

Singapore REITs Monthly

Monthly Tracker: November 2018

SINGAPORE | REAL ESTATE (REIT) | UPDATE



StocksBnB.com

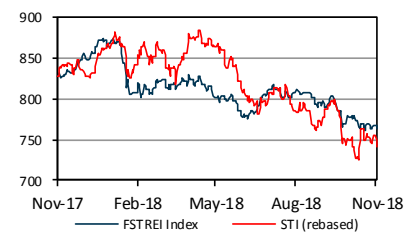
20 November 2018

NEUTRAL (Maintained)

INDEX PERFORMANCE (%)

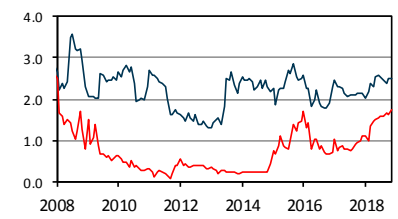
	1MTH	3MTH	YTD	1YR
FSTREIRETURN	(0.1)	(3.3)	(4.9)	(16)
STIRETURN	0.1	(4.3)	(6.8)	(6.0)

FSTREI VS. STI



Source: Bloomberg, PSR

10-year SGS (%) & 3-month SOR (%)



Source: Bloomberg, PSR

Tara Wong (+65 6212 1850)

Research Analyst

tarawongsj@phillip.com.sg

- FTSE S-REIT total return declined 4.9% YTD. Weakness across all sub-sectors – save for hospitality over the past month – with Frasers Hospitality Trust being the top performer (+5.6% MTD) and Keppel-KBS US REIT being the worst performer (-17.0% MTD).
- Sector yield spread of 273bps over the benchmark 10-year SGS (10YSGS) yield remains close to the -1 standard deviation (SD) level as at end-October.
- 3m SOR continued to rise YTD, ending at 1.73% in October.
- Remain NEUTRAL on S-REITs sector. Sub-sector preferences: Office and Hospitality.

SECTOR SNAPSHOT

S-REIT yield spread declined 51bps YTD in October. The S-REIT yield spread remains close to the -1 standard deviation (SD) level as at end-October. The 10YRSGS yield currently stands at 2.51%. Rising interest rates will be a headwind for S-REITs from a yield and interest expense perspective, but it does not necessarily lead to a bearish state as rental growth can be a mitigating tailwind.

3-month SOR continues to rise YTD. Hitting 1.73% at end-October, the 3-month SOR was the highest since Jan 2005.

Retail: Dismal results reported by the Singapore retail REITs, on the back of negative or flat rental reversions recorded in 3QCY18. Tenant sales and footfall still weak YoY, which could continue to place pressure on occupancy cost and thus, reversions. CapitaLand Mall Trust (CMT) had completed the acquisition of the remaining 70% interest in Westgate on Nov 1, which the REIT had held a successful S\$278mn private placement exercise for. Assuming CMT's current funding cost of 3.2%, this funding structure of c.65% debt would be accretive to FY18e and FY19e DPU. Retail sales ticked up 1.8% YoY in September, with Fashion (+3.0% YoY) and Watches and Jewellery (+7.4% YoY) being some of the top contributors. The F&B index was up 1.3% YoY in September.

Office: Uptick in both central and office rental indices for 3QCY18, helped by YoY improvement in occupancy for both Central and Fringe office space. Above 98% occupancy for the office REITs, well above the average central office occupancy of 88.2%. With average Grade A rental rates improving over the past five quarters, positive or higher reversions are expected to come about once they surpass expiring rents – which were typically signed c.3 years ago. Frasers Tower had a reported 90% occupancy rate, and the only Grade A supply for the year will be from 16 Robinson.

Industrial: Rental Index appears to be stabilising, as it declined -0.1% QoQ to 90.9 and the decline each quarter this year has been getting smaller. 3QCY18 occupancy ticked up slightly YoY to 89.1% and 89.4% for factory space and warehouse space, respectively. Rental reversions during the quarter were generally negative. Demand-side looks fragile, as manufacturing and export data are moderating; and the threat of escalating trade tariffs is adding pressure to an already uncertain outlook.

Hospitality: Average RevPAR rose 4.48% YoY, to S\$197, in September, both on higher occupancy and higher average room rates (ARR). While higher occupancy rates were clocked in for the Singapore portfolio across the Hospitality REITs, RevPAR was down YoY for a few REITs owing to new market entrants in the area which placed pressure on the ARR.

