

The Monthly November 2011

The world has witnessed China's rise as a major economic power on the world stage in the 21st century, overtaking Japan as the world's second largest economy. Its continuous growth seems to be inevitable and unstoppable. It is the world's most populated country, though closely followed by India; the world's biggest car market; it is only a matter of time until China becomes the world's largest economy.

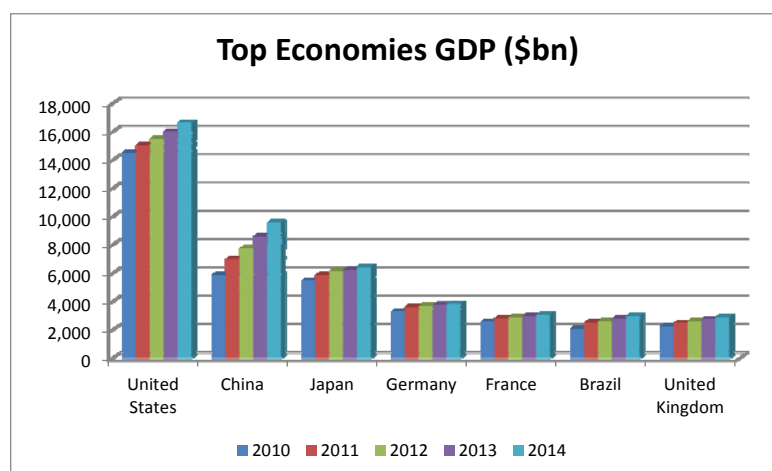
With a 'slowdown' in GDP growth forecast from 9.4% in 2011 to 9.2% in 2012 – most countries would give a right arm for this kind of growth rate – the country's international influential power is growing as well. Countries around the world are pointing their strategic direction towards the East. China's closest neighbours, Japan, South Korea etc. all have their most important economic relationship with China. Look further to the other side of the hemisphere, the first foreign trip made by Dilma Rousseff, the new Brazilian president, was to Beijing, not Washington.

Now the European countries are also looking to China to come to their rescue in the recent debt crisis, which might be difficult. Currently, 63-67% of China's foreign reserves holdings is in the US dollar. As the lender to the world's biggest debtor, the Chinese government probably has no wish to become banker to the Europeans as well. Besides, China is still facing some unsettling social and economic problems internally. At the moment, China's GDP per capita is only about \$5,000 per annum, just managing to put the country's ranking in the middle bracket. This connection between national and personal wealth is being broken. China as a country is richer than the western world, while on a per capita basis China is a whole lot poorer. GDP per capita in the UK is 7.6x higher and the US is 9.3x higher than China.

Internal social uncertainties are yet to be tackled despite the government's effort – high inflation rate, fear of a property bubble, social inequality and aging population. With a high 6.1% inflation rate in September, despite five interest rate hikes and the increase in the reserve requirement ratio nine times by China's central bank, this will likely remain the government's top priority. Food prices in particular, which surged by 13.4% in September and the same in August, has become a serious issue. Another top concern for policymakers is China's high property prices. According to Barclays Capital's latest research, China's housing price index has risen by at least 70% since the beginning of the century. This is not dissimilar to the property bubbles in Japan in the 80s and the one in the US in 1996-2006.

For some 20 years the Chinese authorities have managed breath-taking economic development without a major crisis, but the risks are rising. The debt burdened stagnating economies across the developed world will act as a brake on China's export driven growth; the enormous gulf between rich and poor within China itself is reported to be causing internal unease, especially in the face of rampant food price inflation, and then in 2012 there is to be a change in the leadership. With sensitive issues to manage domestically while negotiating its way in a volatile world, the change of leadership could not come at a less auspicious moment. Today an enfeebled Europe goes 'cap in hand' to beg Beijing for financial support, watched by an impotent Washington, too poor to rescue its closest ally, but what Europe, the US and the rest of the world fears most is the thought of China's great engine of growth spluttering or worse still, stalling.

(Yingheng Chen)



Source: IMF

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,567	5,102	9.1%	6,091	4,944
FTSE SmallCap	2,838	2,727	4.1%	3,340	2,710

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Construction – The Built Environment

In this bi-monthly segment, we draw on the past month's corporate events or major share price moves to illustrate our views on the broader industry value drivers which should underpin investors' portfolios.

House builders have been bought aggressively this quarter – this is a crowded, dangerous trade

- **The Eurozone problems add a further turn on the screw of banks' lending constraints.**

We have seen positive trading updates from the house builders, starting with Persimmon on the 8th November and including some of the operators such as Taylor Wimpey with less strong land banks. Investors should be grateful and take this opportunity to lighten holdings.

It is not only the UK Chancellor and the Eurozone who are calling for retrenchment – Basel III is very much to the fore, setting out an uncontested framework for reduction in bank lending (or, much less likely, a full scale bank recapitalisation). The recent Eurozone crisis has put a further constraint on future bank lending, we contend. All this is prospective. Earlier this year, it was obvious from UK banks' 2010 results that one area they were happy to expand (vs 2009) was UK housing. Any "feel-good" factor from this will fade.

Now, however, we are starting to see Standard Variable Rates (SVR) rise. Bank of Scotland is one example. The bank's SVR increased from 4.84% to 4.95% on November 1st. Deals are available, but we contend that in the past two weeks the mainstream market is starting, albeit very slightly, to tighten. We see this reduction in willingness to lend as a trend which will deepen and, it should be noted, when there was a flicker of economic recovery, mortgage lending at that stage actually fell (see chart below). Further, residential lenders are being pressed to unwind special liquidity reserves, drawn down in 2008, by 2013. The residential lenders need to repay the remaining outstanding balance of £110bn of the Special Liquidity Scheme (SLS) borrowings by January 2012, and subsequently by 2014 the £120bn outstanding under the Credit Guarantee scheme, together with normal wholesale funding maturities.

Further too, looking at the dynamic of the returns generated by the developers, we contend that UK house builders generally are unlikely to return to equity turn ratios much above 120%. With margins likely not to be assisted by house price inflation, such likely levels of ROE (low double figures % for the mainstream larger developers) will not warrant share prices trading at or above NAV.

The share price rises of many (not all) of the house builders seem to be at risk. Perhaps part of the rise has been hopes on planning changes and the release of the type of land which house builders hold as "strategic", able to be secured at below open market values. This is a very long game and planning changes often lead initially to reductions in approvals as the rule changes offer officials the opportunity to plead for time to assess the implications of those changes.

We outline our caution on the UK house building sector in a little more detail below. Note that there are other more nuanced aspects to this for example 1) London remains an attractive opportunity and 2) the way to play planning changes is not through the mainstream house builders but specialists in acquisition of land for development, pre the planning approval process.

The "tone" lulling investors into a positive stance on the house builders is supported by lending in earlier 2010 (sic) and the momentum that has given. UK banks had been happily expanding in UK mortgage markets. Some are strong and using this to build market share. For example, since 2008 HSBC's UK home loans have risen 31.5%, leaving commercial and residential property accounting for 31.6% of total loans. Even at the constrained RBS the rise was 14.8% (2010 vs depressed 2008), giving a percentage of total loans of 36.3%. Barclays' UK home loans have increased by more than a fifth, taking property to 41.4% of total loans. Why do it? Because this was still, arguably, relatively cautious lending. On the new loans, HSBC, Barclays and RBS, respectively achieved loan to value of 54%, 52% and 64%. Basel III does not look at the potential over-valuation of housing (compared to incomes of borrowers) and indeed is light on portfolio concentration.

Maybe inflation will eat away at the high ratios of house price to earnings but how long could 5% inflation go on without a rise in rates? We consider it more likely that inflation will indeed fall and rate rises be slow, but the risk is that the rise in rates could squeeze borrowers on variable rate loans, which are now much more numerous than they were at any time for many years. Anyway, falling inflation could perversely trigger rate rises – inflation constrains consumer spending so a reduction in price rises could bring some relief to household budgets.

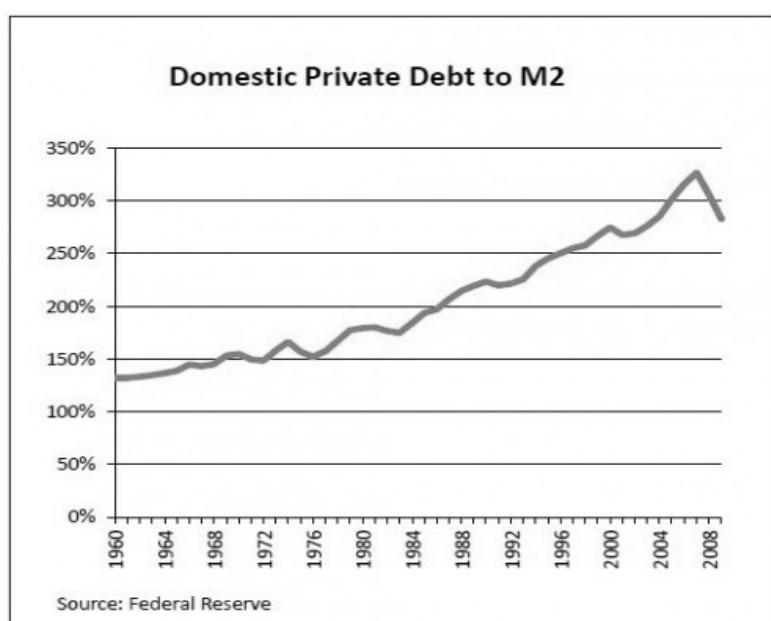
Our core view is that inflation will fall and rates rise slowly. This however is far from benign for optimists on bank lending to the residential sector. Our view is that such lending will fall and will become more expensive.

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1. The big picture: there is a long way down for lending to go. The “Western” economies have too much debt – so much is plain. This is a change in a 50 year trend.

