



The small company specialists

COMPANY INFORMATION

GSC Property Holdings plc (Plus : GSC)

Company Eye Ranking

22/50

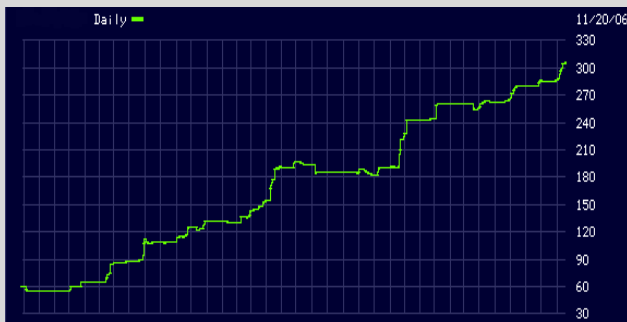
EDITOR'S NOTE

GSC Property Holdings is primarily an investment company – the strategy of the directors is to build a portfolio of quality investment properties which offer a good yield and the potential for capital gain. For the six months to 30 June 2006 the company reported profit before interest 1.2% and the Dividend increased by

17.6%.

In our opinion GSC Property Holdings plc has a steady growing business and the company's future looks promising. We believe it would be good addition for any medium/long time share holder.

3 YEARS CHART



FUNDAMENTALS

| Company Name | GSC Property Holdings plc |
|-------------------|---|
| Current Price | 306.5 |
| Status | PLUS |
| Market Cap | 31.10 m. |
| Shares in Issue | 10,198,000 |
| Activities | Investment in commercial property with a small interest in redevelopment of properties already owned by the Group |
| Sector | Real Estate |
| Corporate advisor | Bishop Fleming |
| Registrar | Neville Registrars Ltd |

HISTORY

The company that became GSC Property Holdings (GSC) was incorporated in 2000 and commenced trading in 2001. GSC owns a substantial property portfolio and has been profitable since inception. It is as diverse in its nature as it is in its geographical

spread, owning the largest single screen cinema in Liverpool, the busiest banking hall in South East Essex, the largest pub in Canterbury and a drive through restaurant in Birmingham. GSC floated on Ofex in September 2003.

THE BUSINESS

Notwithstanding the variety of properties, over 85% of income comes from the top 350 companies in the UK, as well as government. The overriding consideration has been the strength of the covenant and thus the ability to

pay, with location being of secondary importance. Recent additions include high street names in banking and mobile phones, together with expansion into Scotland with a fast food restaurant.

ACTIVITIES

The Company's main activity is in the investment of commercial property with a small interest in redevelopment of properties already owned by the Group.

GSC invests through its two subsidiaries Princedown Developments Limited & Tidalgate Investments Limited.



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COMPANY INFORMATION

RECENT ACQUISITIONS

1. Three Nations property portfolio

The properties in the portfolio are:

Clydesdale Bank, Weaver Street, Glasgow - 11,000 square feet of prime office and banking space on three floors in the centre of the city. The 20 year lease commenced in 1999, with an annual rental income of £125,000.

Poundstretcher, a division of Instore plc - 6,600 square feet of retail space over two floors plus a basement of 800 square feet in Kings Street, Kilmarnock. The 24 year lease commenced in 1993, with an annual rental income of £91,500.

Quality Hotel Cardiff – a 95 room three star hotel ideally located within easy reach of the City Centre. The 99 year lease commenced in 1994, with an annual rental income of £492,944 and fixed uplift in 2009 to £571,457.

Warehouse for Weekenders clothing - 54,000 square feet unit in Milton Keynes. The 11 year lease commenced in 2003, with an annual rental income of £300,000.

Training centre for QA computer group - 30,000 square feet training and teaching centre in Swindon, headquarters of QA Group, a Microsoft Solutions Partner. The 15 year lease commenced in 2001, with an annual rental income of £501,800 GSC financed the acquisition from its own resources and

a new £20 million loan from Lloyds TSB. The interest rate on the loan, which is due for repayment in 20 years, averages 5.9 per cent for the first ten years.

2. Astimwood Properties Limited

Astimwood Properties is a property trading company; its principal assets are two linked properties in the centre of Southend, Maitland House and the Warrior Centre.

Maitland House is an eleven storey totally refurbished office block; tenants include London and Scottish Bank Plc, Insure & Go and Club la Costa. Total rental income is GBP 1.1 million.

The Warrior Centre leisure complex includes a 56 room Travelodge Hotel; a Barraccuda Group managed pub and a night club. Total rental income is just over GBP 0.5 million.

