NCB

Independent & International

Preview note

ESN

Taliesin Property Fund Limited

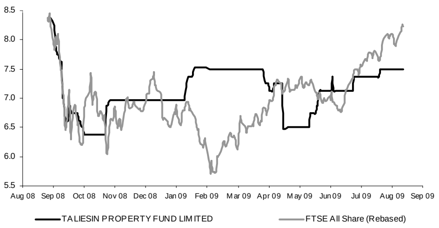
11 September 2009

United Kingdom/Real Estate
Investment Research

Buy	
Recommendation unchanged	
Share price*: EUR	7.50
Target price: EUR	10.60

Reuters/Bloomberg	TPF.L/TPF LN
Daily avg. no. trad. sh. 12 mth	175
Daily avg. trad. vol. 12 mth (m)	0.00
Price high 12 mth (EUR)	9.25
Price low 12 mth (EUR)	6.38
Abs. perf. 1 mth	1.7%
Abs. perf. 3 mth	11.1%
Abs. perf. 12 mth	-18.9%
Market capitalisation (EURm)	27
Current N° of shares (m)	4
Free float	0%

(EUR '000)	12/08	12/09e	12/10e
Revenue	6,432	7,681	7,989
Op. expenses	(5,272)	(5,017)	(5,006)
Op. profit before FVA	1,160	2,664	2,983
FVA including acq costs	(8,343)	2,078	3,589
Net finance costs	(2,370)	(3,440)	(3,370)
Tax charge (inc. def tax)	994	25	(372)
Profit from cont. op.	(8,559)	1,326	2,831
Exceptional gain/ (loss)	0	0	0
Att to equity holders	(8,559)	1,326	2,831
NAV ('000)	36,121	36,020	37,508
EPRA NAV ('000)	38,515	38,529	38,485
P/E(adj.)	n.m.	n.m.	n.m.
P/NAV	71%	70%	69%
EPS (diluted)	(1.6)	(0.0)	0.4
NAVps	10.6	10.6	10.9



Source: Factset

Shareholders: RAB Special Situations Master Fund 11%; Sarastro Limited 8%; Rytu Invest Ab 7%; F&C UK Dynamic Fund 6%;

For company description please see summary table footnote

Earnings preview: H1 09 results to show operating resilience

Property Fund Limited is set to announce its H1 2009 results during the week commencing 21st September. We expect the Fund to show resilient operating performance: (a) rental income is expected to reflect strong rental uplift; (b) administration expenses contained; and, (c) outlook statement flagging improving sentiment. The Fund does not value property at fiscal interim but external indicators suggest that the investment climate in Berlin is improving and has remained in better shape than its European counterparts.

- ✓ **Operational resilience:** The Fund's interim results are likely to reflect strong operating performance: We expect rental income to improve from €2.092m in H1 2008 to €2.785m in H1 2009, benefiting from positive ERV. We also expect cost: income jaws to improve from 82.7% in H1 2008 (excluding AIM costs) to 69.14% in H1 2009e. This will be mainly due to tight control on costs and numerous cost cutting initiatives taken by the management in H1 2009.

- ✓ **NAV summary:** We expect Taliesin Property Fund's NAV to decline to €10.17 from €10.63; this is mainly due to negative mark-to-market of interest rate swaps and non valuation of its properties.

- ✓ **NAV to be affected by interest rate swap:** The Fund's NAV is expected to be adversely affected by the mark-to-market of the interest rate swaps. However, we expect this negative mark-to-market, which equates to €0.962 per share, to reverse over the next few years, giving a boost to NAV.

- ✓ **A leverageable platform:** The Fund's outlook statement is expected to highlight improving market sentiment and reflect the strength of the Fund's platform, which in our view, is significantly leverageable.

- ✓ **Berlin – market summary:** In last 12 months the Berlin housing market has painted a contradictory picture. On the one hand, average rents in the city increased by almost 6% (as high as 45% for quality properties) and on the other hand, investor nervousness has resulted in a decline in prices for multi-occupancy homes. Recent industry reports suggest that investment sentiment is on the mend, supported by the favourable fundamentals of Berlin.

- ✓ **Conclusion & Action:** Given its high Berlin exposure and the quality of its portfolio, the current share price is trading at an unjustified 29% discount to our FY2009 NAV estimate. We believe the stock provides an attractive entry point for property investors willing to take advantage of the Berlin Property market without the difficulties attached to it. We reiterate our BUY rating.

