New Star Asset Management **8 July 2008**

Duration: 00:36:13

Presenters

- Stuart Webster (head of global property)
- Sam Mettrick (partnerships sales director)

Operator: Welcome to the New Star teleconference on the International Property Fund. At this time all participants are in a listen only mode. There will be a presentation followed by a question and answer session at which time, if you wish to ask a question, you will need to press *1 on your telephone. I must advise you that this conference is being recorded today, Tuesday 8 July 2008. Before we start, I would like to make you aware that the opinions expressed here represent the views of the fund manager at the time of preparation and should not be interpreted as investment advice. Past performance is not necessarily a guide to future performance. Due to the live nature of teleconferences, not all figures may be correct. For up-to-date performance figures please visit the **New Star website's fund centre** for the latest factsheets. New Star Asset Management is authorised and regulated by the Financial Service Authority. I would now like to hand you over to your host, Sam Mettrick.

Sam Mettrick: Good morning ladies and gentlemen. Welcome to the New Star International Property Fund conference call. I'm Sam Mettrick, the Partnerships Sales Director and the person responsible for making sure that you get the most out of the next 20 – 30 minutes. I'm delighted to say that we've actually broken a record this morning. In terms of participants, this is the most successful conference call we have ever hosted; so I thank you all enormously for your company this morning. Alongside me, I'd like to welcome Stuart Webster; head of global property at New Star, with 23 years' experience in international property markets. Prior to New Star, Stuart worked for Citi Group, building and managing International Property Funds; when I say building I take it, it was just actually building the funds and not the actual property Stuart?

Stuart Webster: Yes.

Sam Mettrick: The format today is very simple we've had a number of excellent and pertinent questions sent through at the time of registration, which I will put to Stuart and then we'll open up the phone lines for some more live questions. The operator will talk us through this process at the time. Stuart perhaps as a starter; you could just remind us all exactly what you're trying to achieve with this fund?

Stuart Webster: Yes thank you Sam; good morning everybody. Before we start, just to set the scene as it were to remind listeners as to why this fund was set up by New Star and what we're trying to achieve out of it and to do that, I think it's also very interesting to go back to the basics of why have an investment in commercial property in the first place in direct property. And the reason for that is two-fold, first and foremost we're all looking for returns and direct property over the long-term, if we were to use the UK example, for example five, ten, fifteen, twenty years, whichever time horizon you take, direct real estate actually performs extremely well, compared to the other two main asset classes of stocks and bonds. UK property for example has performed consistently above double digit, 10, 10, 11 and 10% over these periods, when you compare that to the FTSE All Share of around or averaging 12% it shows the first reason why we like property. The second reason we like direct property is the added extras as it were, which is the lower volatility that direct property offers and that is why we recommend it as part of an investment portfolio. If you were to take a look at the standard deviation over say a 20 year period, comparing all the main asset classes and also some of the sub-asset classes, cash obviously is the least volatile, but second to that only is direct property. The equities market is some three to four times more volatile in direct property and property shares including REITs are actually more volatile than equities and given that they're a sub sector of the equities market. So why direct property? Good returns over the long-term and we've very much emphasised that and a very different shape of return compared to other asset classes. What do we do then as far as international is concerned, well if you take that logical argument to the next step; the further you diversify that risk internationally, then the lower the risk profile of the fund for this stable base for your investors and the lower correlation to other asset classes. And that's a very important point, but also when we do that, we can then access different markets at a different part of the cycle and at that point, hopefully, secure better returns off this low relative risk for the fund.

I think that gives a kind of overview of what we're trying to achieve here in the fund at this time, and out of that, we're looking for income and capital appreciation over the years ahead.

Sam Mettrick: Smashing thank you Stuart. Perhaps with the Fund having recently celebrated it's first birthday, perhaps we could talk specifically about the Fund, could you give us a quick overview of the Fund and how exactly does that look today?

Stuart Webster: Yes in it's first 12 months of the Fund… to start with we looked to the growth areas of the world and also the relatively low risk areas of the world and we aimed initially for say approximately 70% of monies to be invested in the Asia Pacific Region, where we see the engines of growth of China and India being particularly attractive. However, we don't want to go into these particular markets, because we see them as very high risk, which I can come onto later and we also aim to put about 30% of our money into the main European centres where we saw a long-term sustainable growth.