GDP recovery – even were there to be one – would not assist the UK (or developed world) house builders as we argue that outstanding private debt in the economy is set for an extended period of reduction. To take the USA as an example, 30 years ago domestic debt in the US was 175% M2 money. It peaked at 330% in 2007 and is now falling, to 270% in 2010 (source: Federal Reserve). Illustratively, the US economy is US\$14.8 trillion, 28% of the world economy (source: IMF), but debt is US\$53 trillion up from US\$17 trillion in 1990. If the value of assets has fallen 10%, then the quantitative easing so far (US\$1.8 trillion) equates to only 25% of this decline. The US economy is likely to bottom out (possibly) and recover but for lending and hence real estate, the story is different.

There is a long way to go down, dampening appetite by banks to lend, for many years.



Source Federal Reserve

The situation is similar in the UK. In addition, UK residential lenders are being pressed to unwind special liquidity reserves, drawn down in 2008, by 2013.

From speaking with operators in the UK residential market, RBS and Bank of Scotland (as opposed to Halifax) in particular are keen to rein back lending whilst a number of smaller building societies have, by contrast, more of an appetite to lend. The intriguing point to note is that often this is on a developer-by-developer basis and with an element of regional bias to their home territory. Small beer.

2. Mechanisms such as Basel III will “lock-in” the falling volume trend for four years

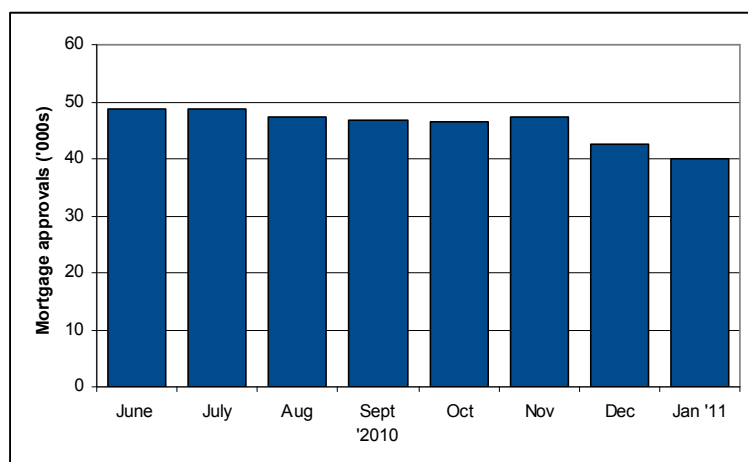
Research by consultancy McKinsey, published in the report, ‘Basel III and European Banking’, estimated that banks in Europe and the US would have to raise about €1.1 trillion of additional tier-one capital under the new regulations, based on second-quarter balance sheets.

Basel III will be a progressive drag on lending appetite as new capital ratios will be phased in over time. Implementation begins at the close of 2012, by which date banks should have 3.5% common equity, 4.5% Tier 1 capital and 8% total capital. In 2014 this increases to 5.5% Tier 1 capital with 6% Tier 1 capital by January 2015. The Basel III issue, stemming from the need for sustained de-leveraging, impacts for many years.

3. UK Mortgage lending weakened at the time of the flicker of a start to UK GDP growth

After October 2009, the number of mortgage products rose steadily from 500 to 1,100 by autumn 2010 (source: Moneyfacts, Barratt Developments). Despite this, approvals were falling.

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Source: Building Societies' Association.

It may be a bit of a shock that mortgage lending having bounced in 2009, failed to follow through at the tail end of 2010. Our conclusion is that there are long term constraints on lending and that this will put a brake on any material upturn which might become in demand in 2013 if the economy were to expand. The poor trend is thus, we conclude, not as a result of a lack of lenders' desire to expand – more their lack of ability to expand.

Mortgage approvals bounced in H2 2009 but there was no follow through. 2011 started below 2010 levels and 2010 itself was running below H2 2009. It is no surprise that the weakening UK economy of the summer did not lead to further mortgage lending contraction. It's not about the UK economy: it's about the ability to lend and the constraints from the great de-leveraging which must result from the trend in the first graph in this piece. Instruments such as Basel III and the capital raising demands from the Euro-zone "bailout" are merely semi-random expressions of ongoing mechanisms forcing the unwinding. And as we outlined above, regarding UK banks' 2010 results, UK mortgage lending is in the firing line. The amount of new mortgage finance fell from £40bn in 2008 to £11.4bn in 2009. It bounced back a small amount but is not going to follow through – it is going to fall further.

More important for the tactics of how to cope with current constraints, the large developers have tie-ups with "non standard" lenders to provide "top-up" finance. This could be to parents' cross lending to offsprings' first time buying (e.g. Hitachi Finance to Barratt Developments) or a selection of higher rate second mortgage providers. Separately, Taylor Wimpey announced on 15th February that it had negotiated an exclusive mortgage guarantee scheme, for 95% mortgages for first time buyers. This, the Take5 deal, is with Melton Mowbray Building Society and Saffron Building Society.

We heard over a year ago of some new lenders, such as Tesco, who are planning to enter the market in 2011/12. Tesco will be able to tap wholesale markets at fine rates. However the volumes from Tesco, or others such as the now J C Flowers backed Kent Reliance Building Society, are likely to be modest in the scheme of the market with over £1 trillion funds outstanding – and Tesco lending has hardly hit the headlines since. Santander uses British deposits to fund British lending. A mooted UK float should enhance its wholesale market funding opportunities. Again – what has happened to that float? It has been delayed. We look for a reduction in lending from the major lenders.

There are no waves of major new money from new entrants to the lending market. In 2010 £23.3bn loans were made to first time buyers, compared to £48.6bn in 2006.

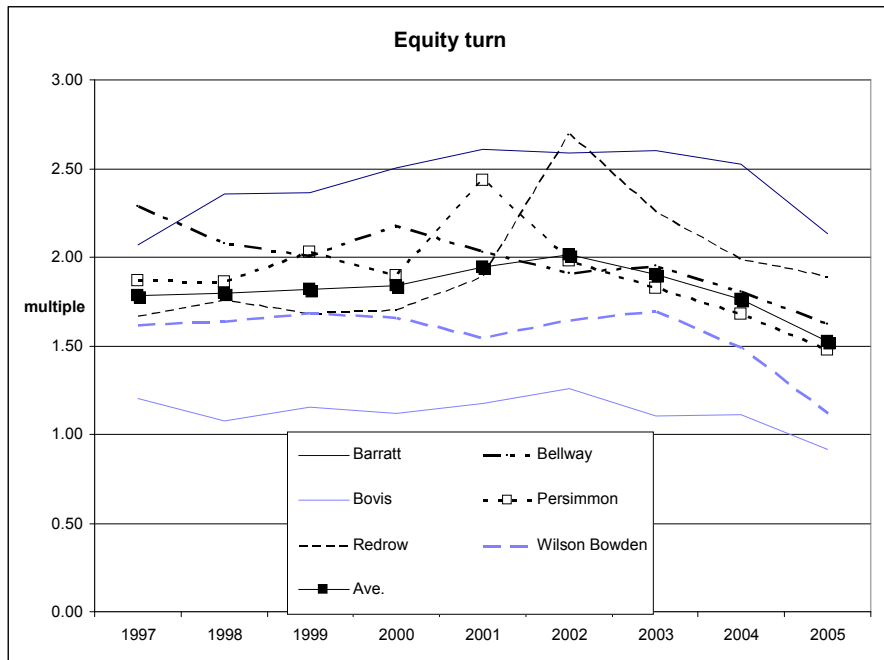
- **The housebuilders' ability to generate superior ROE is severely constrained.**

The constraint on volumes makes us conclude the sector will disappoint on ROCE and ROE.

1. Equity turn has halved since 2002 and we contend the scope for bounce is very low. This demolishes the rationale for NAV based valuations

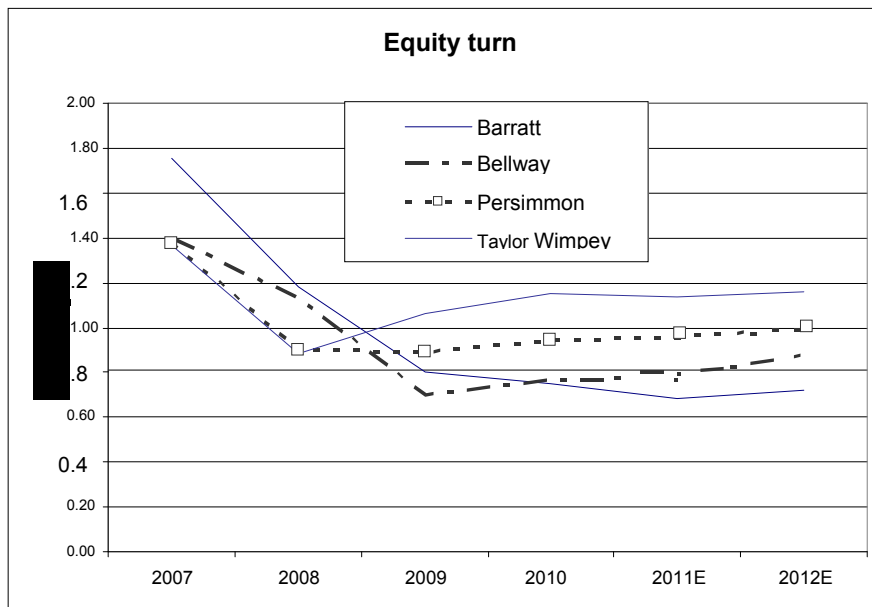
Equity turn in the sector has reduced steadily since 2003. Despite it collapsing in 2008/9, we see no material scope for recovery. This has major negative implications for the appropriate rating of the companies relative to their assets.

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Source: Company report and accounts. Definition: revenue as % average shareholders' funds.

