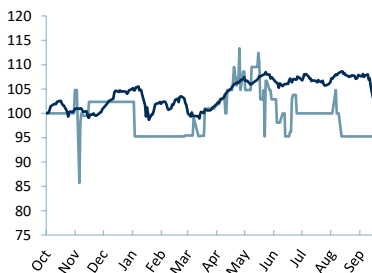


ESTIMATES

VALUE RANGE

GBP 125 – 132



ALSP ISD 12m Price Relative Chart vs. FTSE AIM AS

Tuesday, 16 October 2018

Intrinsic Price	129p
Value Range Low	125p
Value Range High	132p
Implied MCAP (m)	£52.11
Implied EV (m)	£84.09
NEX Index	ALSP ISD
Financial YE	30-Apr
Currency	GBP

Business Activity

Commercial & retail property investment

Key Metrics

Close Price	100p
MCAP (m)	£40.54
Net Debt (Cash) (m)	£31.98
EV (m)	£72.53
52 Wk Hi	115p
52 Wk Lo	100p
NAV trailing	47.95p

Key Ratios

S/P premium to NAV	108.57%
LTV	80.60%
Net Debt /	285.11%

Shareholder Equity %

Real Estate Sector Research

NEX Growth Market Index

Analyst Team

ACF Real Estate Team

+44 20 7419 7928

real estate@acfequityresearch.com

ACE Liberty & Stone FY18A

Generous estimates beat

We raise our value range for ACE Liberty & Stone (ALSP ISD) after the company comfortably beat our FY18 estimates and reached its FY20E property portfolio valuation of GBP 50m two years early. By FY18A the portfolio was valued at GBP 58m, further acquisitions post balance sheet close have pushed the property portfolio valuation in excess of GBP 71m. FY18A revenues came in at GBP 3.51m vs our 3.13m forecast. Run rate rental income (revenues) for FY19E already exceed GBP 5m. ALSP again reiterated its progressive dividend policy for FY19E. We have raised our valuation for ALSP 4.5% to GBP 125-132 up from GBP 120-126 pre results. Our valuation is a 25% premium to close price.

- Rental income FY18A up 33.38% y/y;
- Investment property up 71.41% y/y;
- EBT adj. margin down 1.88pp to 30% vs. 31.88% y/y;
- Net Income adj. up 8.38pp to 34.19% vs. 25.81% y/y;
- Post FY18A close ALSP has bought GBP 10.8m of property assets.

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2018A	3,515	1,877	1,855	0.91	0.61
2019E	5,175	3,143	2,121	3.64	2.51

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2018A	20.63x	38.64x	39.10x	110.26x	162.69x
2019E	14.01x	23.08x	34.19x	27.49x	39.86x

16/10/2018	No. of Shares	
	in issue	Fully diluted
Share Price History		
NoSh (m)	40.5	58.8
Implied Intrinsic Price	129p	89p
Value Range Low	125p	86p
Value Range High	132p	91p
NEX Growth Market	ALSP	
Financial YE	30-Apr	
Reporting Currency	GBP	
NoSh (m)	40.5	
NoSh (m) expected dilution (Exp D)		58.8
NoSh (m) full dilution (FD)		58.8
Key Metrics		
		adj.
MCAP (m)	£40.5	£40.5
Net Debt (Cash) (m)	£31.98	£31.98
EV (m)	£72.5	£72.5
52 Wk Hi	115p	79p
52 Wk Lo	100p	69p
Free Float	33%	33%
*Key Metrics FCF adj.		
	2018A	2019E
CPS (GBp)	4.58	5.23
CPS (Exp D) (GBp)	3.16	3.61
CPS (FD) (GBp)	3.16	3.61
P/CPS	28.09x	16.94x
P/CPS (Exp D)	40.72x	24.56x
P/CPS (FD)	40.72x	24.56x

Investment Case

Competitive background

ACE (ALSP) acquires and rents secondary assets largely in regional cities in the UK with over 50% of rental income from gilt-edged tenants. HM government and city councils accounted for 51% of rental revenues FY18A vs. 60% y/y. Major industrial and commercial companies accounted for 45% of revenues vs. 33% FY17A. ACE looks for two types of core opportunities – 1) end of life tenancies to provide rental uplift via change of use and, in time, capital appreciation and longer-term tenancies to underpin cash flows. ALSP does not undertake development work, thereby de-risking its revenues compared to many of its listed peer group.

