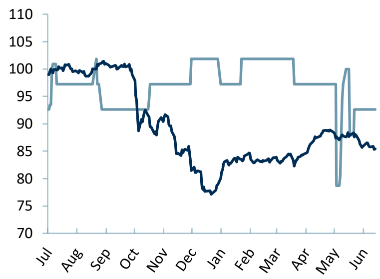
UPDATE

VALUE RANGE

GBp 122 – 128



ALSP ISD 12m Price Rel (light) Chart vs. FTSE AIM AS (dark)

Monday, 24 June 2019

Intrinsic Price	125p
Value Range Low	122p
Value Range High	128p
Implied MCAP (m)	£53.26
Implied EV (m)	£94.47
NEX Index	ALSP NEX
Financial YE	30-Apr
Currency	GBP

Business Activity
Commercial & retail property investment

Key Metrics

Close Price	100p
MCAP (m)	£42.49
Net Debt (Cash) (m)	£41.21
EV (m)	£83.70
52 Wk Hi	110p
52 Wk Lo	85p
NAV trailing	45.75p

Key Ratios

S/P premium to NAV	118.58%
% LTV ALSP adj.	48.57%
Net Debt / Shareholder Equity %	285.11%

Real Estate Sector Research
NEX Growth Market Index

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Another ACE Step Forward

Trading stronger than ever

ACE Liberty & Stone (ALSP ISD), a NEX growth market listed property trading company, has had another busy and successful year. ACE has made 8 acquisitions for GBP 32.95m generating GBP 2.49m in annual rental revenues (average 7.6% rental yield) and sold Hume Ho. for a 133% capital return over 5 years. The Company has raised GBP 1.98m equity, GBP 3.2m debt and is negotiating a GBP 10m Convertible Loan Note (CLN) extension, likely to be on new terms. The investment portfolio has reached GBP 86.9m up from 50.5m YE18 and outperformed our YE19E target of GBP 76.3m by 13.9%. Revenue run rate now exceeds GBP 6m vs. our YE19 target of GBP 5.2m. We believe the balance sheet lends itself to a potential equity offer opportunity, which in turn would serve to push the NAV towards the equity valuation.

- Annual rental revenue run rate forecast £6m up 15% vs. £5.2m IH19A;
- Portfolio £86.9m up 13.9% vs. our £76.3m YE19 forecast;
- Disposal Hume Ho. 133% capital return over 5yrs or CAGR 18.5% p.a.;
- Acquisitions £33m generating 7.6% rental income yield;
- ALSP dividend pay-outs 3x per year – Oct, Apr, Jul.

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2018A	3,515	2,472	1,855	0.87	0.61
2019E	5,246	4,144	1,730	1.57	1.15

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2018A	23.81x	33.85x	45.12x	114.43x	162.69x
2019E	15.96x	20.20x	48.38x	63.69x	86.67x

24/06/2019	No. of Shares in issue	Fully diluted
Share Price History		
NoSh (m)	42.5	57.8
Implied Intrinsic Price	125p	92p
Value Range Low	122p	90p
Value Range High	128p	94p
NEX Growth Market	ALSP	
Financial YE	30-Apr	
Reporting Currency	GBP	
NoSh (m)		42.5
NoSh (m) expected dilution (Exp D)		57.8
NoSh (m) full dilution (FD)		57.8

Key Metrics		adj.
MCAP (m)	£42.5	£42.5
Net Debt (Cash) (m)	£41.21	£41.21
EV (m)	£83.7	£83.7
52 Wk Hi	110p	81p
52 Wk Lo	85p	62p
Free Float	33%	33%

*Key Metrics FCF adj.	2018A	2019E
CPS (GBp)	4.37	4.07
CPS (Exp D) (GBp)	3.21	2.99
CPS (FD) (GBp)	3.21	2.99
P/CPS	28.71x	22.62x
P/CPS (Exp D)	39.07x	30.78x
P/CPS (FD)	39.07x	30.78x