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Earnings preview: numbers to show operating resilience

Taliesin Property Fund Limited is set to announce its H1 2009 results during the week commencing 21st September. We expect the Fund to show a resilient operating performance:

- **Strong rental uplift:** We expect rental income to improve from €2.092m in H1 2008 to €2.785m in H1 2009, benefiting from positive rental uplift. On average, 15% of the Fund portfolio rollover every year, with positive ERV (€6.594m p.a.). We expect the strong rental uplift to continue. We show in the summary below the Fund's ERV and current rent by property.

Figure 1: Berlin demographics

Property	City	Potential (ERV)	Current rent (annual.)
Gierkezeile 34	Berlin	104,108	101,811
Knorrpromenade 9	Berlin	200,498	189,699
Königsheideweg 275	Berlin	118,565	89,686
Karl-Liebknecht-Straße 111	Potsdam	114,932	100,746
Marienstraße 10	Berlin	60,786	64,333
Dammstraße 2/Rödelstraße 9	Leipzig	88,534	64,080
Pennricher Straße 1	Dresden	54,955	46,089
Fritz-Reuter-Straße 13	Dresden	54,090	41,181
Hohe Straße 105	Dresden	52,034	50,174
Zum Südblick 5, 5a	Dresden	56,291	51,696
Gartenstraße 109	Berlin	54,624	53,980
Reuterstr. 5/Flughafenstr. 26	Berlin	169,786	144,807
Scharnweberstr. 9/Jessnerstr. 16	Berlin	120,014	118,917
Bornholmer Str. 19/Bergener Str. 2	Berlin	205,810	198,412
Ueckermünder Str. 8/Norwegerstr. 5	Berlin	195,636	183,116
Zeppelinstraße 39	Potsdam	83,525	79,611
Zeppelinstraße 40	Potsdam	89,446	91,004
Schönholzer Straße 9	Berlin	169,142	164,449
Schönholzer Straße 12, 12a	Berlin	162,339	161,822
Wollankstraße 2a	Berlin	101,723	107,900
Prenzlauer Promenade 146/148 u.a.	Berlin	231,137	194,854
Lindenstraße 10	Potsdam	25,170	26,343
Lindenstraße 12	Potsdam	72,475	71,400
Friedrich-Ebert-Straße 29	Potsdam	191,340	174,848
Friedrich-Ebert-Straße 30	Potsdam	115,081	20,588
Eisenacher Straße 56	Leipzig	23,740	19,574
Eisenacher Straße 58	Leipzig	40,799	21,482
Eisenacher Straße 60	Leipzig	26,394	20,605
Heegemühler Weg 43, 43a	Berlin	123,427	125,185
Uhlandstraße 1	Berlin	44,705	39,759
Boxhagener Straße 113	Berlin	160,743	122,185
Niederbarnimstraße 12	Berlin	154,132	131,901
Krossener Str. 28/Seumestr. 21	Berlin	183,780	96,178
Kavalierstr. 10/Wolfshagener Str. 80, 82	Berlin	226,584	139,206
Rigaer Straße 98	Berlin	126,968	113,102
Torstraße 173	Berlin	213,574	175,975
Boxhagener Straße 122	Berlin	100,981	85,956
Niederbarnimstraße 10	Berlin	157,939	130,720
Boxhagener Str. 36/Gärtnerstr. 20	Berlin	146,738	116,781
Finckensteinallee 147	Berlin	70,194	68,513
Seylerstr. 5	Berlin	78,756	39,396
Staakener Str. 16	Berlin	128,764	104,709
Finowstr. 22	Berlin	152,566	146,294
Körtestr. 34	Berlin	116,123	54,497
Danziger Str. 84	Berlin	150,502	121,119
Kantstr.117 / Krummestr.46	Berlin	254,612	239,195
Clayallee 58-60	Berlin	52,326	36,905
Schildhornstr. 69	Berlin	101,757	88,372
Lütticher Str.42	Berlin	138,592	128,300
Grabbeallee 61	Berlin	165,132	158,618
Schönhauser Allee 20	Berlin	70,998	63,404
Puderstr. 3	Berlin	114,099	103,705
Finowstr. 29	Berlin	159,432	163,042
Glatzer Str. 5, 5A / Weserstr. 31	Berlin	218,356	166,697
		6,594,756	5,612,921

Source: Taliesin Property Fund

We also show below, few notable rent reviews during the year reflecting significant rental uplift. This highlights the quality of the Fund's portfolio.