INVESTMENT ACTIONS

Remain NEUTRAL on the S-REITs sector

While the S-REIT yield spread is currently near the -1SD level since the global financial crisis, strong rental growth should offset any adverse effects from rising interest rates. As such we have identified pockets of opportunities within each sub-sector that would exhibit these characteristics of healthy reversion rates and strong leasing activity.

We maintain Neutral on the S-REITs sector on declining tenant sales in the Retail sub-sector and sluggish net absorption of Industrial space. A marked improvement in tenant sales would allow the retail S-REITs to improve occupancy levels at sustainable rental levels. However, tighter e-commerce competition and the oncoming retail supply glut would continue to weigh on retail rentals in the medium term. While Industrial rents have been stabilising, occupancy still has some catching up to do in order to provide a meaningful catalyst for a sub-sector upgrade.

Top-down view (unchanged)

We like the Commercial and Hospitality sub-sectors due to tapering supply after the surge in supply in the prior two to three years. We are cautious on the Retail sub-sector as retail sales and shopper footfall both leave much to be desired.

Tactical bottom-up view (unchanged)

REITs that can better weather through the rising interest rate environment would be those with:

- 1) Low gearing; 2) High-interest coverage; 3) Long weighted average debt to maturity; and
- 4) A high proportion of debt on fixed interest rates

.....such as CapitaLand Commercial Trust (ACCUMULATE, TP:S\$1.90), Keppel DC REIT (ACCUMULATE, TP:S\$1.45), Frasers Commercial Trust*, and Keppel-KBS US REIT*

* Currently not under PSR coverage

Figure 1: S-REITs under our coverage

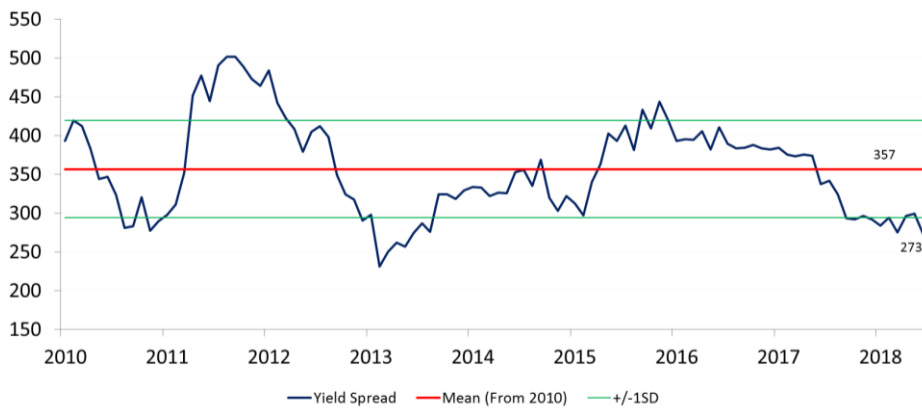
	PSR RATING	PSR TARGET PRICE (S\$)
FIRST REAL ESTATE INVT TRUST	NEUTRAL	1.30
CAPITALAND MALL TRUST	NETURAL	2.09
FRASERS CENTREPOINT TRUST	NEUTRAL	2.21
CAPITALAND RETAIL CHINA TRUST	ACCUMULATE	1.66
DASIN RETAIL TRUST ¹	ACCUMULATE	0.95
CAPITALAND COMMERCIAL TR	ACCUMULATE	1.90
ASCENDAS REAL ESTATE INV TR	ACCUMULATE	2.78
MAPLETREE INDUSTRIAL TRUST	NEUTRAL	1.99
KEPPEL DC REIT	ACCUMULATE	1.45
CACHE LOGISTICS TRUST	NEUTRAL	0.75
EC WORLD REIT ¹	BUY	0.82

