target mix 0%. It is likely that YORC will raise this target ratio in the future.

We have used an adjusted beta derived from the median beta of our consumer lending financials peer group from AiM and FTSE. Our peer group median beta is 0.89. YORC is currently debt free and whilst able to consider either equity or debt funding for its seed round £250k-500k it has no immediate plans to raise debt. The acquisition of investment properties is currently planned to be funded separately by the issuance of tokens or preference shares. Note however, that a Debt/Equity mix above zero would lower the WACC for YORC, leading to a potential upwards revision of our valuation.

Valuation Range		
NPV FCF (k)	291	
NPV TV FCF (k)	1,724	
EVF (k)	2,015	
TV Mulitple	25.0x	
% TV of total NPV	85.55%	
Net Debt (k)	0	
Fair Value (k)	2,015	
NoSh (m)	1.00	
NoSh (diluted) (m)	1.00	
Intrinsic Value Per Share	201.48	
Close Price p	100.00	
VR (low - high) p	**196.44**	**206.52**
VR Spread	5.00%	
Implied VR Return (low - high)	96.4%	106.5%

Based upon management discussions and the structure of the investment proposition, we assess that investors in Yorcastle are unlikely to be diluted as a result of cash in from financing activities.

Note: Close price on front page of this ACF research note is based upon a suggested number of shares in issue (NoSh) at the date of this note of 1,000,000.

Sensitivity Analysis

Our risk adjusted discount rate of 90.63% for our DCF using an FCF TV 25x suggests YORC has a value range of between 201-211p per share

Using a risk adjusted discount rate of 90.63% with TV EBITDA 18x for our DCF suggests a YORC value range of 224 to 226p per share

Our FY20E NAV forecasts suggest a YORC valuation of £22.10 per share, which is more a directional value to describe how the DCF valuation could develop- once the risk adjustment fades to leave a simple WACC value of between 5-10% on a cash generating dividend paying going concern.

Based on discussions with management we have used a median return set of assumptions as our base case combined with terminal value multiples and probability discounting via our WACC calculation risk adjustment. In the case of this project our discount rate assumes a new money (GBP 250k) valuation of GBP 2.038m with a risk adjusted WACC of 90.63% (discount rate) reflecting both the early stage of the project and the resources post-raise that would be available to execute the first step of the paper plan. We have used terminal value multiples of 20x unlevered FCF and 18x EBITDA to reflect the growth profile over the first 8 years of the project modelled here and beyond going out 25 years. Many of our competitors are prepared to use far higher terminal value multiples for fintech growth projects. Our assumptions assume the company is FCF +ve by 2020, this is an aggressive target but if the business plan is executed effectively, this is achievable. Investors should note that there is a dip in asset growth in the final period of our 8-year DCF horizon extending out 4 years due to timing differences between buying properties and the expected sale of properties and re-investment into new properties, this is temporary, part of the model, and can be visualized and considered in Yorcastle's white paper. Our NAV of £22 p/s (not risk adjusted).

Exhibit 4: YORC multiples based on close price

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)	CPS	CPS (diluted)
2020E	1,878	929	768	1.82	1.82	0.77	0.77
2021E	3,186	1,923	1,484	2.49	2.49	1.48	1.48

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS	P/ CPS (diluted)
2020E	0.53x	1.08x	1.30x	0.55x	0.55x	1.30x	1.30x
2021E	0.31x	0.52x	0.67x	0.40x	0.40x	0.67x	0.67x

Source: ACF Research Estimates.

Exhibit 5: Sensitivity analysis EBITDA TVx vs. WACC

Terminal EBITDA Multiple \ Share Price WACC	87.00%	88.00%	89.00%	**90.00%**	91.00%	92.00%
15.0x	202	200	199	197	195	194
16.0x	212	210	208	207	205	204
17.0x	221	220	218	**216**	**215**	213
18.0x	231	229	228	**226**	**224**	223
19.0x	241	239	237	**236**	**234**	233
20.0x	250	249	247	245	244	242
21.0x	260	258	257	255	253	252

Source: ACF Research Estimates.

Exhibit 5 above shows the valuation range based on a discounted EBITDA TV multiple, whereas our actual DCF calculation uses a TV multiple derived from discounted FCF.

