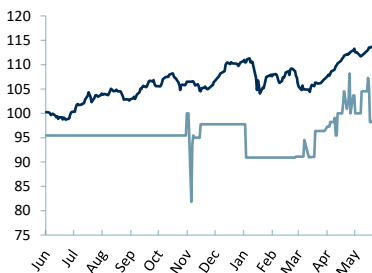


POST RESULTS

VALUE RANGE

GBP 120 – 126



ALSP ISD 12m Price Relative Chart vs. FTSE AIM AS

Thursday, 14 June 2018

| | |
|------------------|----------|
| Intrinsic Price | 123p |
| Value Range Low | 120p |
| Value Range High | 126p |
| Implied MCAP (m) | £49.35 |
| Implied EV (m) | £69.97 |
| NEX Index | ALSP ISD |
| Financial YE | 30-Apr |
| Currency | GBP |

Business Activity

Commercial & retail property investment

Key Metrics

| | |
|---------------------|--------|
| Close Price | 110p |
| MCAP (m) | £44.09 |
| Net Debt (Cash) (m) | £20.62 |
| EV (m) | £64.72 |
| 52 Wk Hi | 115p |
| 52 Wk Lo | 100p |
| NAV trailing | 48.78p |

Key Ratios

| | |
|--------------------|---------|
| S/P premium to NAV | 125.48% |
| LTV | 74.41% |
| Net Debt / | 193.54% |

Shareholder Equity %

Real Estate Sector Research

NEX Growth Market Index

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ACE Liberty & Stone 1H18A

Accelerating growth – beating estimates

We raise our value range by 4.2% after ACE Liberty & Stone (ALSP ISD) exceeded our estimates for 1H18A for revenue, EBITDA and Net Income and began delivering on new ambitious targets to grow its property portfolio. ALSP reiterated its progressive dividend policy in our management discussion post results. Our FY20E GBP 50m investments (fixed assets) forecasts looks comfortable to attain. As outlined in our 1H18 pre-results note uplift in rental revenues should be the centre of investor focus, as professional fees distort the OPEX (SGA) costs during this part of the growth cycle as ALSP raises funds and closes property transactions. Underlying OPEX remains unchanged with a 10% flex, we expect to review estimates positively before the YE results. Announcement of 1p interim dividend bringing the dividend yield to around 4%.

- Rental income 1H18A £1.449m beat by 297k, and up 24% y/y;
- Investment property £49.4m vs. our £41.8m est., and up 73.3% y/y;
- EBITDA 1H18A £0.767m, margin 52.21% vs. 35.62% y/y;
- Net Income £0.22m down vs. 0.487m y/y due to transaction costs;
- Post 1H18A close ALSP raised a further £4.764m cash via a CLN at 5%.

| ACF est. GBP (k) | Revenue | EBITDA | FCF | EPS | EPS (diluted) |
|------------------|---------|--------|-------|------|---------------|
| 2017A | 2,632 | 1,065 | 997 | 2.45 | 2.22 |
| 2018E | 3,127 | 925 | 1,087 | 0.28 | 0.26 |

| Multiples | EV/ Revenue | EV/ EBITDA | EV/ FCF | P/ EPS | P/ EPS (diluted) |
|-----------|-------------|------------|---------|---------|------------------|
| 2017A | 24.59x | 60.78x | 68.94x | 44.89x | 49.57x |
| 2018E | 20.70x | 69.95x | 59.56x | 389.00x | 429.55x |