Effectively what we've done is gone ahead with the Asian Pacific investment targets and we've invested in some very good assets in Japan in Tokyo, Hiroshima, Fukuoka and Osaka and also, in Australia, in Melbourne, Sydney and Perth. Also, we've bought two assets in Singapore in the main centres where we believe the benefits of the Chinese and Indian growth story are compounded, on local markets which are benefiting from that growth, but which are less risky than the volatile Chinese and Indian markets. In the European area, we actually deliberately held back because we saw the credit crisis impacting, the strategy was that we believed the prices in Europe would actually suffer by the credit crisis, because it's a much more leveraged-based market; and accordingly we held back on that money and we've been proved very right on that. We're now seeing assets which are significantly cheaper in the European areas.

Sam Mettrick: The cash content of the Fund is quite high - circa 30%, why is that so high and will it remain that high for a period of time or do you see that changing?

Stuart Webster: Well that's a symptom of the European strategy. As I say, we did the Asia Pacific Investments, we deliberately held back on the European areas to build up a cash balance. At the end of the day, we're looking to buy into the European areas in the markets we see as very strong fundamentally, for example Paris; but where we believe the pricing was overdone and we could see the market following back, so we're now beginning to push ahead with the European strategy. I'm aiming to put money into the European area over the next six months and, as it stands, we have a number of assets in legals at the moment in the European area, which will take up approximately 15% of the Fund and significantly reduce the cash balance. And some people have said to me well, having a large cash balance you're not using that money in property. I actually disagree entirely - we're paid by the investors a fee to manage money in property and frankly I can either spend it or I can invest it. I could have spent it on French property last year for example, but I can invest it this year at 20% cheaper prices which has a direct result on the returns for the Fund, so that's what's we're doing at moment and the cash balance… we're now beginning to use that in the European area, whilst looking for more diversified assets in the Asia Pacific region as well.

Sam Mettrick: Great for geographical diversification, what about sector diversification?

Stuart Webster: That's a very good point. To date we are significantly invested in the office market and less so in the retail/shop market, but we are interested in the third sector of our target, so I am just reminding investors we only look to buy in the main commercial sectors. We don't do residential that is not a valid asset class I believe for professional investors, it's much more speculative and sentiment driven on a local level. We only buy offices or retail investments i.e. shops or logistics, where we can see if the returns are right. To date we've been buying in the main commercial centres of Asia Pacific, I think the countries I've already mentioned and that's been predominantly opposite with some retail units. We're now beginning to buy some logistics, we actually have four assets in Europe at the moment in legals which are logistics units. Big Box Logistics - you've seen them at side of motorways in the past. I've held back on them so far, purely because they were over priced, not just in the European context, but globally. There was a lot of attention over the last five years towards logistics assets, amongst investors as the "next best thing". So basically, everybody powered in and the prices went through the roof with the credit crisis, the slowing down of investments in some of these areas, we're actually seeing prices coming back to where I believe they should be relative to the risk of these units. So by the end of this year I expect to have the highest weighting in offices, but a good weighting in logistics and a good weighting in retail/shops.

Sam Mettrick: You've mentioned Europe, Asia and the Pacific Rim Which areas, regions do you not like?

Stuart Webster: I think it's important to differentiate between the regions I like and regions which this fund will stomach as far as risk is concerned. This is a relatively low-risk fund. I don't believe you've got to take high risk to get good returns. These assets if we buy them and manage them and look after them well at the right times in the cycles and are free to choose anywhere in the world; then we can make good returns. It would be terribly easy to put money into say the Chinese market as I mentioned already, and we could make very good returns, but we could also lose our investors' money and that's not the relative risk of this fund - we're looking at low risk. And just to give you more flesh on the bones there, the Chinese market is, well China is run by the Peoples Republic of China that is the Government as it were. You cannot own freehold land in China; you cannot buy long leasehold. You get a fifty-year grant from the Peoples Republic of China and they will be your landlord. And I'm not ready yet to trust that way of working with investors' money. There is also a great deal of speculative development going on in that market and frankly there is a lot of "less developed market practices" in that growing economy. And it's a high-risk, highly volatile position. I'd rather take the lower risk places like Singapore, for example. Singapore is a constrained supply market. It's a tiny little State, most of which is built on, which has effectively a very, very strong Government who has said that they are going to make the most of the Chinese boom by encouraging banks, private wealth - it's becoming probably arguably the most secure place. It has now overtaken Switzerland as far as secrecy laws are concerned, so a lot of the wealth that's being created in the Asia Pacific region is going there to safe haven. Encouraged by the government on tax incentives, the Singapore government has also said they're going to increase the population of Singapore by 50% over the next years and they're doing that by encouraging again people to go and live there. It's a great environment, with tax advantages etc.