Peer Group Comparators

Exhibit 6: Trailing YORC peer group metrics

Trailing 17A Metrics / Company Name	Market	MCAP (m)	Div %	EBITDA / M%	MCAP / REVS	MCAP / EBITDA	MCAP / NI
YorCastle	**GSX**	**2.01**	**N/A**	**49.47**	**1.07x**	**2.16x**	**1.10x**
Palace Capital	AiM	162.96	5.3%	74.89	9.74x	15.13x	13.01x
Panther Securities	AiM	68.08	3.1%	66.36	4.65x	8.93x	7.01x
Grainger	FTSE 250	1,330.00	1.6%	29.46	4.70x	14.06x	16.24x
First Property Gp	AiM	52.28	4.2%	33.89	2.12x	4.12x	6.26x
Fletcher King	AiM	4.93	7.5%	14.58	1.26x	6.56x	8.66x
Average			**4.34%**	**43.84%**	**4.50x**	**9.76x**	**10.24x**
Median			**4.21%**	**33.89%**	**4.65x**	**8.93x**	**8.66x**

Source: ACF Research Estimates; Companies reports; Factset.

Exhibit 7: Trailing YORC peer group consumer lending metrics

Trailing 17A Metrics / Company Name	Market	MCAP (m)	Gross Debt / Assets	Gross Debt / Equity	RoA %	RoE %	RoI %
YorCastle	**GSX**	**2.01**	**N/A**	**N/A**	**5.24**	**10.06**	**-97.99**
Palace Capital	AiM	162.96	33.78	55.34	0.03	0.09	5.24
Panther Securities	AiM	68.08	38.95	133.13	0.02	0.13	11.28
Grainger	FTSE 250	1,330.00	52.39	128.85	0.03	0.11	4.82
First Property Gp	AiM	52.28	64.69	267.11	0.04	0.23	0.00
Fletcher King	AiM	4.93	N/A	N/A	0.09	0.14	14.09
Average			**47.45%**	**146.11%**	**0.04%**	**0.14%**	**7.09%**
Median			**45.67%**	**130.99%**	**0.03%**	**0.13%**	**5.24%**

Source: ACF Research Estimates; Companies reports; Factset.

Our YORC peer group is made up of companies listed on AiM and FTSE 250; these are arguably YORC's closest most relevant peers.

YORC does not make up a constituent of our average or median values in the peer group metrics at the bottom of exhibits 6 and 7. We have excluded YORC from these values to make comparison with the rest of the peer group as clean and undistorted as possible. We have used trailing metrics here and we invite readers to compare the FY18A trailing metrics in Exhibits 6 and 7 above with the forward multiples FY20E and 21E in our sensitivity analysis on the previous page and on the front page of this note.

Peer Group Selection

Yorcastle Ltd (GSX expected ticker **YORC**) is a private (unlisted at this time) UK fintech retail property company providing a solution for first time buyers who cannot save or raise the deposits necessary to acquire a residential property. The company has an innovative model in which it offers fractional property ownership to both its clients and investors via a blockchain platform and the issuance of either tokens or preference shares.

Palace Capital plc (**PCA LN**, **AiM** listed) is a UK based commercial property investment company. PCA invests in entities operating within the property sector. It is focused on acquiring property assets, primarily outside of London. PCA's portfolio consists of fifty properties, total 1.5m ft^2 with an occupancy rate of 90.6% by lettable space.

Panther Securities PLC (**PNS LN**, **AiM** listed) is a UK based property investment company. PNS invests and deals in property and securities. PNS's model is to generate value via rental income and net asset appreciation. PNS specializes in property investing and managing of secondary retail, industrial units and offices, and also owns residential flats in several town Centre locations. Its portfolio is spread across the United Kingdom mainland from Perth in the north to Southampton in the south and Swansea in the west to Hull in the east.

Grainger plc (**GRI LN**, **FTSE 250**, **Main Market**) is a UK based specialist residential company. The Company's business is divided into five sections: UK Residential, Retirement Solutions, Fund and Third-Party Management, Development, and German Residential. The UK residential segment consists of a portfolio of regulated tenancies within the United Kingdom, comprising 4,000 properties. In addition, GRI provides fund, asset and property management services to the fund. The development segment is divided into residential led mixed use and strategic land. GRI is focused in the economically and demographically stronger regions of Germany.

Fletcher King Plc (**FPO LN**, **AiM** listed) is a UK based property fund and carrying out asset management, rating, valuations and investment broking for commercial property. FPO also provides a loan monitoring role, periodically appraising the security for the lender during the course of a development and also advising on loan draw down throughout the development period.

First Property Group plc (**FLK LN**, **AiM** listed) is a co-investing direct property fund manager with operations in the UK and Central Europe. FLK co-invests in third party funds that it raises in order to produce income from commercial property. FLK also earns a range of management fees as a proportion of the value of assets under management.

Financial Analysis

First revenues in period 2

● **Revenue model assumptions** – YORC becomes revenue generating during period 2 (YE19 in our forecasts). We assume rental yields of 4.5% p.a. Market data suggests UK residential yields are between 6-8% after costs.

Very scalable model but we have assumed YORC purchases 10 properties pcm and the first purchases are made in period 2 (YE19 in our model).

