

Result Focus

Osprey Medical Inc. (OSP.ASX)



Thursday, 19 July 2018

Growth rebounds with proof of concept reinforced

Recommendation: Positive

Last price **\$0.20**

Valuation **\$0.48**

TSR	
Upside to valuation	141.0%
Dividend yield	0.0%
Expected total SH return	141.0%

OSP.ASX share price history v XJO.ASX

Source: EAP Research, IRESS



Trading Data

Last Price	\$0.20
Valuation	\$0.48
12 month range	\$0.14 - \$0.48
Market Cap	\$68m
Free Float	\$34m (50%)
12 month return (historical)	(58.1%)

Earnings revisions

	FY18	% chg	FY19	% chg
REVENUE (\$m)	3	0.7%	8	0.5%
EBITDA (\$m)	(14)	(2.4%)	(14)	6.2%
Adj. EPS (c)	(4.3)	(2.3%)	(4.3)	6.7%
Val	\$0.48	2.6%		

Unit Growth rebounds across the portfolio

The 2Q18 result beat our revenue and unit sales estimate by +5.7% and +8.6% respectively. Sales growth increased 23.1% with unit sales up 28.3% vs 1Q18. This growth was recorded across the portfolio with San Antonio rebounding back to +33% growth albeit off lower base. Excluding San Antonio which had a soft 1Q18, the rest of OSP sales territories grew at ~+23% which was impressive considering the sales force headcount was flat at 23. Penetration from existing hospitals is clearly growing as further clinical data emerges on the ability for DyeVert Plus to reduce the incidence of Contrast Induced Acute Kidney Injuries (CI-AKI). Recent published data suggests that hospitals using DyeVert Plus in Texas and West Virginia were successful in reducing the rate of CI-AKI by 22% and 25% respectively.

National agreements to supplement growth

Purchasing hospitals grew in number by 10 (+8.8%) to 124 in 2Q18 which was encouraging given this did not include any of the 250 additional hospitals accessible through the national agreements signed with 3 US multi-hospital systems. The national agreements are expected to significantly reduce the purchase lead time from 4 months to 2 months (between sample and purchase) and with Osprey's current sales territories covering ~80% of these 250 hospitals, the opportunity to increase number of purchasing hospitals is clear and meaningful. We expect these agreements to generate a ramp up of unit sales across quarters as opposed to an immediate acceleration, given the multi hurdle process in dealing with hospitals purchasing departments. Nonetheless, with hospitals under national contracts already sampling DyeVert Plus, there is risk to the upside to our near term sales estimates of 23% unit growth in 3Q18 vs 2Q18.

Undervalued as proof of concept becoming more established

The 2Q18 result helped highlight that the investment case for Osprey remains intact. With its pilot territory rebounding as well as the emergence of additional efficacy data plus agreements with multi-hospital systems, OSP's proof of concept is once again re-enforced. Stock is well positioned for a re-rate particularly if 2Q18 momentum is sustainable. Maintain *Positive* recommendation.

Earnings Forecasts

Yr to December	15A	16A	17A	18E	19E	20E
EBITDA (\$m)	(12)	(12)	(14)	(14)	(14)	(6)
Rep NPAT (\$m)	(12)	(12)	(14)	(15)	(15)	(7)
Adj NPAT (\$m)	(12)	(12)	(14)	(15)	(15)	(7)
Adj. EPS (c)	(7.9)	(6.2)	(5.0)	(4.3)	(4.3)	(1.9)
Adj. EPS Gth (%)	-	21.2	19.1	13.8	0.5	56.2
PER (x)	NM	NM	NM	NM	NM	NM
PEG Ratio (x)	-	-	-	-	-	-
DPS (c)	-	-	-	-	-	-
Yield (%)	-	-	-	-	-	-
Franking (%)	0.0	0.0	0.0	0.0	0.0	0.0
ROE (%)	(106.9)	(70.5)	(53.1)	(58.9)	(141.7)	(92.5)
EV/EBITDA (x)	NM	NM	NM	NM	NM	NM
Net Debt/EBITDA (x)	1.0	1.9	2.3	1.1	0.1	1.5
Int. Cover (x)	-	-	-	-	-	-
Valuation (DCF)						\$0.48