Figure 2: Rental uplift achieved

	Rent p.m. Aug 2008	Rent p.m. Aug 2009	Uplift achieved
Marienstr. 10	4,088	5,361	31.13%
Zeppelinstr. 40	6,096	7,584	24.40%
Eisenacher Str. 56	1,065	1,631	53.10%
Heegermühler Weg 43. 43a	9,306	10,432	12.10%
Torstr. 173	11,746	14,665	24.85%
Boxhagener Str. 122	5,704	7,163	25.59%
Schildhorn 69	6,485	7,842	20.93%
Grabbeallee 61	11,024	13,218	19.91%

Source: Taliesin Property Fund

- **Expenses controlled:** We expect the Fund's cost: income jaws to improve from 82.7% in H1 2008 to 69.14% in H1 2009e (excluding AIM costs). This will be mainly due to tight control on costs and numerous cost cutting initiatives taken by the management in H1 2009: (a) the Fund introduced a new formula for letting fees which has reduced letting costs; (b) it negotiated lower fees with lawyers, auditors, accountants and fund administrators; (c) and, eliminated the asset management fee of 2.5% of rental income from 1st May 2009.

- **Negative mark-to-market on IRS to affect NAV:** The Fund's NAV is expected to be adversely affected by the mark-to-market of the interest rate swaps. Taliesin has bought these interest rate swaps to hedge interest rate risk and were a mandatory requisite when lenders issued the loans. We expect this negative mark-to-market (equates to €0.962) to reverse during the course of next few years, giving a boost to NAV. We show below the maturity schedule of the interest rate swaps.

Figure 3: Maturity of interest rate swaps

Date beginning	Date ending	Interest rate fixed in %	Interest rate floating in %	Due Date	Reference Base
02/04/2007	02/04/2012	4.160	based on 3-Months-Euribor	quarterly	€11,128,000.00
02/04/2007	02/04/2012	4.160	based on 3-Months-Euribor	quarterly	€4,936,000.00
02/04/2007	30/12/2011	4.040	based on 3-Months-Euribor	quarterly	€8,256,000.00
30/04/2007	31/01/2012	4.080	based on 3-Months-Euribor	quarterly	€10,575,000.00
30/09/2008	01/07/2013	4.930	based on 3-Months-Euribor	quarterly	€3,200,000.00
30/06/2008	01/07/2013	4.150	based on 3-Months-Euribor	quarterly	€5,200,000.00
30/09/2008	01/07/2013	4.930	based on 3-Months-Euribor	quarterly	€1,665,000.00
30/06/2008	01/07/2013	4.150	based on 3-Months-Euribor	quarterly	€2,300,000.00
01/05/2008	31/03/2013	4.250	based on 1-Month-Euribor	monthly	€9,300,000.00

Source: Taliesin Property Fund

- **Outlook statement and leverageable platform:** We expect the Fund to highlight continued strong operating performance in its outlook statement and to flag the strength of it platform. We continue to believe that Taliesin offers a significantly leverageable platform, where it can manage in excess of €200m worth of investments without significantly increasing its cost base.

Berlin market summary: fundamentals continue to improve

Fundamentals for the Berlin property continued to improved further.

- Demand growth is outstripping supply growth: On one hand, demand is rising – Berlin's population increased by 8,500 in H1 2008. Even excluding immigrants, the number of households is rising: homes are becoming increasingly individualised and the number of older people living alone is rising. According to a report published by GSW Jones Lang LaSalle, a medium term scenario put together by the Federation of Housing Companies in Berlin and Brandenburg suggests the number of households is soon to rise by about 7,500 a year. On the other hand, available supply continues to decline. On average Berlin's housing sector is currently witnessing a withdrawal of 1% from the available housing stock – in number terms, this equate to 18,000 homes. Whereas, new developments remained low. In 2007, at peak of economic cycle, 3,718 new homes were built, only about 0.2% of housing stock. It is also worth noting that as per the Berlin-Brandenburg statistics an additional 723 properties were withdrawn from the market due to changes of use, consolidation and demolition, shrinking supply further.