| 14/06/2018 | No. of Shares | Fully diluted |
|------------------------------------|---------------|---------------|
| Share Price History | | |
| NoSh (m) | 40.1 | 43.4 |
| Implied Intrinsic Price | 123p | 114p |
| Value Range Low | 120p | 111p |
| Value Range High | 126p | 117p |
| NEX Growth Market | ALSP | |
| Financial YE | 30-Apr | |
| Reporting Currency | GBP | |
| NoSh (m) | | 40.1 |
| NoSh (m) expected dilution (Exp D) | | 43.4 |
| NoSh (m) full dilution (FD) | | 43.4 |
| Key Metrics | | |
| MCAp (m) | £44.1 | adj. £44.1 |
| Net Debt (Cash) (m) | £20.62 | £20.62 |
| EV (m) | £64.7 | £64.7 |
| 52 Wk Hi | 115p | 106p |
| 52 Wk Lo | 100p | 92p |
| Free Float | 33% | 33% |
| *Key Metrics FCF adj. | | |
| | 2017A | 2018E |
| CPS (GBp) | 2.49 | 2.71 |
| CPS (Exp D) (GBp) | 2.30 | 2.50 |
| CPS (FD) (GBp) | 2.30 | 2.50 |
| P/CPS | 49.51x | 41.96x |
| P/CPS (Exp D) | 53.58x | 45.41x |
| P/CPS (FD) | 53.58x | 45.41x |

Investment Case

Competitive background

ACE (ALSP) acquires and rents secondary assets largely in regional cities in the UK with reliable tenants. HM government and city councils accounted for 78% of rental revenues. ACE looks for opportunities primarily with end of life tenancies to provide rental uplift via change of use and, in time, capital appreciation. FY17E should see ACE's property assets reach GBP 50m by FY20E up from 28.5m FY16A. Recent asset growth has been funded by a mixture of CLNs and commercial debt from ACE's bankers. Current net debt to shareholder equity ratio is 193%, though this should change if, as we expect, around GBP 15m of CLNs are converted to equity over our current 5-year horizon. We would continue to encourage management to keep focussed on optimisation of balance sheet gearing by aiming for 40/60 debt to equity. The current 36% (including post balance sheet events) suggests equity is the next funding mechanism.

The UK property market (commercial, retail and residential) has slowed in terms of the rate at which transactions are completed and we expect continued Brexit uncertainty as we approach the "leave" deadline to weigh on the rate at which transactions can be completed. However, the commercial property market, in general, continues to function reasonably well. We see opportunities arising for ACE property acquisitions as technology changes drives change in commercial property use. Recent weakness in sterling is likely to continue to keep foreign investors interested in opportunities in the UK property market.

ALSP's active asset management strategy continues to deliver growth in the current bull market.

● Post balance sheet events (PBSE) 1H18A

ALSP closed the purchase of Worth Bridge Road. Keithley for GBP 4.75m generating annual rental on 26,932 sq. ft over three stories of GBP 383k.

● Funding PBSEs

ALSP also closed a funding action issuing a GBP 5.2637m of CLNs at 5% and 5.263m warrants at 0.80p representing 22% of current share capital in exchange for GBP 4.7637m cash. This follows ALSPs 20 July 17 announcement of GBP 10m funding via a convertible loan note at 6%. ACE Issued 80k shares at 75p per share to Bijan Daneshmand, who now owns 5.16% of ALSP.

Catalysts

Acquisition of new properties and sale of existing properties; Uplift in rental yield through active management; Re-rating of the property sector; Further funding activity.

Operational Strategy

ACE (ALSP) is a property investment company focussed exclusively on the UK property market and largely invested in the commercial segment. The **value generator is** – rental income supported in turn by financing and asset appreciation.

- **Rental income** – ACE’s revenue line is dominated by rental income from its wholly owned subsidiaries.

ACE’s strategy is to acquire properties that deliver high yield combined with the opportunity to create or capture capital value. The management team identify properties available for acquisition with short unexpired tenancies. The tenants have “gilt edged” credit ratings (pay on time and reliably) and are largely immune to the business cycle. Tenants are dominated by organisations such as HMRC (UK tax authority and collection agency) and local authorities. The short remaining tenancy periods lower acquisition prices commensurately, whilst providing the opportunity for change-of-use (rental uplift) in the nearish future in order to maximise the property value.

ACE does not engage in property development and therefore the company is significantly de-risked compared to many property investment vehicles.

Historically ALSP was dominated by debt funding (debt/equity ratio 1H18A 36% vs. FY17A 55% vs. FY15A 70%. The GBP convertible notes at 5% and 6% are quasi equity and would currently convey a 22% and 26% equity stakes to the holders, if converted as we expect.). ACE plans to continue to fund future growth via debt and equity and we expect the company to continue to target a debt/equity ratio of 40% over the medium term. The dividend policy remains “progressive” with ACE paying out according to annual performance.

