

# Standard Life Inv. Property Income Trust

Continuing to find attractive opportunities

Standard Life Investments Property Income Trust (SLI) has been managed by Jason Baggaley since September 2006. He aims to generate an attractive level of income, along with capital and income growth, from a broadly diversified portfolio of UK commercial property. While the manager is currently somewhat cautious on the industry outlook, he is continuing to find attractive new investment opportunities, as well as actively managing SLI's existing assets. The company has a consistent record of outperformance, generating a higher NAV total return compared with its benchmark over the last one, three, five and 10 years. SLI currently offers a 5.5% dividend yield.

12 months ending	Share price (%)	NAV (%)	Benchmark (%)	FTSE All-Share (%)	UK REIT index (%)
30/09/14	22.0	28.7	18.1	6.1	18.1
30/09/15	13.5	19.4	14.4	(2.3)	25.2
30/09/16	2.9	3.4	2.7	16.8	(10.4)
30/09/17	18.1	15.2	9.6	11.9	4.7
30/09/18	3.4	12.0	9.3	5.9	3.8

Source: Thomson Datastream. Note: All % on a total return basis in pounds sterling, up to last reported NAV.

## Investment strategy: Actively managing the portfolio

The majority of SLI's portfolio is invested across the three main commercial property sectors: industrial, office and retail. Baggaley seeks to acquire "good properties in good locations with good tenants." He actively manages the fund by signing new leases with existing/new tenants on improved terms, or undertaking refurbishments in order to boost rental income or enhance capital appreciation potential. Unusually within the industry, SLI collects its own rent – this forges closer relationships with tenants and ensures near to, or 100%, collection within 28 days, while also contributing to the company's below-industry level of voids. SLI is permitted a maximum loan-to-value ratio of 60%; at 30 September 2018, it was 21.4%, which is towards the low end of the historical range.

## Market outlook: Fundamentals remain robust

While Brexit uncertainty is having a negative effect on sentiment and activity within the UK commercial property sector, industry fundamentals are more robust than during other recent periods of economic slowdown. Large-scale development, gearing and vacancy rates are low compared with history, and despite rising UK interest rates, commercial property as an asset class can still offer a much higher yield than is available from investing in government bonds.

## Valuation: Trading at a discount

SLI has not been immune to the general stock market volatility in 2018 and the company has regularly traded at a discount since the end of Q318. The current 4.7% discount compares with a range of a 10.7% premium to a 14.6% discount over the last 12 months. Over the last one, three, five and 10 years, SLI's shares have traded at average premiums of 2.3%, 4.3%, 6.2% and 3.5% respectively. The fund currently offers a 5.5% dividend yield, which is above the average of its peers.

## Investment companies

28 January 2019

<b>Price</b>	<b>87.1p</b>
<b>Market cap</b>	<b>£354m</b>
<b>AUM</b>	<b>£479m</b>

NAV\* 91.4p

Discount to NAV 4.7%

\*IFRS NAV (including income) as at 30 September 2018.

Yield 5.5%

Ordinary shares in issue 405.9m

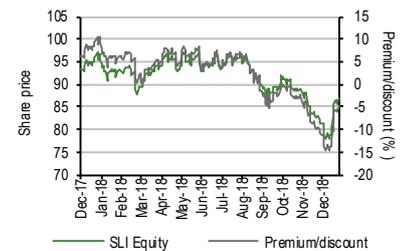
Code SLI

Primary exchange LSE

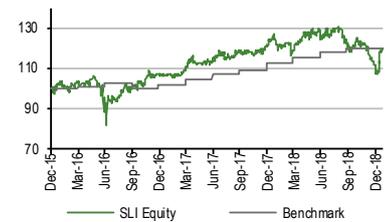
AIC sector Property Direct – UK

Benchmark IPD Monthly Index Funds (quarterly version)

## Share price/discount performance



## Three-year performance vs index



52-week high/low 97.0p 78.1p

NAV\*\* high/low 91.4p 87.6p

\*\*Including income.