Shareholders	> 3%
Dr. El-Rousstom	17.7%
HSBC Glbl Nom	13.2%
Dinama Hldgs	7.6%
Libank	7.0%
D Waylett	5.8%
I Ghandour	5.0%
Total	56.2%

Investment Case

Competitive background

ACE (ALSP) acquires and rents secondary assets largely in regional cities in the UK with over 50% of rental income from gilt-edged tenants. HM government and city councils accounted for 51% of rental revenues FY18A vs. 60% y/y. Major industrial and commercial companies accounted for 45% of revenues FY18A vs. 33% FY17A. ACE looks for two types of core opportunities – 1) end of life tenancies to provide rental uplift via change of use and, in time, capital appreciation and longer-term tenancies (weighted average life of tenancy agreements is greater than 8 years) to underpin cash flows. ALSP does not undertake development work, thereby de-risking its revenues compared to many of its listed peer group.

The UK property market (commercial, retail and residential) has slowed in terms of the rate at which transactions are completed after the unexpected UK vote to leave the EU and continued uncertainty over the nature of the UK's withdrawal from the European Union. Although the commercial property market stabilised relatively quickly after an initial panic from investors following the Brexit vote outcome, deals are now taking longer to execute and commercial debt arrangements have become a more laborious process. In spite of this environment, ALSP's management has again performed well during FY19E and has combined this with a further 8 new property acquisitions and another highly successful property sale for investors. The property sale delivered capital growth on the asset with a CAGR of 18.5% p.a. over 5 years.

ALSP's active asset management strategy continues to prove value-generating in current market conditions.

● Post balance sheet events (PBSEs) FY18A

Dividend pay-out of 1.25p p/s. Purchase of eight properties for a total of GBP 32.95m generating 2.5m rental income or an average 7.6% rental yield.

● Funding Post Balance Sheet Events (PBSEs) YE18A

The Company has raised new equity GBP 1.983m via the conversion of GBP 1.179m of CLNs, the payment of GBP 117.87k CLN coupons (interest) using equity and the issue of 858k warrants at 80p. ACE has raised debt GBP 3.2m at 7% over a 2-yr term from existing investors and we forecast that ACE will extend its 10m CLN note by a further 2 years on new terms - we forecast 6% interest, conversion to equity option, and or as a GBP 10m part payment toward the acquisition of properties for or from ACE.

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 via commercial debt or a significant equity raise.

Operational Strategy

ACE (ALSP) is a property investment company focussed exclusively on the UK property market and almost entirely invested in the commercial segment, with 51% of rental income from gilt-edged government or government backed entities. The **value generator is** – rental income supported in turn by financing and asset appreciation.

● **Rental income** – ACE's revenue line is entirely rental income derived from its wholly owned subsidiaries.

A rise in net debt/equity to 94% from 47% y/y reflects the very strong growth in future rental income (run-rate FY19E greater than GBP 6m).

(Net debt/shareholder equity FY18A is 285% as per front page metrics table).

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 that create a balanced portfolio of opportunities with short unexpired tenancies and longer-term leases. Over 50% of rental income is from tenants 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 near future in order to maximise the property value. The longer-term tenancies underpin future cash flows. ACE does not engage in property development and therefore the company is significantly de-risked compared to many property investment vehicles.

ALSP's net debt/equity ratio has risen strongly reflecting the growth in rental income, the benefits of which fall through the P&L over 24 months from purchase of the properties. Net debt/equity FY18A 94% vs. 47% y/y (MCAP GBP 45.48m). The GBP convertible loan note (CLN) at 6% is quasi equity and would currently convey a 26% equity stake (14.035m shares) to the holder if converted. The dividend policy remains "progressive" with ACE paying out three times p.a., according to annual performance.