That economy will benefit, will bask in the sun as it were of China, without the relative risks of a legal structure where a landlord i.e. us, are not so well protected. Singapore - we've got very good land rights, we've got very good laws protecting our tenancies and we've also got a very good tax regulation. One thing that's very important to point out in an international fund is it's not just buying the assets. We buy them in the correct tax vehicles to make them as efficient as possible for the returns to investors. Singapore has a very established tax regulation body and because of that, we know exactly what we're doing, it's very much more clear: there is less risk there.

Sam Mettrick: What about the Middle East?

Stuart Webster: Again I would say that falls within, or falls without the risk, sorry - falls outside the risk category of this Fund. The Middle East is… I spent a lot of time looking at assets there in the past and obviously we've got a lot of investors who come from that part of the world and it's a very interesting part of the world. However, there are a number of competing centres and if one were to move away from the leisure and residential markets which are dominated at the moment by Dubai… Qatar is now talking about joining Abu Dhabi is doing the same. When you look at the pure commercial markets, I only want to put money from this Fund, low risk again, into commercial markets where I believe there is sustainable, long-term, robust demand by tenants based on sound economic and diversified economic businesses to justify the returns and I do not believe that any of the Middle East areas, at the moment, fall within that. Sorry - actually I'll re-phrase that: there were actually two centres I did like in the past which economically were viable and this is a few years ago now when I did the work then. That was Beirut and Tel Aviv, but the problem there was the war risk and, unfortunately, we were proved right at that time and so, whilst there was economic centres, there are other factors which we look at the moment as well.

Sam Mettrick: Smashing, thank you. Thank you very much Stuart I think at this stage we'd like to open up the phone lines if possible. Natalie can we take some questions from the participants.

Operator: We will now begin the question and answer session, if you wish to ask a question please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the # key. Once again if you wish to ask a question please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the # key. Your first question comes from David Campbell.

David Campbell: Hello Stuart, it is Dave Campbell of Citiwire. I would just like you to explain a bit about the yields you are getting on Parisian and European property, how far have they moved out now?

Stuart Webster: Parisian office buildings, sorry which specific area? Sorry can everybody hear me there is an awful lot of feedback coming back?

David Campbell: I am sorry it is Dave Campbell calling from Citywire. I am just wondering how you measured your timing to move into the Parisian market. I mean is yields moving out a certain distance or what is the decider there?

Stuart Webster: The deciding facts for France was that I believe the French fundamentals are very good as far as the property market concerned in the Ile de France, which is the Paris market as you well know, and within the Paris market as well as sub areas, some of which are less constrained than others as far as the fundamentals are concerned, but I believe there is a robust and diversified tenant demand within the Paris area. There is relatively limited supply of good quality product in certain of these areas and the politics and economics of France I believe are very good. The credit crisis we did not expect to impact as much to be justified on the French economy as it has happened and we believe the credit crisis had had more effect than it should have. The drying up of the debt availability to buy assets for our leveraged buyers in the European market has been a significant impact on the French market, and the fundamentals do not justify it I believe.

I think the statistics actually back that up for certain areas, so what we have done is we have gone into the primest areas of the Golden **[unclear]** the Prime Western Suburbs to take a look for the assets we need to find. What we discovered is, a number of potentially distressed vendors who have debt problems and we have basically gone on to approach them and what we are seeing now is assets that were priced at 4 – 4 ¼% yield have moved out to 5 – 5 ¼% yield. Now that is a 25% reduction in price over last year's figures. I do not necessarily believe that we will get back to those previous levels, but will get back pretty well to these previous levels as the markets recover.

My ideas for timing is that I do not believe for one minute that it is possible to call the bottom of a market. I think any reasonable investment advisor will tell you that you can call a market close to the bottom, but getting the day that actually hits the bottom is luck rather than judgment comes into that. What we are looking to do is where we see good fundamentals, relatively cheap assets on historical basis and I am talking five, ten, fifteen year basis to take a look at that. Then we believe it is time to start looking into that market. I believe that over the next 12 months, as we feed money into the European markets we will buy some assets at the bottom, some assets past the bottom, some assets before the bottom, but all of them will be significantly below where they should be relative to the risk that that market offers.