Raises totalling GBP 100m assumed in our model for asset purchases that convey fractional ownership of properties via security tokens or preference shares to the investors. Fractional ownership is evidenced and managed by a blockchain ledger from Evident Proof, a credible and experienced blockchain provider.

Yield reinvestment - We assume rental and Equity Acquisition Plan (EAP) deposits in the Equity Value Account (EVA) are reinvested to buy further revenue generating assets (houses) for clients.

Limiting factor - If cash on the balance sheet falls below GBP 3m we assume that property purchases will cease until rental payments and EAP deposits and interest have accreted sufficiently to buy further assets.

We could have increased the client growth rate 5-fold by adding additional capital to the plan and still have been very comfortable with our demand assumptions.

Equity ownership of YORC is via the issue of separate ordinary shares – essentially a reversal of the current property investment model where investors have no opportunity to own the underlying asset. In this model investors have the opportunity to own both part of the company and separately the underlying property assets. Investors will own the property assets via the separate security token or preference share offering, which will convey fractional ownership of the property assets underpinned by a blockchain ledger until repayment has been completed. Investors are repaid by Yorcastle's clients.

YORC will fund its platform build-out in the first period, YE18 in our model assumptions. We expect YORC's platform to be executed by Berkshire Cloud. We are not forecasting any revenue generation until after the platform is at least at a reliable beta stage and that YORC has raised money for client property purchases. We assume a total raise of GBP 100m to support our revenue and FCF generation assumptions.

Unit assumption – Our unit assumption is that YORC will commence buying properties in period 2 post its first token or preference share raise (in our model YE19) at the rate of 10 properties per month – we have no doubt that YORC can fulfil this rate and could easily operate a higher rate of purchases, subject to the availability of capital.

The exhibit 8 below shows the development of our revenue forecasts for YORC.

● **Rental arrears and default classifications** – Based on management information and discussions and market information we have modelled a default rate on rental revenues of 3% p.a. assuming 6 months rental loss after the first 12 months.

Assume 3% rental default rate leading to 6 months of rental loss after the first 12 months

Arrears cushion - YORC will collect 3-month rental deposits from clients and arrears can be made up from accreted Equity Acquisition Plan (EAP) payments in the Equity Value Account (EVA).

Flexibility - YORC will also offer clients the ability to catch up with payments by increasing monthly future payments to clear arrears. The Company management team is concerned that every reasonable opportunity is provided to clients to make good.

Credit rating - Combined with the target market segment of clients with good credit ratings (740 and above in ACF's normalised credit ratings table exhibit 1 above) we are comfortable with the 3% and 6 months rental loss default rate assumption.

● **Default losses** - YORC maintains a provision for rental default losses of around 3% for a six-month term. The allowance is estimated by management, based on various factors, including: specific circumstances of the individual client versus the credit check process and standards; management's and the advisory board's knowledge of the industry, and the experience and trends of other companies in the same industry; YORC's portfolio of clients consists of a large number of heterogenous but relatively small accounts, meaning that Yorcastle is not subject to any single client account risk.

We have shown our estimate for default accounts in the balance sheet under creditors where our forecasts represent the entirety of the liabilities held for sale line item. We have assumed that these liabilities attain face value upon sale for transparency, in reality Yorcastle will, most likely, receive on average something between nil and 10% of face value of defaults held for sale, in our view.

● **Effective Tax Rate (ETR) on EBT** – We have applied a 20% ETR over our 8-year forecast period. Our model assumes EBIT losses for years 1 and 2 being FY18 and FY19 in the current projection schedule. However, because of interest earned in period 2 (FY19) on the back of cash raised GBP 100m we expect the Company to use up net income loss carry-forward assets in period 2 (FY19) and thereon in be subject to an underlying ETR of 20%. Our cash tax payments out of the cash flow statement reduce our FCF forecasts and forecast using a one-year lag to the tax forecasts in the P&L.

● **Working capital** – Our assumption is that the WCAP requirement is around 2% of revenues, we believe this is conservative and that the ongoing WCAP requirement may well become negligible as a proportion of future revenues.

● **Capex (Capital Expenditure)** – Maintenance capex runs at around 2% of revenues in our model and this accounts for IT equipment upgrades and replacement as well as day to day fixtures and fittings. We subtract maintenance capex from Net CFO (Net Cash Flow from Operations) as part of our FCF calculations.

● **Growth Capex (purchase of investments)** – In our YORC model growth capex represents the purchase of retail property for clients (purchase of investments). The retail properties are investments because they create rental revenues and EAP revenues. It is our expectation that the properties will continue to rise in value, ahead of inflation expectations, over the next 30 years of the project. We describe the supply demand curve and net migrations in the UK towards the beginning of this note under the market background section. Growth Capex is funded by cash in from financing activities and revenues from rental income, EAP and interest lines in the P&L (income statement).