Source: PSR

¹ Covered by PSR under the 'SGX Stockfacts' scheme

MACROECONOMIC ENVIRONMENT

Figure 2: FTSE Straits Times REIT Index Yield Spread over 10YSGS

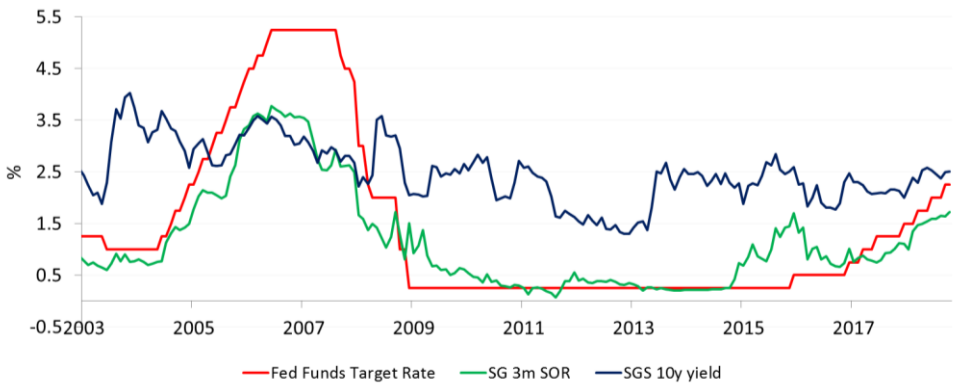


Source: Bloomberg, PSR

S-REIT yield spread declined 51bps YTD as at end-October, to 273bps, still lying below the -1SD level.

The S-REIT dividend yield is now 5.25%.

Figure 3: Fed Fund Rates vs SG rates

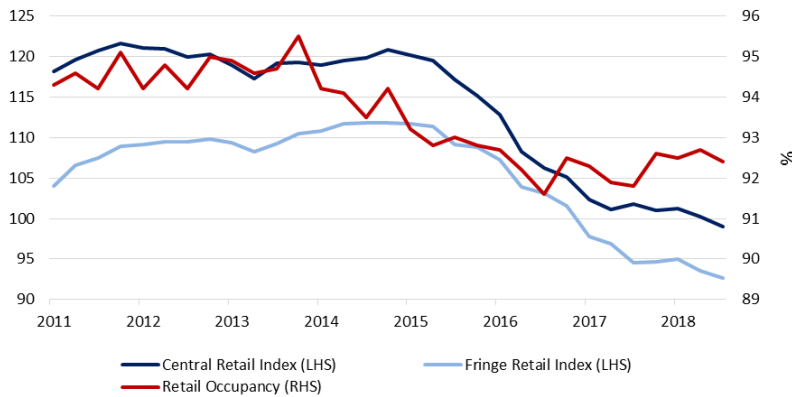


Source: Bloomberg, PSR

The 3-month SOR continues its ascent YTD, to 1.73% in September, surpassing the last high of 1.77% in Jan 2005.

RETAIL

Figure 4: Retail Space Rental Index and Occupancy



Source: CEIC, PSR

	Retail Rental Index (4Q1998=100)	Retail Occupancy (%)
Sep-18	97.0	92.4
Sep-17	99.7	91.8

While occupancy was maintained YoY at 92.4% in 3QCY18, rental rents continued to slide, with the retail rental index falling 2.7bps to 97.0 in 3QCY18.

Figure 5: SG Retail Sales YoY% (excl. Motor Vehicle Sales)



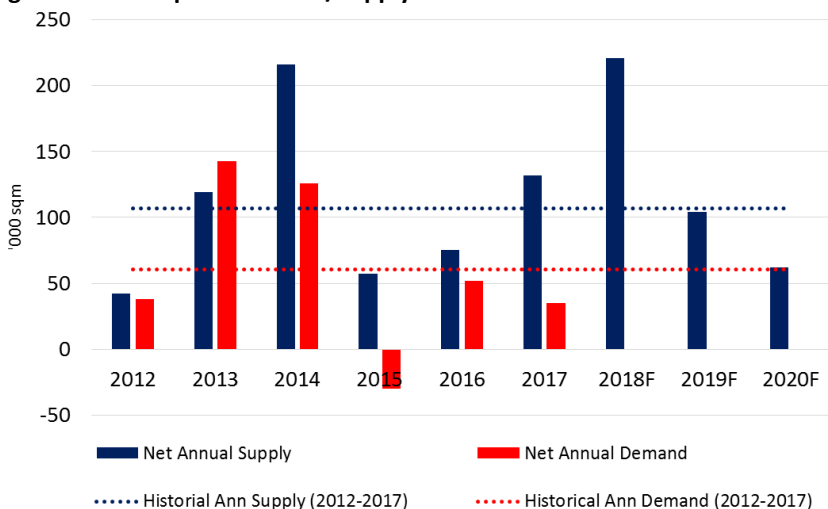
Source: CEIC, PSR

	RSI	RSI (Dept Stores)	RSI (Supermarkets)	RSI (Fashion)	F&B Index
Sep-18	1.8	0.0	-1.0	3.0	1.3

Retail sales (excluding motor vehicle sales) ticked up 1.8% YoY in September, with Fashion (+3.0% YoY) and Watches and Jewellery (+7.4% YoY) being some of the top contributors.

The F&B index was up 1.3% YoY in September, supported by all sub-categories (restaurants, fast food outlets, other eating places) save for food caterers.