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

GBP (k)	2016A	1H17A	2017A	1H18A	2018A
Investment property	29,488.4	28,499.4	38,979.3	49,378.1	58,221.9
gr% sequential		-3.35%	36.77%	26.68%	17.91%
gr% y/y			**32.19%**	**73.26%**	**49.37%**
Annual rental income	2,336.8	2,310.4	2,632.0	2,944.4	3,515.1
gr% sequential		-1.13%	13.92%	11.87%	19.38%
gr% y/y			**12.63%**	**27.44%**	**33.55%**
Rental income Qtrly	584.2	577.6	658.0	736.1	878.8
gr% sequential		-1.13%	13.92%	11.87%	19.38%
gr% y/y			**12.63%**	**27.44%**	**33.55%**
EAT Qtrly	65.0	243.6	240.7	109.0	90.3
gr% sequential		274.83%	-1.21%	-54.70%	-17.15%
gr% y/y			**270.28%**	**-55.25%**	**-62.47%**
Equity to owners	17,946.6	18,251.6	18,132.7	19,554.8	19,439.3
gr% sequential		1.70%	-0.65%	7.84%	-0.59%
gr% y/y			**1.04%**	**7.14%**	**7.21%**

Source: Company Reports;

Management Team

- **CEO, Ismail Ghandour.**

Mr. Ghandour is the founder and his contacts make him a key driver of ACE. Ismail has been active in the international property sector including the UK, the European mainland and the Middle East for over 25 years, developing a good knowledge of the property market as well as a strong network of contacts among other property investors, banks and professionals such as surveyors and solicitors. Ismail initially took responsibility for his family's property interests in Europe and the Lebanon, building up a portfolio of properties in the UK, which is now 50% residential and 50% commercial. Ismail's companies have grown to a value of over GBP 50m. He founded ACE in 2007, successfully floating it the same year on London's PLUS (now NEX).

- **Finance Director, Ivan Minter.**

Mr. Minter, after qualifying as a Chartered Accountant, held roles including financial controller, finance director and company secretary in a number of companies operating in many different industries and markets. He has floated companies on AiM and PLUS (now NEX). More recently, he has served with the FSA (now FCA) and the BoE, carrying out the prudential supervision of banks and building societies. He and the CEO floated ALSP in 2007. He has delivered financial control credibility and a culture of transparency to ACE with the founder and CEO.

- **Commercial Director, Mark Thomas.**

Mr. Thomas is a Chartered Surveyor with both a large blue chip background (including BNP Paribas Real Estate and PwC) and a smaller more entrepreneurial experience set. He is a key driver for the ACE story. Mark is a director of Maybridge Commercial Ltd, a multi-disciplinary firm created from the amalgamation of Maynards Chartered Surveyors formed over one hundred years ago and Thomas & Co Chartered Surveyors formed in 1998. Mark's experience includes posts with Carter Jonas, Gerald Eve and Fuller Peiser (now BNP Paribas Real Estate) carrying out valuations and offering strategic M&A advice as well as advice on the sale of properties throughout the UK and far further afield.

Assignments included the Hungarian state privatisation programme and secondment to Price Waterhouse. He has been a director of ACE (ALSP) since its 2007 (now NEX) IPO.

- **Non-Executive Chairman, Tony Ghorayeb.**

Mr. Ghorayeb has over 35 year's blue chip and entrepreneurial international experience in banking and legal consulting in London, Geneva and New York and is well placed to use his experience and connections to generate interest and raise money for ACE's UK property investment plans. He is Chairman and co-founder of LiBank, the Lebanese investment bank offering services tailored to HNW clients. LiBank is an early lender and investor in ACE. Anthony is also a founding member and secretary general of the Levant Business Union. He previously held senior positions at HSBC, Credit Commercial de France, Banque Indosuez and BSI. Anthony became a director of ACE in September 2013 and took on responsibility during 2015 to act as the internal point of contact for investor queries.