Source: EAP Research

EARNINGS REVISIONS

Table 1. Earnings Revisions

Source: Company disclosures, E&P estimates

Metric Yr to June	Units			Sales (\$m)			EBITDA (\$m)			NPAT (\$m)		
	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
2018E	8,664	8,992	3.8%	3.0	3.0	0.7%	(14.1)	(14.5)	(2.4%)	(14.4)	(14.7)	(2.3%)
2019E	24,179	25,213	4.3%	8.4	8.5	0.5%	(15.4)	(14.4)	6.2%	(15.7)	(14.6)	6.7%
2020E	54,593	57,245	4.9%	18.9	19.1	1.1%	(6.5)	(6.4)	1.8%	(6.9)	(6.6)	3.0%
DCF Valuation							\$0.47	\$0.48	2.6%			

The 2Q18 unit sales result of 1955 units was a beat to our estimates of 1801 units (by 8.6%), with DyeVert Plus and DyeTect coming ahead by +6.0% and +46.2% respectively. The recovery in San Antonio (+33% growth vs 1Q18) and the multi hospital agreements with Global Purchasing Organisations (GPOs) and Integrated Delivery Networks (IDNs) providing access to an additional 250 hospitals are the key drivers to our earnings revisions. We step these out in further detail below.

Sales

Looking forward to the remainder of FY18 (Jul18-Dec18), **we forecast sequential unit growth of ~+26% QoQ** primarily from OSP's 15 sales territories that have yet to break even. Excluding San Antonio, the rest of OSP's territories grew at ~+23% which was impressive considering OSP's sales force headcount was flat at 23 (18 sales reps and 5 sales specialists).

We conservatively reduce our ASP forecast for DyeVert Plus. The additional administrative fee of 3%-5% to the multi-hospital system we expect will be partially borne by OSP. As management increasingly focuses on large national GPO contracts, we have started to anticipate some level of volume based discounting

It is worth highlighting that we have not included any sales from foreign territories (Italy and Germany) which are risks to the upside should these eventuate in 3Q18 and 4Q18.

EBITDA

We rebase our cash burn for FY18 following management's guidance for 3Q18 cashflows to mirror that of 2Q18 (-\$4.3m) with 4Q18 expected to start stepping down. The investment into the additional sales headcount (4 sales reps and 4 clinical specialists by 4Q18) is expected to offset the step up in sales keeping the cash burn relatively flat sequentially in 3Q18.

GAINING ACCESS TO AN ADDITIONAL 250 HOSPITALS

OSP signed 3 US multi hospital systems (GPOs/IDNs) in the latter part of 2Q18. We understand these GPOs and IDNs will provide OSP access to an additional 250 hospitals which account for ~10% of the Chronic Kidney Disease (CKD) population. 80% of these 250 hospitals are within OSP's current 18 sales territories. The additional sales reps that are earmarked to be hired by 4Q18 help provide sales support to some of these hospitals as well as additional cities that will help demonstrate appropriate levels of sales support to facilitate further GPO/IDN contracts.

The value proposition for OSP as part of these agreements is a reduction in lead time between sampling to purchasing from 4 months to 2 months. The cost of this is a 3% to 5% administrative fee which we expect will be partially borne by OSP and has been incorporated into our forecasts.