With retained profits accumulating strongly 2002 to 2007, turnover growth did not match growth in shareholders funds and hence equity turn ratios fell. At the same time, EBITA margins rose hence maintaining strong return on equity, so at that stage it was not a great problem. The multiples of turnover to equity (equity turn) have fallen sharply since the market crash. The major point in the graph below, looking forward, is that we expect no material bounce-back for several years.

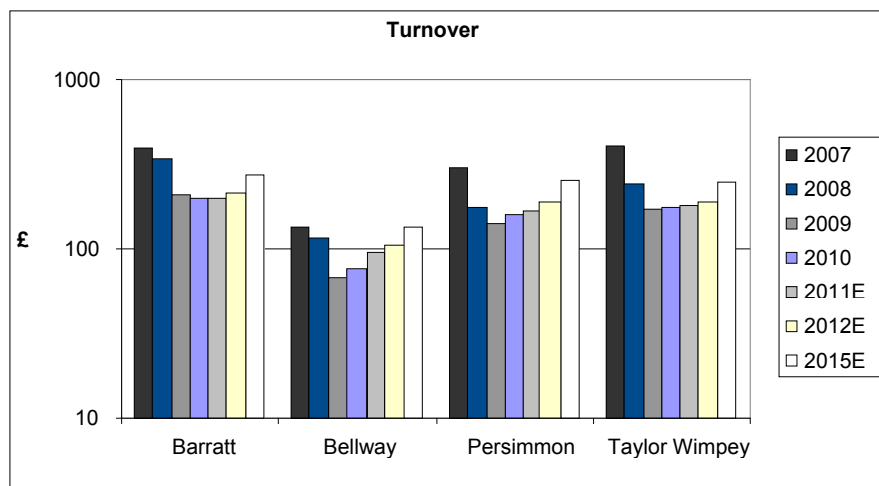


Source: Company report and accounts and Hardman estimates.

What about looking further forward – to try to assess prospects further into a recovery? In the next section we assess the prospects for 2015E. Within the major macro-economic constraints we touched on earlier, volumes will rise back to 2008 levels but will struggle to return to 2007. Nonetheless, assuming flat residential prices, our projections are for a modest 5 – 10% rise in equity turn.

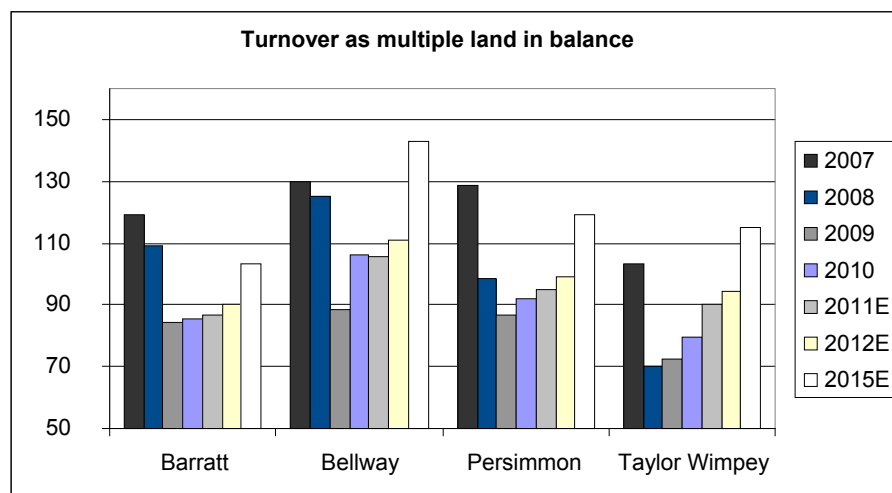
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As background, there are, as ever, certain distortions. They are not material. For example these figures are pre adjusting shareholders' funds (equity) for either intangibles or pension deficits. The main distortion is to Taylor Wimpey with its significant pension deficit reducing its 2010 shareholders' funds.



Source: Company report and accounts and Hardman estimates.

Even a return to 2008 turnover is not an encouraging staging post. More equity has been raised since 2008 and even in that year (and in 2005/6/7) equity turn was much lower than earlier in the decade. Although we consider there is scope within the peer group analysed to raise equity turn, a more detailed modelling throws up some constraints as a result of the relatively modest rates of land purchase post "crash". This means that the land they hold has grown anaemic and our projected turnover growth – modest, see graph above – but is still pretty decent when looked at in comparison to land held. We do not expect factors (planning) to change sufficiently to tip the ratio of turnover to land held very greatly. Others may disagree, but we consider that investing on this basis would be brave.



Source: Company report and accounts and Hardman estimates.

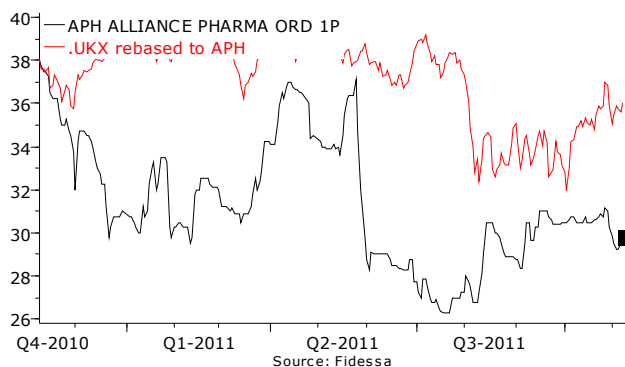
- Such a collapse in equity turn would be acceptable if medium-term margins re-rated upwards. This is most unlikely

Put briefly, margins in the last cycle only started moving rapidly upwards in 2000, which would be equivalent to 2017 this cycle around – and why would margins rise in the absence of product inflation?

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ALLIANCE PHARMA PLC

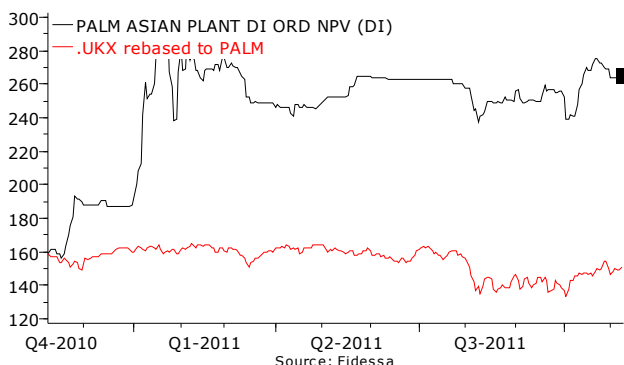


Despite good interim results released in September - turnover, profit before tax, earnings and dividend per share were all higher than in the prior six month period - Alliance's shares have traded sideways over the past month. Given the company's track record in acquisitions - 20 deals in 13 years - and the £15m revolving credit facility at its disposal we expect the next piece of news flow heard from Alliance will be on the acquisition front.

Alliance Pharma Plc AIM		APH Pharmaceuticals			Price p. Cap £m	29.875 69.4	
Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted Diluted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	31.2	5.7	8.6	3.1	9.6	0.30	1.0%
2010A	49.9	12.9	16.9	4.6	6.5	0.57	1.9%
2011E	45.9	10.6	11.5	3.3	9.1	0.75	2.5%
2012E	47.9	11.3	12.2	3.5	8.5	1.00	3.3%

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ASIAN PLANTATIONS LTD



Asian Plantations has entered into a conditional agreement to acquire 5,000 ha semi-developed plantation (Dulit) in Sarawak. Dulit Estate, which shares a common border with APL's Incosetia Estate, is approx. 50% planted with palm between the ages of 3 and 5 years. The existing planted area has the potential to produce in excess of 22,000 MT of FFB in 2012. The total maximum consideration for the Dulit Estate, which is subject to certain regulatory conditions and potential purchase price adjustments, is RM 102.0m (\$34.0m).

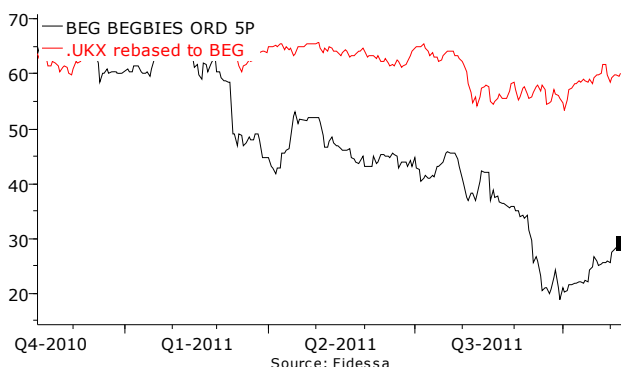
With this additional 5,000 ha, the company's land bank will total 20,645 ha. At its listing in 2009, Asian Plantations set itself a target of having over 20,000 ha by the end of 2011.

Upon achieving this, the group has raised its target and is now looking to own a total of 45,000 ha by end 2012. On the 11th October the company announced that it had raised some US \$20.5m before expenses on the issue of 5,457m new shares. This subscription increases the total cash equity, including convertible bond issuance, by approximately 40% to US \$71.4m (\$50.9m). The funds raised will be used to fund the proposed acquisition of the Malaysian company, announced on 29th September, for a total maximum consideration of \$22m. The target company holds a 60% interest in a JV company that will have ownership of 2 distinct land parcels in Sarawak, which together amount to some 20,000ha. The Sarawak Government is the minority shareholder. Even without this potential addition to the estate, the company has announced that it expected "to harvest approximately 50,000 mt of FFB in 2012, with an eventual target of 500,000 mt / pa as its four existing estates [including Dulit, but not including the more recently announced targeted 20,000 ha] matured". In the statement accompanying the 29th September results announcement, the Chairman noted "all indicators point to increased scarcity for Malaysian titled land, a relative tightness in global edible oil inventories and rising global awareness about the importance of palm oil in the global food supply chain...the Board believes that its strategy of assembling properly titled land parcels in Malaysia...will generate long term substantial value for the Company's shareholders".