- **Senior Independent Director, Keith Pankhurst.**

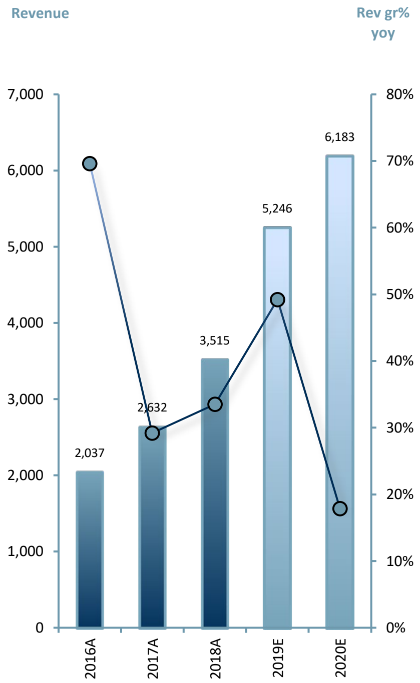
Mr. Pankhurst was a full time MD of Ashdown Marks Ltd., a highly successful independent niche Property Consultants practice. Keith co-founded Marks Ltd. in 1985, which is based in Milner Street, Chelsea SW3 and specialises in residential sales, lettings and investments. Keith brings over 35 years of property experience including 10 years working for blue chip firms such as George Trollope and Sons, William Willett and Hamptons, operating in London's prime real estate quarters of Belgravia, Mayfair, Knightsbridge, Kensington and Chelsea. He has been a director of ACE Liberty & Stone since its flotation in 2007.

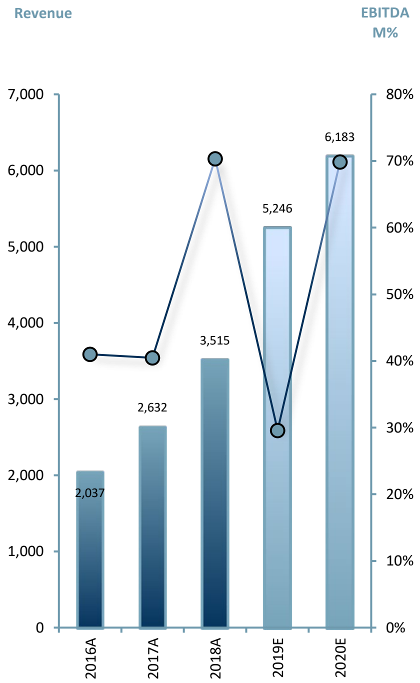
Forecasts 2-year annual

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 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 for forecast values for line item e.g. Revenues.





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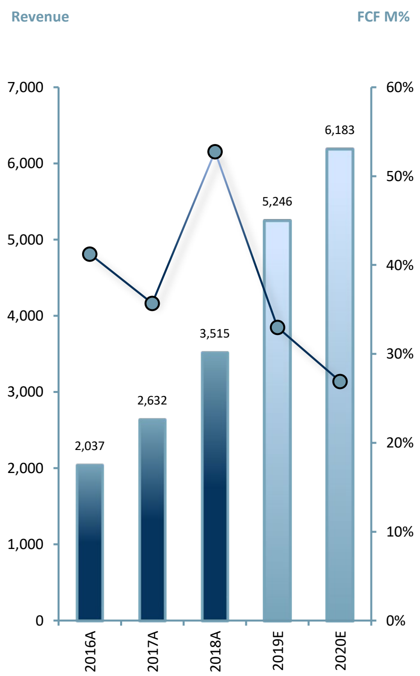
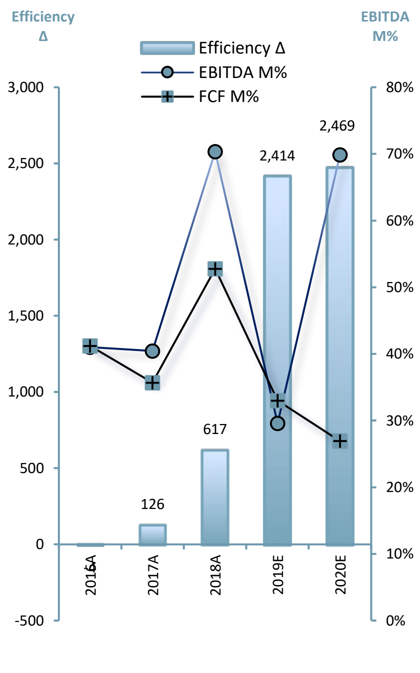
Bars represent actual for forecast values for line item e.g. Revenues.