Figure 4: Berlin demographics

	District	Residents 1)	Area in km²
1	Charlottenburg-Wilmersdorf	317,173	64.7
2	Friedrichshain-Kreuzberg	269,294	20.2
3	Lichtenberg	258,890	52.3
4	Marzahn-Hellersdorf	248,850	61.8
5	Mitte	328,951	39.5
6	Neukölln	308,202	44.9
7	Pankow	366,425	103.1
8	Reinickendorf	241,772	89.5
9	Spandau	223,467	91.9
10	Steglitz-Zehlendorf	290,503	102.5
11	Tempelhof-Schöneberg	332,156	53.1
12	Treptow-Köpenick	239,081	168.4
	Berlin total	3,424,764	891.9

1) As of: July 2008

District	Population density residents/km²	Vacancy 2) in %	Unemployment rate 3) in %	Immigrants 4)	Share of immigrants in % 4)	Permits for new buildings 5)
Charlottenburg-Wilmersdorf	4,902	3.7	12.9	55,566	17.9	605
Friedrichshain-Kreuzberg	13,331	3.6	16.7	59,986	22.5	601
Lichtenberg	4,950	3.8	13.3	20,999	8.2	328
Marzahn-Hellersdorf	4,027	11.4	14.4	9,619	4.1	268
Mitte	8,328	4.8	16.4	94,278	28.5	544
Neukölln	6,864	4.8	18.7	68,193	22.6	86
Pankow	3,554	3.6	12.2	26,478	7.8	1,230
Reinickendorf	2,701	3.3	13.6	21,924	9.4	204
Spandau	2,432	7.2	14.9	27,929	12.2	178
Steglitz-Zehlendorf	2,834	2.9	9.6	27,989	10.0	332
Tempelhof-Schöneberg	6,255	3.4	11.5	51,647	15.9	123
Treptow-Köpenick	1,420	3.2	11.5	7,699	3.4	430
Berlin total	3,840	4.5	13.6	472,307	14.0	4,929

2) on the market, end of 2007, Techem Empirica Vacancy Index 3) yearly average 2008 4) As of: mid 2008 5) Jan. to Sept. 2008

Source: Amt für Statistik Berlin-Brandenburg, Federal Employment Office, Techem Empirica

Source: GSW Jones Lang LaSalle, Amt fur Statistik Berlin-Brandenburg, Federal Employment Office, Techem Empirica

- **Purchasing power of home seekers continues to improve:** The purchasing power of Berlin home seekers again saw a positive development. The number of employed rose by 2.1% between the 3rd quarter of 2007 and the same period in 2008, reaching 1.6447m – one of the highest growth rates in Germany. It is worth noting that Berlin, relative to other cities in Germany, is insulated by the global recession, as crisis sensitive sectors such as manufacturing and export industries only make up a relatively small share of the local economy. On the other hand public sector employment represents a meaningful part of the labour force, which post crisis have seen uptick in jobs as the German government embarks on stimulus packages.

- **Positive fundamentals have helped improved rental market:** In contrast to many other European capitals, rents in Berlin rose by 5.8% in 2008. Rents grew much strongly in the top segment – per the report by GSW, Jones Lang LaSalle, the most expensive 5% of homes per district, prices rose dramatically by 45%. Charlottenburg-Wilmersdorf (West of city and city centre) experienced the sharpest rise and the district of Mitte came second in terms of the rent level and in terms of rent increases. It is worth noting from above that there is an obvious dearth of quality housing and tenants are willing to pay premium for quality property in desirable locations.

  We show below the rental trend and average rent by districts. Note that the quality locations like Charlottenburg-Wilmersdort, Friedrichshain-Kreuzberg, Mitte, pankow, Steglitz-Zehlendorf and Reinickendort showed marked increases.

Figure 5: Rental development

Rental price range for new lettings, 2nd half 2008 in €/m²/month

District	Lowest to highest monthly average (total market segment)	Total market segment average rent[1]	Compared to 1st half of 2008	Lower market segment average rent[2]	Upper market segment average rent[2]	Trend[3]
Charlottenburg-Wilmersdorf	7.55 – 8.10	7.95	7.30	4.50	14.90	↗
Friedrichshain-Kreuzberg	6.40 – 6.75	6.60	6.30	4.25	10.55	↗
Lichtenberg	5.40 – 5.85	5.55	5.40	3.75	8.60	→
Marzahn-Hellersdorf	4.80 – 5.40	5.00	4.90	5.60	8.20	→
Mitte	6.50 – 7.45	7.25	6.70	3.95	17.60	↗
Neukölln	5.10 – 5.30	5.25	5.30	3.55	8.35	↘
Pankow	5.90 – 6.60	6.45	6.10	3.75	11.25	↗
Reinickendorf	5.35 – 5.85	5.55	5.40	3.45	9.25	↗
Spandau	5.30 – 5.40	5.35	5.40	3.45	8.40	↘
Steglitz-Zehlendorf	6.65 – 7.10	6.95	6.60	4.30	11.30	↗
Tempelhof-Schöneberg	5.85 – 6.15	6.05	6.10	4.10	10.25	→
Treptow-Köpenick	5.65 – 5.95	5.75	5.80	3.85	9.20	→
Berlin average	6.25 – 6.40	6.35	6.00	3.75	12.50	↗