Figure 6: Retail Space Demand/Supply



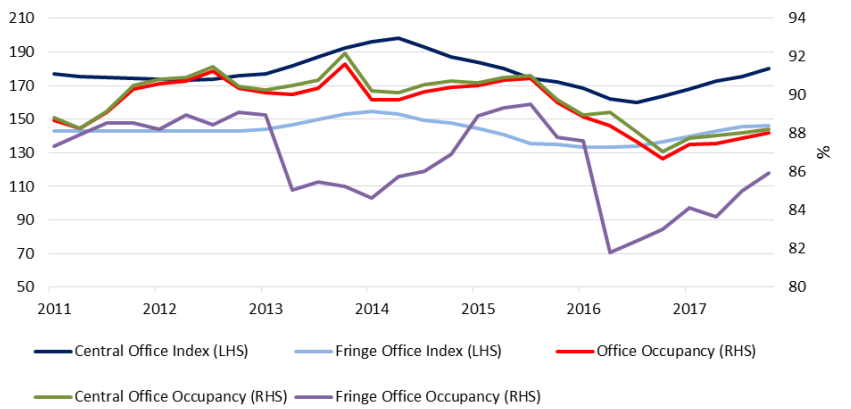
Source: CEIC, URA, PSR

Retail supply for 2018 at a 4-year high, with net annual addition of 221k sqm of retail space.

Projected supply for 2019 is still hovering at the historical annual supply level (2012-2017).

OFFICE

Figure 7: Office Space Rental Index and Occupancy



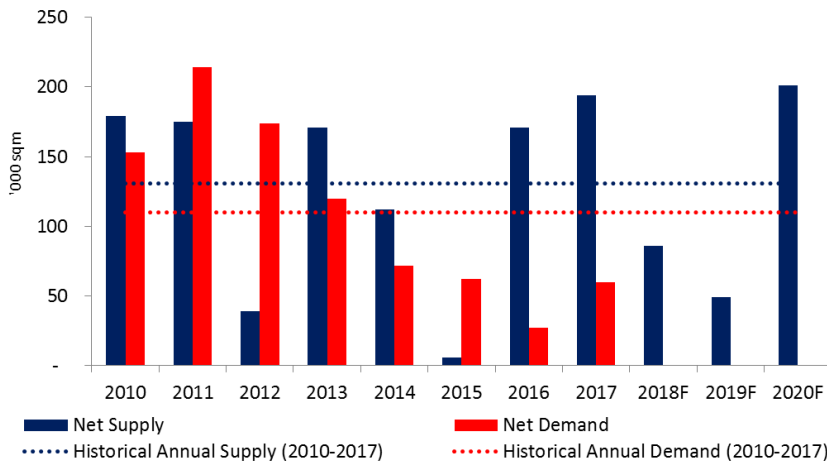
Source: CEIC, PSR

	Central Office Index (4Q1998=100)	Fringe Office Index (4Q1998=100)	Office Occupancy (%)	Central Office Occupancy (%)	Fringe Office Occupancy (%)
Sep-18	180.4	146.0	88.0	88.2	85.9
Sep-17	163.8	136.8	86.7	87.1	83.0

Office rents remain buoyant and are on an upward trajectory following its bottoming in 2017.

Rebound in office rents accompanied by uptick in occupancy – for both Central and Fringe office space.

Figure 8: Office Space Demand/Supply



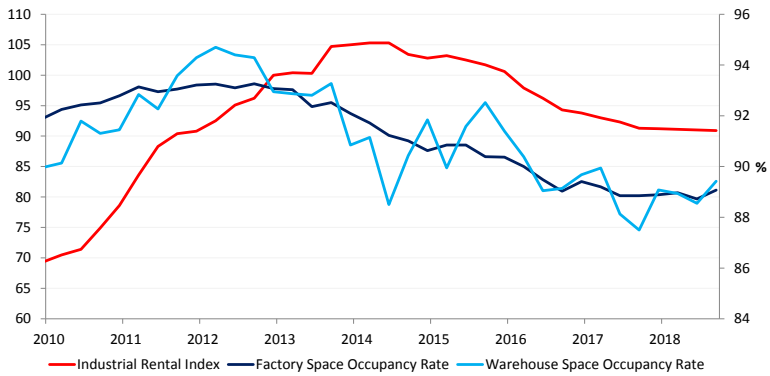
Source: CEIC, URA, PSR

Upcoming supply is currently below the 10-year historical net demand of 110k sqm.

Only upcoming Grade A office supply for the year is 18 Robinson.