Exhibit 1: **ACE Liberty & Stone key operational metrics**

| GBP (k) | 1H16A | YE16A | 1H17A | YE17A | 1H18A |
|----------------------|----------|----------|---------------|----------------|----------------|
| Investment property | 20,164.4 | 29,488.4 | 28,499.4 | 29,453.3 | 49,378.1 |
| gr% sequential | | 46.24% | -3.35% | 3.35% | 67.65% |
| gr% y/y | | | 41.34% | -0.12% | 73.26% |
| Annual rental income | 2,261.0 | 2,336.8 | 2,367.5 | 2,636.2 | 2,944.4 |
| gr% sequential | | 3.35% | 1.31% | 11.35% | 11.69% |
| gr% y/y | | | 4.71% | 12.81% | 24.37% |
| Rental income Qtrly | 565.3 | 584.2 | 591.9 | 659.1 | 736.1 |
| gr% sequential | | 3.35% | 1.31% | 11.35% | 11.69% |
| gr% y/y | | | 4.71% | 12.81% | 24.37% |
| EAT Qtrly | 205.6 | 65.0 | 243.6 | 240.7 | 109.0 |
| gr% sequential | | -68.39% | 274.83% | -1.21% | -54.70% |
| gr% y/y | | | 18.48% | 270.28% | -55.25% |
| Equity to owners | 13,768.6 | 17,946.6 | 18,251.6 | 18,132.7 | 19,554.8 |
| gr% sequential | | 30.34% | 1.70% | -0.65% | 7.84% |
| gr% y/y | | | 32.56% | 1.04% | 7.14% |

Source: Company Reports;

Opex Analysis

Exhibit 2: ALSP opex analysis and forecasts

| SGA GBP (k) | 2015A | 2016A | 2017A | 2018E | 2019E |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Revs | 1,201 | 2,037 | 2,632 | 3,127 | 4,241 |
| %Growth | | 70% | 29% | 19% | 36% |
| EBITDA | 314 | 836 | 1,065 | 925 | 2,960 |
| %Growth | | 166% | 27% | -13% | 220% |
| Total SGA | 887 | 1,202 | 1,567 | 2,201 | 1,281 |
| %Growth | | 35% | 30% | 40% | -42% |
| Directors costs | 161 | 291 | 553 | 664 | 704 |
| %Growth | N/A | 81.2% | 90.2% | 20.0% | 6.0% |
| %of Revs | 13.4% | 14.3% | 21.0% | 21.2% | 16.6% |
| %of SGA | 18.1% | 24.2% | 35.3% | 30.2% | 54.9% |
| Opex of Inv Props | 212 | 235 | 204 | 103 | 113 |
| %Growth | N/A | 11.0% | -13.3% | -49.5% | 10.0% |
| %margin | 17.6% | 11.6% | 7.8% | 3.3% | 2.7% |
| %of SGA | 23.9% | 19.6% | 13.0% | 4.7% | 8.8% |
| Prof. costs | 431 | 492 | 383 | 1,392 | 420 |
| %Growth | 14.2% | -22.2% | 2.5% | 2.0% | 2.0% |
| %margin | 24.1% | 14.5% | 44.5% | 9.9% | 7.6% |
| %of SGA | 40.9% | 24.4% | 63.2% | 32.8% | 32.0% |
| Other Opex | 84 | 183 | 427 | 42 | 44 |

Source: ACF Research Estimates; Company reports.

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 in the property sector, nevertheless we are strongly of the view that only cash matters.

We still currently expect EBITDA margins to increase substantively during FY18E leading to an 85% improvement in EBITDA when combined with 18% revenue growth for the same forecast period. However, following our post 1H18A results management discussion, we may raise our forecasts before YE18.

Administrative expenses are distorted by the effects of professional costs relating to raising funds and executing property sales and acquisitions 1H18A, though these increased costs are reflected in our EPS forecasts we have normalised them for our FCF forecasting.