In our view, as a result of management discussions and the structure of the investment proposition, investors in Yorcastle are unlikely to be diluted as a result of cash in from financing activities.

It is important for investors in Yorcastle to note that cash in from financing activities is unlikely to dilute their equity stakes in the Company.

Cash in from financing activities to fund growth capex will be raised by offering fractional ownership of future property purchases via either a security token or a preference share

Cash in from financing activities to fund growth capex will be raised by offering fractional ownership of future property purchases via either a security token or a preference share with an attached yield – our model assumes GBP 100m growth financing. Equity holders in Yorcastle, the company, will obtain returns from the dividend payout ratio and or rise in equity value. Dividend payouts could be as high as 50% in later years. However, dividend payments are expected to be zero in early years as Yorcastle expects to re-invest early years income back into property (investment) purchases.

● **Free Cash Flow (FCF)** – We have shown both FCF and unlevered Free Cash Flow to Equity (uFCFE) in the cash flow statement. To calculate uFCFE we have added back the interest payments received from the cash raised from financing before it is used to buy investments (properties for clients). In reality it is YORC's plan and intention to reinvest these interest receipts into property purchases for clients making the lower value of FCF - defined as net Cash Flow from Operations (net CFO) less cash taxes and maintenance capex - the better metric for our DCF valuation. Our FCF measure excludes any interest received from potentially distributable cash to investors in the early years of the project, thereby generating a more conservative valuation.

Financial Projections

Exhibit 8: YORC revenue model forecasts

Revenue Model GBP (k)	2021E	2022E	2023E	2024E	2025E
Group Income	**3,186**	**4,570**	**9,701**	**11,303**	**16,772**
%Growth	70%	43%	112%	17%	48%
Rental Income	**2,538**	**3,595**	**4,632**	**5,662**	**6,669**
Growth	2.5%	41.6%	28.9%	22.2%	17.8%
%Total group revenue	79.7%	78.7%	47.7%	50.1%	39.8%
RTB Income	**648**	**975**	**1,346**	**1,731**	**2,141**
Growth	2.5%	50.4%	38.1%	28.6%	23.6%
%Total group revenue	20.3%	21.3%	13.9%	15.3%	12.8%
Property Sales	**0**	**0**	**3,722**	**3,908**	**7,960**
Growth	N/A	N/A	N/A	5.0%	103.7%
%Total group revenue	0.0%	0.0%	38.4%	34.6%	47.5%

Source: Company reports; ACF Estimates.

Exhibit 9: YORC SGA one off start-up costs forecasts

SGA GBP (k)	2018E	2019E	2020E	2021E	2022E
Revs	**0**	**651**	**1,878**	**3,186**	**4,570**
%Growth		N/A	189%	70%	43%
EBITDA	-1,000	-98	929	2,198	3,525
%Growth		-90%	-1053%	136%	60%
Total SGA	**1,000**	**748**	**949**	**989**	**1,044**
%Growth		-25%	27%	4%	6%
Regulatory	**100**	**0**	**0**	**0**	**0**
%Growth	-100.0%	N/A	0.0%	0.0%	10.0%
%margin	0.0%	0.0%	0.0%	0.0%	0.0%
%of SGA	0.0%	0.0%	0.0%	0.0%	0.0%
Contingency	**100**	**0**	**0**	**0**	**0**
%Growth	-100.0%	N/A	0.0%	0.0%	10.0%
%margin	0.0%	0.0%	0.0%	0.0%	0.0%
%of SGA	0.0%	0.0%	0.0%	0.0%	0.0%
Raise costs	**500**	**0**	**0**	**0**	**0**
%Growth	-100.0%	N/A	15.0%	2.5%	2.5%
%margin	0.0%	0.0%	0.0%	0.0%	0.0%
%of SGA	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports; ACF Estimates.