FINANCIAL SUMMARY

Osprey Medical Inc.						OSP.ASX						
As at:		19/07/2018				Recommendation:		Positive		Share Price:		\$0.20
Year end	December	2017A	2018E	2019E	2020E	Year end	December	2017A	2018E	2019E	2020E	
INCOME STATEMENT						VALUATION METRICS						
Sales revenue	\$m	2	3	8	19	PER	x	NM	NM	NM	NM	
EBITDA	\$m	(14)	(14)	(14)	(6)	Dividend Yield	%	-	-	-	-	
Depreciation	\$m	0	0	0	0	EV/EBITDA	x	NM	NM	NM	NM	
EBIT (ex associates)	\$m	(14)	(15)	(15)	(7)	EV/EBIT	x	NM	NM	NM	NM	
Equity accounted profits	\$m	-	-	-	-	P/FCF	x	NM	NM	NM	NM	
EBIT (incl associates)	\$m	(14)	(15)	(15)	(7)	P/BV	x	2.1	3.8	22.6	6.4	
Net interest	\$m	0	0	0	0	BLENDED VALUATION						
Pre-tax profit	\$m	(14)	(15)	(15)	(7)	Discounted Cash Flow	\$/sh	0.48	100.0%			
Tax expense	\$m	0	0	0	0	EAP Valuation	\$/sh	0.48	100.0%			
Net profit	\$m	(14)	(15)	(15)	(7)	EARNINGS						
Oth./Outside equity interests	\$m	0	0	0	0	Closing shares on issue	m	340	340	340	365	
NPAT attributable to s'hers	\$m	(14)	(15)	(15)	(7)	EFPOWA	m	285	340	340	352	
Net abnormal items	\$m	0	0	0	0	Adj. EPS	c	(5.0)	(4.3)	(4.3)	(1.9)	
Reported NPAT	\$m	(14)	(15)	(15)	(7)	DPS	c	-	-	-	-	
BALANCE SHEET						FINANCIAL RATIOS						
Assets						Sales Growth	%	178.7	84.4	181.1	125.9	
Cash	\$m	32	16	2	10	EBITDA Growth	%	(22.6)	(1.7)	0.5	55.9	
Working Capital	\$m	1	2	3	7	EBIT Growth	%	(22.9)	(1.9)	0.5	54.6	
PP&E	\$m	1	1	1	1	Adj. EPS Growth	%	(19.1)	(13.8)	0.5	56.2	
Intangibles	\$m	0	0	0	0	Tax Rate	%	0.0	0.0	0.0	0.0	
Investments	\$m	-	-	-	-	EBITDA Margin	%	(873.6)	(482.0)	(170.6)	(33.3)	
Other	\$m	0	0	0	0	EBIT Margin	%	(885.7)	(489.5)	(173.2)	(34.8)	
Total Assets	\$m	34	20	6	17	ROA	%	(50.6)	(54.8)	(113.3)	(57.1)	
Liabilities						ROE	%	(53.1)	(58.9)	(141.7)	(92.5)	
Debt	\$m	0	0	0	0	ROCE	%	(394,676)	(1,952.2)	(1,220.4)	(447.3)	
Working Capital	\$m	1	1	2	4	Net Debt (cash)	\$m	(32)	(16)	(2)	(10)	
Other	\$m	1	1	1	1	Net Debt/Equity	%	(99.3)	(92.7)	(63.0)	(83.7)	
Total Liabilities	\$m	2	2	3	6	Net Debt/Debt + Equity	%	(14,348)	(1,274.8)	(169.9)	(511.8)	
Net Assets	\$m	32	18	3	11	Net Debt/EBITDA	x	2.3	1.1	0.1	1.5	
Ordinary Equity	\$m	32	18	3	11	Working Capital/Sales	%	31.6	51.0	16.4	11.1	
Minority Interests	\$m	-	-	-	-	D&A/PP&E	%	29.0	30.4	30.2	39.8	
Total Shareholders' Funds	\$m	32	18	3	11	EBIT Interest Cover	x	-	-	-	-	
Capital Employed	\$m	0	1	1	2	CASH FLOW						
EBITDA						EBITDA	\$m	(14)	(14)	(14)	(6)	
Change in Working Capital						Change in Working Capital	\$m	0	(1)	0	(1)	
Other						Other	\$m	1	0	0	0	
Gross Operating Cash Flow						Gross Operating Cash Flow	\$m	(14)	(16)	(14)	(7)	
Net interest paid						Net interest paid	\$m	0	0	0	0	
Tax paid						Tax paid	\$m	0	0	0	0	
Net Operating Cash Flow						Net Operating Cash Flow	\$m	(14)	(16)	(14)	(7)	
Maintenance capex						Maintenance capex	\$m	0	0	0	0	
Free Cash Flow						Free Cash Flow	\$m	(14)	(16)	(14)	(7)	
Dividends paid						Dividends paid	\$m	-	-	-	-	
Net acquisitions/Growth capex						Net acquisitions/Growth capex	\$m	0	0	0	0	
Equity raisings/Buybacks						Equity raisings/Buybacks	\$m	24	0	0	15	
Net borrowings						Net borrowings	\$m	0	0	0	0	
Other						Other	\$m	0	0	0	0	
Net change in cash						Net change in cash	\$m	10	(16)	(14)	8	
GOCF/EBITDA						GOCF/EBITDA	%	97.2	107.0	99.0	111.6	
Total Capex/Sales						Total Capex/Sales	%	19.7	8.8	2.4	1.6	
Total Capex/Depreciation						Total Capex/Depreciation	x	1.6	1.2	0.9	1.0	