Forecasts Semi-annual

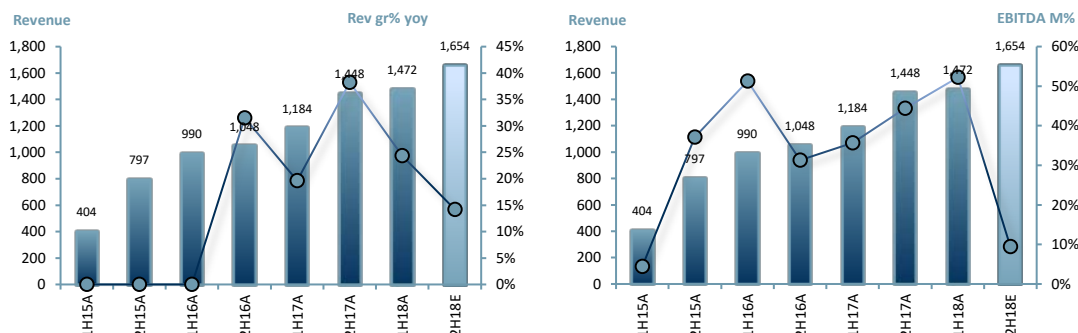
Exhibit 3: Forecasts 2H18E

| ACF est. GBP (k) | 1H15A | 2H15A | 1H16A | 2H16A | 1H17A | 2H17A | 1H18A | 2H18E |
|-----------------------|--------|--------|--------|----------|----------|----------|----------|----------|
| Revenue | 404.49 | 796.69 | 989.57 | 1,047.74 | 1,183.73 | 1,448.49 | 1,472.19 | 1,654.36 |
| Rev gr% (Sequential) | | 96.96% | 24.21% | 5.88% | 12.98% | 22.37% | 1.64% | 12.37% |
| Rev gr% yoy | | 0.00% | 0.00% | 31.51% | 19.62% | 38.25% | 24.37% | 14.21% |
| Rev Seasonal Mix | 33.67% | 66.33% | 48.57% | 51.43% | 44.97% | 55.03% | 47.09% | 52.91% |
| EBITDA | 18.02 | 295.75 | 507.75 | 327.91 | 421.69 | 643.06 | 768.59 | 156.56 |
| EBITDA M% | 4.45% | 37.12% | 51.31% | 31.30% | 35.62% | 44.40% | 52.21% | 9.46% |
| EBITDA Seasonal Mix % | 5.74% | 94.26% | 60.76% | 39.24% | 39.60% | 60.40% | 83.08% | 16.92% |
| Net Income | 222.59 | 536.43 | 411.27 | -151.28 | 487.26 | 475.42 | 218.05 | -106.96 |
| NI M% | 55.03% | 67.33% | 41.56% | -14.44% | 41.16% | 32.82% | 14.81% | -6.47% |
| NI gr% | | 141% | -23% | -137% | -422% | -2% | -54% | -149% |
| EPS | 0.032 | 0.077 | 0.948 | -0.349 | 1.123 | 1.096 | 0.133 | 0.150 |

Source: ACF Research Estimates; Companies reports; Factset.

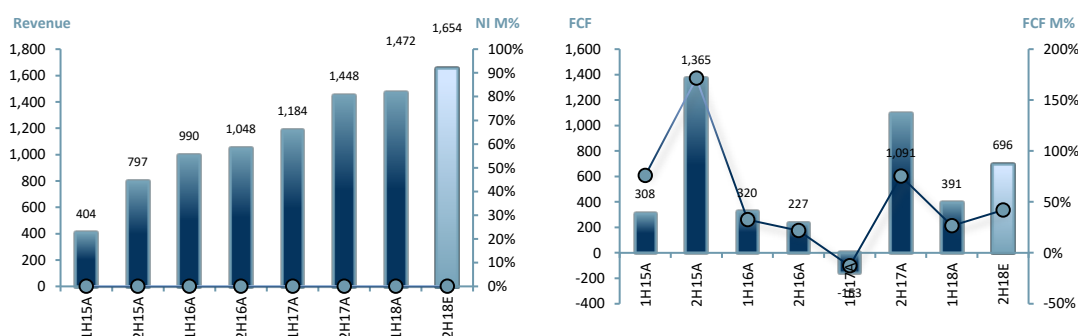
1H18 beats our estimates.