Exhibit 10: **YORC SGA detail and forecasts**

SGA GBP (k)	2018E	2019E	2020E	2021E	2022E
Total SGA	**1,000**	**748**	**949**	**989**	**1,044**
%Growth		-25%	27%	4%	6%
Total Staff Costs	**0**	**136**	**379**	**390**	**402**
%Growth	N/A	N/A	178.1%	3.0%	3.0%
%of Revs	N/A	20.9%	20.2%	12.3%	8.8%
%of SGA	0.0%	18.2%	39.9%	39.5%	38.5%
Directors costs	**0**	**240**	**240**	**240**	**276**
%Growth	N/A	N/A	0.0%	0.0%	15.0%
%margin	N/A	36.9%	12.8%	7.5%	6.0%
%of SGA	0.0%	32.1%	25.3%	24.3%	26.4%
Marketing	**0**	**180**	**120**	**126**	**132**
%Growth	N/A	-33.3%	5.0%	5.0%	5.0%
%margin	27.7%	6.4%	4.0%	2.9%	1.4%
%of SGA	24.1%	12.6%	12.7%	12.7%	12.7%
Blockchain	**150**	**24**	**24**	**25**	**25**
%Growth	N/A	-84.0%	0.0%	2.5%	2.0%
%margin	N/A	3.7%	1.3%	0.8%	0.5%
%of SGA	15.0%	3.2%	2.5%	2.5%	2.4%
Web/App	**60**	**12**	**12**	**12**	**12**
%Growth	N/A	-80.0%	0.0%	0.0%	0.0%
%margin	N/A	1.8%	0.6%	0.4%	0.3%
%of SGA	-6.0%	1.6%	1.3%	1.2%	1.1%
Accountancy	**20**	**18**	**18**	**18**	**19**
%Growth	-10.0%	0.0%	2.5%	2.5%	2.5%
%margin	2.8%	1.0%	0.6%	0.4%	0.2%
%of SGA	2.4%	1.9%	1.9%	1.8%	1.8%
Legal	**70**	**60**	**60**	**89**	**89**
%Growth	-14.3%	0.0%	48.0%	0.0%	10.0%
%margin	9.2%	3.2%	2.8%	1.9%	1.0%
%of SGA	8.0%	6.3%	9.0%	8.5%	8.9%
Legal retainer	**0**	**24**	**24**	**16**	**16**
%Growth	N/A	0.0%	-33.5%	0.0%	10.0%
%margin	3.7%	1.3%	0.5%	0.3%	0.2%
%of SGA	3.2%	2.5%	1.6%	1.5%	1.6%
Premises	**0**	**36**	**54**	**54**	**54**
%Growth	N/A	50.0%	0.0%	0.0%	10.0%
%margin	5.5%	2.9%	1.7%	1.2%	0.6%
%of SGA	4.8%	5.7%	5.5%	5.2%	5.4%
Travel	**0**	**6**	**6**	**6**	**6**
%Growth	N/A	0.0%	3.0%	3.0%	3.0%
%margin	0.9%	0.3%	0.2%	0.1%	0.1%
%of SGA	0.8%	0.6%	0.6%	0.6%	0.6%
Insurance	**0**	**12**	**12**	**12**	**13**
%Growth	N/A	0.0%	2.5%	2.5%	2.5%
%margin	1.8%	0.6%	0.4%	0.3%	0.1%
%of SGA	1.6%	1.3%	1.2%	1.2%	1.2%

Note that Total SGA 2018E cost estimate of GBP 1m, includes estimates for regulatory costs £100k; contingency costs £100k; raise costs £500 that are not itemized in the table breakdown.

Source: Company reports; ACF Estimates.
Note: Total SGA 2018E includes estimates for regulatory costs £100k; contingency costs £100k; raise costs £500k

Exhibit 11: YORC P&L and forecasts

P&L GBP (k)	2019E	2020E	2021E	2022E	2023E
Revs	**651**	**1,878**	**3,186**	**4,570**	**9,701**
gr%	N/A	189%	70%	43%	112%
GP	651	1,878	3.186	4,570	9,701
% Revs	100%	100%	100%	100%	100%
SGA	748	949	989	1,044	1,092
% Revs	115%	51%	31%	23%	11%
EBITDA	**-98**	**929**	**2,198**	**3,525**	**8,609**
% Revs	-15%	49%	69%	77%	89%
FV adj.	0	0	0	0	0
% Revs	0%	0%	0%	0%	0%
EBIT	**-98**	**929**	**2,198**	**3,525**	**8,609**
(Ip)/Ir	**1,783**	**1,352**	**921**	**481**	**96**
EBT	1,685	2,281	3,119	4,007	8,705
% Revs	259%	121%	98%	88%	90%
ETR	20%	20%	20%	20%	20%
Tax	137	526	624	801	1,741
NI	**1,348**	**1,825**	**2,495**	**3,205**	**6,964**
% Revs	207%	97%	78%	70%	72%
Basic EPS (p)	134.80	182.49	249.49	320.55	696.39
Diluted EPS (p)	134.80	182.49	249.49	320.55	696.39

Source: Company reports; ACF Estimates.