Source: Company data, E&P estimates

RESEARCH RECOMMENDATION DEFINITIONS

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, <i>eg.</i> Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or Evans & Partners policies in circumstances where Evans & Partners is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

Valuation	Composite of Rolling 12 month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2 year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1 year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1 year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12 month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2 year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

For stocks where Evans & Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

Australian Equity Research Team

Lorraine Robinson – Head of Research

P: +61 3 9631 9838
E: lrobinson@eandp.com.au



Steve Wheen - Senior Analyst

Healthcare
P: +61 2 8070 6654
E: swheen@eandp.com.au



Andrew Hines – Senior Analyst

Bulks, Metals, Energy
P: +61 3 9631 9849
E: ahines@eandp.com.au



Phillip Kimber – Senior Analyst

Retail
P: +61 3 9631 9873
E: pkimber@eandp.com.au



Keith Chau – Senior Analyst

Building Materials, Steel, Chem, Packaging
P: +61 2 8070 6616
E: kchau@eandp.com.au



Davin Thillainathan - Associate

Healthcare
P: +61 2 8070 6645
E: dthillainathan@eandp.com.au



James Holston - Associate

Telco, Media, Technology
P: +61 3 9235 9716
E: jholston@eandp.com.au



Raymond Tong – Senior Analyst

Telco, Media, Technology
P: +61 3 9235 9715
E: rtong@eandp.com.au



Simon Fitzgerald - Senior Analyst

Diversified Financials
P: +61 2 8070 6634
E: sfitzgerald@eandp.com.au



Julian Mulcahy – Senior Analyst

Small Caps
P: +61 3 9235 9713
E: jmulcahy@eandp.com.au



Robin Young - Senior Analyst

Banks, REITs, Infrastructure
P: +61 3 9235 9730
E: RYoung@evansandpartners.com.au



Rushil Paiva - Associate

Building Materials, Steel, Chem, Packaging
P: +61 2 8070 6641
E: rpaiva@eandp.com.au



Michael Clark - Associate

Bulks, Metals, Energy
P: +61 3 9631 9848
E: mclark@eandp.com.au



Johnny Huynh – Associate

Small Caps
P: +61 3 9235 9737
E: jhuynh@evansandpartners.com.au



GENERAL RESEARCH DISCLAIMER, WARNING & DISCLOSURES

This document is provided by Evans and Partners Pty Ltd (Evans and Partners) ABN 85 125 338 785, holder of AFSL 318075.

Please refer to the document entitled 'Research Conflicts of Interest Disclosure' available for download from the Important Disclosures section of our website (eandp.com.au) and Evans and Partners' Financial Services Guide (FSG) which is also available on our website.

The information is **general advice only** and does not take into consideration an investor's objectives, financial situation or needs. Before acting on the advice, investors should consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. If the advice relates to a financial product that is the subject of a [Product Disclosure Statement](#) (e.g. unlisted managed funds) investors should obtain the PDS and consider it before making any [decision](#) about whether to [acquire](#) the product.

The material contained in this document is for information purposes only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of securities. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Investors should be aware that past performance is **not an infallible indicator** of future performance and future returns are not guaranteed.

Any opinions and/or recommendations expressed in this material are subject to change without notice and Evans and Partners is not under any obligation to update or keep current the information contained herein. References made to third parties are based on information believed to be reliable but are not guaranteed as being accurate.

This document is provided to the recipient only and is not to be distributed to third parties without the prior consent of Evans and Partners.