Again also it is important here, that I don't just look at the French market I am comparing the Paris market with the relative returns and risks of the Sydney market, of the Tokyo central five wards of Tokyo of Taiwan and the prospects of Taipei and the prospects for South Korea. All of that is an overlaid on that is the tax structuring of these assets.

David Campbell: Is there anyone else in Europe that you are currently monitoring?

Stuart Webster: Yes.

David Campbell: Any suggestion which?

Stuart Webster: Let's put it this way, there are certain markets I will not go into and I think the Spanish market has been over inflated for many years now and much as we have enjoyed the sporting success recently the economic performance of Spain is lacking and I do believe that pricing in certain areas of Spain is significantly higher than it should be and it still is. That is one market I won't. Italy, generally, economically not looking great, but there are sectors within the retail/shop sector within Italy could be interesting in the long term, but I do believe it has got further to fall yet so we are not quite yet. The German markets - the German markets are proving extremely robust although there is some economic news out today which might dent some people's enthusiasm for Germany. The German market because of the buy estates as it were, there is so many German open end funds who are very keen to buy in their own market and because of the lease laws and structuring of returns as far as income depreciation is concerned on lease laws, that makes a fairly long term robust steady market. We like that, but there's better opportunities elsewhere at the moment.

What I am looking to do is take a look at the German market and think well which economies are dependant on that German market, which benefit from its strength at the moment? Then I look around that and say well, Central European countries like Poland or Czech Republic or Hungary I believe they have close to 30% of their economic power derived directly from Germany which is resilient and strong, therefore is it worth looking there? So I am looking at assets in these areas where the potential growth going forward of the Central European countries is probably more positive than some of the Western European countries, but then are the assets available at the right price? There was a lot of movement over the last five to ten years of people going into Central Europe as the "next best thing", great growth etcetera. A very valid reason, but too much money went into these markets and prices got driven down.

I believe they are now moving back to more realistic levels and relative to the risk that they offer I may consider putting some money there in the short term.

David Campbell: How much risk premium would you expect in Budapest compare to, I don't know, Amsterdam?

Stuart Webster: Again we can get into much detail here, it depends in which sectors you go into; Amsterdam for example, there are only certain areas in Amsterdam that I like. Amsterdam is dominated by large office buildings around the ring road for example which have historically been empty in the last five years because it took a big bath and a big hit from the dot com boom and that has now recovered. But assets near Schiphol, the airport, are looking very interesting, also developing with Amsterdam is, Amsterdam municipality owns all the land freehold and you only have a leasehold. So we can get into so much detail there perhaps we should have a conversation offline about that one.

David Campbell: Yes I do not want to take up too much maybe next time, thank you very much Stuart, I'll let someone else.

Stuart Webster: Thanks David.

Stuart Webster: Any other questions?

Operator: Your next question comes Austen Robilliard please ask your question.

Austen Robilliard: Good morning it is Austen Robilliard from Murdoch Asset Management and main question is really relating to the holding that you have in property shares. I am just wondering what balance would that give you given that you have spoken that they are actually more volatile than equities and yet you are trying to minimise the risk in this portfolio?

Stuart Webster: I am very glad you asked that question because I entirely agree with you, frankly. This fund looks to have low volatility and get away from the volatility particularly of the stock market at the moment; however we are in a bit of a no-win no-lose situation here because the seed investors and our main investors in platforms coming into this fund and initially started off with the view that if the money is sitting in cash then it is not being used. Whilst I think you have heard my reasoning on that I believe I am here to manage money in property and that means not buying just buying for the sake of it, we want to buy the right assets. So that means sometimes we will have a higher cash balance.

The element of shares is in there to keep the main body of investors on that point happy, however it is kept at a low level and I would prefer to actually work that down to zero, but I would have to be guided by the demand of the investors. It does have an impact, but it is less than we, you know it is a small element, but as you say this fund would be producing I believe about 7% if it was not for the impact of these shares and that shows you the effect it has on it, but that is there to satisfy the demand from investors although I'm working on it, calls like this are a great way to do it, to actually show why it is not necessarily a good thing to have it there and perhaps we start to work that down.

Austen Robilliard: Great, thank you.