INDUSTRIAL

Figure 9: Industrial Space Rental Index and Occupancy

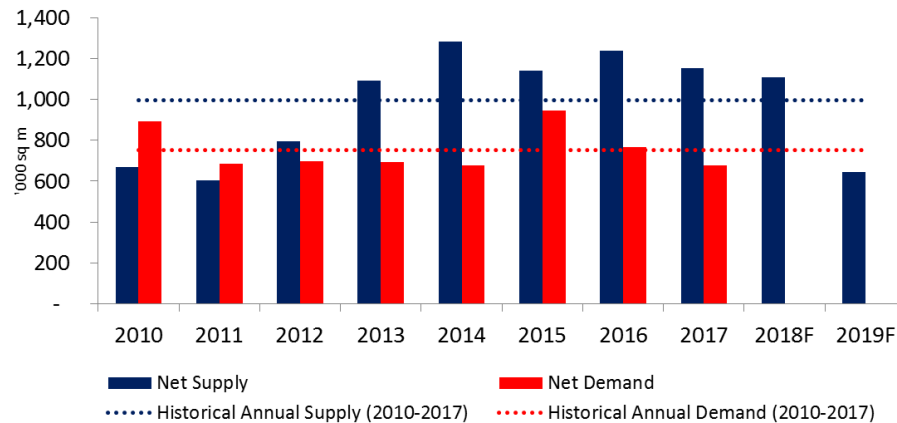


Rental Index appears to be stabilising, as it declined -0.1% QoQ to 90.9. 3QCY18 occupancy ticked up slightly YoY to 89.1% and 89.4% for factory space and warehouse space, respectively.

Source: CEIC, PSR

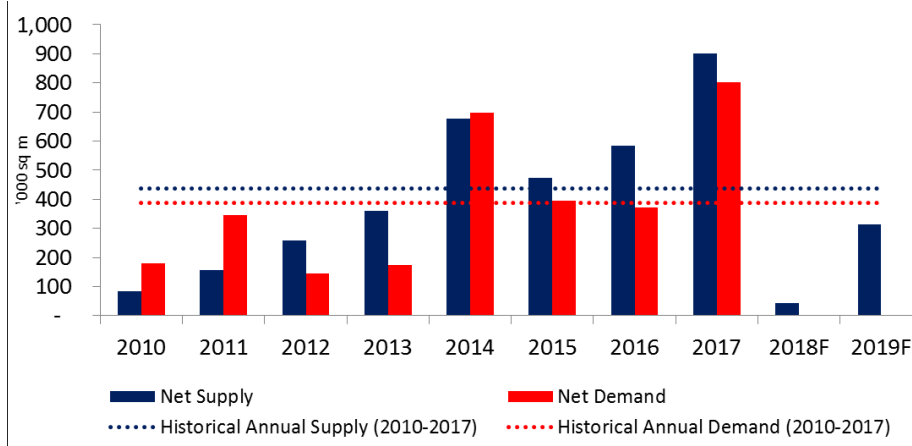
	Industrial Rental Index (4Q2012=100)	Factory Space Occupancy Rate (%)	Warehouse Space Occupancy Rate (%)
Sep-18	90.9	89.1	89.4
Sep-17	91.3	88.9	87.5