## Gearing

Loan to value\* 21.4%

\*Borrowings less cash divided by value of property portfolio. As at 30 September 2018.

## Analysts

Mel Jenner +44 (0)20 3077 5720

Sarah Godfrey +44 (0)20 3681 2519

[investmenttrusts@edisongroup.com](mailto:investmenttrusts@edisongroup.com)

[Edison profile page](#)

**Standard Life Investments Property Income Trust is a research client of Edison Investment Research Limited**

**Exhibit 1: Company at a glance**
**Investment objective and fund background**

Standard Life Investments Property Income Trust's objective is to provide shareholders with an attractive level of income together with the prospect of capital and income growth through investing in a diversified portfolio of UK commercial properties. The majority of the portfolio is invested in direct holdings within the three main commercial property sectors of retail, office and industrial.

**Recent developments**

- 7 December 2018: Completed letting of SLI's largest void and sale of its second largest void.
- 9 November 2018: Purchase of a multi-let office in Birmingham.
- 7 November 2018: Announcement of third interim dividend of 1.19p.
- 26 October 2018: Acquisition of an industrial unit in Glasgow and the sale of a vacant industrial unit in Oldham.

**Forthcoming**

AGM	June 2019
Final results	March 2019
Year end	31 December
Dividend paid	Mar, May, Aug, Nov
Launch date	19 December 2003
Continuation vote	No

**Capital structure**

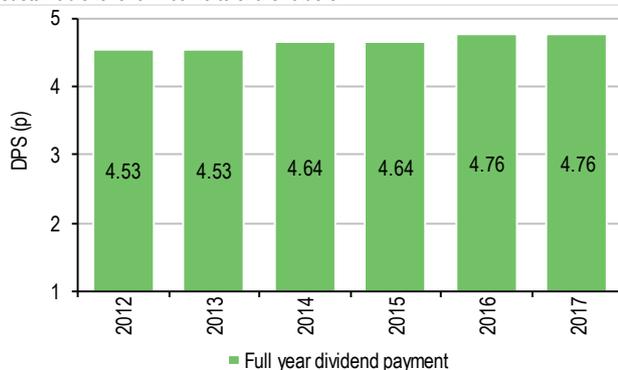
Ongoing charges	1.7%
Loan to value	21.4%
Annual mgmt fee	Tiered – 0.65% to 0.75% of total assets
Performance fee	None
Company life	Indefinite
Loan facilities	£145m (£110m drawn)

**Fund details**

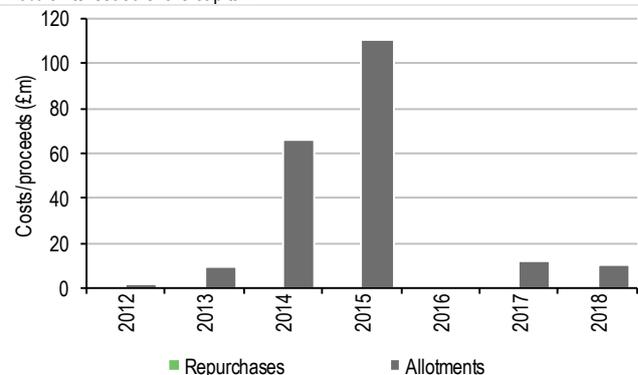
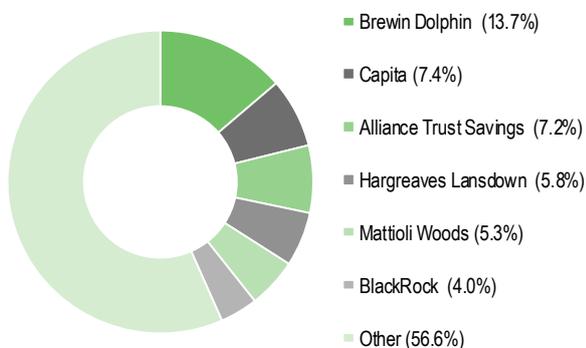
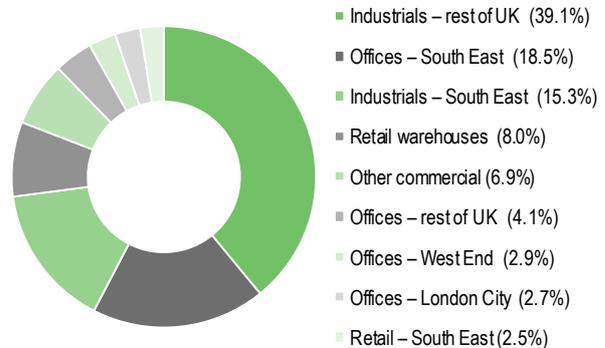
Group	Aberdeen Standard Investments
Manager	Jason Baggaley
Address	1 George Street, Edinburgh EH2 2LL
Phone	0845 60 60 062
Website	<a href="http://www.slipit.co.uk">www.slipit.co.uk</a>