The UK property market (commercial, retail and residential) has slowed in terms of the rate at which transactions are completed after the unexpected UK vote to leave the EU. Although the commercial property market stabilised relatively quickly after an initial panic from investors following the Brexit vote outcome, deals are now taking longer to execute and commercial debt arrangements have become a more laborious process. In spite of this environment, ALSP's management has again performed well during FY18A and has combined this with another host of post balance sheet events enhancing the company's FY19E outlook.

ALSP's active asset management strategy continues to prove value-generating in current market conditions.

● Post balance sheet events (PBSE) FY17A

Dividend pay-out of 1.25p p/s. Purchase of three properties for a total of GBP 10.797m and exchanged unconditional contracts to buy Mecca Bingo Hall, Chesterfield for GBP 3.999m. ALSP issued 2.890m options to directors at a strike price of GBP 0.72 expiring 15 June 2025.

● Funding PBSEs

Draw down of a GBP 6.950m commercial loan from Coutts & Co.

Catalysts

Acquisition of new properties and sale of existing properties; Uplift in rental yield through active management; Re-rating of the property sector; Further funding activity.

Operational Strategy

ACE (ALSP) is a property investment company focussed exclusively on the UK property market and almost entirely invested in the commercial segment, with 51% of rental income from gilt-edged government or government backed entities. The **value generator is** – rental income supported in turn by financing and asset appreciation.

- **Rental income** – ACE’s revenue line is entirely rental income derived from its wholly owned subsidiaries.

ACE’s strategy is to acquire properties that deliver high yield combined with the opportunity to create or capture capital value. The management team identify properties available for acquisition that create a balanced portfolio of opportunities with short unexpired tenancies and longer-term leases. Over 50% of rental income is from tenants such as HMRC (UK tax authority and collection agency) and local authorities. The short remaining tenancy periods lower acquisition prices commensurately, whilst providing the opportunity for change-of-use (rental uplift) in the near future in order to maximise the property value. The longer-term tenancies underpin future cash flows. ACE does not engage in property development and therefore the company is significantly de-risked compared to many property investment vehicles.

ALSP’s net debt/equity ratio has risen strongly reflecting the growth in rental income, the benefits of which fall through the P&L over 24 months from purchase of the properties. Net debt/equity FY18A 94% vs. 47% y/y (MCAP GBP 40.54m). The GBP convertible loan note (CLN) at 6% is quasi equity and would currently convey a 26% equity stake (14.035m shares) to the holder if converted). The dividend policy remains “progressive” with ACE paying out according to annual performance.

Exhibit 1: ACE Liberty & Stone key operational metrics

GBP (k)	2016A	1H17A	2017A	1H18A	2018A
Investment property	29,488.4	28,499.4	38,979.3	49,378.1	58,221.9
gr% sequential		-3.35%	36.77%	26.68%	17.91%
gr% y/y			32.19%	73.26%	49.37%
Annual rental income	2,336.8	2,310.4	2,632.0	2,944.4	3,515.1
gr% sequential		-1.13%	13.92%	11.87%	19.38%
gr% y/y			12.63%	27.44%	33.55%
Rental income Qtrly	584.2	577.6	658.0	736.1	878.8
gr% sequential		-1.13%	13.92%	11.87%	19.38%
gr% y/y			12.63%	27.44%	33.55%
EAT Qtrly	65.0	243.6	240.7	109.0	90.3
gr% sequential		274.83%	-1.21%	-54.70%	-17.15%
gr% y/y			270.28%	-55.25%	-62.47%
Equity to owners	17,946.6	18,251.6	18,132.7	19,554.8	19,439.3
gr% sequential		1.70%	-0.65%	7.84%	-0.59%
gr% y/y			1.04%	7.14%	7.21%

Source: Company Reports;

A rise in net debt/equity to 94% from 47% y/y reflects the very strong growth in future rental income (run-rate FY19E greater than GBP 5.1m).

(Net debt/shareholder equity FY18A is 285% as per front page metrics table).