Figure 10: Factory Space Demand/Supply



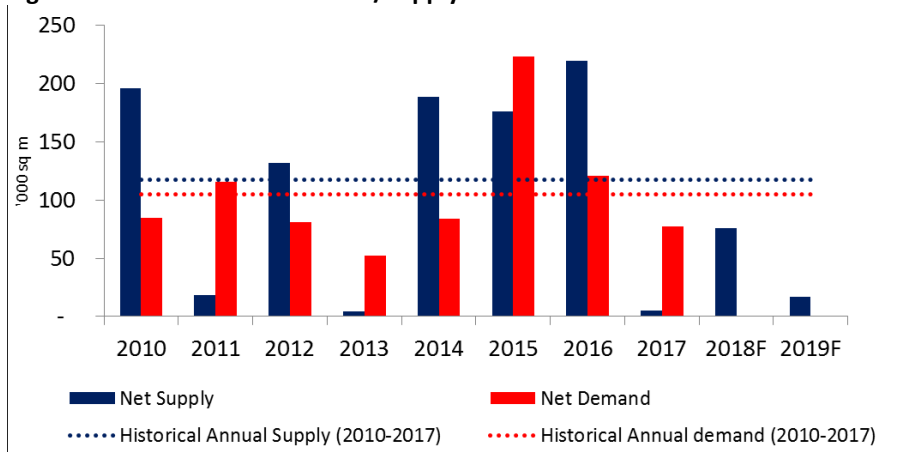
Source: CEIC, JTC, PSR

Figure 11: Warehouse Space Demand/Supply



Source: CEIC, JTC, PSR

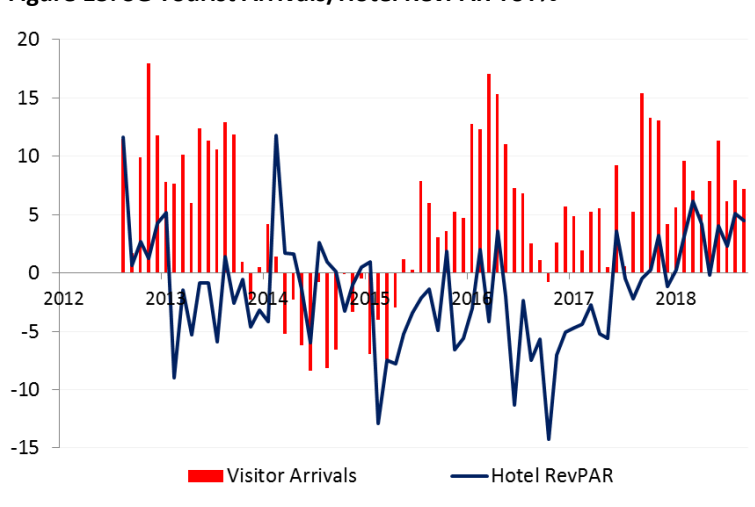
Figure 12: Business Park Demand/Supply



Source: CEIC, JTC, PSR

HOSPITALITY

Figure 13: SG Tourist Arrivals/Hotel RevPAR YoY%

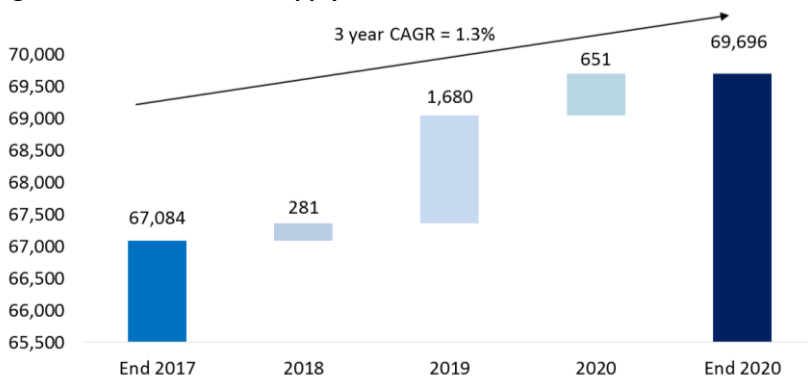


RevPAR rose 4.48% YoY, to S\$197, in September, both on higher occupancy and higher average room rates.

Source: CEIC, PSR

	Visitor Arrivals	Hotel RevPAR (S\$)	Occupancy (%)	Hotel Average Room Rate (S\$)
Sep-18	1,415,124	197	85	233
Sep-17	1,320,050	188	83	226

Figure 14: SG New Hotel Supply



Source: JLL, STB, CDLHT, PSR

Supply growth this year is moderate, with only a net addition (after deducting rooms taken out of inventory for redevelopment) of 281 rooms, with a 3-year CAGR of 1.3% compared to the previous 3-year CAGR (2014-2017) of 5.5%.

Figure 15: S-REIT Universe

*Note: Coloured columns below indicate the critical attributes of REITs that should be looked at in a rising interest rates environment. The colour coding represents the scale of the figure for each respective column, green representing better than average and red representing worse than average.