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)	2018A	2019E	2020E	2021E	2022E
Revenue	3,515	5,246	6,183	6,633	7,565
EBITDA	2,472	4,144	4,134	3,933	6,312
Net Income	361	667	1,665	1,637	3,557
FCF	1,855	1,730	1,665	1,637	3,557
CPS (diluted)	3.16	2.99	2.88	2.83	6.15

Note: FY19E revenues run rate exceeds GBP 6m, but is subject to sale and acquisition timing differences FY20E.

ALSP NEX WACC Calc	*ERP Global
Pre-tax cost of debt	5.4%
ETR	20.0%
After-tax cost of debt	4.3%
Current Leverage	
Debt	117.7%
Equity	42,491
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.	2.46%
WACC	6.64%

*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.

Valuation Range		
NPV FCF (k)	6,557	
NPV TV EBITDA (k)	87,914	
EVF (k)	94,471	
TV Mulitple	18.0x	
% TV of total NPV	93.06%	
Net Debt (k)	41,211	
Fair Value (k)	53,260	
NoSh (m)	42.49	
NoSh (diluted) (m)	5.78	
Intrinsic Value Per Share	125.34	
Close Price £	100.00	
VR (low - high)	**122.21**	**128.48**
VR Spread	5.00%	
Implied VR Return (low - high)	22.2%	28.5%

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) on 21/06/2019 of 41.491,368 following the 25:1 share consolidation 31st March 2017 and further issue of equity over the ensuing period.

Sensitivity Analysis

Our EBITDA perpetuity valuation check suggests a Value Range (VR) GBp 125-158 p/s…based upon a WACC range of 6.18% to 5.18%. Assuming equity funding, our undiluted NAV reaches 166p 2021E (fully diluted NAV 2012E is 123p)

In this note we have opted for a more conservative DCF with a terminal value, suggesting a Value Range (VR) of GBp 122-128 p/s.

In our valuation we expect FY19E revenue growth of 49% y/y. Our aggressive growth rate hypothesis continues to be well supported by the FY19E revenue run rate and FY18A rental income growth of 33.54% and FY17A growth of 12.63%. We have modelled a two-year lag between transaction costs for financing and property acquisition against improvements in profit measures including EBITDA and FCF. We take the view that the re-emergence of inflation expectations will in time serve to reduce the real cost of capital for balance sheet debt already in place. Our terminal EBITDA multiple is 18x reflecting a mixture of current peer group multiples and ACE's superior growth rate. Our organic perpetuity real growth rate forecast for EBITDA is 2.5% giving an implied new higher VR of GBp 128 to 158 p/s, compared to our published TV multiple DCF Valuation Range of GBp 122 to 128 p/s.

Exhibit 2: **ALSP multiples based on close price**

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)	CPS	CPS (diluted)
2018A	3,515	2,472	1,855	0.87	0.61	4.49	3.16
2019E	5,246	4,144	1,730	1.57	1.15	4.07	2.99

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS	P/ CPS (diluted)
2018A	23.81x	33.85x	45.12x	114.43x	162.69x	22.29x	31.69x
2019E	15.96x	20.20x	48.38x	63.69x	86.67x	24.56x	33.42x

Source: ACF Research Estimates.

Exhibit 3: **WACC/Multiple table - longer-term valuation potential**

Share Price

Terminal EBITDA Multiple \ WACC	3.18%	4.18%	5.18%	**6.18%**	7.18%	8.18%
15.0x	97	96	96	95	94	94
16.0x	109	108	107	107	106	105
17.0x	121	120	119	**118**	**118**	117
18.0x	132	132	131	**130**	**129**	129
19.0x	144	143	143	**142**	**141**	141
20.0x	156	155	154	154	153	152
21.0x	168	167	166	165	165	164

Source: ACF Research Estimates.