EVANS AND PARTNERS DISCLOSURE OF INTERESTS

Evans and Partners and its respective officers and associates may have an interest in the securities or derivatives of any entities referred to in this material. Evans and Partners does, and seeks to do, business with companies that are the subject of its research reports.

EVANS AND PARTNERS CORPORATE RELATIONSHIP DISCLOSURE

Security	Nature of Relationship
APOF	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund I (APOF), the Trustee of APOF's primary underlying investment, the Australian Property Opportunities Trust (APOF Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF and/or APOF Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF and/or APOF Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF II	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund II (APOF II), the Trustee of APOF II's primary underlying investment, the Australian Property Opportunities Trust II (APOF Trust II) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF II is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF II and/or APOF Trust II. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF II and/or APOF Trust II. Each individual receives remuneration from Evans Dixon and/or its related entities.
APOF III	The Responsible Entity (RE) and Fund Manager of Fort Street Real Estate Capital Fund III (APOF III), the Trustee of APOF III's primary underlying investment, the Australian Property Opportunities Trust III (APOF Trust III) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of APOF III is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Manager, Trustee and IM will receive fees for services provided to APOF III and/or APOF Trust III. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Manager, Trustee and/or IM of APOF III and/or APOF Trust III. Each individual receives remuneration from Evans Dixon and/or its related entities.
AGM	Evans and Partners Pty Ltd and the Investment Manager (IM) of Australian Governance & Ethical Index Fund (AGM) are wholly owned subsidiaries of Evans Dixon Ltd (Evans Dixon) and related bodies corporate. The IM will receive fees for acting as IM of AGM. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the IM and they each receive remuneration from Evans Dixon and/or its related entities.
AXL	Evans Dixon Corporate Advisory, a division of Walsh and Company Asset Management Pty Limited, a related entity of Evans & Partners Pty Limited and a member of the Evans Dixon Group, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
AYK	Evans and Partners Pty Ltd and the Investment Manager (IM) of Australian Masters Yield Fund No 4 Limited (AYK) are wholly owned subsidiaries of Evans Dixon Ltd (Evans Dixon) and related bodies corporate. The IM will receive fees for acting as IM of AYK. A director of Evans and Partners is a director of AYK. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the IM and they each receive remuneration from Evans Dixon and/or its related entities.
AYZ	Evans and Partners Pty Ltd and the Investment Manager (IM) of Australian Masters Yield Fund No 5 Limited (AYZ) are wholly owned subsidiaries of Evans Dixon Ltd (Evans Dixon) and related bodies corporate. The IM will receive fees for acting as IM of AYZ. A director of Evans and Partners is a director of AYZ. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the IM and they each receive remuneration from Evans Dixon and/or its related entities.
BKI	Evans Dixon Corporate Advisory, a division of Walsh and Company Asset Management Pty Limited, a related entity of Evans & Partners Pty Limited and a member of the Evans Dixon Group, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
BRG	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Breville Group Limited.