**Dividend policy and history (financial years)**

SLI pays dividends quarterly. A key objective is to provide an attractive sustainable level of income to shareholders.


**Share buyback policy and history (financial years)**

Renewed annually, SLI has authority to purchase up to 14.99% and allot up to 10% of its issued share capital.


**Shareholder base (as at 15 January 2019)**

**Portfolio exposure by IPD subsector (as at 30 September 2018)**

**Top 10 holdings (as at 30 September 2018)**

Property	Location	Sector	Value band (£m)	
			30 September 2018	30 September 2017*
Denby 242	Denby	Industrial	15-20	15-20
Symphony	Rotherham	Industrial	15-20	15-20
Chester House	Farnborough	Office	15-20	15-20
The Pinnacle	Reading	Office	10-15	10-15
Hollywood Green	London	Retail	10-15	10-15
New Palace Place	London	Office	10-15	10-15
Timbmet	Shellingford	Industrial	10-15	N/A
Marsh Way	Rainham	Industrial	10-15	N/A
15 Basinghall Street	London	Office	10-15	N/A
Atos	Birmingham	Other	10-15	N/A

Source: Standard Life Investments Property Income Trust, Edison Investment Research, Bloomberg, Morningstar. Note: \*N/A where not in end-September 2017 top 10.

---

## Fund profile: Broad UK commercial property exposure

---

SLI was launched in December 2003; it is registered in Guernsey and listed on the Main Market of the London Stock Exchange. In January 2015, the company converted to a REIT status, meaning it does not pay UK corporation tax on rental profits or chargeable gains and it must distribute at least 90% of its real estate profits. The fund has been managed by Jason Baggaley since September 2006, aiming to generate an attractive level of income with the potential for capital and income growth. SLI invests directly in UK commercial property, primarily in the three main sectors: industrial, office and retail. Up to 10% of the portfolio may be invested in property development or co-investment vehicles. A maximum 15% of total assets is permitted in a single property and 20% of the rent roll is permitted to come from a single tenant (excluding the government). In terms of gearing, the board imposes a 45% loan-to-value (LTV) limit (borrowings minus cash as a percentage of the property valuation) and borrowing as a percentage of gross assets is capped at 65%. At end-September 2018, SLI's loan-to-value ratio was 21.4%. The fund is benchmarked against the IPD Monthly Index Funds (quarterly version).

---

## The fund manager: Jason Baggaley

---

### The manager's view: Current thoughts on the property space

Baggaley says that he is continuing to invest in the three main areas of UK commercial property, and favouring industrial over offices and retail. He comments that while there have been several specialist fund launches, such as those focusing on student accommodation, most student developments would be below his preferred £10m minimum lot size, and if a unit were available to purchase, he would question why it had not already been targeted by one of the student accommodation specialists. Baggaley says that he has a very clear objective; everything he and his team undertake is aimed at delivering an attractive dividend and protecting capital. The manager favours SLI's closed-ended REIT structure as it allows him to focus on generating long-term shareholder returns, rather than being beholden to inflows and outflows, which can be disruptive for open-ended funds. However, Baggaley notes that SLI's (along with other property funds') share price volatility may not make it suitable for every investor, pointing out that the company moved to a c 17% discount following the Brexit vote, although it swiftly returned to trading at a premium. The manager says that when he knows that he has done all he can with a particular property, it will be sold, and he is not under pressure from the board to reinvest the proceeds immediately if there are no near-term attractive investment opportunities.