Asian Plantations Ltd			PALM			Price p.	264.0
AIM			Agriculture			Cap £m	121.9
Y/E	Sales	Declared Profit	EPS	Total Hectares	Planted Hectares	Divi	Yield
December	\$m	\$m	\$			c.	%
2010A	0.31	-3.8	-0.12	15,645	4,051	-	-
2011E	0.73	-7.4	-0.17	20,645	10,900	-	-
2012E	5.72	-11.7	-0.26	20,645	15,550	-	-

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BEGBIES TRAYNOR GROUP PLC



October has been a quiet month for Begbies Traynor, with its only announcement being the release of the Q3'11 data from its Red Flag Alert service for companies experiencing financial distress. Meanwhile, the share price has shown some resilience, rising by almost 58% from its all-time low of 19p on 30 September to the present level of 30p. Only 2.3m shares have been traded over the past month.

Red Flag Alert showed that the overall number of companies in financial distress increased by 2.2% between Q2 and Q3, to a total of 101,341 – but that this figure was still 9.2% below the revised figure for Q3'10. Drilling down into the figures shows that the number of companies with “critical” problems (5% of the total) were

up against both Q2'11 and Q3'10, while those with “significant” problems were up against Q2'11, but down on Q3'10.

Q3'11 insolvency statistics from the Insolvency Service, released on 4 November, showed that corporate insolvencies were up almost 5% year-on-year. This was the third successive quarter of y-o-y growth – with the rate of growth increasing each time. For the first nine months of 2011, with 17,200 new cases, y-o-y growth is 2.4%. Set against the 2011 forecast from R3, the insolvency profession's trade body, the figure represents 64% of the full-year forecast, up from the 62% at the same time in 2010 – suggesting that any shortfall in the outturn for the year will be lower than last year's 19%.

Begbies Traynor Group Plc
AIM

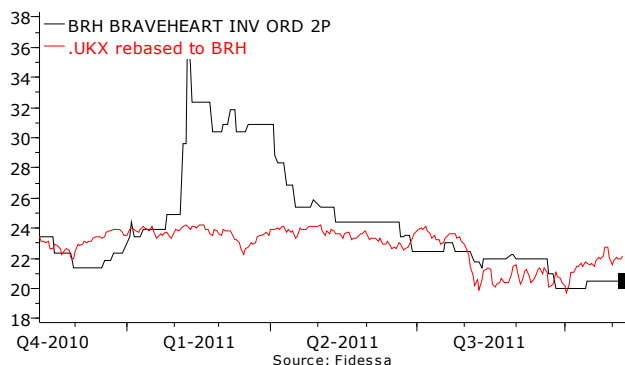
BEG
Support Services

Price p. 30.0
Cap £m 26.9

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2010A	62.8	10.2	11.4	8.5	3.5	3.1	10.3%
2011A	61.5	5.2	7.6	5.8	5.1	2.2	7.3%
2012E	64.2	7.7	8.1	5.9	5.1	2.2	7.3%
2013E	68.8	9.8	10.1	7.4	4.0	2.8	9.3%

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BRAVEHEART INVESTMENT GROUP PLC



At 20.5p Braveheart's shares trade at a 33% discount to the group's last reported NAV of 30.7p per share. Alongside renewed volatility in the equity markets the number of private equity deals being completed has been on the decline as has the number of private equity backed companies coming to the market. According to BDO there is a "growing disconnect between the views of private equity houses and capital markets investors" with most investors expecting a significant discount be applied to private equity offerings. Not surprisingly, private equity houses do not agree. The number of funds looking to raise money has also increased, and it is those with established track records who are most likely to succeed.

Investors Limited, Braveheart's wholly owned subsidiary, has completed on the £1.9m disposal of Interactive Dialogues Limited and Interactive Dialogues NV to IDOX plc. While better known for its fund raising activities Investors introduced Interactive Dialogues to IDOX and advised on the sale.

Braveheart Investment Group Plc
AIM

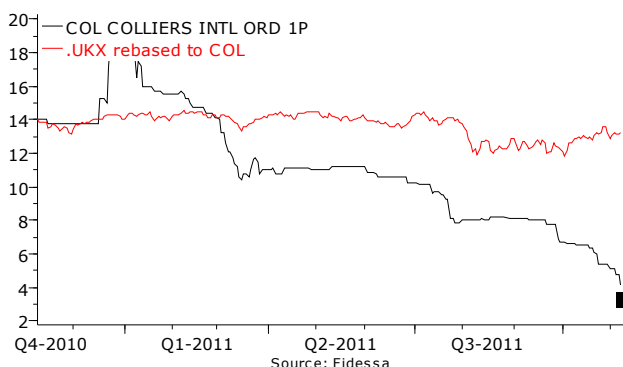
BRH
Equity Investments

Price p. 20.5
Cap £m 4.0

Y/E	Income	Declared Profit/(Loss), IFRS	Adjusted Profit/(Loss)	Declared EPS, IFRS	NAV/Share	Divi	Yield
March	£m	£m	£m	p.	p.	p.	%
2010A	0.9	-0.8	-0.8	-5.6	40.3	-	-
2011A	0.7	-1.3	-1.3	-9.1	30.7	-	-
2012E	2.3	-0.20	-0.20	-0.8	28.0	-	-
2013E	2.5	-0.01	-0.01	-0.1	28.3	-	-

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COLLIERS INTERNATIONAL UK PLC



Colliers' shares are trading at all-time lows. The company expects to report a loss for the year to 31 December 2011, albeit one that is much reduced from the prior year. Business activity, although at lower levels than in the past, has been relatively stable over the past year and we expect this trend to continue in the coming year.

It is worth recalling that Colliers International UK is a member of the Colliers International network and that First Service Real Estate Advisers, which controls the Colliers International brand, holds a 29.9% strategic stake in the company. In its last financial year First Service Real Estate Advisers reported revenues of just under US\$2b and adjusted EBITDA of US\$147m. The group has a stated goal of "doubling the size of our global commercial

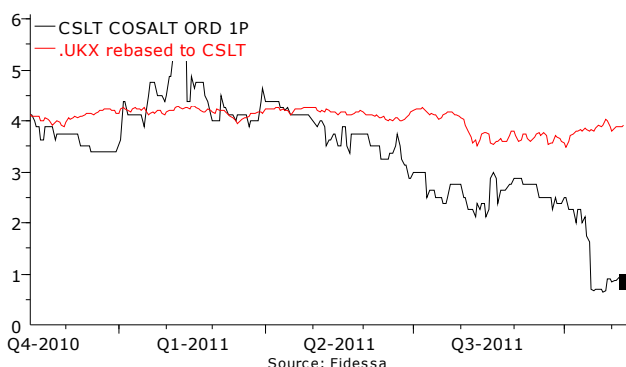
real estate business over the next five years". First Service's goal in acquiring Colliers in the UK was to expand its operations into Western Europe and London, in particular and the group has now "started to drive business between London and other major international cities ... something that was not occurring in the past". It sees a significant growth opportunity here in the ability to service its global client base, and is not likely to want to let this opportunity pass.

There are no guarantees however. St Georges Participations (SGP), a 55% majority shareholder in DTZ, recently walked away from a deal to acquire the company, and DTZ put itself formally up for sale with Australian firm, UGL Limited, being named as the preferred bidder. DTZ has, however, also announced that "given the level of debt within DTZ, there is minimal value, if any, that may be attributed" to its ordinary shares.

Colliers International UK Plc AIM		COL Real Estate			Price p. Cap £m	3.0 4.5	
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	57.9	-39.6	-13.5	-21.3	-	-	-
2010A	65.9	-8.4	-4.3	-2.9	-	-	-
2011E	66.6	-4.2	-4.2	-2.8	-	-	-
2012E	-	-	-	-	-	-	-

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COSALT PLC



Cosalt provided a trading update to the market in mid-October – which did not make happy reading, as performance has been adversely impacted by the delayed completion of the Marine business. This put pressure on cash flow, kept debt levels (and therefore the interest charge) high and delayed the rollout of the Workwear division's South East contract.

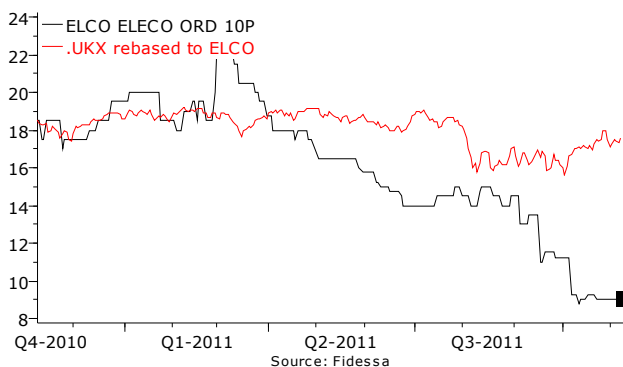
The result was that the Company has warned that its results for the year to December are likely to be significantly below earlier expectations. The good news, though, was that the Group was not seen to be in breach of its banking covenants, as tested at 30 September.

The Group's transition to a new management team has been completed with Trevor Sands taking up the role of Chief Executive at the end of October. The trading update referred to the Board instigating a full review of the Group's operations and future funding requirements. Once this has been completed, the new team will be able to take the business forward from its new base.

Cosalt Plc Full List		CSLT Diversified Industrials				Price p. Cap £m	0.83 3.3
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	107.8	-3.4	5.5	4.2	0.2	-	-
2010A*	112.0	-29.4	-0.8	-0.8	-	-	-
2011E**	Forecast Under Review						
2012E	Forecast Under Review						

* 14 Months
** Excluding Marine

ELECO PLC



Eleco reported interim results on 19th September. At this stage we are not publishing earnings forecasts.