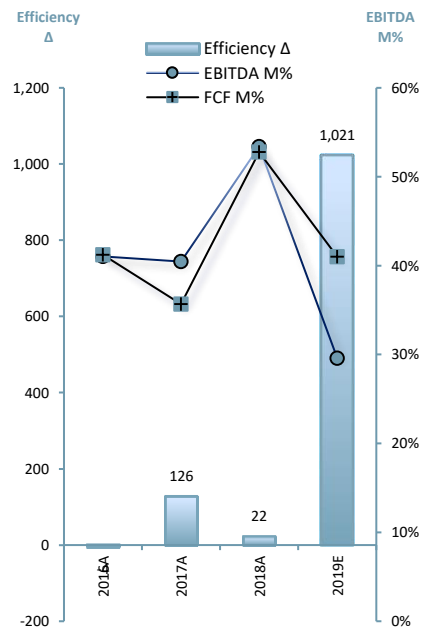
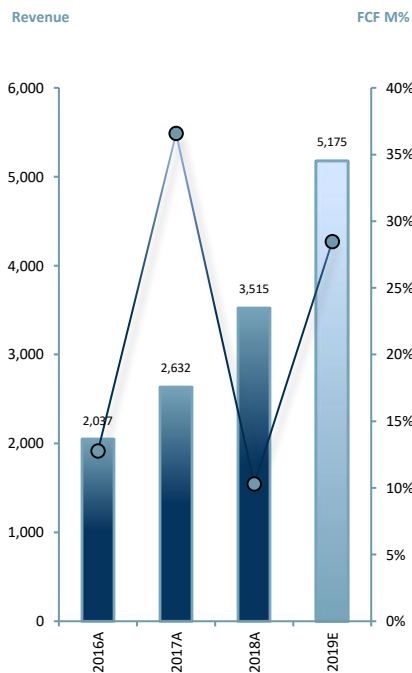
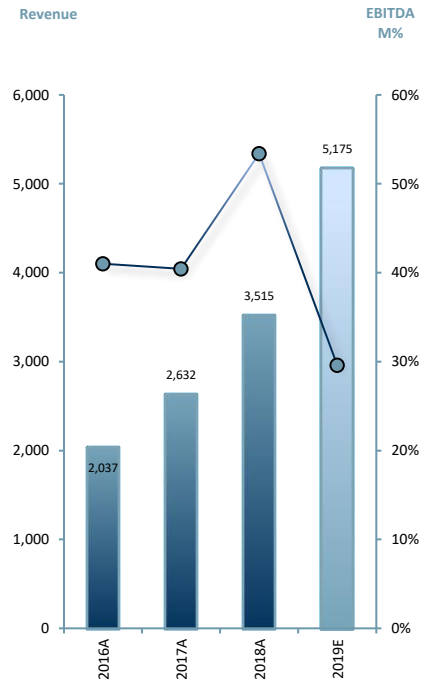
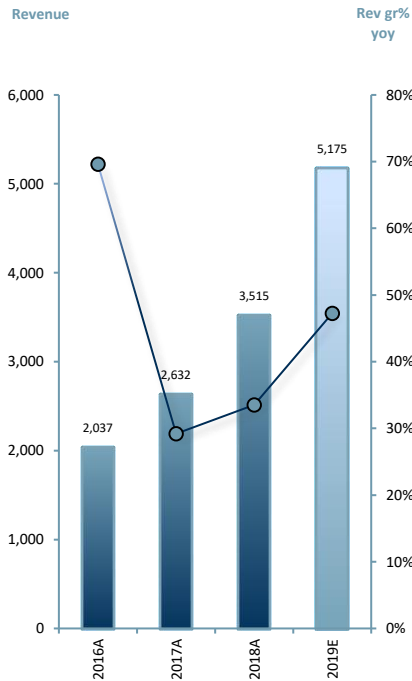
The growth in net debt/equity also reflects the growth of the Investment Portfolio valuation reaching GBP 58.2m FY18A, beating the FY20E target of GBP 50m in management guidance.