In terms of sector allocation, the manager believes that it is important to start with a top-down view of how each market is likely to perform. He notes that although the retail sector is at the forefront of the news, investors have known about its struggles for a very long time, so now may not be the best time to sell retail assets. He comments that he increased SLI's retail exposure four years ago in anticipation of yield compression, but that did not occur, so these assets were sold. Baggaley remains cautious on the outlook for traditional shopping centres, where retailers are under pressure from their lenders and are closing units as a result. He says that there are still pockets of demand for out-of-town, lower-end, big-box retailers; however, he believes that the traditional high street will not recover for some time. The manager notes that pricing for some high-quality industrial assets is 'eye watering'; as a result, Baggaley remains very selective when purchasing industrial (and other) properties. He cautions that there has already been strong demand for industrial units fulfilling online retail orders, and in an economic downturn, people will definitely make fewer purchases, across all channels. In addition, he says there is likely to be wage pressure in the distribution sector due to worker shortages.

Baggaley believes that in the office sector, there is as much change coming as has been occurring in the retail space. He says the ways that people work are changing, such as using smaller desks and spending less time in the office. The manager says that new office spaces are being designed with zigzag lines to create 'collisions', forcing employees to interact. He notes that commuting is less favoured, so developers need to ensure there is housing available close to offices, and while in the office, employees increasingly want an environment with a 'buzz', featuring facilities such as a bar, yoga studio, secure bike parking and showers. The manager says that when tenants cannot afford to pay higher rents and wages, they try to move to locations that create the best possible working environment/ambience; he believes that businesses are prepared to invest in space in order to have the right people working for them.

The property industry has, in many areas, been slow to adapt to changes in the rest of the world. It has long had a conflicted relationship between property owners and property occupiers, but that is now changing, as landlords start to embrace the service and experience expectations that govern modern living. Baggaley says the focus for him and his team is to provide tenants with what they want, both in terms of the physical property and also in the interaction with the landlord – for example, flexible leases that meet modern business needs.

The manager explains that long leases do not guarantee security when a tenant is going through a tough operating environment. He says that income security means owning a building that somebody wants to occupy, and that another tenant will want if it is empty. He cites SLI's industrial unit in Swadlincote, Derbyshire, where he was able to increase the rent from £4.75 to £5.75 per sq ft, due to high demand for the property; there was interest from multiple new tenants.

Baggaley highlights a couple of SLI's relatively recent purchases: Flamingo Flowers and 54 Hagley Road. Flamingo Flowers operates from a series of industrial units in Sandy, Bedfordshire, providing bunches of flowers to supermarkets. The manager says that the units are quite poor quality, but the company has been trading for 60 years and the long lease offers indexation from a low base rent. The manager adds that he is receiving additional income by installing photovoltaic panels so the company can generate its own electricity.

Commenting on SLI's recent purchase of a multi-let office in Hagley Road, Birmingham, the manager notes that he does not always buy buildings that 'look good'. This property is a case in point, but it was purchased on attractive terms following four months of negotiations. Baggaley notes that Hagley Road is improving; by 2021 it will benefit from a tram stop linking it to all the main Birmingham stations. SLI's new property is available at very competitive rents compared with those in central Birmingham; it also benefits from high tenant demand, which should provide a sustainable income stream.

In terms of the outlook for UK commercial property, Baggaley admits to being slightly nervous. He explains that in July 2007, he sold one-third of SLI's portfolio and held cash through the market down cycle, before starting to invest again in early April 2009. He wonders if he should have a net cash position now, but believes his decision to purchase the office in Hagley Road is in the long-term interests of shareholders. Regarding Brexit, he says that occupiers would love some certainty; those thinking of signing leases want to commit, but are understandably nervous. However, Baggaley says there is always uncertainty and reflecting on the last decade, he notes factors such as the Scottish and Brexit referenda, interest rate movements and elections.