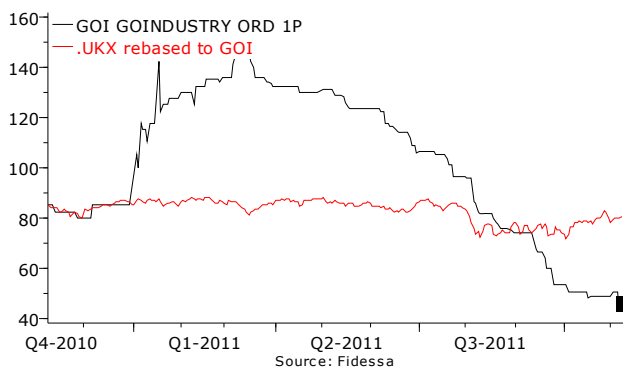
Software we would expect progressively to lead the group and results in H1 were encouraging here, with growth coming through. Building Products divisional losses were eliminated during the course of 2010, on top of which the disposal of the loss making Eleco Timber Frame operations (reported in this division) took place at the end of August 2011. Precast concrete is reducing its losses and its size.

Eleco Plc AIM		ELCO Diversified Industrials				Price p. Cap £m	9.0 5.5
Y/E	Group Sales	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Adjusted EPS	P/E Ratio	Divi	Yield
June	£m	£m	£m	p.		p.	%
2010A	58.0	-5.9	-5.4	-8.4	-	-	-
2011A	47.9	-1.2	-0.7	-1.3	-	-	-
2012E	Forecast Under Review						
2013E	Forecast Under Review						

*Results for the period ended 30 June. The company has changed its year end to 31 December.

Monthly November 2011

GOINDUSTRY DOVEBID PLC



In September GoIndustry DoveBid released its results to 30 June 2011. In its results announcement the group indicated that, despite a disappointing first half, it expected a stronger second half, with a number of large asset disposals expected before the end of the financial year. These asset disposals now appear to have been delayed and are not expected to take place until 2012. This, combined with weakness in the North American market, is expected to result in the group delivering a full year performance that is below expectations. A better aligned cost structure going forward is expected to improve performance in 2012.

GoIndustry DoveBid Plc
AIM

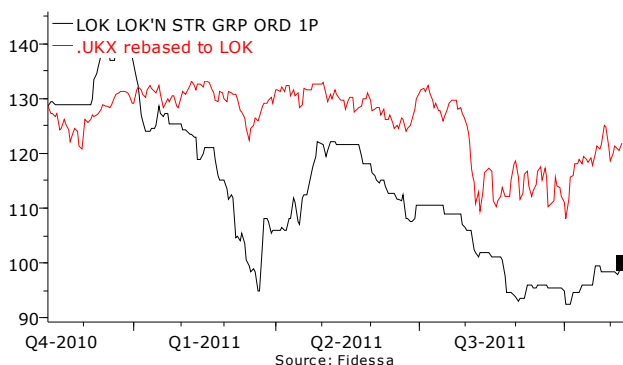
GOI
Support Services

Price p. 46.0
Cap £m 4.5

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS*	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	42.0	-4.7	-1.4	-0.3	-	-	-
2010A	40.1	-0.7	0.6	9.6	4.8	-	-
2011E						Forecast Under Review	
2012E						Forecast Under Review	

*2010 adjusted EPS includes a £227k tax credit

LOK'NSTORE GROUP PLC



Lok'nStore announced preliminary results on 7th November. We marginally raised our (pre acquisition) estimates, which we already raised £0.2m at the time of the previous results. The dividend was trebled, resulting from the good trading and the extension of banking facilities to 2016 (at a good rate helped by the modest 30.7% loan to asset value). The June acquisition was EPS enhancing.

Minimal new competing space is coming through. Lok'nStore has development opportunities ready when appropriate. Weak consumer sentiment certainly does not preclude profit advances but cash flow and profits ARE still growing now. EBITDA is at its peak and though prices

stopped rising in H2, and occupancy dropped 2% points, there has been a distinct "bottoming out" since. We estimate that with anticipated modest rises in occupancy and prices, funds from operations may double over a five year period – even without the benefit of the likely developments which can be achieved at low (several of them, nil) net cost. Further, the price implies a yield on the property of well into double figures %. We estimate further dividend growth and our initial thoughts for 2013 are 3.6p, especially as costs of potential development projects are set to be modest.

Lok'nStore Group Plc
AIM

LOK
Support Services

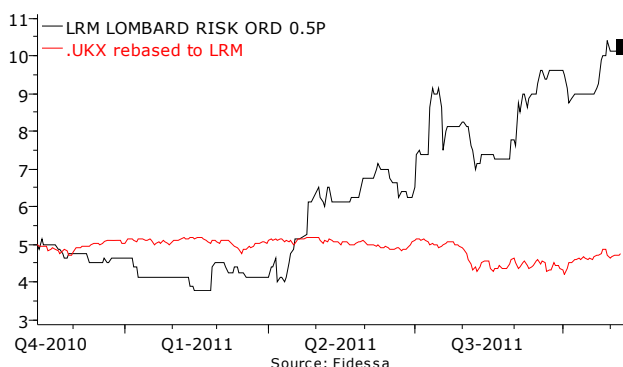
Price p. 100.0
Cap £m 25.6

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS*	P/E Ratio	Divi	Yield
July	£m	£m	£m	p.		p.	%
2010A	10.4	0.43	0.43	0.9	111.1	1.0	1.0%
2011A	10.8	0.94	1.07	4.1	24.4	3.0	3.0%
2012E	12.9	1.05	1.20	4.8	20.8	3.3	3.3%
2013E	13.3	1.20	1.35	5.4	18.5	3.6	3.6%

*Adjusted EPS after adding back exceptional items and acquisition goodwill

Monthly November 2011

LOMBARD RISK MANAGEMENT PLC



Lombard Risk released its results for the six months ended 30 September 2011 last month. Turnover of £6.4m was up 10% on the same period last year (£5.8m) with the rise largely driven by continued contract wins for the Group's Colline collateral management software. Significant wins during the period included Societe Generale signing up in a contract worth in excess of £2.0m over a two year period and a Tier 1 German bank taking Lombard Risk's Clearing module for Colline, worth an additional £1.0m over two years.

prior six month period. Lombard Risk ended the half year with cash in the bank of £1.3m. Cash was negatively impacted by a high trade receivables balance however this reflects, in part, the size of Lombard Risk's recent wins, which is a positive. The shares are, in our view, undervalued at current levels.

Profit before tax of £1.8m was significantly higher than we were expecting, in part due to the higher capitalisation of R&D costs than we were forecasting. On a like-for-like basis profit was triple that earned in the corresponding

Lombard Risk Management Plc
AIM

LRM
Software

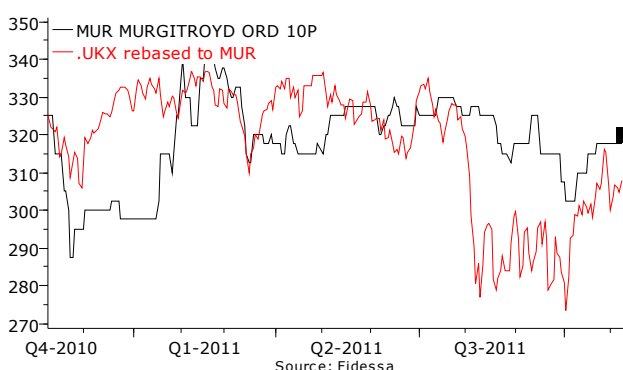
Price p. 10.25
Cap £m 21.2

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	8.9	-1.59	-1.59	-0.9	-	-	-
2011A	11.8	0.56	0.86*	0.4**	24.4	0.03	0.29%
2012E	13.5	3.26	3.26	1.6	6.4	0.06	0.59%
2013E	16.7	3.94	3.94	1.7	6.0	0.07	0.68%

* Excludes £0.3m relocation and redundancy costs

** Adds back tax credit of £798k

MURGITROYD GROUP PLC



Despite reporting its tenth consecutive year of revenue and earnings growth, Murgitroyd's shares have drifted down since the group reported its results for the year ended 31 May 2011 in September. At current levels the shares are trading on a forward p/e of circa 10x and yielding 3.5%. As Patent and Trade Mark Attorneys, Murgitroyd occupies a unique space in the AIM market. Intellectual Property translator, RWS Holdings, is the nearest comparator. RWS' shares trade on a forward p/e of circa 15x and yield 4.0%. Expected earnings growth over the next year is not dissimilar.

Murgitroyd Group Plc
AIM

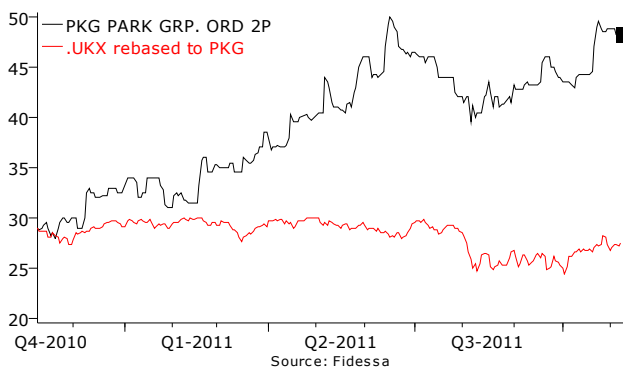
MUR
Support Services

Price p. 317.5
Cap £m 27.1

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
May	£m	£m	£m	p.		p.	%
2010A	29.4	3.8	3.7	29.4	10.8	10.0	3.1%
2011A	33.2	4.0	4.0	29.8	10.7	10.8	3.4%
2012E	35.5	4.0	4.0	30.1	10.5	11.0	3.5%
2013E	38.0	4.3	4.3	32.4	9.8	11.5	3.6%

Monthly November 2011

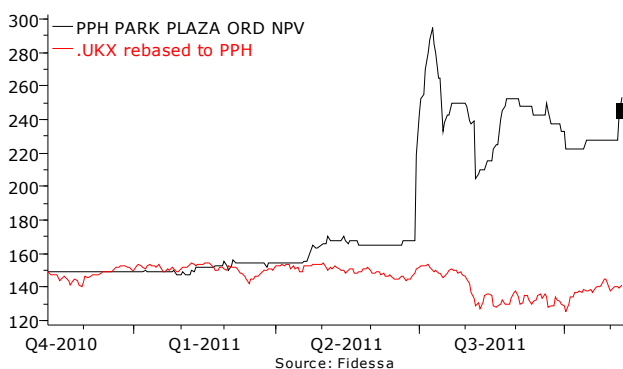
PARK GROUP PLC



Half year results will be announced on Tuesday 6 December. The last news from the company, released at the AGM in September, stated that “the significant progress made last year has continued into the early part of this financial year and early indications are positive across all key areas of operation.”

