



CONCORDE CAPITAL

Ukraine / Real Estate

TMM Real Estate Development

Debt obligations under control

April 07, 2009

Current price: USD 0.53/ EUR 0.40
12M Target: U/R

BUY

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- Last week TMM met the UAH 7.4 mln coupon payment for its Series D bonds on time and in full
- TMM's management told us yesterday that it successfully arranged for a UAH 310 mln credit line from Oshchadbank
- In our opinion, the Oshchadbank facility enables TMM to meet all its debt obligations in the current year, even without relying on internally generated cash flows

Tickers

GDR (Frankfurt/Xetra) TR61

Market information

Market price, EUR	0.40
USD	0.53
MCap, EUR mln	20.7
USD mln	27.6
Chg YTD	-96%
Hi/Lo YTD, EUR	10.37/0.13
USD	13.82/0.17
DRs per common share	1:1
No of shares, mln	51.8
Free float	13.1%
Free float, EUR mln	2.71
USD mln	3.62

Prices as of Aug. 7, 2008

Corporate Governance

Concorde Rating **Q**

* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

Shareholders

Mr. Tolmachov	70.4%
Management	16.5%
Portfolio investors	13.1%

TMM performance vs. UA CIU, 12M



Note: Ukrainian Concorde Investable Index (UA CIU) is a free float weighted index including 57 the most liquid Ukrainian stocks
Source: Concorde Capital, Bloomberg

TMM meets Series-D coupon payment for UAH 7.4 mln

Last week, TMM Real Estate said that it met the sixth coupon payment on its Series D bonds in the amount of UAH 7.4 mln on time and in full. The rate on the UAH 180.6 mln (USD 23 mln) issue is set at 16.5% for the fifth-eighth coupon periods. Coupons on the issue are paid on a quarterly basis.

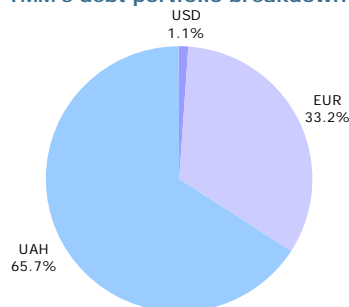
Oshchadbank credit line improves debt position

TMM's management told us yesterday that the company successfully negotiated for a UAH 310 mln (USD 40 mln) credit line with state-owned Oshchadbank that will mature in April 2012. With UAH 60 mln (USD 7.8 mln) from the facility already drawn, TMM's financial debt as of end-March totaled USD 84.2 mln. The company restructured its outstanding UAH 36 mln (USD 4.7 mln) loan from Rodovid Bank, extending the loan's maturity from April 2009 to November 2009.

Debt redemption not an issue

Overall, in 2009 TMM is due to repay USD 33 mln in debt, payments are scheduled for August, October and November, while no principal repayments are due in 2010. We do not rule out that based on its experience with Rodovid Bank, TMM will be able to reschedule redemptions on certain loans due in 2009 to 2010. Yet, in our opinion, the credit line provided by Oshchadbank enables TMM to meet all its debt obligations in the current year, even without relying on internally generated cash flows. At the same time, in November 2008 - March 2009, TMM reportedly received USD 2.5-3.0 mln in cash flows from apartment sales each month.

TMM's debt portfolio breakdown by currency



Source: TMM

From a currency risk perspective, 66% of TMM's debt portfolio is hryvnya-denominated, limiting the company's exposure to exchange rate volatility and improving its creditworthiness.

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