Forecasts FY19E

Revenue growth rate rises and declines aggressively in line with the lumpy nature of capital raising to expand the property portfolio and so rental income. Our long run rental growth rate base case assumes rents grow over time in line with long-run UK GDP growth,

Note lines represent margins or growth in %

Bars represent actual for forecast values for line item e.g. Revenues



Note lines represent margins or growth in %

Bars represent actual for forecast values for line item e.g. Revenues

Our forecasts are based upon management guidance and our own sensitivity analysis. We focus on cash proxies (EBITDA) and free cash flow (FCF). However Net Income remains important in the property sector, nevertheless we are strongly of the view that only cash matters.

Valuation

ACF est. GBP (k)	2018A	2019E	2020E	2021E	2022E
Revenue	3,515	5,175	6,183	6,560	7,565
EBITDA	1,877	3,143	4,581	4,900	5,846
Net Income	361	1,475	3,068	3,371	4,183
FCF	1,855	2,121	3,568	3,371	4,183
CPS (diluted)	3.16	3.61	6.07	5.74	7.12

Note: FY19E revenues decline due to forecast asset sales that lead to a rise in EBITDA and FCF.

ALSP delivered significant beats to our 12-month forecasts. The green (lighter values) show how much ALSP exceeded our FY18E forecasts in its FY18A results.

We have raised our risk adjusted WACC by 1% to 6.18% to reflect a rising interest rate environment.

ALSP ISD WACC Calc	*ERP Global
Pre-tax cost of debt	5.4%
ETR	20.0%
After-tax cost of debt	4.3%
Current Leverage	
Debt	110.7%
Equity	40,544
Target Leverage	
D / (D+E)	40.0%
ACF β adj levered	0.61
rf	0.80%
Rm	6.2%
ERP	5.4%
Cost of equity	4.09%
Risk adj.	2.00%
WACC	6.18%

*Bloomberg ticker indicates ACF market ERP

Note: We assume the conservative Debt / Equity target mix 40%. However, in the current interest rate environment 50-60% is more likely.

ACF est. GBP (k)	2018A
Revenue	3,515
Forecast Delta	389
Delta %	12.4%
EBITDA	1,877
Forecast Delta	952
Delta %	102.9%
Net Income	361
Forecast Delta	249
Delta %	221.6%
FCF	1,855
Forecast Delta	1,055
Delta %	131.9%
CPS (diluted)	3.156
Forecast Delta	1.464
Delta %	86.5%

Valuation Range

NPV FCF (k)	11,516
NPV TV FCF (k)	72,572
EVF (k)	84,088
TV Multiple	23.0x
% TV of total NPV	86.30%
Net Debt (k)	31,983
Fair Value (k)	52,105
NoSh (m)	40.54
NoSh (diluted) (m)	5.88
Intrinsic Value Per Share	128.51
Close Price £	100.00
VR (low - high)	125.30 131.73
VR Spread	5.00%
Implied VR Return (low - high)	25.3% 31.7%

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) at the date of this note of 43,382,143. Fully diluted shares are 58,779,564 at the date of this note.

Sensitivity Analysis

Our EBITDA perpetuity valuation check suggests a Value Range (VR) GBP 128-162 per share...based upon a WACC range of 6.18% to 5.18%. In this note we have opted for a more conservative DCF with a terminal value, suggesting a Value Range (VR) of GBP 125-132 p/s.

Our aggressive growth rate hypothesis continues to be well supported by the FY18A rental income growth of 33.54% and FY17A growth of 12.63%. We expect FY19E revenue growth of 44% y/y. We have modelled a two-year lag between transaction costs for financing and property acquisition against improvements in profit measures including EBITDA and FCF. We take the view that the re-emergence of inflation expectations will in time serve to reduce the real cost of capital for balance sheet debt already in place. Our terminal FCF multiple is 23x reflecting a mixture of current peer group multiples and ACE's superior growth rate (up from 18x FY17A reflecting ALSPs significant results beat and new revenue run rate). Our organic perpetuity real growth rate forecast for EBITDA is 2.5% giving an implied new higher VR of GBP 128 to 162 p/s, compared to our new published TV multiple DCF Valuation Range of GBP 125 to 132 p/s.

Exhibit 2: **ALSP multiples based on close price**

ACF est. GBP (k)	Revenue	EBITDA	FCF	EPS	EPS (diluted)	CPS	CPS (diluted)
2018A	3,515	1,877	1,855	0.91	0.61	4.66	3.16
2019E	5,175	3,143	2,121	3.64	2.51	5.23	3.61

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)	P/ CPS	P/ CPS (diluted)
2018A	20.63x	38.64x	39.10x	110.26x	162.69x	21.48x	31.69x
2019E	14.01x	23.08x	34.19x	27.49x	39.86x	19.11x	27.71x

Source: ACF Research Estimates.