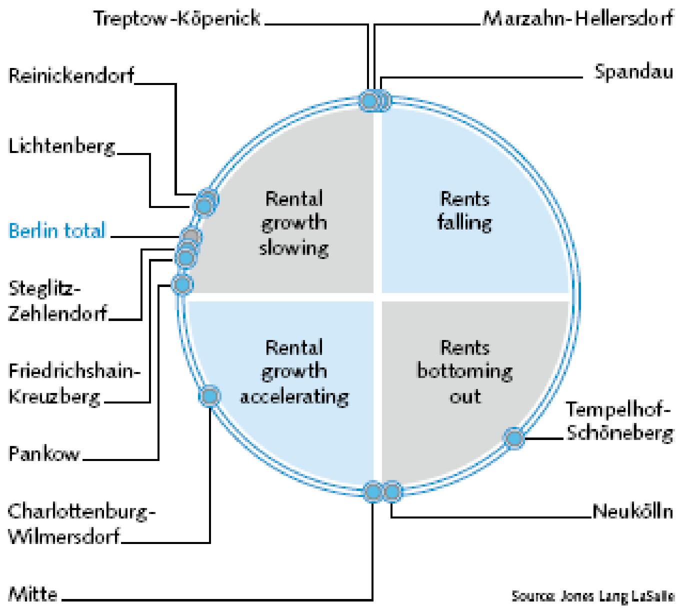
1) 100 % of offers 2) In each case, 5 % of the cheapest and most expensive rents quoted 3) 18-month trend total market segment

Source: GSW, Jones Lang LaSalle

Source: GSW, Jones Lang LaSalle

We also show below a property clock prepared by Jones Lang LaSalle, which suggests rental growth is expected to continue in Mitte, Charlottenburg-Wilmersdorf and Pankow.

Figure 6: Property clock



Source: GSW, Jones Lang LaSalle

- **Lack of capital resulted in decline in values:** In last 12 months, asking prices of multi-occupancy homes have declined. In our view, causes for this are not due to fundamentals of the city itself, but due to the effects of the credit crisis – investors' sentiment and dearth of capital – particularly from overseas investors, many of whom were forced sellers, balancing out deficits or losses from other investments or were managing their liquidity. Despite the lack of investment, rents continued to rise, providing significant carry, which we believe is exceptionally attractive, particularly in a low interest rate environment.

Figure 7: Purchase price trend

Purchase price development of apartment buildings, 2nd half 2008 in €/m²

District	Lowest to highest monthly average[1] (total)	Compared to 1st half of 2008[2]	Average purchase price[1] (all months)	Compared to 1st half of 2008[2]
Charlottenburg-Wilmersdorf	1,200 – 2,000	1,600 – 3,100	1,600	1,900
Friedrichshain-Kreuzberg	900 – 1,300	800 – 1,000	1,000	1,000
Lichtenberg	600 – 1,500	900 – 1,000	1,000	1,000
Marzahn-Hellersdorf	300 – 1,100	800 – 1,300	600	1,100
Mitte	600 – 1,000	800 – 1,000	1,000	1,000
Neukölln	600 – 900	900 – 1,500	800	900
Pankow	700 – 1,500	1,000 – 1,500	1,200	1,100
Reinickendorf	900 – 1,200	1,100 – 1,600	1,000	1,300
Spandau	600 – 1,600	1,000 – 1,200	900	1,100
Steglitz-Zehlendorf	1,200 – 2,300	1,300 – 2,500	1,600	1,700
Tempelhof-Schöneberg	900 – 1,200	1,100 – 1,400	1,000	1,300
Treptow-Köpenick	800 – 1,100	1,000 – 1,400	900	1,200
Berlin average	900 – 1,100	1,100 – 1,300	1,000	1,200