Revenue growth rate rises, and declines, aggressively in line with the lumpy nature of capital raising to expand the property portfolio and so rental income. Our perpetuity (very long run) rental growth rate base-case assumes rents grow over time in line with long-run UK GDP growth.



Note lines represent margins or growth in %

Bars represent actual forecast values for line item e.g. Revenues



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 in the property sector, nevertheless we are strongly of the view that only cash matters.

Valuation

| ACF est. GBP (k) | 2016A | 2018E | 2019E | 2020E | 2021E |
|------------------|-------|-------|-------|-------|-------|
| Revenue | 2,632 | 3,127 | 4,241 | 5,647 | 6,670 |
| EBITDA | 1,065 | 925 | 2,963 | 4,355 | 5,322 |
| Net Income | 963 | 111 | 1,454 | 2,379 | 3,210 |
| FCF | 997 | 1,087 | 1,737 | 2,935 | 3,766 |
| CPS (diluted) | 2.30 | 2.50 | 4.00 | 6.77 | 8.68 |

We have raised our cost of debt expectations by 1.2 % to around 5.4% to reflect both the balance sheet D/E mix and interest rate trends.

We have raised our TV multiple 2x to reflect the more aggressive growth profile we believe is on the horizon following our post results discussion with management.

| ALSP ISD WACC Calc | *ERP Global |
|-------------------------|-------------|
| Pre-tax cost of debt | 5.4% |
| ETR | 20.0% |
| After-tax cost of debt | 4.3% |
| Current Leverage | |
| Debt | 56.6% |
| Equity | 44,093 |
| Target Leverage | |
| D / (D+E) | 40.0% |
| ACF β adj levered | 0.61 |
| rf | 0.80% |
| Rm | 6.2% |
| ERP | 5.4% |
| Cost of equity | 4.09% |
| Risk adj. | 1.00% |
| WACC | 5.18% |

*Bloomberg ticker indicates ACF market ERP

Note: We assume the conservative Debt / Equity target mix 40%. However, in the current interest rate environment 50-60% is more likely.

Uptick in valuation based upon management commitment to greater growth rates – we have captured this by raising out FCF terminal value multiple (TV) 2x to 20x – not aggressive for a growth company.

| Valuation Range | |
|--------------------------------|----------------------|
| NPV FCF (k) | 10,047 |
| NPV TV FCF (k) | 59,924 |
| EVF (k) | 69,971 |
| TV Multiple | 20.0x |
| % TV of total NPV | 85.64% |
| Net Debt (k) | 20,622 |
| Fair Value (k) | 49,349 |
| NoSh (m) | 40.08 |
| NoSh (diluted) (m) | 4.34 |
| Intrinsic Value Per Share | 123.11 |
| Close Price £ | 110.00 |
| VR (low - high) | 120.03 126.19 |
| VR Spread | 5.00% |
| Implied VR Return (low - high) | 9.1% 14.7% |

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) on 12/06/2018 of 40,846,625 following the 25:1 share consolidation 31st March 2017 and further issue of equity post balance sheet close.

Peer Group Comparators

Exhibit 4: Trailing ACE Liberty & Stone peer group metrics

| Trailing 17A Metrics / Company Name | Market | MCAP (m) | Div % | EBITDA / M% | MCAP / REVS | MCAP / EBITDA | MCAP / NI |
|-------------------------------------|-------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| ACE Liberty & Stone | NEX Growth | 44.09 | 4.1 | 40.45 | 16.75x | 41.41x | 45.80x |
| 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 |

Excluding ALSP the rest of the peer group yields are based on FY17 final dividend.

Source: ACF Research Estimates; Companies reports; Factset.