Exhibit 12: YORC Cash Flow and forecasts

Cash Flow GBP (k) CFO	2019E	2020E	2021E	2022E	2023E
EBT Profit/(loss)	**1,685**	**2,281**	**3,119**	**4,007**	**8,705**
% Revs	259%	121%	98%	88%	90%
Finance costs	0	0	0	0	0
FV adj.	0	0	0	0	0
Other adjustments	0	0	0	0	0
Net Ip / (Ir)	-1,783	-1,352	-921	-481	-96
WCap change	-13	-25	-26	-28	-103
Net CFO	**-111**	**905**	**2,172**	**3,498**	**8,506**
% Revs	-17.0%	48.2%	68.1%	76.5%	87.7%
Cash Taxes	0	-137	-624	-801	-1,741
Capex maintenance	0	0	64	91	194
	0%	0%	2%	2%	2%
uFCFE	**1,672**	**2,120**	**2,405**	**3,086**	**6,667**
% Revs	257%	113%	75%	68%	69%
FCF	**-111**	**768**	**1,484**	**2,605**	**6,571**
% Revs	-17%	41%	47%	57%	68%
Growth Capex					
Purchase Investments	22,102	22,705	23,867	25,088	13,186
Capex/Prprty Assets %	97%	48%	32%	24%	13%
CF from Financing	100,000	0	0	0	0
Net Cash In/(Out)	79,570	-20,585	-21,462	-22,001	-6,518
Cash previous YE	0	79,570	58,985	37,523	15,521
Cash & CE	**79,570**	**58,985**	**37,523**	**15,521**	**9,003**

GBP 100m CF from financing FY19E achieved by issuance of tokens or preference shares – no dilution to company equity holders expected.

Source: Company reports; ACF Estimates.

Exhibit 13: YORC Balance Sheet and forecasts

Balance Sheet GBP (k)	2019E	2020E	2021E	2022E	2023E
Intangible Assets	0	0	0	0	0
Tangible Assets	0	0	0	0	0
Investments	22,680	47,628	75,014	105,020	101,932
Cust Inv Equity	363	1,191	2,600	4,726	7,085
YORC Inv Equity	22,317	46,437	72,414	100,294	112,835
Cust Inv Equity %	1.60%	2.50%	3.47%	4.50%	6.95%
YORC Inv Equity %	98.40%	97.50%	96.53%	95.50%	110.70%
Rev Yield	2.87%	3.94%	4.25%	4.35%	9.52%
Rev Yield 1 yr fwd	8.28%	6.69%	6.09%	9.24%	11.09%
Total Fixed Assets	**22,680**	**47,628**	**75,014**	**105,020**	**101,932**
Current assets	0	0	0	0	0
Assets held for sale	0	0	0	0	17,988
Cash	79,570	58,985	37,523	15,521	9,003
Total Current Assets	**79,570**	**58,985**	**37,523**	**15,521**	**26,991**
Total Assets	**102,250**	**106,613**	**112,537**	**120,541**	**128,922**
Creditors	13	38	64	91	194
Liabs held for sale	10	28	48	69	146
Accruals	0	0	0	0	0
Deferred Tax	0	0	0	0	0
Loans	0	0	0	0	0
Total Liabilities	**23**	**66**	**112**	**160**	**340**
Net Assets	**102,227**	**106,547**	**112,425**	**120,381**	**128,583**
Share Capital	0	0	0	0	0
Reserves	0	0	0	0	0
Share Premium	100,879	103,374	106,758	111,508	112,746
Accum. Profit/(loss)	1,348	3,173	5,668	8,873	15,837
Other	0	0	0	0	0
Total Equity	**102,227**	**106,547**	**112,425**	**120,381**	**128,583**
Total Equity & Liabilities	**102,250**	**106,613**	**112,537**	**120,541**	**128,922**

Source: Company reports; ACF Estimates.

**Note in 23E Investment (Inv) Equity % exceeds 100% due to the movement in assets held for sale from the Investments line.*

Glossary

Berkshire Cloud — Berkshire Cloud Ltd – An independent software development company specialising in migrating and mobilising on premise IT workflows and applications to the Cloud. Yorcastle has chosen Berkshire Cloud to develop its IT platforms. Berkshire Cloud Ltd is an active company incorporated on 10th December 2015 with the registered office located in Berkshire and based out of Thames Valley Park in Reading, United Kingdom. www.berkshirecloud.com

Blockchain — A blockchain, originally block chain, is a continuously growing list of records, called blocks, which are linked and secured using cryptography. Each block typically contains a cryptographic hash of the previous block, a timestamp and transaction data. By design, a blockchain is inherently resistant to modification of the data. A system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network.

CFO — CFO – Cash Flow from Operations is in our model the same value as EBT (see in this glossary) and links the P&L to the Cash Flow Statement.

CoS — Cost of Sales is, in ACF's financial models, a variable cost linked directly to revenue development, e.g. sales team commissions, but for example, not sales team salaries.

Cryptocurrency — A cryptocurrency is a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Well known examples include Bitcoin; Ether (Ethereum); Litecoin; Monero; Ripple; Dogecoin; Dash; Safecoin; List; Storjcoin – At the beginning of 2018 there were around 3,000 cryptocurrencies in circulation.