---

## Asset allocation

### Investment process: Active management of the portfolio

Baggaley's strategy is to focus on good-quality properties, with good current/future tenant demand, in good (not necessarily prime) locations. Typically, initial purchase lot sizes are £10-20m, a bracket

that may be under-researched and therefore may offer the potential for revaluation gains. The manager and his team actively manage SLI's portfolio to maximise asset values and rental growth; this primarily involves renegotiating leases with new or existing tenants, along with undertaking refurbishments, which can attract new tenants and enhance the value of a property. Assets may be sold when they have a higher-than-desired void or capex risk, where the property is not expected to outperform, or if it has become fully valued. One of the key features of SLI is that it collects its own rent (unusual within the property industry). This ensures stronger relationships are built with tenants and can provide advance warning of any client experiencing financial difficulty. During H118, SLI achieved 99% rent collection within 28 days. Over this period, its void rate was 7.2%, but has since improved to less than 6%, which is below the industry average.

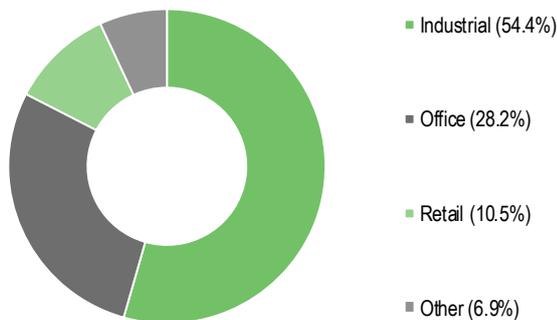
## Current portfolio positioning

SLI's top 10 tenants are shown in Exhibit 2; at end-September 2018, they made up 31.9% of the rent roll, which was a modest decrease in concentration from 34.3% a year earlier.

Exhibit 2: Top 10 tenants				
	Passing rent (£m)		% of total rent	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017*
BAE Systems	1.258		4.8	4.6
TechnoCargo Logistics	1.242		4.7	4.5
The Symphony Group	1.080		4.1	3.9
Timbmet	0.800		3.0	N/A
Bong UK	0.757		2.9	2.7
Atos	0.750		2.8	N/A
Ricoh UK	0.697		2.6	2.5
CEVA Logistics	0.633		2.4	2.2
GW Atkins	0.625		2.4	N/A
thyssenkrupp Materials (UK)	0.590		2.2	2.1
<b>Top 10</b>	<b>8.432</b>		<b>31.9</b>	<b>34.3</b>

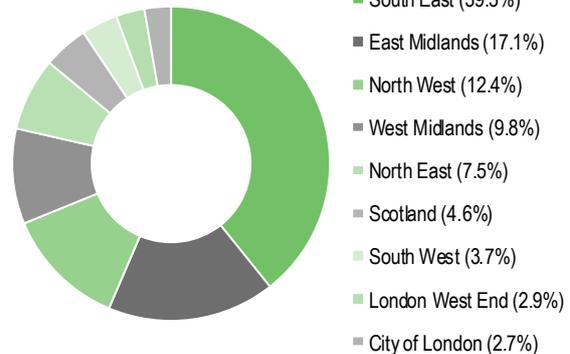
Source: SLI, Edison Investment Research. Note: \*N/A where not in September 2017 top 10.

Exhibit 3: Sector allocation at 30 September 2018 (%)