Park Group Plc AIM		PKG Consumer Finance				Price p. Cap £m	48.25 81.1
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	263.2	5.3	5.3	2.1	23.0	1.32	2.7%
2011A	279.9	12.5	7.0	3.2	15.0	1.70	3.5%
2012E	296.8	8.0	8.0	3.6	13.4	1.80	3.7%
2013E	305.7	9.0	9.0	4.0	12.1	2.00	4.1%

PARK PLAZA HOTELS LTD



The latest Interim Management Statement continues the flow of good news from this London orientated 4* hotel company. Total revenues for Q3 (to end-September) were up 25.7%, and like-for-like total revenues +7.3%. Occupancy, Average Room Rate and RevPAR were all up (by 1.4%, 8.7% and 10.7% respectively). Group management is clearly focusing on raising rates now that occupancy is at a high level. Q3 occupancy was 84%, which we view as highly encouraging given that the group’s giant 1,016 room flagship, the Park Plaza Westminster Bridge, has been open little more than a year.

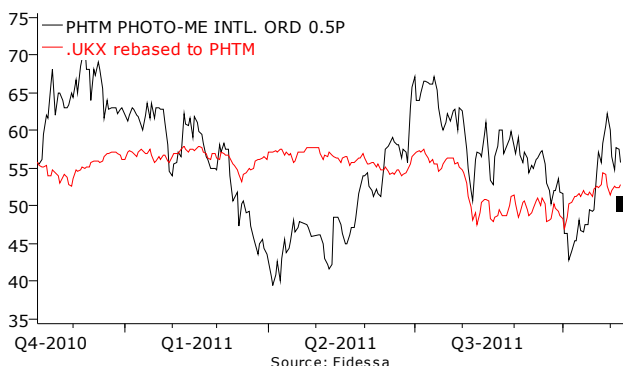
The Park Plaza IMS follows on from the very good Interim Results announced in August, which showed total revenue up 75% and like-for-likes up 21%. They also follow good Q3 IMSs from **Millennium & Copthorne** last Friday (hotel revenue +6.6%) and **Intercontinental Hotels** (Q3 revenue, US only, +8.0%). Other international operators, such as **Marriott** and **Accor**, have also been reporting satisfactory numbers.

For Park Plaza, the UK produces 69% of group revenue. 81% of its UK hotel rooms are in Central London, which attracts premium rates and which is currently one of the world’s healthiest hotel markets.

Park Plaza Hotels Ltd AIM		PPH Travel & Leisure				Price p. Cap £m	253.0 103.8
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	€m	€ m	€m	UKp.		UKp.	%
2009A	80.3	-7.1	-7.1	-17.7	-	0.0	0.0%
2010A	139.8	60.5	0.1	0.3	843.3	0.0	0.0%
2011E	193.0	0.0	9.0	20.0	12.7	0.0	0.0%
2012E			Forecast Under Review			3.0	1.2%

Monthly November 2011

PHOTO-ME INTERNATIONAL PLC



The new Philippe Starck designed photo-booth has been launched for the UK market via a high profile presentation and reception in London. This booth has been in operation in France now for about a year, and during this period France has been the key country driving Photo-Me International's growth. Our impression is that the British operation has probably not been performing at quite the same level of intensity as the French one, and it will be interesting to see if the arrival of the new Starck designed booth has an impact.

The trading statement made at the Annual Meeting in October indicated that trading was running slightly ahead of our expectations. Even so, we are leaving our

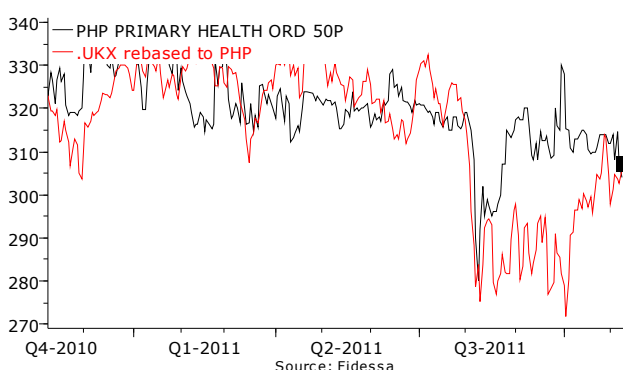
estimates unchanged for the moment until we get news of Q2, August to October, which is the busiest quarter of the year for the dominant Operations Division. We don't want to react to good news too enthusiastically because of the generally worsening economic situation in Europe. Even though the Operations Division is clearly performing ahead of our expectations, the smaller Sales and Servicing Division has started the current financial year "more slowly".

Nevertheless, we expect continued growth in EBITDA, profit, eps and dividend for both the current year and the following financial year. Also, the company has considerable net cash and no debt, and we expect its financial strength to continue to grow over the next two years.

Photo-Me International Plc Full List			PHTM Support Services			Price p. Cap £m	55.8 201.7
Y/E	Group Sales	Adjusted EBITDA*	Adjusted Pre-tax Profit*	Adjusted EPS*	P/E Ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2010A	222.5	44.2	14.0	2.7	20.6	1.25	2.2%
2011A	219.8	47.6	18.0	3.8	14.7	2.00	3.6%
2012E	230.8	50.9	20.0	4.0	13.9	2.20	3.9%
2013E	240.9	53.1	21.4	4.3	13.0	2.40	4.3%

* Before exceptional items

PRIMARY HEALTH PROPERTIES PLC



An Interim Management Statement from Primary Health Properties is due shortly. The shares have remained stable in the face of the violent fluctuations seen elsewhere in the stock market. As interest rates continue to fall, the yield available on these shares makes them ever more attractive. Please see the sector report on medical property that was published in the Hardman & Co. October Monthly.

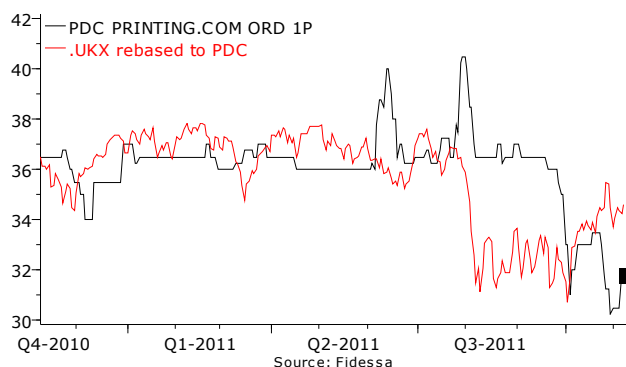
Primary Health Properties Plc Full List			PHP Real Estate			Price p. Cap £m	304.0 207.3
Y/E	Group Revenue	NAV/Share*	Adjusted Profit*	Adjusted EPS*#	P/E Ratio	Divi#	Yield
December	£m	p.	£m	p.		p.	%
2009A	21.3	280.0	7.3	18.4	16.5	17.00	5.6%
2010A	26.9	311.5	9.1	14.7	20.7	17.50	5.8%
2011E	30.7	334.0	11.2	16.8	18.1	18.00	5.9%
2012E	31.8	361.0	11.3	16.4	18.5	18.50	6.1%

* EPRA basis

Ex-rights adjusted

Monthly November 2011

PRINTING.COM PLC



On 3.9x last year's free cash flow (£3.9m), 7.2x current year of 4.5p p/share, we view the shares as significantly undervalued. Printing.com is pulling the product up the value chain and raising customers' ease of use with better newer products. Growth in these new online customer interaction products is a net cost H1 (c £0.2m) and benefit 2012/13E.

The new products are crucial to the development of the whole, taking the business into interactive modern and higher return / perceived value areas. At this stage we anticipate the final dividend to equal the interim. Once the extent to the growth in 2012/13E is clearer, there would be a move to a progressive dividend.

Printing.com Plc
AIM

PDC
Retailing

Price p. 32.0
Cap £m 14.9

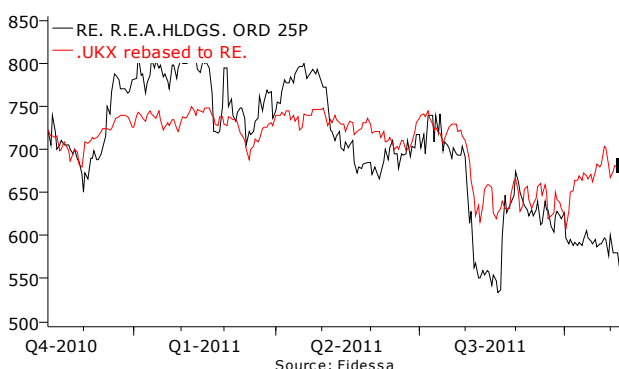
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2009A	14.5	2.1	2.1	3.3	9.7	5.15***	16.1%
2010A	14.5	1.7	1.7	2.9	11.0	3.15	9.8%
2011A	17.0	1.3	1.7*	2.7**	11.9	3.15	9.8%
2012E	20.7	1.1	1.25	2.0	16.0	2.10	6.6%

* Add back £0.2m goodwill amortisation

** 2.0p basic

*** 2009A dividend includes a special dividend of 2p/share. Adjusted EPS after adding back exceptional items and acquisition goodwill

R. E. A. HOLDINGS PLC



Once again REA reports, by way of the October Interim Management Statement, FFB production is ahead of forecast. The statement reveals half year harvest of nearly 455,000 mt, up 23.6% on the first half of 2010/11 and 6% ahead of budget. This augurs well for the year end harvest. Management also indicates confidence in achieving targeted planting of some 7,000 ha in the current year, which will make up for a poor planting year in 2010/11. Also confirmed is the expectation of achieving the targeted rate of 100,000 mt of coal traded monthly by end of 2011. With net debt now down at \$81.2m the company is following through on its undertaking to use the proceeds of the July issue of £15m of preference shares to replace loan capital with permanent capital; it will

continue to reduce bank indebtedness and to repurchase loan notes. As our recent report 'A Sliver of Equity' elucidated, this is a business run for the benefit of its ordinary shareholders.