The rise in lending rates effect is somewhat dampened by recent rises in inflation.

Exhibit 3 above shows our DCF calculation uses a TV multiple derived from discounted EBITDA. We use a new higher WACC of 6.64% based on recent higher share price volatility.

Peer Group Comparators

Exhibit 4: **Trailing ALSP peer group metrics**

Peer group yields are based on FY19 or FY18 trailing final dividend.

Trailing 18A Metrics / Company Name	Market	EV (m)	Div %	EBITDA / M%	EV / REVS	EV / EBITDA	EV / NI
ACE Liberty & Stone	**NEX Growth**	**94.47**	**2.2%**	**70.34**	**23.81x**	**33.85x**	**231.67x**
Palace Capital	AiM	235.18	6.4%	66.77	12.54x	18.78x	45.49x
Panther Securities	AiM	152.46	3.3%	55.18	11.20x	20.30x	21.63x
Grainger	FTSE 250	2400	2.0%	41.21	9.90x	24.02x	25.37x
First Property Gp	AiM	112.73	4.0%	42.95	5.52x	12.84x	20.46x
Fletcher King	AiM	1.41	5.0%	8.46	0.46x	5.44x	7.16x
Average			**4.16%**	**42.92%**	**7.92x**	**16.28x**	**24.02x**
Median			**4.00%**	**42.95%**	**9.90x**	**18.78x**	**21.63x**

Source: ACF Research Estimates; Companies reports; Factset.

Exhibit 5: **Trailing ALSP peer group real estate metrics**

Trailing 18A Metrics / Company Name	Market	MCAP (m)	Gross Debt / Assets	Gross Debt / Equity	RoA %	RoE %	RoI %
ACE Liberty & Stone	**NEX Growth**	**42.49**	**77.72**	**77.72**	**0.70**	**1.86**	**15.00**
Palace Capital	AiM	135.36	37.81	66.78	2.53	2.84	1.76
Panther Securities	AiM	64.54	34.13	99.47	2.28	7.61	3.65
Grainger	FTSE 250	1,490.00	50.85	103.56	2.84	9.68	4.49
First Property Gp	AiM	55.68	54.32	144.05	2.70	12.83	4.71
Fletcher King	AiM	3.68	N/M	N/A	3.38	4.74	4.74
Average			**44.28%**	**103.47%**	**2.75%**	**7.54%**	**3.87%**
Median			**44.33%**	**101.52%**	**2.70%**	**7.61%**	**4.49%**

Source: ACF Research Estimates; Companies reports; Factset.

Our ACE Liberty & Stone (ALSP.L) peer group is made up of companies listed on AiM; these are arguably ALSP's closest most relevant peers. 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 FY18A trailing metrics in Exhibit 4 with the forward multiples FY19E in our sensitivity analysis and on the front page of this note.

Peer Group Selection

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. It invests in property sectors including legal, hotels, retail, health R&D and parking. PCA's portfolio consists of 60 commercial properties with an occupancy rate of 90% 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 that has added a PRS portfolio. 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. 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 on 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 high yielding commercial property. FLK also earns a range of management fees as a proportion of the value of assets under management.