Source: SLI, Edison Investment Research

Exhibit 4: Regional allocation at 30 September 2018



Source: SLI, Edison Investment Research

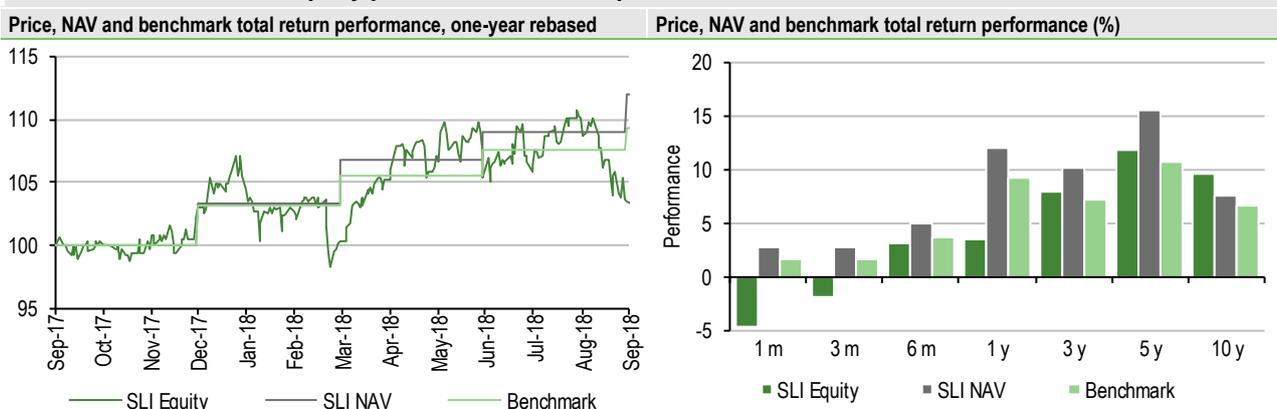
In terms of sector allocation (Exhibit 3), compared with the benchmark IPD Monthly Index Funds (quarterly version), SLI has a meaningful overweight exposure to industrial businesses, a modest underweight in the office sector and significantly underweight retail exposure. Its 'other' exposure is broadly in line with the index and comprises leisure facilities and a data centre. Looking at regional exposure (Exhibit 4), Baggaley highlights the company's c 40% exposure to the south-east of England, which he believes offers the best prospects. The manager has not identified many attractive opportunities in Scotland and is concerned about political risk in the country. Although he has recently purchased an industrial unit in Glasgow, he says that he would be uncomfortable investing in Scottish office properties. He does not purchase properties in Wales and Northern Ireland as he believes that their regional economies are insufficiently transparent.

Below, we highlight SLI's portfolio developments since our last published note in [June 2018](#).

- 7 December 2018:** SLI completed the letting of its largest vacancy, a 141,000sq ft logistics unit in Swadlincote. The tenant is a third-party logistics company, paying rent of £813k pa (versus the prior passing rent of £670k pa up to July 2018) on a five-year lease, subject to a lease break after the third year. SLI also completed the previously reported sale of its second-largest void in a business park in Oldham and has let its third-largest void at Monck Street in London. These transactions reduce SLI's void rate from 10.8% to 5.8%.
- 9 November 2018:** SLI completed the purchase of its largest asset, a 140,950sq ft multi-let office in Hagley Road in Birmingham. The cost of £23.75m reflects an initial yield of 7.6%. Rents of £8-18 per sq ft offer the potential for future growth and 30% of the income is paid by the government. Major infrastructure developments in the area offer the opportunity for capital appreciation.
- 26 October 2018:** SLI acquired a 61,200sq ft industrial unit in Cambuslang, Glasgow for £5.03m (yield of 7.0%) and sold a vacant 100,000sq ft industrial unit in Oldham for £6.3m, which was 13% higher than the 30 June 2018 valuation. This was the company's largest void at the time and had been vacant for nearly two years.
- 5 July 2018:** SLI completed three purchases for a total of £32.48m: a Tier 3 data centre in Birmingham (£12.23m and initial yield of 5.75%); a multi-let office and retail property in the City of London (£12.15m and initial yield of 7%); and an industrial unit close to Kettering (£8.1m and initial yield of 7.15%). The City office purchase marks SLI's return to this asset class.