CD1	<p>The Responsible Entity (RE) of CD1, other entities that provide services to Cordish Dixon Private Equity Fund I (CD1) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD1. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD1 and/or other related entities that provide services to CD1. A director of Evans and Partners Pty Ltd is a director of the Investment Manager of the Limited Partnership, the investment vehicle through which CD1 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CD2	<p>The Responsible Entity (RE) of CD2, other entities that provide services to Cordish Dixon Private Equity Fund II (CD2) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD2. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD2 and/or other related entities that provide services to CD2. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CD2 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CD3	<p>The Responsible Entity (RE) of CD3, other entities that provide services to Cordish Dixon Private Equity Fund III (CD3) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CD3. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CD3 and/or other related entities that provide services to CD3. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CD3 invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CDIV	<p>The Responsible Entity (RE) of CDIV, other entities that provide services to Cordish Dixon Private Equity Fund IV (CDIV) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE and other related entities will receive fees for services provided to CDIV. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE of CDIV and/or other related entities that provide services to CDIV. A director of Evans and Partners Pty Ltd is a director of the Investment Manager who provides investment management services to the General Partner for the Limited Partnership, the investment vehicle through which CDIV invests. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
CRR	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
CVC	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
CVF	<p>The Issuer has appointed Evans and Partners as Broker to an on-market buy-back. Accordingly, Evans and Partners is unable to give sellers advice in respect to a sale of this security.</p>
DUI	<p>The Issuer has appointed Evans and Partners as Broker to an on-market buy-back. Accordingly, Evans and Partners is unable to give Sellers advice in respect to a sale of this security.</p>
EAF	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Asia Fund (EAF), other entities that provide services to EAF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EAF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EAF. The Portfolio Manager and Assistant Portfolio Manager of EAF are employees of Evans Dixon and/or its related bodies corporate. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EFF	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Australian Flagship Fund (EFF), other entities that provide services to EAF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other entities will receive fees for services provided to EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EFF. Directors or employees of Evans Dixon and/or its related bodies corporate are members of the EFF Investment Committee and/or Portfolio Consultants to the EFF Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EGD	<p>The Responsible Entity (RE) and Investment Manager (IM) of Evans and Partners Global Disruption Fund (EGD) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGD. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGD. A Director of Evans and Partners is a member of the EGD Investment Committee and an employee of Evans and Partners is a Portfolio Consultant to the EGD Investment Committee. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
EGF	<p>The Responsible Entity (RE) and the Investment Manager (IM) of Evans & Partners Global Flagship Fund (EGF) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of EGF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of EGF. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
FSREC IV	<p>The Responsible Entity (RE) and Fund Administrator of Fort Street Real Estate Capital Fund IV (FSREC IV), the Trustee of FSREC IV's primary underlying investment, Fort Street Real Estate Capital Trust IV (the Trust) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The Investment Manager (IM) of FSREC IV is partially owned by a related body corporate of Evans and Partners. Each of the RE, Fund Administrator, Trustee and IM will receive fees for services provided to FSREC IV and/or the Trust. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, Fund Administrator and/or Trustee of FSREC IV and/or the Trust. Each individual receives remuneration from Evans Dixon and/or its related entities.</p>
JLG	<p>Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.</p>
LE.US	<p>A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.</p>
LLC	<p>A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lendlease Group.</p>

LSF	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MGP	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MQG	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
NEW	The Responsible Entity (RE) and the Investment Manager (IM) of New Energy Solar (NES) and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. The RE and IM will receive fees for acting as RE and IM of NES. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE and/or IM of NES. Each individual receives remuneration from Evans Dixon and/or its related entities. Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
OSP	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
PMV	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Premier Investments Limited.
SOHS.US	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Sears Hometown & Outlet Stores Inc.
SUN	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Suncorp Group Limited.
SWM	A director of Evans and Partners Pty Ltd is a director of Seven West Media Limited.
S32	A director of Evans Dixon Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of South32 Ltd.
URF	The Responsible Entity (RE) and Investment Manager (IM) of US Masters Residential Property Fund (URF), other entities that provide services to URF and Evans and Partners Pty Ltd are wholly owned subsidiaries of Evans Dixon Ltd and related bodies corporate. Each of the RE, IM and other related entities will receive fees for services provided to URF. Directors or employees of Evans Dixon and/or its related bodies corporate are directors of the RE, IM of URF and/or other related entities that provide services to URF. A director of Evans and Partners Pty Ltd is a director of URF's primary underlying investment, US Masters Residential Property (USA) Fund (US REIT). Each individual receives remuneration from Evans Dixon and/or its related entities.
VEA	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
WBC	Evans and Partners has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.

RESEARCH ANALYST CERTIFICATION

I, Steve Wheen, hereby certify that all the views expressed in this report accurately reflect my personal views about the subject investment theme and/or company securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

I, Davin Thillainathan, CFA, hereby certify that all the views expressed in this report accurately reflect my personal views about the subject investment theme and/or company securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

RESEARCH ANALYST DISCLOSURE OF INTEREST

I, Davin Thillainathan, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: NA.

I, Steve Wheen, and/or entities in which I have a pecuniary interest, have an exposure to the following securities and/or managed products: NAN, PEK, OSP.

DISCLAIMER

Except for any liability which cannot be excluded, Evans & Partners, its directors, employees & agents accept no liability or responsibility whatsoever for any loss or damage of any kind, direct or indirect, arising out of the use of all or any part of this material. All information is correct at the time of publication; additional information may be available upon request.