	Mkt. Cap. (\$\$mn)	Price (\$\$)	PSR RATING	PSR TARGET PRICE (\$\$)	P/NAV	Trailing yield (%)	Total Returns 1M (%)	Total Returns YTD (%)	Gearing (%)	Approximate % of debt on fixed rate	ROE (%)	All-in borrowing cost (%)	% debt expiring in 2018/current FY	% debt expiring in 2019/next FY
Healthcare														
PARKWAYLIFE REAL ESTATE	1,579	2.610			1.5	5.0	1.2	(9.3)	37.7	99.0	9.7	0.94	2.0	0.0
FIRST REAL ESTATE INVNT TRUST	923	1.170	NEUTRAL	1.30	0.9	9.1	(11.0)	(20.2)	34.2	60.7	8.8	4.00	20.4	2.0
<i>Average</i>					1.20	7.07	-4.90	-14.71	35.95	79.85	9.27	2.47		
Hospitality														
ASCOTT RESIDENCE TRUST	2,316	1.070			0.9	6.4	0.9	(6.1)	36.4	82.0	5.8	2.30	5.0	7.0
CDL HOSPITALITY TRUSTS	1,784	1.480			1.0	6.4	(1.3)	(7.3)	33.8	66.0	7.9	2.40	10.4	19.5
FAR EAST HOSPITALITY TRUST	1,142	0.610			0.7	6.6	0.1	(11.5)	40.4	54.3	1.5	2.60	14.5	9.7
OUE HOSPITALITY TRUST	1,267	0.695			0.9	7.5	1.1	(16.7)	38.7	71.0	5.6	2.40	0.0	0.0
FRASERS HOSPITALITY TRUST	1,301	0.690			0.9	6.7	5.6	(3.3)	33.6	87.8	4.5	2.60	0.0	46.0
ASCENDAS HOSPITALITY TRUST	879	0.775			0.8	7.8	0.3	(3.6)	30.8	78.3	16.0	1.90	2.6	0.0
<i>Average</i>					0.85	6.92	1.13	-8.09	35.62	73.23	6.85	2.37		
Retail														
CAPITALAND MALL TRUST	7,845	2.130	NETURAL	2.09	1.1	4.5	2.5	9.2	31.7	93.0	9.7	3.10	0.0	9.1
MAPLETREE NORTH ASIA COMM	3,506	1.110			0.8	6.9	(1.9)	(6.3)	39.0	78.0	15.2	2.48	0.0	7.0
SPH REIT	2,569	0.995			1.1	5.6	0.0	(0.4)	26.3	69.8	5.7	2.85	23.5	31.3
FRASERS CENTREPOINT TRUST	2,004	2.160	NEUTRAL	2.21	1.0	5.6	(1.0)	1.3	28.6	64.0	8.8	2.60	26.7	28.3
STARHILL GLOBAL REIT	1,483	0.680			0.7	6.8	0.2	(8.6)	35.4	92.0	5.2	3.28	0.0	9.7
CAPITALAND RETAIL CHINA TRUST	1,353	1.380	ACCUMULATE	1.66	0.8	7.5	(2.2)	(12.5)	35.9	83.0	10.0	2.67	4.0	11.5
LIPPO MALLS INDONESIA RETAIL	685	0.240			0.7	12.4	(14.1)	(43.0)	37.1	44.9	5.9	5.77	42.0	0.0
BHG REIT	329	0.655			0.9	8.2	(1.5)	(2.8)	32.7	NA	5.4	4.20	NA	NA
DASIN RETAIL TRUST ¹	476	0.855	ACCUMULATE	0.95	0.6	9.0	(0.6)	6.7	32.5	NA	NA	4.80	0.0	36.1
SASSEUR REIT	797	0.675			NA	2.3	3.7	NA	31.2	NA	NA	5.40	NA	NA
<i>Average</i>					0.84	6.88	-1.48	-6.25	33.04	74.96	8.21	3.72		
Commercial														
CAPITALAND COMMERCIAL TR	6,327	1.690	ACCUMULATE	1.90	0.9	5.0	(0.6)	(7.7)	35.3	92.0	7.3	2.60	0.0	9.2
SUNTEC REIT	4,674	1.750			0.8	5.7	(0.3)	(12.8)	38.2	70.0	4.3	2.86	0.0	11.4
KEPPEL REIT	3,851	1.130			0.8	5.0	0.9	(6.0)	39.1	76.0	3.5	2.80	0.0	20.0
MAPLETREE COMMERCIAL TR	4,708	1.630			1.1	5.6	5.3	6.3	34.8	75.2	13.8	2.93	0.0	2.0
FRASERS COMMERCIAL TRUST	1,214	1.360			0.9	7.0	(1.8)	(1.0)	28.3	81.2	10.4	3.02	0.0	2.8
OUE COMMERCIAL REIT	1,325	0.465			0.6	8.6	(2.1)	(22.6)	41.4	75.0	10.1	3.50	2.2	0.0
MANULIFE US REIT	993	0.780			0.9	7.2	(0.6)	(7.8)	37.4	100.0	7.6	3.27	0.0	16.4
KEPPEL-KBS US REIT	384	0.585			NA	6.3	(15.9)	(29.1)	33.3	75.0	NA	3.47	0.0	0.0
CROMWELL EUROPEAN REIT	870	0.550			NA	4.9	(7.2)	(3.2)	33.9	85.4	NA	1.46	0.0	8.0
IREIT GLOBAL	467	0.740			1.1	8.0	(1.3)	2.2	38.6	90.0	11.0	2.00	0.0	50.0
<i>Average</i>					0.89	6.32	-2.37	-8.18	36.03	81.98	8.49	2.79		
Industrial														
ASCENDAS REAL ESTATE INV TR	7,927	2.550	ACCUMULATE	2.78	1.2	6.2	0.3	(0.1)	33.2	84.6	7.4	3.00	13.2	11.0
MAPLETREE INDUSTRIAL TRUST	3,510	1.860	NEUTRAL	1.99	1.3	5.9	(2.6)	(3.3)	35.1	78.3	11.6	3.00	9.4	19.9
MAPLETREE LOGISTICS TRUST	4,376	1.220			1.1	6.5	(0.8)	(2.5)	38.1	80.0	12.7	2.50	0.0	9.0
KEPPEL DC REIT	1,825	1.350	ACCUMULATE	1.45	1.3	5.2	0.7	0.0	32.0	86.0	6.1	1.90	0.0	19.0
AIMS AMP CAPITAL INDUSTRIAL	891	1.300			1.0	7.9	(1.1)	2.3	33.6	87.3	8.4	3.60	0.0	16.2
CACHE LOGISTICS TRUST	730	0.680	NEUTRAL	0.75	1.0	9.0	(5.0)	(16.0)	35.6	61.7	3.4	3.72	0.0	6.1
SOILBUILD BUSINESS SPACE REIT	609	0.575			0.9	8.8	0.4	(5.4)	39.2	66.6	(4.4)	3.42	8.2	3.8
SABANA SHARIAH COMP IND REIT	421	0.400			0.7	8.5	(5.3)	6.8	38.6	72.0	(2.2)	4.10	0.0	36.0
VIVA INDUSTRIAL TRUST	881	0.905			NA	8.0	NA	NA	41.0	82.0	5.8	4.00	18.5	0.0
ESR REIT	1,553	0.490			0.7	8.0	1.0	(3.7)	30.3	91.2	0.6	3.76	30.4	22.5
EC WORLD REIT ¹	545	0.690	BUY	0.82	0.8	8.5	0.7	(2.0)	30.7	100.0	6.6	4.40	NA	NA
FRASERS LOGISTICS & INDUSTRIAL	2,107	1.050			1.1	7.1	3.5	(3.3)	34.6	82.0	11.0	2.50	20.6	20.8
<i>Average</i>					1.00	7.46	-0.75	-2.47	35.17	80.98	5.59	3.33		

