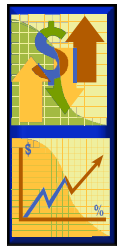


Cost of Equity Build Up Model



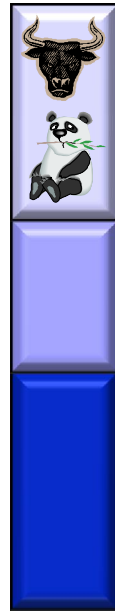
Risk-free

- Real rate
- Inflation
- Currency risk



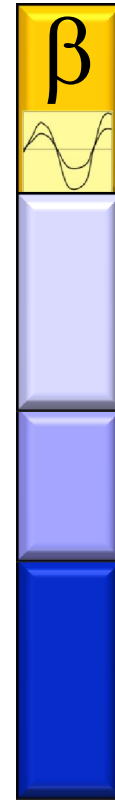
Country risk

- Expropriation
- Nationalization
- War
- Political risk
- Natural catastrophe
- Default risk



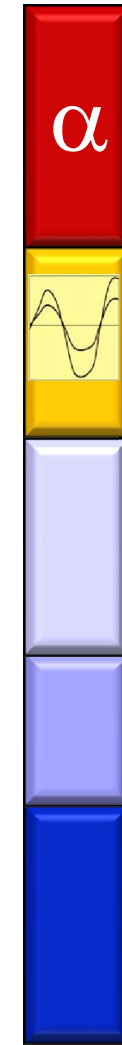
Market equity risk

- Commodity prices
- Availability of finance
- Underlying economy
- Strength of competition
- Market structure



Listed firm risk

- Sector
- Comparator
- Cyclical risk
- Strategy
- Operating risks
- Exposure to market risks
- Correlation risk



Specific firm risk

- Size & dependency risks
- Barriers to entry
- Substitute products
- Market position
- Illiquidity
- Operating risk
- Forecasting risk
- Exposure risks

Cost of equity