## Performance: Consistent NAV outperformance

**Exhibit 5: Investment company performance to 30 September 2018**



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

**Exhibit 6: Share price and NAV total return performance, relative to indices (%)**

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to benchmark	(6.3)	(3.4)	(0.5)	(5.4)	2.2	4.7	32.6
NAV relative to benchmark	1.1	1.1	1.3	2.5	8.5	23.3	9.0
Price relative to FTSE All-Share	(5.4)	(1.1)	(4.8)	(2.3)	(9.1)	21.4	4.7
NAV relative to FTSE All-Share	2.0	3.6	(3.1)	5.8	(3.6)	42.9	(13.9)
Price relative to UK REIT index	(2.4)	3.3	3.4	(0.4)	29.3	21.2	58.3
NAV relative to UK REIT index	5.3	8.2	5.2	7.9	37.2	42.6	30.2

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-September 2018. Geometric calculation.

In H118, ending 30 June, SLI's NAV total return of 5.6% was ahead of the benchmark's 4.2% total return (the share price total return was 2.4% as the premium narrowed from 6.4% to 3.3% over the period). The company's results were helped by its overweight exposure to the industrial sector, which performed significantly better than the retail sector (where SLI is underweight). Retail is being

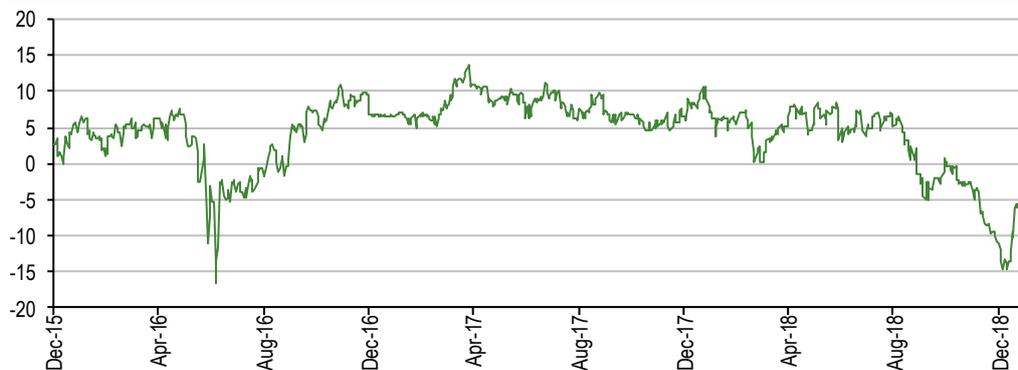
negatively affected by a weak operating environment and a structural shift towards online purchasing.

SLI's relative performance is shown in Exhibit 6; its NAV total returns are ahead of the benchmark's over all periods shown, while its share price total return is ahead over three, five and 10 years. The company's NAV outperformance is particularly notable over five years, while its share price total return is c 3.3% pa higher than the benchmark over the last decade.

## Discount: Currently trading at a discount to NAV

SLI is currently trading at a 4.7% discount to cum-income NAV, as its shares have been caught up in the general stock market volatility since the start of Q318. Over the last 12 months, the trust has traded between a 10.7% premium and a 14.6% discount. The company typically trades at a premium, which has averaged 2.3%, 4.3%, 6.2% and 3.5% respectively over the last one, three, five and 10 years. There has been regular share issuance to manage the premium; in FY18, 11.0m shares were allotted (2.8% of the end-FY17 share base), raising gross proceeds of £10.3m.

**Exhibit 7: Share price premium/discount to NAV (including income) over three years (%)**



Source: Thomson Datastream, Edison Investment Research

## Capital structure and fees

SLI is an investment company with one class of share; there are currently 405.9m ordinary shares in issue. Its debt facility, a £110m seven-year term loan and a £35m seven-year revolving credit facility (RCF), is with Royal Bank of Scotland and expires in April 2023. The interest payable on the term loan is three-month Libor + 1.375% (fixed at 2.725% via an interest rate swap), while the interest payable on the undrawn RCF would be Libor + 1.450%. Under its loan covenants, SLI's loan-to-value (LTV) may not exceed 60% up to and including 27 April 2021, and should not exceed 55% after 27 April 2021 to maturity. At-end-September 2018, SLI's LTV was 21.4%, which was modestly higher than 19.0% at the end of the prior quarter. Given the advanced stage of the property cycle, the manager would be uncomfortable with a significantly higher level of gearing.