R.E.A. Holdings Plc
Full List

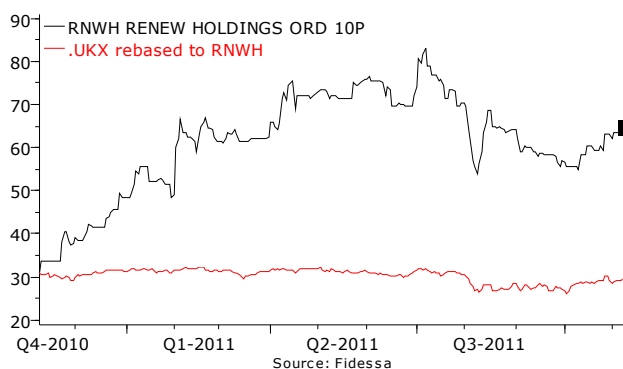
RE.
Agriculture

Price p. 573.8
Cap £m 191.7

Y/E	Own Crop	Group Sales	Declared Profit	EPS	P/E Ratio	Divi	Yield
December	Tonnes	US\$m	US\$m	USc.		UKp.	%
2009A	490,000	78.9	41.7	81.41	11.3	3.0	0.5%
2010A	518,742	114.0	50.4	96.75	9.5	5.0	0.9%
2011E	623,819	155.6	80.9	151.1	6.1	7.0	1.2%
2012E	688,359	179.6	101.0	189.4	4.8	8.0	1.4%

Monthly November 2011

RENEW HOLDINGS PLC



Renew Holdings releases its results to 30 September 2011 on Tuesday 22 November and is now in close period. In a pre-close update last month the group stated that “full year results are expected to be in line with market expectations”. The shares continue to trade on a forward p/e ratio of circa 6.6x and yield 4.7%.

Renew has for some time now been repositioning its business to focus on Specialist Engineering and by 2012 Specialist Engineering is expected to account for over 60% of group revenue and, more importantly, over 80% of group profit. With the construction sector likely to stay moribund for some time other companies are also examining ways in which they can reduce their exposure

to low margin construction work. Morgan Sindall for one is moving away from basic construction and into higher value infrastructure projects while Kier for another is looking to grow the support services side of its business through acquisitions.

Renew Holdings Plc
AIM

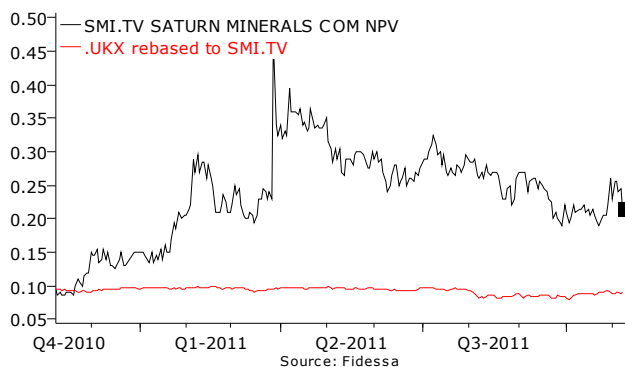
RNWH
Construction

Price p. 64.5
Cap £m 38.6

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2009A	316.6	1.2	5.5	6.0	10.8	3.0	4.7%
2010A	209.4	4.0	4.6	5.3	12.2	3.0	4.7%
2011E	354.0	4.1	7.8	9.7	6.6	3.0	4.7%
2012E	345.0	9.9	9.9	12.0	5.4	3.0	4.7%

Monthly November 2011

SATURN MINERALS INC



Saturn continues its progress towards supplying energy resources in Saskatchewan and Manitoba. It has recently acquired a new CFO/Company secretary, Mr Vitaly Melnikov. Mr Melnikov has extensive experience in both the global mining and petroleum sectors. Experience that should come in useful as Saturn advances its energy projects.

We recommend the company's new presentation. It describes the different geological nature of the two coal discoveries so far and the company's initial thoughts on the light oil play being examined under the Little Swan JV. Furthermore the presentation puts some more flesh on the bones of our understanding of its First Nations initiative

and what Inowending offers to both sides of the partnership, now and in the future.

The company posted an update on this summer's exploration. It's not great news. As we mentioned earlier in the year Saskatchewan suffered some of its worst melt-water floods in several decades. It appears that the land was still sodden. This restricted drilling to made ground along existing logging tracks. Nevertheless some good data has been added to the regional geological model and we can see in the gravity plot of the Leif discovery in the aforementioned presentation how drilling is constraining the model and how far that model has developed since last year. We look forward to the big freeze and access to all those parts that were too damp this summer.

Saturn Minerals Inc
TSX-V

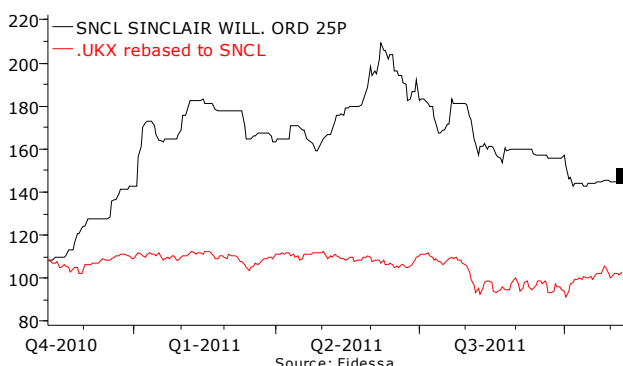
SMI.TV
Energy

Price C. 21.5
Cap CDN\$m 15.8

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	CDN\$m	CDN\$m	CDN\$m	CDN\$		CDNc.	%
2008A	-	-2.60	-	-0.08	-	-	-
2009A	-	-2.33	-	-0.05	-	-	-
2010E	-	-0.87	-	-0.02	-	-	-
2011E	No Estimates At Present						

Monthly November 2011

SINCLAIR, WILLIAM HOLDINGS PLC



A Statement issued in mid-October said that trading for the 12 months to end-September had been in line with expectations. We interpret this as meaning that our estimates are in the right place. Sinclair said that it is continuing to gain market share despite “fluctuating” conditions – Sinclair has a 22% share in the UK growing media market. Efficiency improvements were contributing positively to margin growth, and in particular the company was becoming “increasingly sophisticated” in the way it is transporting its growing media.

Manufacturing of the peat replacement product, SuperFyba, is running at full capacity, and demand is currently exceeding the company’s ability to produce it. As

far as peat is concerned, stock levels are satisfactory despite disruption to the harvest caused by heavy rain. Sinclair’s innovative new drying facilities and the fact that it owns its own equipment, so can take advantage of short “windows” of favourable weather, work in its favour here.

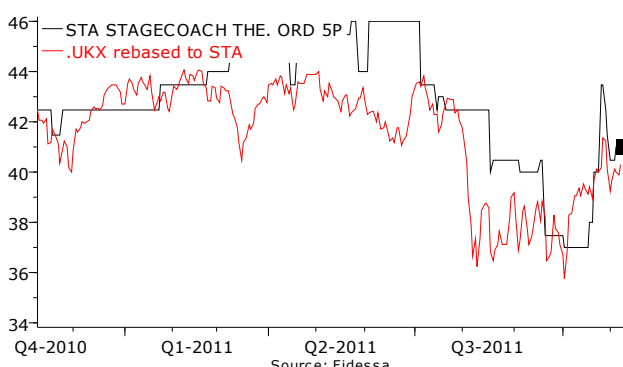
In a strategic move, Sinclair has purchased the assets and business of Yorkshire Horticultural Supplies for an undisclosed sum. Yorkshire Horticultural Supplies currently processes 40,000 tonnes/year of park and garden waste, most of which it turns into green compost. 10-15% of this waste is “oversize”, otherwise a cost rather than a revenue stream, but ideally suited as raw material for SuperFyba under Sinclair’s ownership. This is good news, and we hope that it will be followed by other, similar deals.

We look for continued growth in the new, 2011/12, financial year.

Please call or email for our latest research note.

Sinclair, William Holdings Plc AIM				SNCL Household Goods		Price p. Cap £m	146.5 24.9
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2009A	46.3	1.2	1.2	6.8	21.5	3.5	2.4%
2010A	48.5	2.1	2.5	12.2	12.0	5.0	3.4%
2011E	58.3	3.2	3.2	13.5	10.9	6.5	4.4%
2012E	62.4	3.6	3.6	14.7	10.0	7.5	5.1%

STAGECOACH THEATRE ARTS



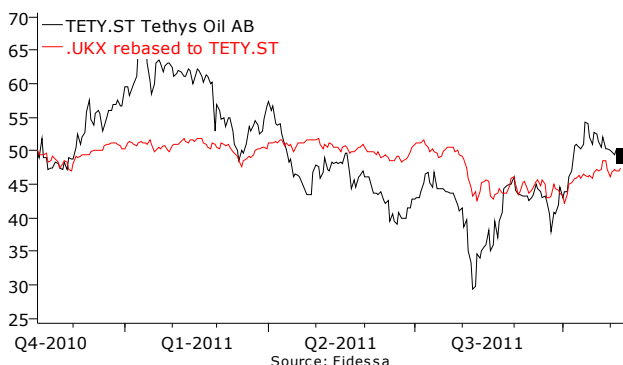
Stagecoach Theatre Arts has a May financial year end, so it is currently approaching the end of its first six months of trading. The shares have held their value during the market turmoil and at present there is nothing new to report.