CT — Corporation Tax is the tax owed by corporation on taxable profits less exemptions to the national tax authorities e.g. IRS (US), HMRC (UK) etc..

Digital Distribution ledger	A distributed ledger is a database that is consensually shared and synchronized across networks that are spread across multiple sites, institutions or geographies. It allows transactions to have public "witnesses," thereby making a cyberattack more difficult.
EAP	EAP - Equity Acquisition Plan is the mechanism by which YORC's clients gain an equity stake in the properties in which they live and are renting. YORC's clients can own 100% of the equity in their properties via the Equity Acquisition Plan.
EAT	Earnings after tax. Also, often expressed as PAT – profit after tax, and post-tax profit.
EBIT	Earnings before interest and tax (also often referred to as, or equates to, operating profit).
EBITDA	Earnings before interest, depreciation and amortisation – the presentation of EBITDA by companies is not a requirement of UK GAAP or IFRS accounting standards. However, in certain cases it can act as a close proxy to free cash flow.
EBT	Earnings before tax. Also, often expressed as PBT – profit before tax. Also used to link P&L/Income Statement with Cash Flow statement where EBT is found as the top line item of the Cash Flow Statement, where it is referred to as CFO – cash flow from operations. Cf. Net CFO in this glossary.
EVA	Equity Value Account – is the value of the asset (house) available to owners in the case of Yorcastle (or in other circumstances outside of Yorcastle…available to shareholders of a company).
Evident Proof	Evident Proof is a blockchain, Ethereum and token-based service that turns data into immutable proof of evidence chains. Evident Proof aims to deliver immutable data, provenance and proof services to businesses and individuals. https://ept.gi/
FCF	Free Cash Flow generated in ACF's models after all obligatory cash costs have been satisfied such as Interest payable (Ip), cash taxes and maintenance capex (as opposed to investment capex). FCF represents the cash remaining for theoretical distribution or investment after all obligatory cash-based costs including net interest payable have been deducted.

Fractional ownership	Fractional ownership is a method in which several unrelated parties can share in, and mitigate the risk of, ownership of a high-value tangible asset, usually a jet, yacht or piece of resort real estate. It can be done for strictly monetary reasons, but typically there is some amount of personal access involved.
HMRC	Her Majesty's Revenue and Customs is amongst other things the UK's tax collecting and enforcement civil service agency.
ICO	Initial Coin Offering – An unregulated means by which funds are raised for a new cryptocurrency venture. An Initial Coin Offering (ICO) is used by start-ups to bypass the rigorous and regulated capital-raising process required by venture capitalists or banks. In an ICO campaign, a percentage of the cryptocurrency is sold to early backers of the project in exchange for legal tender or other cryptocurrencies, but usually for Bitcoin. Cf. ITO, cf. preference shares
IFS	The Institute of Fiscal Studies is an economic research institute based in London, United Kingdom, which specialises in UK taxation and public policy. It is politically independent and produces both academic and policy-related findings.
Inflation	Inflation is an economic term defined as the general increase in prices translating to a fall in the purchasing value of money.
ITO	Initial Token Offering – also referred to in some contexts as an Initial Coin Offering (ICO), or Initial Currency Offering, where the coin or currency is a type of token. ITOs are a type of crowdfunding where the token is used as a means of raising capital. In an ITO, a quantity of the crowdfunded tokens is sold to investors in exchange for legal tender or cryptocurrencies such as bitcoin or Ethereum. ITOs have been tainted by scandals and fraud and so it is important that they are now carried out on regulated exchanges, where the level of diligence is closer to historical norms for a public offering. Cf. ICO, cf. preference shares.

JV	Joint Venture – generally a legal structure between two corporate entities involving participation in equity capital in the JV vehicle. JV can also refer to more informal arrangements.
LTV	Loan to Value is a ratio defined as mortgage amount divided by the appraised value of the property. For individual residential buyers, mortgage lenders often require an LTV of 75% or greater. Corporates have an enormous competitive advantage with LTVs of for example, around 40%.
Mobile app	Mobile app - An application, especially as downloaded by a user to a mobile device.
Mortgage	Mortgage (for property) - A mortgage is a debt instrument, secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments. Mortgages are used by individuals and businesses to make large real estate purchases without paying the entire value of the purchase up front. Over a period of many years, the borrower repays the loan, plus interest, until he/she eventually owns the property free and clear. Mortgages are also known as "liens against property" or "claims on property."
Net Migration	Net Migration – is the difference between emigration and immigration in a particular place. If the net migration is positive, it means there is more immigration than emigration – note overall population may still be in decline if the death rate is greater than the birth rate and if this difference exceeds positive net migration. In the same way, if the net migration of certain place is negative, it means there is more emigration than immigration. Usually net migration is positive in cities while it is negative in rural settlements.
Net CFO	Net CFO – Net Cash Flow from Operations is the Cash Flow model line item derived from Earnings Before Tax (EBT) by subtracting or adding back non-cash movements to and from EBT and then adjusting for Net interest receivable or payable and working capital movements. Net CFO less cash taxes and maintenance capex gives uFCFE (unlevered Free Cash Flow to Equity holders). See also uFCF in this glossary. Cf. CFO.