Source: Bloomberg (Updated 19 November 2018), Debt data from latest available Company Results, PSR

¹ Covered by PSR on the SGX Stockfacts Scheme

Contact Information (Singapore Research Team)

Head of Research

Paul Chew – paulchewkl@phillip.com.sg

Research Admin

research@phillip.com.sg

Banking and Finance

Tin Min Ying – tinmy@phillip.com.sg

Oil & Gas | Energy

Chen Guangzhi – chengz@phillip.com.sg

Telco | Technology

Alvin Chia – alvinchiawy@phillip.com.sg

Transport | REITs (Industrial)

Richard Leow – richardleowwt@phillip.com.sg

China/HK Equity

Zheng Jieyuan – zhengjy@phillip.com.sg

REITs (Commercial, Retail, Healthcare) | Property

Tara Wong – tarawongsi@phillip.com.sg

US Equity

Edmund Xue – edmundxueji@phillip.com.sg

Contact Information (Regional Member Companies)

SINGAPORE

Phillip Securities Pte Ltd

Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

JAPAN

Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

THAILAND

Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

UNITED STATES

Phillip Capital Inc

141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

INDIA

PhillipCapital (India) Private Limited

No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

CAMBODIA

Phillip Bank Plc

Ground Floor of B-Office Centre, #61-64,
Norodom Blvd Corner Street 306, Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

MALAYSIA

Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

INDONESIA

PT Phillip Securities Indonesia

ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

FRANCE

King & Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

AUSTRALIA

Phillip Capital Limited

Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

TURKEY

PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

HONG KONG

Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd

No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

UNITED KINGDOM

King & Shaxson Capital Limited

6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

SRI LANKA

Asha Phillip Securities Limited

No. 60, 5th Lane,
Colombo 3, Sri Lanka
Tel: (94) 11 2429 100
Fax: (94) 11 2429 199
Website: www.ashaphillip.net

DUBAI

Phillip Futures DMCC

Member of the Dubai Gold and
Commodities Exchange (DGCX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and

to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.