Stagecoach Theatre Arts AIM				STA General Retailers		Price p. Cap £m	41.0 4.1
Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
May	£m	£m	£m	p.		p.	%
2010A	6.2	0.7	0.7	5.2	7.9	2.5	6.1%
2011A	6.0	0.6	0.6	4.8	8.5	2.5	6.1%
2012E	5.8	0.5	0.5	3.8	10.8	2.5	6.1%
2013E							

Forecast Under Review

Monthly November 2011

TETHY'S OIL AB



Since our last Monthly, Tethys have signed a new strategic agreement with Danish oil company Odin Energi A/S; Tethys' long term partner on Omani Block 15 and on the Karlebo exploration project. As a part of this agreement, Tethys has lent EUR15.1m to Odin secured by a pledge of 30 per cent of Odin's share capital.

In effect this deal opens the Baltic region as a new area of mutual interest for the two companies indicating Tethys' desire to expand and diversify its interests in the region beyond Gotland. Through various vehicles and investment, Odin conducts oil operations in UAB Minijos Nafta, Lithuania with interests in the Gargzdai license

onshore Lithuania and currently produces in excess of 700 BOPD (barrels of oil per day). In addition, Odin holds an interest in and is the operator of Licence '2' offshore Latvia.

Operationally, one exploration/appraisal well and two production wells have been successfully drilled, completed and hooked up to the Early Production System on the Farha South Oil Field on Block 3.

In addition, two new water injection wells have been drilled, with new production wells currently drilling.

In detail: - The Farha South-16 ("FS-16") exploration well was drilled as a vertical exploration/appraisal well through both the Barik and Lower Al Bashair formations some 5.5 kilometres northeast of FS-5 in a previously undrilled fault block.

Drilling to a total depth of 1,747 metres, the well encountered the Barik formation at 1,095 m where it expressed as a 30m oil-bearing sandstone. Oil shows were also found in the Lower Al Bashair formation ("LAB"). The Upper Barik section has been perforated and put into test production with an electrical submersible pump.

Two new production wells have been drilled and completed in previously drilled and known oil bearing fault blocks on Farha South, nominated as the FS-14 and FS-8 wells. The wells encountered oil, both in the Barik and the LAB sections. In FS-14 the Upper Barik section has been successfully completed, and FS-8 completed in the Lower Al Bashair. Both are connected to the EPS (Early Production System) to be part of the ongoing long-term production test of the area.

Two water injection wells have also been drilled on Farha South.

The two rigs in operation are currently drilling the production wells FS-19 and FS-20.

Test production from the EPS for September is announced to have totaled 190,938 barrels of oil, corresponding to 6,365 BOPD. Tethys' share of the production, before government take, amounted to 30 per cent of the total, or 57,281 barrels.

Tethys Oil AB Stockholm		TETY.ST Oil				Price SEK.	49.4
						Cap MSEK	15.0
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	SEKm	SEKm	SEKm	SEK.		SEK.	%
2009A	-	-42.4	-42.4	-1.6	-	-	-
2010A	11.1	-80.1	-80.1	2.6	19.0	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

Monthly November 2011

THOR MINING PLC

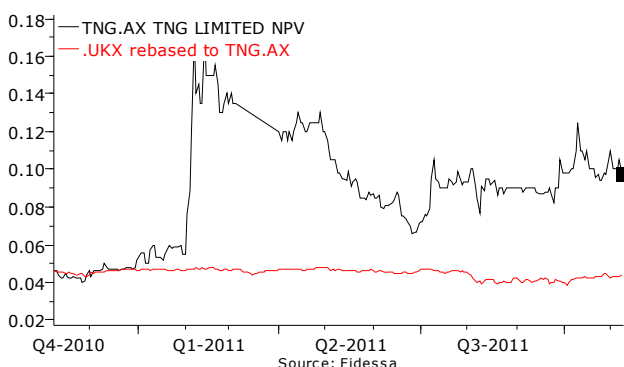


A preview of some of the re-worked DFS parameters for Thor's Molyhil Mine was released this month with CAPEX requirement now estimated at \$66m and OPEX at \$79/tonne. The company also released drill results from its on-going resource development drilling. This has confirmed that the resource continues down dip significantly past a depth supported by open pit mining. It has also indicated a near surface extension to resources that may be included in an open pit reserve. Diamond drilling continues on site.

A reworked mineable reserve and fully reworked DFS is now expected before the end of the year once all assay results are received and a new resource modelled.

Thor Mining Plc AIM	THR Mining					Price p. Cap £m	1.3 7.8
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	£000s	£000s	£000s	£/Share		£	%
2009A	-	-1.2	-1.2	-0.77	-	-	-
2010A	-	-1.8	-1.8	-0.79	-	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

TNG LTD



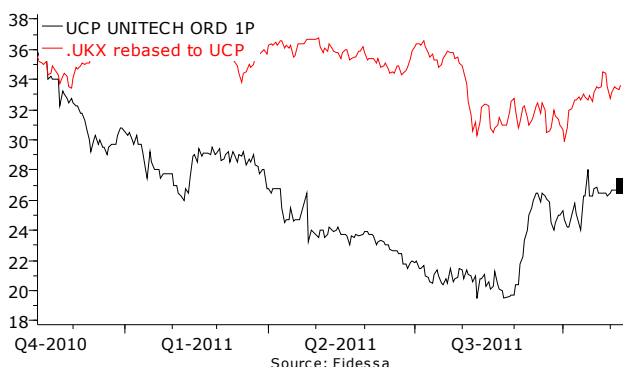
TNG Ltd continues to progress its Mt Peake Vanadium-Titanium-Iron project and has recently received first tranche of funds from its Chinese partner as well as politburo approval for the deal.

Our technical appraisal of the project and its innovative hydro-metallurgical process is still available by contacting research@hardmanandco.com.

TNG Ltd ASX	TNG.AX Mining					Price Aus c. Cap AUS\$	9.8 27.9
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	AU\$m	AU\$m	AU\$m	AUc.		AUc.	%
2009A	0.1	-10.4	-10.4	-4.0	-	-	-
2010A	1.4	-4.0	-4.0	-1.4	-	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

Monthly November 2011

UNITECH CORPORATE PARKS PLC



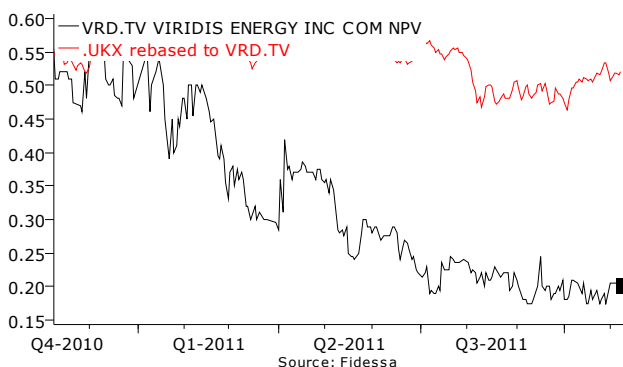
We initiated on this stock with a 49p initial target on 26th August. The fund's balance sheet remains cash positive and will take on gearing as a function of the demand-led ongoing development programme. We note the recent rise in the Indian Rupee base lending rates. Certainly the trend of inflation has been a concern and India contrasts, say, with Brazil where interest costs have been falling for some months. Nonetheless the Reserve Bank of India has indicated it expects no more rate rises.

We note the successful passing of resolutions at the AGM of 21st October: each of the resolutions was duly passed. At the EGM of the same day, resolutions proposed by a group of shareholders, which the Board recommended shareholders vote against, were rejected on a poll and

hence moved according to the recommendations of the UCP Board. UCP therefore remains focused on developing the portfolio and securing strong long term tenants.

Unitech Corporate Parks Ltd AIM		UCP Real Estate Investment				Price p.	26.6
						Cap £m	95.9
Y/E	Gross Income	EBITDA	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	7.5	-179.1	2.9	1.0	26.6	0.0	86.7
2011A	11.7	-98.6	4.5	1.2	22.2	0.0	55.6
2012E	17.6	3.6	3.6	0.9	29.6	0.0	56.5
2013E	25.2	4.9	4.9	1.2	22.2	0.0	57.7

VIRIDIS ENERGY INC



The Viridis Energy Q3 results are due imminently. We expect them to show the first positive impact from the new orders for wood pellets received during the summer, and also the first impact of the major wholesale contract signed with the largest wood pellet distributor in Canada.

We shall be watching for news of progress on the palm kernel residue biofuels contract in the Far East, where Viridis Energy has begun shipping PKR from Malaysia into the Chinese market. Also, the recent fundraising has given Viridis Energy the financial resources to be able to expand its production capacity in order to meet the high level of orders it has in hand.

In all, the Q3 financial statement should make very interesting reading. The company will still show a loss for the quarter, but we believe the figures are likely to show an improvement upon those for Q2.

Viridis Energy Inc TSX		VRD.TV Energy				Price CA.C.	20.0
						Cap CA\$m	6.1
Y/E	Sales	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Adjusted EPS*	P/E Ratio	Divi	Yield
December	CA\$m	CA\$m	CA\$m	CAC.		CAC.	%
2009A	-	-	-	-	-	-	-
2010A	7.8	-0.1	-2.9	-14.1	-	-	-
2011E	17.9	-2.9	-3.1	-8.8	-	-	-
2012E	46.1	0.7	0.7	1.4	12.2	-	-

* Assumes conversion of CULS

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