Exhibit 3: **WACC/Multiple table shows longer valuation potential**

Terminal FCF Multiple	Share Price					
	WACC					
	3.18%	4.18%	5.18%	6.18%	7.18%	8.18%
20.0x	132	123	114	105	97	89
21.0x	141	131	122	113	104	96
22.0x	150	140	130	121	112	104
23.0x	159	148	138	129	119	111
24.0x	168	157	146	136	127	118
25.0x	177	166	155	144	134	125
26.0x	186	174	163	152	142	132

Source: ACF Research Estimates.

The rise in lending rates effect is somewhat dampened by recent rises in inflation, which we have been forecasting on the back of the fall of Sterling vs. USD (down around 6%) and the EUR (down around 13%)

Exhibit 3 above shows the valuation range based on perpetuity FCF growth, whereas our actual DCF calculation uses a TV multiple derived from discounted FCF. We use a new higher WACC of 6.18% up from 5.18% reflecting our short run expectations that the cost of debt will rise.

Peer Group Comparators

Exhibit 4: Trailing ACE Liberty & Stone peer group metrics

Trailing 18A Metrics / Company Name	Market	EV (m)	Div %	EBITDA / M%	EV / REVS	EV / EBITDA	EV / NI
ACE Liberty & Stone	NEX Growth	84.09	2.2%	53.40	20.63x	38.64x	200.74x
Palace Capital	AiM	220.91	6.4%	69.10	13.20x	19.11x	17.63x
Panther Securities	AiM	161.21	3.7%	66.86	11.82x	17.68x	6.47x
Grainger	FTSE 250	2130	1.7%	33.45	7.53x	22.52x	26.01x
First Property Gp	AiM	170.03	3.7%	49.25	6.68x	13.56x	25.19x
Fletcher King	AiM	1.75	4.1%	9.42	0.57x	6.03x	8.37x
Average			3.92%	45.62%	7.96x	15.78x	16.73x
Median			3.71%	49.25%	7.53x	17.68x	17.63x

Excluding ALSP the rest of the peer group yields are based on FY18 or FY17 trailing final dividend.

Source: ACF Research Estimates; Companies reports; Factset.

Exhibit 5: Trailing ACE peer group real estate metrics

Trailing 18A Metrics / Company Name	Market	MCAP (m)	Gross Debt / Assets	Gross Debt / Equity	RoA %	RoE %	RoI %
ACE Liberty & Stone	NEX Growth	40.54	230.96	69.78	0.70	1.86	0.00
Palace Capital	AiM	135.58	33.78	55.44	2.89	8.56	5.24
Panther Securities	AiM	61.89	38.95	110.26	2.76	28.53	12.97
Grainger	FTSE 250	1,180.00	52.39	128.85	3.33	11.06	4.82
First Property Gp	AiM	57.63	64.69	225.02	3.56	16.11	5.09
Fletcher King	AiM	4.51	N/A	N/A	3.09	4.95	4.95
Average			47.45%	129.89%	3.13%	13.84%	6.61%
Median			45.67%	119.56%	3.09%	11.06%	5.09%

Source: ACF Research Estimates; Companies reports; Factset.

Our ACE Liberty & Stone (ALSP.L) peer group is made up of companies listed on AiM; these are arguably ALSP's closest most relevant peers. We have also included FTSE 250 company Grainger (GRI LN) because of its growth profile and to give some indication of what a property investment company such as ALSP may, in time, resemble.

ALSP does not make up a constituent of our average or median values in the peer group metrics at the bottom of exhibits 4 and 5. We have excluded ALSP from these values to make comparison with the rest of the peer group as clean and undistorted as possible.

We have used trailing metrics here and we invite readers to compare the FY17A trailing metrics in Exhibit 4 with the forward multiples FY18E in our sensitivity analysis and on the front page of this note.