A tiered annual management fee has been in place since 2014; Aberdeen Standard Investments receives 0.75% of total assets up to £200m; 0.70% between £200m and £300m; and 0.65% above £300m. There are no performance fees. In FY17, the ongoing charge was 1.7%, which was in line with FY16.

## Dividend policy and record

So far in respect of FY18, SLI has paid three interim dividends of 1.19p per share, in line with the prior year's first three interim payments. On the assumption that the final distribution will also be 1.19p, the company currently offers a 5.5% dividend yield. In H118, SLI's dividend cover was 0.83x, due to asset sales and the time taken to reinvest the proceeds into income-producing assets. The manager is confident that this level will increase in the medium term, helped by asset management initiatives (in Q318 the dividend was 0.95x covered). The board considers a higher dividend cover to be a key priority and the manager is hopeful that the FY19 distribution will be fully covered.

## Peer group comparison

Exhibit 8 shows the five funds in the AIC Property Direct – UK sector with a market cap above £300m that have been trading for more than three years. SLI's NAV total returns are above average over one, three and five years and below average over 10 years. It ranks first out of five funds over one year, second out of five over three, first out of three over five and third out of three over 10 years. In common with the majority of its peers, SLI is currently trading at a discount, although for the majority of the last three years it has traded at a premium (Exhibit 7). The company's ongoing charge is above the mean and no performance fee is payable. SLI's gearing is below average, while its dividend yield is 0.7pp above the mean, ranking second out of five funds.

**Exhibit 8: Selected peer group as at 25 January 2019\***

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (ex-par)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Standard Life Inv. Prop. Inc.	353.5	12.0	33.5	105.1	105.3	(3.4)	1.7	No	127	5.5
Custodian REIT	452.2	8.9	26.9			7.1	1.7	No	121	5.7
F&C Commercial Property	1,005.6	4.8	19.4	69.5	188.2	(11.0)	1.2	No	125	4.8
Secure Income REIT	1,247.7	7.0	47.5			2.5	1.4	Yes	180	3.7
UK Commercial Property REIT	1,140.9	8.5	23.9	69.9	108.9	(6.0)	1.5	No	117	4.2
<b>Average (5 funds)</b>	<b>840.0</b>	<b>8.2</b>	<b>30.2</b>	<b>81.5</b>	<b>134.1</b>	<b>(2.1)</b>	<b>1.5</b>		<b>134</b>	<b>4.8</b>
<b>SLI rank in peer group</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>2</b>		<b>2</b>	<b>2</b>

Source: Morningstar, Edison Investment Research. Note: \*Performance to 30 September 2018. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

## The board

There are five directors on the board of SLI. Chairman Robert Peto was appointed on 28 May 2014 and assumed his current role following the June 2016 AGM. Sally Ann Farnon was appointed on 1 July 2010, Huw Evans on 11 April 2013, Mike Balfour on 10 March 2016 and James Clifton-Brown on 17 August 2016. All directors are non-executive and independent of the manager.

---

## General disclaimer and copyright

This report has been commissioned by Standard Life Inv. Property Income Trust and prepared and issued by Edison, in consideration of a fee payable by Standard Life Inv. Property Income Trust. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the Edison analyst at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

**Copyright:** Copyright 2019 Edison Investment Research Limited (Edison). All rights reserved FTSE International Limited ("FTSE") © FTSE 2019. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd who holds an Australian Financial Services Licence (Number: 427484). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

Neither this document and associated email (together, the "Communication") constitutes or form part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Any decision to purchase shares in the Company in the proposed placing should be made solely on the basis of the information to be contained in the admission document to be published in connection therewith.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document (nor will such persons be able to purchase shares in the placing).

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

The Investment Research is a publication distributed in the United States by Edison Investment Research, Inc. Edison Investment Research, Inc. is registered as an investment adviser with the Securities and Exchange Commission. Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a) (11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

---

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1,185 Avenue of the Americas  
3rd Floor  
New York, NY 10036

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia