

# DOLPHIN CAPITAL INVESTORS

*For Professional Investors Only*

Dolphin Capital Investors (DCI) is an AIM-traded real estate company investing in the residential resort sector, predominantly in Greece, Cyprus, the Dominican Republic, Panama, Croatia and Turkey. The share price is denominated in Sterling and the NAV in Euros.

Rating	Positive
Mid-Price	£0.2574
NAV (30-9-2014)	£0.77
Discount	-66%
Market Cap	£165m
Net Assets (30-9-2014)	€630m

## MISSING CATALYSTS IN PLACE BY REVIEW STRATEGY

- ▶ 25 February Dolphin Capital Investors announced the review of the Company's strategy in order to narrow the share price discount to NAV and to accelerate returns for shareholders.
- ▶ Review will likely result in DCI focussing on main assets and turning DCI in a company with operating assets instead of having a large portion of the NAV in land.
- ▶ The review will also likely involve selling non-core assets in order to concentrate the Investment Manager's focus on the main assets while at the same time generating cash in order to accelerate development of the main assets.
- ▶ The Board will also try to improve the alignment of interest of the Investment Manager with the shareholders.

Bloomberg: LCFR <GO>

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## IMPROVEMENT IN CORPORATE GOVERNANCE

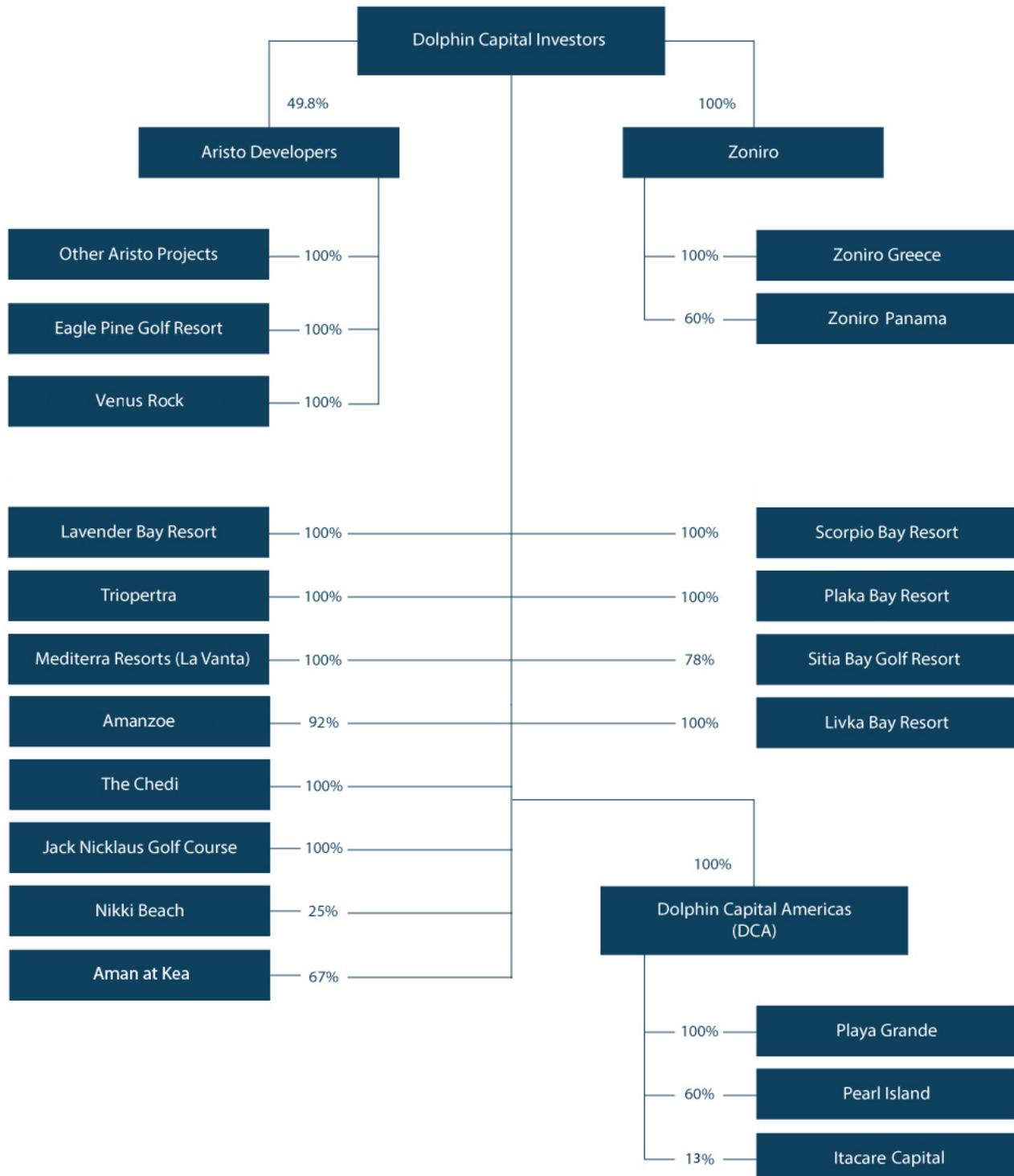
- ▶ New Board of Directors includes three Board members representing three of its main shareholders, JO Hambro, Asset Value Investors and Third Point.
- ▶ Shareholders with a 7.5% holding or more will be entitled to appoint an observer to the Board for an initial 12 months period commencing 25 February 2015.
- ▶ Quorum requirement for shareholder meetings is reduced to two shareholders present in person or proxy.
- ▶ Maximum number of Board members is increased from seven to nine.
- ▶ Casting vote given to Chairman of the Board in the case of an equality of votes at any meeting has been removed.

## PORTFOLIO CONTINUES TO MATURE

- ▶ Good progress is being made on the main projects in development, with two operating Aman hotels and one Nikke Beach Hotel by the end of this year. Another big project is the construction of the Ritz-Carlton Reserve on Pearl Island, Panama.
- ▶ Sales of the Amanzoe villas and Aman villas at Playa Grande are expected to continue.
- ▶ Management expects DCI to be close to becoming cash flow positive for first time since launch. We estimate at least €250m in cash flow over the coming five years.



## Company Structure

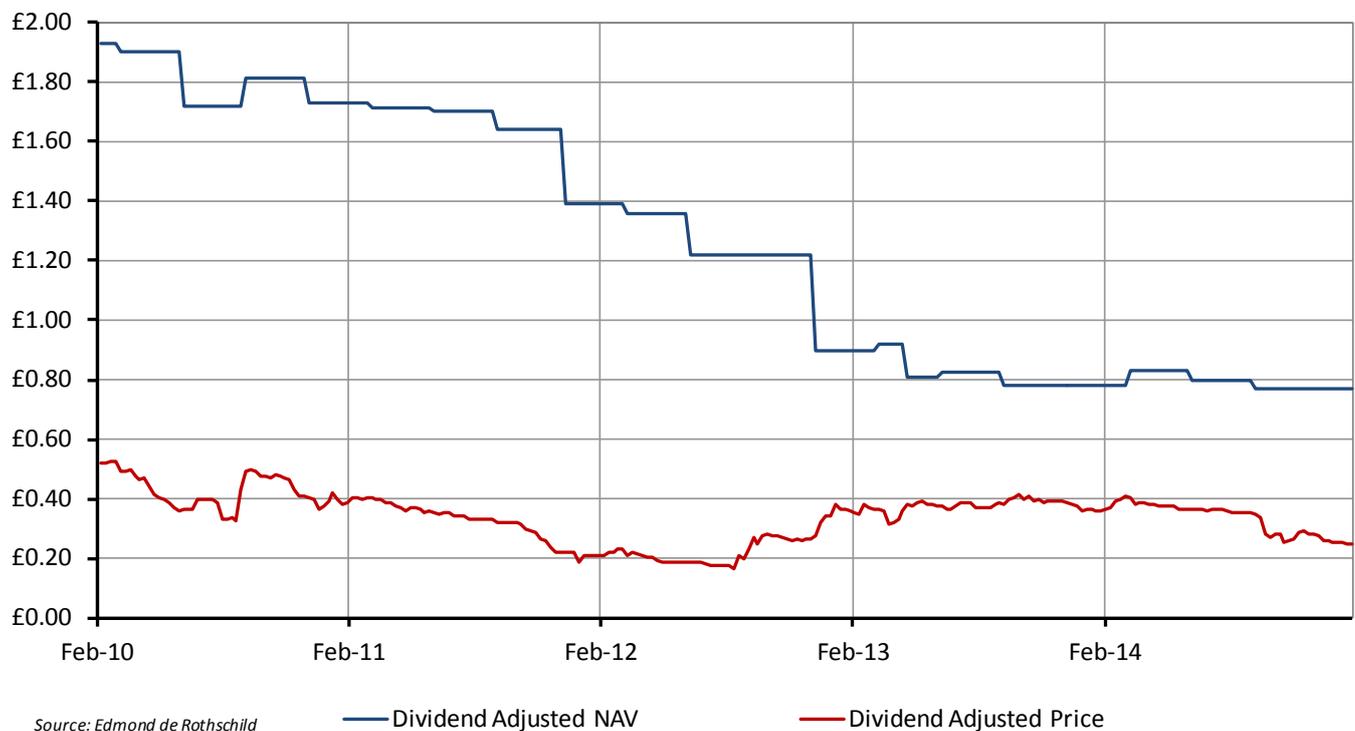




## DISCOUNT/PREMIUM TO NAV



## NAV AND PRICE





## FUND DATA

Bloomberg	DCI LN
Reuters	DOLC.L
Website	www.dolphinci.com
Launch date	December 2005
Listing	LSE
Domicile	British Virgin Islands
Structure	Closed-end fund
FYE	31 December
Outstanding Shares	642,440,167
Settlement ISIN	Euroclear T+3 VGG2803G1028
Auditor	KPMG
Administrator	Galileo Fund Services Limited
Board	Laurence Geller, Chairman Robert Heller Graham Warner Mark Townsend Justin Rimel Miltos Kambourides David Heller Roger Lane Smith

### Fees

The Investment Manager receives an annual management fee of 2% payable quarterly in advance of the equity funds managed by the company. The Investment Manager is also entitled to a performance fee of 20%. Performance fee depends on realised profits received by the company from each project and is calculated from the cost basis with a hurdle rate of the compounded average annual one-month Euribor rate.

The performance fee is subject to escrow and claw-back provisions. 25% of any performance fee payable to the Investment Manager shall be placed in an escrow account operated by the Administrator until the company makes cumulative distributions equal to €634m plus the hurdle at which point, any funds in the escrow account will be released to the Investment Manager.

If on the earlier of disposal of the company's interest in a relevant investment or 1 August 2020, the proceeds realised from that investment are less than the relevant investment amount, the Investment Manager shall pay to the company an amount equivalent to the difference between the proceeds realised and the relevant investment amount.

### Distributions

No cash distributions have been made so far.

### Leverage

Per end September 2014 DCI's total debt was €215m, with a Group total debt to asset value ratio of 23%. €50m and \$9.17m of convertible bonds, due in 2018, are held at the Company level. DCI has provided corporate guarantees on the \$31m outstanding convertible bonds due in 2016 and on the \$19m Playa Grande construction loan.

### Life of the Fund

The company has an indefinite life, however shortly before the tenth anniversary of Admission the board will convene a shareholders' meeting at which a resolution will be proposed to determine the future of the company.



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## Important Information

### Rating history for Dolphin Capital Investors:

The fund was rated Initiation of Coverage by Edmond de Rothschild (Securities) UK Limited in April 2013.

The fund was rate Positive by Edmond de Rothschild (Securities) UK Limited in July 2014.

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