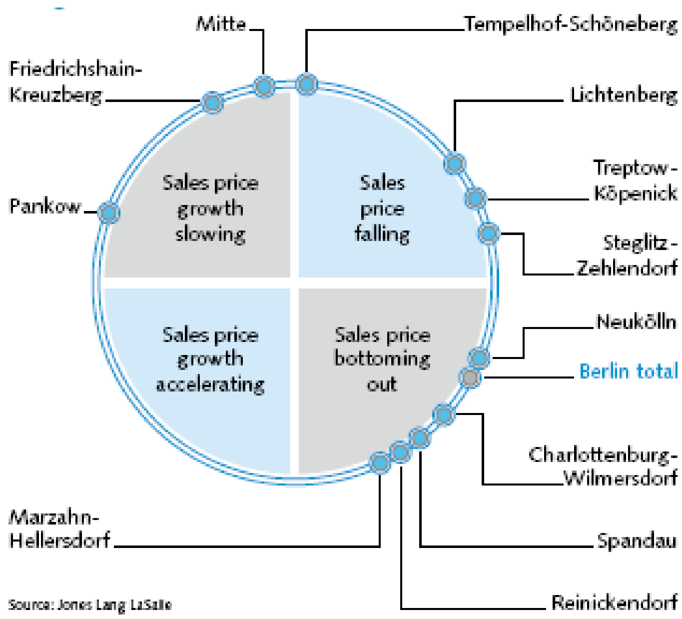
1) 100 % of offers 2) Database HousingMarketReport October 2008

Source: GSW, Jones Lang LaSalle

Source: GSW, Jones Lang LaSalle

We also show below a property clock prepared by Jones Lang LaSalle, which suggests property values have bottomed out and are ready for next leg up.

Figure 8: Property clock



Source: GSW, Jones Lang LaSalle

Source: GSW, Jones Lang LaSalle

- **Cheapest among big German cities:** As per survey published by the association of the Berlin-Brandenburg housing corporations, Berlin ranked 55 amongst 118 cities in Germany, with an average rent at €5.6 per sqm per month.. Even in small cities like Jena (7.06), Greifswald (6.49) or Lübeck (6.07) the average rent is currently higher than in Berlin.

Figure 9: City comparison

City comparison, average values 2008

	Apartment size[1] in m^2	Basic rent[2] in €/m^2/month	Housing cost (basic rent) in €/month	Purchase power per household in €/month	Basic rent in % of household purchase power	Total rent[3] in % of household purchase power
Frankfurt	76.3	10.85	828	3,170	26.1	32.1
Munich	73.4	12.95	951	3,801	25.0	29.8
Hamburg	70.8	9.25	655	3,050	21.5	27.3
Berlin	75.9	6.27	476	2,502	19.0	26.6
Cologne	71.8	8.40	603	3,203	18.8	24.4

1) Apartments quoted 2) Rent asked 2nd half 2008 3) Basic rent plus 2,50 €/m^2 service costs

Source: GSW, Jones Lang LaSalle, GfK GeoMarketing

Source: GSW, Jones Lang LaSalle

- **Conclusion:** In our view, Berlin still remains the most attractive city in Europe, in which to buy residential property, with average prices significantly below London or Paris (despite their recent falls). It is one of the few cities in the world, which offers high yielding residential properties below their replacement cost. We continue to believe this anomaly is likely to reverse with the rising cost of construction and the growing number of households.

