12 June 2013

DOLPHIN CAPITAL INVESTORS LIMITED

("**DCI**" or "**Dolphin**" or the "**Company**"

and together with its subsidiaries the "**Group**")

Q1 2013 NAV Announcement and Trading Update

Dolphin, a leading global investor in the residential resort sector in emerging markets and one of the largest real estate companies on AIM in terms of net assets, is pleased to provide an update on operational progress and announce its unaudited Net Asset Value ("**NAV**") as at 31 March 2013.

Operating Highlights since the last Trading Update of 20 March 2013:

ADVANCED PROJECTS:

- The Porto Heli Collection (www.portohelicollection.com), Greece

  Amanzoe (www.amanzoe.com)

  - Reviews for Amanzoe Resort continue to be exceptional and the hotel's financial performance in 2013 (the first full year of operations) is in line with its budget and is expected to result in a positive net operating income (before depreciation and debt service).
  - Two Aman villas were completed during the period and will be added to the Amanzoe rental programme by the end of June. Construction works on three additional Aman villas are progressing while three more are in the design stage by Ed Tuttle, in consultation with the villa owners, with the intention of commencing works on site by Q3 2013. A number of additional villa lots are currently under negotiation with prospective buyers.

  The Nikki Beach Resort & Spa at Porto Heli

  - Construction works are progressing on site with the reinforcement works of the existing structure. It is anticipated that the mock-up room will be ready for review at the end of summer 2013.

- Playa Grande Club & Reserve ("**Playa Grande**" – www.playagrande.com), Dominican Republic
  - The project has executed final and binding debt facility agreements with a syndicate of three regional banks for the entire targeted US$19 million debt funding, to finance the construction of the Aman Hotel. This facility is the first loan in the Dominican Republic provided to a luxury resort development since the financial crisis of 2008, underlining the reputation of Dolphin as a financial sponsor and developer of luxury resorts.
  - The first reservation agreement for the sale of a three bedroom Aman villa in the Playa Grande project was executed with a New York based purchaser. This is an important milestone in the development of the Aman phase of the Playa Grande project and more sales are expected in coming months as the construction of the Golf Aman phase progresses and word of mouth spreads.
  - Renovations of the back nine holes of the Robert Trent Jones Snr. Golf course and Aman hotel infrastructure are progressing according to the planned budget and timeline. Construction of the first Aman hotel mock-up pavilion is expected to commence imminently.

- Pearl Island (www.pearlisland.com), Panama
  - The regional investor group that acquired the Founders' Phase continues to progress the development of the airport, marina, infrastructure, roads, beach club and other facilities in accordance with its commitment to invest US$35 million into the island. The sales of villas and condominiums of that phase continue apace, establishing Pearl Island as a luxury destination.
  - The project executed a comprehensive letter of intent with Ritz Carlton and is advancing the designs of an 80-room Ritz Carlton Reserve hotel, alongside discussions with regional investor groups for the joint development of the resort on one of the island's 14 private sandy beaches over a land parcel of approximately 50 hectares.

- ARISTO DEVELOPERS (www.aristodevelopers.com)
  - Aristo's sales performance during this period was adversely affected by the impact of the Eurogroup decisions on Cyprus. The country's ensuing banking crisis and capital restrictions affected potential buyers who appear to be deferring their buying decision until there is more clarity on the situation in Cyprus.
  - 33 homes and plots were sold by Aristo in the three month period ending 31 May 2013, for €12.5 million, representing a 15% decrease in value, and a 49% decrease in the number of units compared to the respective period in the previous year.
  - Encouragingly, Chinese buyers, in spite of the recent turmoil, continue to be present in the market and the Aristo sales team is currently engaged in closing transactions which were deferred during spring.

OTHER PROJECTS

- Scorpio Bay Resort
  - The project received its Environmental Impact Study approval, allowing the development of 64,416 buildable m^2 of hotel and villas.

Divestments since last trading update of 20 March 2013:

- Venus Rock Golf Resort ("**Venus Rock**" – www.venusrock.com)
  - As announced on 20 May 2013, Aristo and Venus Rock Estates Ltd, Dolphin's 49.8% subsidiary, signed a binding agreement with China Glory International Investment Group Ltd, a Hong-Kong based international conglomerate and real estate investment group, for the sale of shares and assets in the Venus Rock project.
  - The agreed purchase price amounts in aggregate to c. €290 million (the "Purchase Price") and comprises a fixed consideration of €241.5 million and a conditional deferred consideration of €48.5 million of which €15 million is already secured.
  - At a time of very challenging market conditions for Cyprus, the €290 million Purchase Price for the Venus Rock project represents a c.22% discount to its pre Cyprus crisis valuation of €370 million as at 31 December 2012 and a 1.41x return on the Company's allocated investment cost (a c. 31% discount and 1.22x return respectively excluding the remaining €33.5 million conditional deferred consideration). The resulting aggregate equity price of the transaction implies a c. 85% premium to the pro-rata allocated NAV of the Venus Rock project based on the current market price of the DCI shares.