Financial Analysis

- **Revenue** – Rental income makes up 100% of Group revenues and reached 3.515m FY18A vs. 2.632m y/y. We have grown revenues in our model on the basis of several assumptions including – 1) an assumption that rents are only upwardly revisable and that 2) further properties generating rental income are funded by the issue of equity and 3) that residential properties are currently held for sale and that cash generated from those sales will be reinvested in commercial property.

The Company could of course raise more debt and further CLNs rather than, or in conjunction with, vanilla equity if the balance sheet supports it and fund property acquisition and so grow rental income.

Note that in the FY18 annual accounts the minimum future lease revenues, given the current annual rental agreements, in the period over the next 1-5 years stand at GBP 19.175m FY18A vs. GBP 23.358m y/y.

The underlying operational ETR remains around 20%.

- **Effective Tax Rate (ETR) on EBT** – We estimate the underlying forward ETR for ACE at around 20% over our 5-year forecast horizon. Our estimate is based upon management guidance. However, investors should note that the ETR FY18A was 0%, FY17A was 14%; FY16A was 58%; FY15A 28% and FY14A 21.3%.

- **Working capital** – We continue to assume that changes in working capital although present, are largely negligible.

- **Capex (Capital Expenditure)** – Maintenance capex for ACE is negligible for now though this may change with a larger balance sheet value for the property investment line. Note that ACE intends to JV with development partners where development opportunities attract the Company, meaning ACE would not face significant maintenance capital requirements.

Growth capex is captured under financing and matches with asset acquisition from which rental yields are derived. Because this capex is funded from property sales, loans and new equity in our model, it does not impinge upon the operational FCF that would theoretically be available for distribution to shareholders.

Growth capex is accounted for in our FCF forecasts by the effect new debt has on net interest payable. The net interest payable is subtracted from FCF - this is because net interest payable is not a cost the Company can choose not to pay and so is not available for potential distribution to equity holders.

- **Convertible Loan Notes (CLNs)** – CLNs raising GBP 15.264m have been issued. CLN's have both equity and debt characteristics, from an equity investor perspective it is most useful to consider them as quasi equity. This quasi equity treatment means they contribute to strengthening the balance sheet as opposed to creating liabilities, but equity investors should pay attention to the potential dilution effects of this quasi equity. The ALSP CLNs can be converted to shares at the option of the holder.

In contrast to the sole interest of equity owners, the auditors have elected to create a split of the debt and equity elements of the CLNs issued during FY18A, the split itself is dependent upon a high degree of judgement. This judgement is underpinned by a verification process related to the structure of the instruments and heads of terms, amongst other items.

The auditors have classified GBP 14.807m or 97% of the GBP 15.264m of CLNs issued as debt, i.e. as liabilities on the top half of the balance sheet.

119% increase in debt reflects funded growth of ALSP's current and future rental income, which has reached a run rate above £5.1m p.a.

- **Debt** – Total financial liabilities FY18A are booked at GBP 44.897m vs. 20.844m y/y. Of this, actual borrowings are GBP 43.281 vs. 19.726 y/y, the difference being trade and other payables of GBP 1.616m vs. 1.119m y/y. The 119% increase in the debt liability reflects the growth of the company and its ability to find rental generating opportunities that its commercial bankers and its investors have been prepared to support.

Arrangement costs of loans are written off over the period of the loan or a maximum of five years. In general, the CLN arrangement costs are written off over two years.

- **Net Debt to Equity** – 196% vs. 108% y/y reflecting ALSPs growth and inescapable delay between raising financing to buy properties that generate rental income over a number of future periods.

Net Debt FY18A was booked at GBP 38.1m at close vs. 19.375m y/y. Total equity FY18A grew to GBP 19.439m vs. 17.882m y/y.

- **Related Party Transactions (RPTs)** – There are four small RPTs between four individuals, which are non-material in terms of the scale of the business, in our view. These RPTs total GBP 94.285k FY18A down 51% vs. 185.343k y/y. These RPTs are clearly described within the FY18 annual report.