Financial Projections

P&L GBP (k)	2017A	2018A	2019E	2020E	2021E
Revs	**2,632**	**3,515**	**5,246**	**6,183**	**6,633**
gr%	29%	34%	49%	18%	7%
SGA	1,567	1,043	1,102	2,049	2,700
EBITDA	**1,065**	**2,472**	**4,144**	**4,134**	**3,933**
% Revs	40%	70%	79%	67%	59%
FV adj.	-391	0	0	0	0
% Revs	-15%	0%	0%	0%	0%
EBIT	**674**	**2,472**	**4,144**	**4,134**	**3,933**
EBT	1,122	214	834	2,081	2,046
% Revs	43%	6%	16%	34%	31%
ETR	14%	-69%	20%	20%	20%
NI	**963**	**361**	**667**	**1,665**	**1,637**
% Revs	37%	10%	13%	27%	25%
Adj EPS (p)	3.42	1.83	2.63	5.19	5.15
Basic EPS (p)	2.45	0.87	1.61	4.03	3.96
Diluted EPS (p)	2.22	0.61	1.13	2.83	2.78
Balance Sheet GBP (k)	2017A	2018A	2019E	2020E	2021E
Investments	29,453	50,488	69,426	84,426	109,426
Rev Yield	8.94%	6.96%	7.56%	7.32%	6.06%
Rev Yield 1 yr fwd	11.93%	10.39%	8.91%	7.86%	6.91%
Total Fixed Assets	**29,453**	**50,488**	**69,426**	**84,426**	**109,426**
Current assets	178	934	0	0	0
Assets held for sale	9,526	7,734	4,349	0	0
Cash	351	5,180	2,594	2,207	1,956
Total Current Assets	**10,055**	**13,849**	**6,943**	**2,207**	**1,956**
Total Assets	**39,508**	**64,337**	**76,369**	**86,633**	**111,382**
Creditors	788	1,240	1,850	2,181	2,340
Liabs held for sale	3,436	2,587	1,560	0	0
Deferred Tax	298	215	278	0	0
Loans	16,291	40,694	53,157	38,157	38,157
Total Liabilities	**21,376**	**44,897**	**57,008**	**40,338**	**40,497**
Net Assets	**18,133**	**19,439**	**19,362**	**46,294**	**70,885**
Share Capital	9,822	10,066	10,623	10,623	10,623
Accum. Profit/(loss)	1,180	1,152	1,819	3,484	5,121
Total Equity	**18,133**	**19,439**	**19,362**	**46,294**	**70,885**
Total Equity & Liabilities	**39,508**	**64,337**	**76,369**	**86,633**	**111,382**
Basic NAV (p)	42.7	45.7	45.6	108.9	166.8
Diluted NAV (p)	31.4	33.6	33.5	80.1	122.6
% LTV ALSP adj.	50.6%	48.6%	53.8%	27.4%	21.2%
Cash Flow GBP (k)	2017A	2018A	2019E	2020E	2021E
EBT Profit/(loss)	1,122	214	834	2,081	2,046
Finance costs	570	2218	1168	0	0
FV adj. + Other adj.	**391**	**0**	**0**	**0**	**0**
Cash Taxes	-22	-337	-167	-416	-409
WCap change	-104	-280	-105	0	0
Net CFO	**961**	**2,192**	**1,897**	**2,081**	**2,046**
% Revs	0	1	0	0	0
FCFE	939	1,855	1,730	1,665	1,637
uFCF	1,570	3,374	3,976	3,718	3,524
Capex/Prprty Assets %	**30%**	**38%**	**11%**	**18%**	**23%**
CF from Financing	8,334	23,776	5,325	15,000	25,000
Net Cash In/(Out)	-167	4,829	-2,586	-388	-250
Cash previous YE	518	351	5,180	2,594	2,207
Cash & CE	**351**	**5,180**	**2,594**	**2,207**	**1,956**

Source: Company reports; ACF Estimates.

Glossary

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.
CT	Corporation Tax is the tax owed by corporation on taxable profits less exemptions to HMRC.
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 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.
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.
HMRC	Her Majesty's Revenue and Customs is amongst other things the UK's tax collecting and enforcement civil service agency.
IFRS	International Financial Reporting Standards are a set of standards developed by the International Accounting Standards Board. IFRS is an internationally recognised standard and in principle means that investors from different legal geographies can compare financial performance between potential competing investments more easily (cheaply) openly and fairly, when compared to say comparing UK GAAP vs. US GAAP or other "regional" accounting standards.
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%.
NoSh	Number of Shares in issue (NoSh).
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 payout 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.
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.

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.
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.
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).

Notes [Intentionally Blank]

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