GSC has financed the acquisition from its own resources and a new GBP 18.8 million loan from Norwich Union. The interest rate on the loan, which is due for repayment in 2028, is fixed at 5.69 per cent for the term of the loan.

GSC has now completed the sale of the air rights over Maitland House and The Warrior Centre in the sum of GBP 3 million. Planning permission for 64 flats has been recently gained.

DEVELOPMENT HIGHLIGHTS

27th Sept 2006 - acquisition of the Three Nations property portfolio for a total cash consideration of £25.0 million

16 December 2005 - purchase of Astimwood Properties Limited, for a total cash consideration of £ 24.0 million

8th November 2005 - purchase of the Metro Palace Court Hotel in Bournemouth for a total consideration of £ 14.0 million.

23 February 2005 - purchase of the Holiday Inn, Plymouth for a total consideration of £1.8m

ROLLING EPS



P/E RATIO



STRATEGY

The company's strategy is to build a portfolio of quality investment properties which offer a good yield and the potential for capital gain. The commercial property market in the UK has been strong over recent years with yield compression, particularly in the London area, being a

feature. As a result GSC Property Holdings plc has concentrated on seeking investment opportunities across the United Kingdom but are reluctant to commit its resources and time to projects which will not generate adequate returns for its shareholders.

DIRECTORS

A H Gershlick - Non-Executive Chairman
M D Rubin - Finance Director

A R Rubin - Director
L Rubin - Company Secretary



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SHAREHOLDINGS

| | Number | % |
|---------------|-----------|-------|
| Mark Rubin | 3,572,680 | 35.03 |
| Anthony Rubin | 1,130,370 | 11.08 |

| | Number | % |
|----------------|-----------|-------|
| Linda Rubin | 2,442,810 | 23.95 |
| Alan Gershlick | 15,000 | 0.15 |

FINANCIAL HISTORY

Profit and loss account for Six months to 30th June 2006

| £ | 6 months to 30th June 2006 | Year ended 31st Dec 2005 |
|---|----------------------------|--------------------------|
| Turnover | 2,645,118 | 5,421,437 |
| Gross profit | 2,569,618 | 5,254,373 |
| Administrative expenses | (859,561) | (1,917,379) |
| Other operating income | 232,617 | - |
| Operating profit | 1,942,674 | 3,336,994 |
| Profit / (loss) on disposals of fixed assets | - | 408,970 |
| Profit before interest | 1,942,674 | 3,745,964 |
| Interest payable (net) | (1,530,400) | (3,059,106) |
| Profit / (loss) on ordinary activities before tax | 412,274 | 686,858 |
| Tax on profit / (loss) on ordinary activities | (123,682) | (21,196) |
| Profit/(loss) for the period | 288,592 | 665,662 |
| Earnings per ordinary share | 2.83p | 160.70p |

Balance Sheet as at 30th June 2006

| £ | 30 th June 2006 | 31 st Dec 2005 |
|--|----------------------------|---------------------------|
| Intangible assets | 325,888 | 334,696 |
| Tangible assets | 3,795,709 | 3,834,321 |
| Investments in subsidiary | 11,796,255 | 11,796,255 |
| Investment properties | 79,665,500 | 79,665,500 |
| FIXED ASSETS | 95,583,352 | 95,630,772 |
| Stock | 9,759 | 9,759 |
| Debtors | 19,480,225 | 19,014,466 |
| Other short-term investments | 200 | 200 |
| Cash at bank and in hand | 5,559,307 | 8,280,946 |
| CURRENT ASSETS | 25,049,491 | 27,305,371 |
| Creditors: amounts falling due within one year | (5,963,626) | (6,188,491) |
| Net current assets/(liabilities) | 19,085,865 | 21,116,880 |
| Total assets less current liabilities | 114,669,217 | 116,747,652 |
| Creditors: amounts falling due in more than one year | (79,198,235) | (81,310,312) |
| Provisions: deferred tax | - | - |
| Total assets less current liabilities | 35,470,982 | 35,437,340 |
| CAPITAL AND RESERVES | - | - |
| Called up share capital | 101,980 | 101,980 |
| Share premium account | 502,500 | 502,500 |
| Revaluation reserve | 26,209,500 | 26,209,500 |
| Profit and loss account | 8,657,002 | 8,623,360 |
| Shareholders' funds | 35,470,982 | 35,437,340 |

FINANCIAL REVIEW

The income for the six months to 30 June 2006 increased to GBP 2,645,118, close to 1.9% per cent ahead of the equivalent period last year. Profit before interest was GBP 1,942,674, slightly in front of the equivalent period last year, and the interest charge increased from GBP 1,303,251 to GBP 1,530,400, reflecting the continued expansion in company's investment activity. The interim dividend has been raised by over 17 per cent to 2.0 pence (net) per share from last year's level of 1.7 pence (net) per share.