Financials

Figure 10: Profit & loss summary

Profit and loss account (Euro '000)	H1 2008	FY 2008	H1 2009e	FY 2009e	H1 2010	FY 2010e
Revenue						
Rental Income	2,092	4,792	2,785	5,832	3,032	6,065
Service charge receipts	505	1,586	880	1,750	910	1,819
Other operating income	37	54	50	100	53	105
Total operating revenues	2,634	6,432	3,715	7,681	3,995	7,989
Administrative costs	(113)	(226)	(160)	(320)	(163)	(326)
Audit fees	(92)	(183)	(60)	(120)	(45)	(90)
Bank charges	(8)	(17)	(10)	(20)	(8)	(16)
Directors fees	(20)	(40)	(20)	(40)	(20)	(40)
Foreign exchange differences	1	2	(2)	(5)	0	0
International Services Entity/Exempt company fees	(1)	(2)	(7)	(13)	(5)	(10)
Investment advisory and performance fees	(379)	(828)	(375)	(750)	(380)	(760)
Legal and professional fees	(116)	(232)	(65)	(130)	(65)	(130)
Other operating expenses	(145)	(329)	(110)	(220)	(100)	(200)
Property maintenance costs	(430)	(1,001)	(550)	(1,100)	(600)	(1,200)
Provision for bad debts	(105)	(211)	(150)	(300)	(180)	(360)
Service charge expenses	(769)	(1,701)	(1,000)	(2,000)	(1,100)	(2,200)
Operating expenses	(2,178)	(4,767)	(2,568)	(5,017)	(2,503)	(5,006)
AIM admission	(378)	(504)	0	0	0	0
Total administration expenses	(2,557)	(5,272)	(2,568)	(5,017)	(2,503)	(5,006)
Operating profit before financing cost	77	1,160	1,146	2,664	1,492	2,983
Finance income	232	505	30	60	15	30
Finance expense	(1,232)	(2,875)	(1,750)	(3,500)	(1,700)	(3,400)
Total finance costs	(1,000)	(2,370)	(1,720)	(3,440)	(1,685)	(3,370)
Operating profit/(loss)	(923)	(1,210)	(574)	(776)	(193)	(387)
Net gains from FVA on investment properties	(358)	(2,852)	0	1,414	0	1,343
Gains on financial assets held at fair value	11	38	50	0	0	0
Fair value adjustment on interest rate swap	1,203	(2,677)	(1,250)	(750)	471	903
FVA gains/ (losses)	856	(5,491)	(1,200)	664	471	2,246
Profit/(loss) for the period	(67)	(6,701)	(1,774)	(112)	278	1,860
Exceptional gain/ (loss)	0	0	0	0	0	0
Profit before tax	(67)	(6,701)	(1,774)	(112)	278	1,860
Taxation - current	(56)	994	250	25	(56)	(372)
Profit for the period from continuing ops	**(123)**	**(5,707)**	**(1,524)**	**(87)**	**222**	**1,488**
Attr. to equity holders of the parent	(122)	(5,701)	(1,522)	(87)	228	1,488
Attributable to minority interests	(1)	(6)	(1)	0	(6)	0
Retained profit for the year	(123)	(5,707)	(1,524)	(87)	222	1,488
Diluted earnings per ordinary share (p)	(0.03)	(1.59)	(0.42)	(0.02)	0.06	0.41
Basic weighted number of shares (m)	3,598,181	3,598,181	3,576,020	3,576,020	3,576,020	3,576,020
Diluted number of shares (m)	3,598,181	3,598,181	3,576,020	3,576,020	3,576,020	3,576,020

Source: Taliesin Property Fund, NCB Stockbrokers

Figure 11: Balance sheet

Balance Sheet (Euro '000)	H1 2008	FY 2008	H1 2009e	FY 2009e	H1 2010e	2010e
Non-current assets						
Non-current assets						
Investment properties	90,628	94,846	95,500	95,667	95,667	97,010
Property acquisitions yet to complete	12	26	120	150	150	150
Goodwill	636	636	636	636	636	636
Deferred Taxation	1,069	2,013	2,250	2,521	2,465	2,272
Investments held at FV through profit or loss	563	574	500	630	630	638
Derivative financial assets	1,614	0	0	0	0	0
	94,523	98,096	99,006	99,604	99,548	100,706
Current assets						
Cash and cash equivalents	1,562	1,341	871	787	691	596
Other receivables	3,330	2,322	2,976	3,018	2,988	3,078
	4,892	3,663	3,847	3,805	3,679	3,674
Total assets	99,415	101,758	102,853	103,409	103,227	104,380
Non-current liabilities						
Borrowings	(49,948)	(55,833)	(56,896)	(56,833)	(57,333)	(57,833)
Deferred income tax	(2,885)	(2,777)	(2,650)	(2,691)	(2,111)	(2,065)
	(52,833)	(58,610)	(59,546)	(59,524)	(59,443)	(59,898)
Current liabilities						
Financial liabilities	(730)	(1,458)	(1,231)	(790)	(832)	(704)
Derivative financial assets	0	(2,266)	(3,500)	(2,975)	(2,398)	(1,820)
Other liabilities and payables	(3,548)	(2,704)	(3,500)	(3,500)	(3,700)	(3,850)
	(4,277)	(6,428)	(8,231)	(7,265)	(6,930)	(6,374)
Total liabilities	(57,111)	(65,038)	(67,777)	(66,789)	(66,373)	(66,272)
Net Assets	42,304	36,720	35,076	36,620	36,854	38,108
Equity Capital and reserves						
Share Capital	37,877	38,433	38,364	38,364	38,364	38,364
Other reserves	556	0	56	56	56	56
Retained earnings	3,266	(2,313)	(3,835)	(2,400)	(2,172)	(912)
Minority interest	605	600	491	600	606	600
Total equity	42,304	36,720	35,076	36,620	36,854	38,108
Adjusted NAV (p)	12.21	10.63	10.17	10.58	10.48	10.82
Statutory NAV (p)	11.59	10.04	9.67	10.07	10.14	10.49
Adjusted gearing	122.8%	143.1%	147.4%	146.3%	149.6%	147.6%
EPRA NAV	**H1 2008**	**FY 2008**	**H1 2009e**	**FY 2009e**	**H1 2010e**	**2010e**
NAV	41,821	36,121	34,585	36,020	36,248	37,508
FV adjustments for derivatives	0	2,266	3,500	2,975	2,398	1,820
Goodwill	(636)	(636)	(636)	(636)	(636)	(636)
Deferred Assets	(819)	(2,013)	(2,250)	(2,521)	(2,465)	(2,272)
Deferred Taxation	2,579	2,777	2,650	2,691	2,111	2,065
EPRA NAV (adjusted NAV)	42,879	38,515	37,849	38,529	37,655	38,485
Number of shares	3,537,650	3,537,650	3,598,181	3,576,020	3,576,020	3,576,020
EPRA NAV per share	12.12	10.89	10.52	10.77	10.53	10.76