NoSh	Number of Shares in issue.
ONS	Office of National Statistics (UK) - The UK's largest independent producer of official statistics and the recognised national statistical institute of the UK
Preference shares	Preference shares are shares which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends. Also called preferred stock. Cf. ICO, cf. ITO.
REITS	Real Estate Investment Trusts (REITS) are closed-end investment vehicles that can sell stock on exchanges just as companies can. REITS benefit from tax exemptions but must typically have a dividend pay-out ratio of 90%. In addition, at least 75% of assets must be in real estate or cash instruments and 75% of gross income must be derived from real estate.
RoA	Return on Assets is a ratio that provides insight into profitability. RoA is defined as Net Income divided by total assets. RoA is used to help investors understand how well a company management ream is using assets to generate earnings. Like most ratios a low value can also indicate an inflexion point or optimum time to buy rather than sell the related stock. Some analysts like to add back interest expense to net income as this gives a metric to compare operating returns before cost of borrowing. This is most helpful if borrowing costs are the same for the peer group under analysis.
QE	QE – Quantitative Easing is a measure used by Central Banks post the 2007-10 global financial crisis to ease the effect of balance sheet debt both at the national level and the corporate level, particularly for banks. It has the effect of reducing the real value (cost) of debt. It is essentially a form or money printing and inflates assets whilst devaluing debt. At some point the aftereffects of QE will most likely lead to a prolonged spike in inflation.

RoE	Return on Equity is a ratio designed to provide insight into the profitability of a company by showing profit generated in comparison to cash invested by equity holders. RoE is defined as net income divided by shareholder's equity (see definitions in this glossary).
RoI	Return on Investment is a ratio that provides insight into the efficiency of an investment. RoI attempts to measure the return on an investment vs. the cost of the investment. The ratio is defined as the gain from investment less cost of investment subsequently divided by cost of investment. Most RoI calculations do not account for the time value of money. This changes investment performance considerably and can easily lead to the wrong conclusions because no account is taken of the rate of return only of the total return.
RTB	Right to Buy - lawful, legal purchase, investment. The Right to Buy scheme is a policy in the United Kingdom (with the exception of Scotland since August 1, 2016) which gives secure tenants of councils and some housing associations the legal right to buy, at a large discount, the council house they are living in.
Security Token	Outside of IT and in the world of Token offerings a Security Token is a token that is underpinned by an asset, such as a fractional share of a property or a company with assets, or a gold mine or a proportion of the production of a min etc.. Cf. Utility Token.
SGA	Sales, General and Administrative expenses, often equates to or is equivalent to Cost of Sales (CoS) plus operating expenses. However, ACF uses SGA to classify relatively invariable expenses as opposed to variable expenses linked more or less directly to revenue generation, as such sales commissions might typically end up in CoS, whereas salaries for sales people would be classed as relatively invariable and be booked under SGA in an ACF model.

Shareholders' Equity	Shareholders equity is a line on the balance sheet calculated from the deduction of total liabilities from total assets and represents the value (or lack of it) available for distribution to shareholders should the entity wind up operations. It differs from the equity value expressed in market capitalisation (MCap), which is number of shares in issue (NoSh) multiplied by share price. The ratio Debt/Equity commonly uses the Debt/MCap formula as opposed to the Debt/Shareholder equity formula.
Trustee	A Trustee is an individual person or member of a board given control or powers of administration over property in trust with a legal obligation to administer it solely for the purposes specified.
uFCF	Unlevered Free Cash Flow is FCF from which cash-based interest payments are not deducted. It represents the total maximum cash flow available to both bond and equity holders over a given period. Flavours of uFCF include uFCFE – cash flows available to equity holders and uFCFF – unlevered cash flows available to the firm.
Uplift Potential	Uplift potential is the potential for a re-rating of the value of a stock. For example, a company is valued by market participants at the equivalent of 10x a particular metric such as EBITDA, the value then rises (due to an uplift) to the equivalent of 12x EBITDA, this is the rerating (by 2 turns in our example).
Utility Token	Utility Token is digital token or cryptocurrency that can be later used to purchase a good or service offered by the issuer of the cryptocurrency Utility token sales are a method of fundraising for a start-up.

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