RISK FACTORS

In addition to the other relevant information, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective Investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the

acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. There are various risk and other factors associated with an investment of the type described in this document. In particular:

The value of an investment in the Company is largely



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dependent upon the expertise of the Directors and their ability to identify and acquire or invest in suitable companies or businesses. There can be no certainty that the Company will be able to identify suitable acquisition targets or complete the purchase of any identified targets at a price the Directors consider acceptable.

In the event of an aborted acquisition it is likely that resources may have been expended on investigative work and due diligence, which cannot be recovered.

The acquisition of other businesses can involve significant commercial and financial risks and there can be no certainty that any acquired business will not have a material adverse effect on the operations, results or financial position of the Company.

If the Company has not undertaken an acquisition or a

significant investment within 24 months of the start of trading on PLUS, there is no guarantee that the Company can maintain an PLUS trading facility if the Directors do not deem any acquisitions or investments to be suitable within any such period.

It is likely that the Company will need to raise further funds in the future, either to complete a proposed investment or acquisition or to raise further working or development capital for such a transaction. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that the new investors will be prepared to subscribe for Ordinary Shares at prices that are the same or greater than the price at which they are being introduced.

CONTACT

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Essex SS0 7EW
England

RANKING

| | Ranking out of 50 (50 being highest) |
|---|--------------------------------------|
| Business model - competitive advantage | |
| Competition | 23 |
| Customers | 26 |
| Low cost | 19 |
| Management | |
| - corporate governance | 19 |
| - quality | 25 |
| - shareholding | 26 |
| Product | 20 |
| Sector | 17 |
| Financial evaluation | |
| Early and profitable exit potential | 20 |
| Financial strength | |
| - cash flow | 15 |
| - conservative accounting | 26 |
| - need for funding | 18 |
| Growth at a reasonable price | 28 |
| Risk | 26 |
| Overall average rating | 22 |



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FURTHER INFORMATION ABOUT THE RANKING

Competitive advantage

Companies are assessed according to their business model and how this translates into strong and sustainable competitive advantage. This can only be achieved with low cost activities and doing something different from the competition. This 'differentiation' must add value to the customer who is then prepared to pay a premium price. The differentiation is most obvious in the product but it can exist anywhere in the company's

value chain of activities, such as easy payment terms, convenient locations, superior management, and quality of suppliers. Companies that do not achieve competitive advantage because they have the same costs and/or do the same as the competition are marooned in a profitless zone. They helplessly try to compete with the one weapon left open to them, which is the disaster of cutting prices and typically leads to similar retaliation by competitors, with disastrous results.

THE FOLLOWING ELABORATES ON THE RANKING CRITERIA

Competition

How intense is the competition and are there barriers to entry?

Services tend to be more protected than products from international competition. Does the sector ride the tailwind of multi-year mega trends? Is the business well positioned in the current stage of the economic cycle? What is its resistance to a recession?

Customers

Is the company controlling its customers and therefore its revenue streams? Are customers glued to the company and providing valuable and reliable recurring revenue or are they one-off, or 'transactional', providing shaky revenue? The company should ideally have weak and numerous customers.

Profitable exit potential

What is the potential for selling the share profitably? This is more applicable to pre-flotation investments.

Low costs

Has the company achieved low cost activities thus allowing more of the top line revenue to trickle down to the profit line?

Financial strength

Does the company have strong cash flow, the lifeblood of any business? Is the accounting conservative or is there 'accounting for growth'? Does it need more funding? Is the profit margin healthy and at least equal to its sector? What has been the track record in the growth rate of profits?

Management

Is there good corporate governance? What is the quality of management, as this is crucial to any business? Are the directors' shareholdings significant but not so large that they control the company?

Growth at a reasonable price

Does the share offer growth at a reasonable price? This is commonly measured using the PEG. This is the price earnings ratio (PE) divided by the forecast growth rate in earnings per share (EPS). The lower the PEG the better and under 1.0 is considered good for a blue chip company and under 0.6 for a small growth company.

Product

Is the product different from the competition and adds value to the customer? Are there threatening substitutes? Does it have a powerful brand?

Risk

What is the risk rating of the share due to factors such as new markets, its business model and strategies?

Sector

Is the company in an attractive sector that is profitable and adds value?

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