Operator: Your next question comes from Mariel Andrade, please ask your question. Mariel Andrade, please ask your question.

Haroon Ahmad: Hello this is Haroon Ahmad from Emirates bank. Hi Stuart

Stuart Webster: Good morning.

Haroon Ahmad: Hi good afternoon; as you are aware we are run a Sharia wrap around the international property fund of yours, our investors are particularly keen to look at the international property area that you are targeting, but increasingly they are also saying to us that does this fund ever envisage going to the Middle East. I was surprised at your comments on the Dubai and Abu Dhabi markets, because the commercial property here has really gone through a booming period, and as you are well aware our own funds have done extremely well; on a risk adjusted basis they have done extremely well.

Your view on as to when you think you will be looking at these markets because they could supplement some good returns to the existing portfolios that you have?

Stuart Webster: No, your point is valid in the sense that, obviously very valid. The returns in these markets have been very good. That to me, but then the returns in the FTSE have been very good over the last five years, but I wouldn't be recommending going in to them at the moment. It is very important to put things together in the risk categories. I think it would be fair to say that Abu Dhabi and Dubai are very interesting and promising markets, but I don't believe anybody would ever for one second compare them to the depth and diversity of tenant demand that one would find in Paris or Singapore, or Tokyo. My challenge is to diversify and get the returns and the risk, within the risk parameters we have set out, in the major markets. When I have built up a robust portfolio in these major markets and can take the next level of risk, perhaps we will then look at these markets, but I do worry that there is insufficient tenant demand in these markets and also a development boom going on where there is a large amount of vacant space in these markets which may impact returns in the short to medium term. I would suspect that once I have seen that dampened down a bit then that might be a time to consider it then, but at the moment it doesn't fall within the risk category we are looking.

Haroon Ahmad: I understand that. I hear your comments and perhaps I can extend an invitation for you to come out to view some of the development that has taken place, and I would argue against the tenant demand I think, if you see the progress on the ground here in Dubai and Abu Dhabi I think you will be sufficiently surprised, but anyway let's leave it until you visit us here.

Stuart Webster: No, I look forward to it. I am coming out in September and I am very happy to learn some new things and be shown what I can.

Haroon Ahmad: Excellent, thank you.

Sam Mettrick: Haroon is an excellent host as well Stuart so I am sure you will have a great time.

Haroon Ahmad: Dubai itself is a very good host being a city, so I am sure you will enjoy yourself here.

Stuart Webster: I did actually used to run a fund for the Dubai Government in the past, so I do know it very well, and have looked into it a great deal and it is a great place to visit, and looking forward to it.

Sam Mettrick: Any other questions.

Operator: Your next question comes from Leonora Walters. Please ask your question.

Leonora Walters: Hi, it is Leonora Walters from Investigate here. Investor sentiment towards UK commercial property is very poor, what is investor sentiment like towards international property, and has your fund experienced many redemptions?

Stuart Webster: I think I would just to start there, I'd reflect back to my opening comments about reminding people why direct commercial property is a good and valid third asset class. The fact that the UK market has taken a dip is not a reason to throw the baby out with the bath water; property is still, does exactly what it says on the side of the can. If the UK stock market was performing badly, investors would not necessarily sell their Singapore, their American, their Australian stocks. What we are looking to achieve with the international fund is within the risk category, to diversify across all these regions, and so if we were caught in the 'perfect storm' of a particular market where a lot of negative sentiment built up ahead of steam and markets fell, then that might dent the returns of the fund, but it wouldn't lose money. That is what we are attaining to achieve here. By being allowed to go into any market around the world within the risk category (I know I keep coming back to that) we can move ahead of problems and also get in at the right times. My argument earlier on about the European market is exactly what I am saying there. We have actually secured significant discount and because of that will get much better growth on the fund by taking our time on that.

I would also say one thing, though, on the side. I do actually believe the UK market is looking particularly interesting now. I am not saying for one second that, again, we can call the bottom of it - I am not sure where that is. One thing I think is important to remind investors is that the UK market has taken a battering. The UK property was overvalued, but not all of it and not all of it is to the same degree.

What we have seen over the last 10 years is a lot of cheap debt coming into the market, which has driven a lot of speculative buying and selling, etc. The secondary and tertiary assets, i.e. the pretty dodgy ones frankly, were pushed up to ridiculous levels of pricing. Prime assets in the key fundamental areas went up as well, but not by as much. The whole market has now come back and arguably prime has come back too far; so it is obviously we believe over the long term, again, the long term it will perform very well and relative to other asset classes within UK, property will, I believe, come through at the end and prove its metal as it were.