Source: Taliesin Property Fund, NCB Stockbrokers

Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
Week commencing 21st September	H1 2009	H1 2009 results	Jan-Jun 2009

Source: AMI

Company Description:

Taliesin Property Fund Limited (Taliesin) is a Jersey domiciled, AIM quoted property investment company. The company was formed to exploit growth opportunities in the residential property market of Berlin and in other cities in the former German Democratic Republic. Taliesin received its first subscriptions in March 2006 and was listed on AIM on 28 August 2007.

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The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
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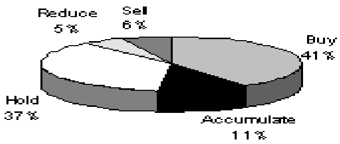
NCB Stockbrokers Ratings Breakdown



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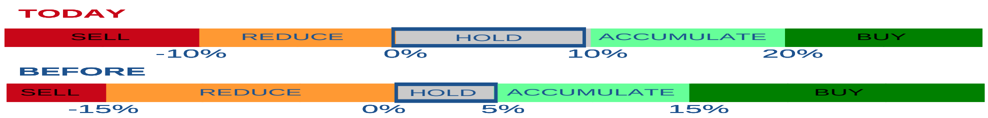
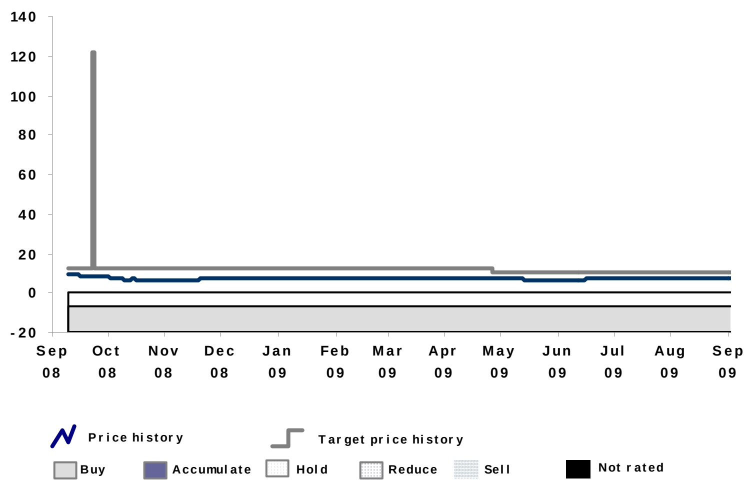
- Time horizon changed from 6 months to 12 months
- Recommendations Total Return Range changed as below:



Recommendation history for TALIESIN PROPERTY FUND LIMITED

Date	Recommendation	Target price	Price at change date
10-Sep-09	Buy	9.90	7.50
27-Apr-09	Buy	10.00	7.25
24-Sep-08	Buy	12.17	8.38
23-Sep-08	Buy	121.70	8.38
18-Jul-08	Buy	12.17	9.35
16-Jul-08	Buy	1.21	9.35
15-Jul-08	Not rated		9.35

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows NCB Stockbrokers continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Irfan Younus,CFA, ACA (since 16/07/2008)



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