Financial Projections

P&L GBP (k)	2017A	2018A	2019E	2020E	2021E
Revs	2,632	3,515	5,175	6,183	6,560
gr%	29%	34%	47%	19%	6%
SGA	1,567	1,638	2,033	1,602	1,660
EBITDA	1,065	1,877	3,143	4,581	4,900
% Revs	40%	53%	61%	74%	75%
FV adj.	-391	0	0	0	0
% Revs	-15%	0%	0%	0%	0%
EBIT	674	1,877	3,143	4,581	4,900
EBT	1,122	214	1,844	3,835	4,214
% Revs	43%	6%	36%	62%	64%
ETR	14%	-69%	20%	20%	20%
NI	963	361	1,475	3,068	3,371
% Revs	37%	10%	28%	50%	51%
Adj EPS (p)	3.42	1.83	7.23	10.08	10.90
Basic EPS (p)	2.45	0.91	3.70	7.70	8.46
Diluted EPS (p)	2.22	0.61	2.51	5.22	5.74
Balance Sheet GBP (k)	2017A	2018A	2019E	2020E	2021E
Investments	29,453	50,488	76,283	89,333	111,083
Rev Yield	8.94%	6.96%	6.78%	6.92%	5.91%
Rev Yield 1 yr fwd	11.93%	10.25%	8.11%	7.34%	6.81%
Total Fixed Assets	29,453	50,488	76,283	89,333	111,083
Current assets	178	934	0	0	0
Assets held for sale	9,526	7,734	5,980	0	0
Cash	351	5,180	6,957	9,280	11,964
Total Current Assets	10,055	13,849	12,937	9,280	11,964
Total Assets	39,508	64,337	89,220	98,613	123,047
Creditors	788	1,240	1,825	2,181	2,314
Liabs held for sale	3,436	2,587	2,500	0	0
Deferred Tax	298	215	335	0	0
Loans	16,291	40,694	39,986	53,036	74,786
Total Liabilities	21,376	44,897	44,647	55,217	77,100
Net Assets	18,133	19,439	44,573	43,396	45,947
Share Capital	9,822	10,066	10,066	10,066	10,066
Accum. Profit/(loss)	1,180	1,152	2,627	5,695	9,066
Total Equity	18,133	19,439	44,573	43,396	45,947
Total Equity & Liabilities	39,508	64,337	89,220	98,613	123,047
Basic NAV (p)	44.7	47.9	109.9	107.0	113.3
Diluted NAV (p)	30.8	33.1	75.8	73.8	78.2
% LTV	55.3%	80.6%	52.4%	59.4%	67.3%
Cash Flow GBP (k)	2017A	2018A	2019E	2020E	2021E
EBT Profit/(loss)	1,122	214	1,844	3,835	4,214
Finance costs	570	2,218	500	0	0
FV adj. + Other adj.	391	0	0	0	0
Cash Taxes	-22	-337	-369	-767	-843
WCap change	-104	-280	-104	0	0
Net CFO	961	2,192	2,490	3,835	4,214
% Revs	0	1	0	1	1
FCFE	939	1,855	2,121	3,068	3,371
uFCF	1,570	3,477	3,420	3,814	4,058
Capex/Prprty Assets %	30%	38%	22%	17%	23%
CF from Financing	8,334	23,776	17,618	15,000	25,000
Net Cash In/(Out)	-167	4,728	1,878	2,323	2,684
Cash previous YE	518	351	5,079	6,957	9,280
Cash & CE	351	5,079	6,957	9,280	11,964

Source: Company reports; ACF Estimates.

Notes [Intentionally Blank]

Disclaimer

The information in this report has been prepared by ACF Equity Research Ltd (ACF). The research is published for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any securities or any financial instruments.

ACF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of ACF Equity Research Limited. The material should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance does not guarantee future performance.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of ACF which may, from time to time, solicit business from any of the companies referred to in this report. The analyst(s) responsible for covering securities in this report may not hold a position in any or related securities in this report in ACF's sector universe or in any other sector in which ACF carries out research. The company does not hold any position in the securities mentioned in this report.

This research report and its contents are intended for professional investors and not for retail investors. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the investment research. ACF Equity Research Limited is authorised and regulated by the Financial Conduct Authority. However, the contents of this research report are produced as if ACF Equity Research Limited is unregulated and consequently this report does not contain investment recommendations or ratings.

ACF, its directors, employees and agents accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or part of these materials. The information in this report is provided with the understanding that ACF is not acting in a fiduciary capacity. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall in no way constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Copyright © 2015 ACF Equity Research all rights reserved. Additional information is available upon request.

ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com