Leonora Walters: What about investor sentiment though? How do investors feel about Asian and European property? Have you had redemptions on your fund at all?

Stuart Webster: No, we always have, in any fund money coming in and out, but generally since the day we started this fund, we have had positive inflows, and we have seen instances where some investors have taken money out because they have decided to call the bottom of the equities market. Unfortunately, they found the hard way that that is not sadly true there. If investors want to take money in and out of this fund, on a regular basis, they will lose money. This fund is long term, low volatile, growth income cap appreciation and building up a very, very nice portfolio with very good pricing.

If they want to keep come in and out, fine, but I am not recommending that. The ability is there to come out, to give the liquidity they want obviously, but it is not something we recommend. We are now seeing increasing investor appetite for this fund because it is proving its worth.

After 12 months, it is one of the few funds and I saw it in the Financial Times last week, they have picked up on it, it is one of the few funds in any sector in the UK that is actually doing what it said it would do; and it is proving low volatility, good returns. The returns are not as high as I would like them to be, but relative to other returns in other sectors, I think for example, we outperformed in the first 12 months, from June-to-June; we outperformed the Footsie by 17%. We are outperforming the UK funds by 25% plus. Relative to other sectors we are doing very well indeed; and I expect to use the cash at the moment to build up a very big head of steam which when the markets settle down a bit we will start to see very good returns coming through on the basis of that; hopefully in the not too distant future.

Leonora Walters: Thanks.

Sam Mettrick: Thanks Leonora.

Operator: Your next question comes from David Campbell. Please ask your question.

David Campbell: Sorry, David Campbell again, just one more question. Building on that last question; do you have it within your mandate to place the investment in the UK?

Stuart Webster: Yes.

David Campbell: Okay and you’re not tempted yet?

Stuart Webster: I am tempted, but I think there’s better returns for the risk elsewhere. That doesn’t mean the UK is not there. I think the UK is looking relatively well priced;

however, I can get better returns at the moment for the money in other major areas of the world.

David Campbell: Okay, it is not attractive on a valuation type strategy?

Stuart Webster: Say again?

David Campbell: Not attractive on a valuation type strategy?

Stuart Webster: Anybody can say whatever the valuation is they like; I actually look at one of the fundamentals of that market, what is driving the returns, what is driving the demand? For example, we just bought a building in Singapore which is valued at a yield of 2.5%.

David Campbell: Eish.

Stuart Webster: Well you say that, but I have got a tenant who wants to take the entire building and will pay me a yield of 6% on the rent. We know we can make that up. To a point.

David Campbell: Yes.

Stuart Webster: So, just because of headline figures does not mean underneath that, this underlying thing. This is not a simple buy-sell, buy-sell exercise; this is incredibly detailed in-depth, details of what we actually go into and why we are doing it and again it is not – we buy and own these assets, if we get it wrong it is very obvious, we make sure we don't, and we make sure that the returns are going to be there.

The UK is an interesting market, but there are more interesting markets from the international basis which I am allowed to do obviously internationally and the UK at the moment.

David Campbell: Oh, okay.

Operator: There are no further questions at this time. Please continue.

Sam Mettrick: Thank you very much Natalie. I think at this stage, if I could just perhaps ask one more question for Stuart. Hedging, currency hedging Stuart; can you talk us through the…?

Stuart Webster: Yes, fundamentally this fund is again low volatility, etcetera, so what we do is we remove the currency risk, all assets are fully hedged. So we take out that hedging risk. Some people have said to me well given what has been happening recently in the currency markets, you can make yourself look very good if you didn't. I said yes, we could also make ourselves look very bad, we are not currency hedging, we are not taking bets on that, that is a bit of a horse race as far as I am concerned. We stick to property, and by doing that we remove the hedging risk.

Sam Mettrick: Excellent, thank you very much. It just leaves me to say thank you very much to Stuart for his time this morning. Thanks very much to everyone for your time this morning as well, I hope you found this useful. There will be a transcript and also a recording of this conference call available on our website over the next few days as soon as we have compliance approval. Many thanks again, and have a good day.

Stuart Webster: Thank you.

Operator: That does conclude our conference for today. Thank you for participating, you may all disconnect.