Exhibit 5: Trailing ACE peer group real estate metrics

| Trailing 17A Metrics / Company Name | Market | MCAP (m) | Gross Debt / Assets | Gross Debt / Equity | RoA % | RoE % | RoI % |
|-------------------------------------|-------------------|--------------|---------------------|---------------------|--------------|--------------|--------------|
| ACE Liberty & Stone | NEX Growth | 44.09 | 63.12 | 137.52 | 2.76 | 5.31 | 10.00 |
| 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% |

Note that ALSP is acquiring properties during the comparison period e.g. Grosvenor Casino, Manchester, acquired April 2017, which cost GBP 4m and so has only contributed a few days rental income. This timing distorts downwards the RoA, RoI and RoE, for ALSP vs. peers for the period.

Source: ACF Research Estimates; Companies reports; Factset.

Our ACE Liberty & Stone (ALSP.L) peer group is made up of companies listed on AiM and the FTSE 250; AiM peers are ALSP's closest comparators. However, we have also included FTSE 250 company Grainger (GRI LN) because of its growth profile and to give some indication of what a property investment company such as ALSP may, in time, resemble.

ALSP does not make up a constituent of our average or median values in the peer group metrics at the bottom of exhibits 4 and 5. We have excluded ALSP 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 FY17A trailing metrics in Exhibit 5 with the forward multiples FY18E on our valuation page and on the front page of this note.

Financial Projections

Exhibit 6: ACE Liberty & Stone P&L and forecasts

| P&L GBP (k) | 2016A | 2017A | 2018E | 2019E | 2020E |
|-----------------|--------------|--------------|--------------|--------------|--------------|
| Revs | 2,037 | 2,632 | 3,127 | 4,241 | 5,647 |
| gr% | 70% | 29% | 19% | 36% | 33% |
| GP | 2,037 | 2,632 | 3,127 | 4,241 | 5,647 |
| % Revs | 100% | 100% | 100% | 100% | 100% |
| SGA | 1,202 | 1,567 | 2,201 | 1,281 | 1,339 |
| % Revs | 59% | 60% | 70% | 30% | 24% |
| EBITDA | 836 | 1,065 | 925 | 2,960 | 4,308 |
| % Revs | 41% | 40% | 30% | 70% | 76% |
| FV adj. | 283 | -391 | 0 | 0 | 0 |
| % Revs | 14% | -15% | 0% | 0% | 0% |
| EBIT | 1,119 | 674 | 925 | 2,960 | 4,308 |
| EBT | 612 | 1,122 | 140 | 2,214 | 3,622 |
| % Revs | 30% | 43% | 4% | 52% | 64% |
| ETR | 58% | 14% | 20% | 20% | 20% |
| Tax | 352 | 160 | 28 | 443 | 724 |
| NI | 260 | 963 | 112 | 1,771 | 2,897 |
| % Revs | 13% | 37% | 4% | 42% | 51% |
| Basic EPS (p) | 0.66 | 2.45 | 0.29 | 4.51 | 7.37 |
| Diluted EPS (p) | 0.60 | 2.22 | 0.26 | 4.08 | 6.68 |

Source: Company reports; ACF Estimates.

Financial Projections

Exhibit 7: ACE Liberty & Stone Balance Sheet and forecasts

| Balance Sheet GBP (k) | 2016A | 2017A | 2018E | 2019E | 2020E |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Tangible Assets | 0 | 0 | 0 | 0 | 0 |
| Investments | 21,788 | 29,453 | 38,153 | 46,853 | 55,553 |
| Rev Yield | 9.35% | 8.94% | 8.19% | 9.05% | 10.16% |
| Rev Yield 1 yr fwd | 12.08% | 10.62% | 11.12% | 12.05% | 12.01% |
| Total Fixed Assets | 21,788 | 29,453 | 38,153 | 46,853 | 55,553 |
| Current assets | 134 | 178 | 11,527 | 15,636 | 20,818 |
| Assets held for sale | 7,700 | 9,526 | 8,416 | 0 | 0 |
| Cash | 518 | 351 | 1,422 | 2,448 | 4,658 |
| Total Current Assets | 8,352 | 10,055 | 21,365 | 18,084 | 25,477 |
| Total Assets | 30,140 | 39,508 | 59,518 | 64,937 | 81,030 |
| Creditors | 1,395 | 788 | 937 | 1,270 | 1,692 |
| Liabs held for sale | 2,400 | 3,436 | 2,538 | 0 | 0 |
| Accruals | 0 | 563 | 0 | 0 | 0 |
| Deferred Tax | 212 | 298 | 335 | 0 | 0 |
| Loans | 8,187 | 16,291 | 8,700 | 17,400 | 26,100 |
| Total Liabilities | 12,194 | 21,376 | 12,509 | 18,670 | 27,792 |
| Net Assets | 17,947 | 18,133 | 47,008 | 46,267 | 53,239 |
| Share Capital | 9,822 | 9,822 | 9,822 | 9,822 | 9,822 |
| Reserves | 479 | 479 | 479 | 479 | 479 |
| Share Premium | 7,133 | 7,133 | 35,415 | 32,902 | 36,977 |
| Accum. Profit/(loss) | 513 | 1,180 | 1,292 | 3,064 | 5,961 |
| Other | 0 | -481 | -481 | 0 | 0 |
| Total Equity | 17,947 | 18,133 | 46,528 | 46,267 | 53,239 |
| Total Equity & Liabilities | 30,140 | 39,508 | 59,037 | 64,937 | 81,030 |

Source: Company reports; ACF Estimates.

ALSP is now likely to exceed our FY18E projections for Investments and perhaps total assets.

We use cash as a plug for the balance sheet, which distorts the mix of elements within the assets lines in particular but the Total assets projection are very much on track following the 1H18 results.

Financial Projections

Exhibit 8: ACE Liberty & Stone Cash Flow and forecasts

| Cash Flow GBP (k) | 2016A | 2017A | 2018E | 2019E | 2020E |
|--------------------------|------------|--------------|--------------|--------------|--------------|
| CFO | | | | | |
| EBT Profit/(loss) | 612 | 1,122 | 140 | 2,214 | 3,622 |
| % Revs | 30% | 43% | 4% | 52% | 64% |
| Finance costs | 506 | 570 | 500 | 0 | 0 |
| FV adj. | -283 | 391 | 0 | 0 | 0 |
| Other adjustments | 69 | -1,019 | 250 | 0 | 0 |
| Cash Taxes | -27 | -22 | -28 | -443 | -724 |
| Net Ip / (Ir) | 386 | 631 | 785 | 746 | 687 |
| WCap change | -37 | -104 | -63 | 0 | 0 |
| Net CFO | 454 | 308 | 15 | 1,026 | 2,211 |
| % Revs | 22.3% | 11.7% | 0.5% | 24.2% | 39.1% |
| Capex maintenance | 0 | 0 | 0 | 0 | 0 |
| FCFE | 454 | 308 | 15 | 1,026 | 2,211 |
| % Revs | 22% | 12% | 0% | 24% | 39% |
| uFCF | 840 | 939 | 800 | 1,771 | 2,897 |
| % Revs | 41% | 36% | 26% | 42% | 51% |
| Capex growth net | 5,143 | 8,809 | 10,000 | 10,000 | 10,000 |
| Capex/Prprty Assets % | 24% | 30% | 26% | 21% | 18% |
| CF from Financing | 3,259 | 8,334 | 11,056 | 10,000 | 10,000 |
| Net Cash In/(Out) | -1,430 | -167 | 1,071 | 1,026 | 2,211 |
| Cash previous YE | 1,947 | 518 | 351 | 1,422 | 2,448 |
| Cash & CE | 518 | 351 | 1,422 | 2,448 | 4,658 |

Source: Company reports; ACF Estimates.

Drop in expected FCF is due in large part to a significant cut in EBT which is itself due to arrangement and transaction fees based on expectation that ALSP will transform its topline this year through property acquisitions.

Underlying free cash flow generation is better represented by uFCF (unlevered FCF). This will be especially true if the CLNs are converted to equity over the next 18 to 24 months.

Notes [Intentionally Blank]

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