The strategic benefits of this transaction include:

- › potential dividends of up to €40 million being distributed back to Dolphin over the coming 6-12 months;
- › the potential expansion of Dolphin's partnership with the Purchaser in other projects in Cyprus and other regions where Dolphin operates;
- › the significant deleveraging of Aristo, which is expected to significantly improve Aristo's sales capability and growth by providing increased financial flexibility to free up additional land and residential projects for sale, halving Aristo's debt service expenses, improving Aristo's ongoing profitability, and enabling Aristo to continue to build its market leadership in Cyprus;
- › further rebalancing Dolphin's portfolio across its six markets (Cyprus, Greece, Turkey, Croatia, Dominican Republic and Panama); and
- › increased awareness and profile of Aristo and Dolphin in the Chinese market, positively impacting Dolphin's ability to source and execute both retail sales and large size asset transactions with Asian investors sourced through the Group's proprietary office and brokerage network.

Financial Highlights:

- Total Group NAV as at 31 March 2013 at €698 million and €612 million before and after deferred income tax liabilities ("**DITL**"), respectively. This represents a decrease of €10 million (1.4%) and €24 million (3.7%) respectively, from 31 December 2012. The decrease is mainly due to regular operating expenses partially offset by the appreciation in value of the Group's properties in the Americas in Euro terms (due to the devaluation of the Euro against the US dollar). NAV after DITL further decreased due to the increase of income tax rates in Greece and Cyprus.

- Sterling NAV per share as at 31 March 2013 was 92p before DITL and 80p after DITL. This represents an increase of 1.6% and a decrease of 0.7% versus 90p and 81p respectively since 31 December 2012, due to the reasons stated above as well as to the 3% appreciation of Sterling versus the Euro over the period.

- The proforma Group NAV figures, taking into account the Venus Rock divestment and based on the financial assumptions included in the Company's announcement on 20 May 2013, would come to €637 million and €571 million before and after deferred income tax liabilities ("**DITL**"), respectively. The respective pro forma NAV per share figures as at 31 March 2013 would be 84p before DITL and 75p after DITL.

- The Company's balance sheet remains conservatively lowly geared:
  - Gross Assets of €892 million;
  - Total proforma debt, taking into account the issuance of the €50 million convertible bond, of €179 million, and a Group total proforma debt to asset value ratio of only 19%;
  - No bank debt at the Company level. The Company issued €50 million and US$9.17 million of convertible bonds during April 2013 and has provided corporate guarantees on the Playa Grande Convertible Bonds, and the US$19 million Playa Grande loan syndication. The US$ bond proceeds were wholly used to fund the consideration payable under the Tender offer for the Playa Grande Bonds.

Market and Strategic Focus update

- **Greece**
  - The Greek government, under a series of recent legislative changes, has passed laws favourable to so-called "Strategic Investments". Strategic Investments are defined as investments in a series of sectors including tourism which exceed certain investment thresholds or create a predetermined amount of new jobs. All of the Company's projects in Greece would, in principle, qualify under the criteria set out in the new legislation. Under the Strategic Investments programme, each investment is considered on its own merit by a governmental committee and, if deemed qualifying, is granted favourable planning conditions and administrative assistance ("fast track") in the entitlements and permitting process. Such favourable planning conditions include, amongst others, higher building coefficients, the development of residential real estate properties without the need to develop a hotel, preferential access and leasing terms of public beaches, tax benefits and deferrals etc. In light of this new legislation, Dolphin will have the opportunity to improve its development plans and enhance its portfolio's expected profitability.
  - In addition to the above legislative initiatives and to further stimulate its economic recovery, the Greek state is offering real estate buyers residence visas. The new law, which was published in the Hellenic Government Gazette on 18 April 2013, allows real estate purchasers or lessees from outside the EU, who purchase or lease real estate investing an amount in excess of €250,000, to get a long term residence visa. Residence permits are valid for five years and are renewable providing that the purchaser/lessee still holds their interests in the property acquired or leased. Leveraging on this novel legislation, and following Aristo's success in Cyprus in penetrating the Chinese market based on the similar Cyprus visa regulations for property buyers, Dolphin is proactively working alongside Aristo and its local offices and agent network to promote Greek properties in the Chinese second home marketplace and expects that legislation to be a sales catalyst for Dolphin's future residential supply. The interest shown to date is already significant and, as such, the new investment opportunities that Dolphin is considering, as well as the development plan enhancements pursuant to the new Strategic Investments law, are mainly geared towards residential supply that can satisfy this expected upcoming demand.
- **Cyprus**
  - The Cypriot Government recently announced that it is planning to grant zoning related incentives in order to enhance the effort of attracting direct foreign investment into the real estate sector, which is considered as a key instrument for the recovery of the Cypriot economy. Among these measures, the current building capacity of the golf related projects will be increased from 100,000 m^2 to 150,000 m^2 and subsequently the projects' plots building coefficient will be increased from 20% to 30%. Additionally the building coefficient of major tourist projects will be increased by 20% or 30% depending on their current zoning status. These measures will not only affect golf projects like Eagle Pine, Apollo Heights and other Aristo projects, by increasing their building capacity and future profitability, but also other Aristo major tourist projects under development like Magioko in the Paphos area. In parallel to the zoning incentives, the Ministry of Interior has also announced further relaxations to the already revised set of criteria for granting Cypriot citizenship to foreign investors in the effort to restart the economy.
  - Negotiations are at an advanced stage and an agreement is expected to be reached soon between the Government of the Republic of Cyprus and the Sovereign Base Areas (SBA) which will allow the zoning and the urban development of land within the limits of the SBA. This is expected to positively impact the Company's Apollo Heights Polo Resort project located in the SBA.

- **<u>The Americas</u>**
  - Following its Trading Update of 20 March 2013, the Company transferred its interests in the Americas projects, Playa Grande in the Dominican Republic and Pearl Island in Panama, into a wholly-owned common holding platform ("Dolphin Capital Americas").
  - Dolphin Capital Americas is:
    (i) continuing the development of Playa Grande and Pearl Island with the aim of realising significant returns for Dolphin; and
    (ii) considering further NAV accretive, attractively-priced or distressed acquisitions in the region. As part of that initiative Dolphin has identified a number of strategic investments which could be complementary to its current platform, bring significant synergies and enable the Company to consolidate its standing in the luxury residential resort sector in certain key markets including Mexico, Brazil and certain Caribbean markets at what is believed to be an optimum time in the cycle. As part of that strategy, Dolphin continues to consider the best alternatives to further capitalise, grow and realise value from Dolphin Capital Americas in a manner that is accretive to Dolphin's shareholders.

Miltos Kambourides, Managing Partner of Dolphin Capital Partners Limited, **commented**:
"The current confluence of positive legislative changes, Chinese investment interest in both Greece and Cyprus, continued recovery of the Americas market and increased appetite for top-end hospitality and real estate products is resulting in an improving marketplace for Dolphin and its projects. The Company is now better placed to generate further asset sales or JVs, while in parallel expanding its market-leading position in the development of residential coastal resorts by pursuing attractive new investments in our key target markets."

Conference call for analysts and investors

There will be a conference call at **09.00 (UK time)** on **Wednesday 12 June 2013**, which can be accessed by the following dial-in numbers:

Dial in number (London): +44(0)20 3427 1904

Dial in number (Greece): 00800 128 801

Confirmation Code: 3322719

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<u>Notes to Editors</u>

Dolphin (www.dolphinci.com) is a leading global investor in the residential resort sector in emerging markets and one of the largest real estate investment companies quoted on AIM in terms of net assets. Dolphin seeks to generate strong capital growth for its shareholders by acquiring large seafront sites of striking natural beauty in the eastern Mediterranean, Caribbean and Latin America and developing sophisticated leisure-integrated residential resorts.

Since its inception in 2005, Dolphin has raised €948 million of equity, has become one of the largest private seafront landowners in Greece and Cyprus and has partnered with some of the world's most recognised architects, golf course designers and hotel operators.

Dolphin's portfolio is currently spread over approximately 63 million m^2 of prime coastal developable land and comprises 14 large-scale, leisure-integrated residential resorts under development in Greece, Cyprus, Croatia, Turkey, the Dominican Republic and Panama and a 49.8% strategic participation in Aristo Developers Ltd, the largest developer and private land owner in Cyprus.

Dolphin is managed by Dolphin Capital Partners, an independent real estate private equity firm.

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