

# Ascendas REIT

Expanding European footprint



StocksBnB.com

## SINGAPORE | REAL ESTATE (REIT) | UPDATE

23 March 2021

- S\$960mn acquisition of 11 European data centres came four months earlier than anticipated, though below our S\$1.5bn projection.
- Initial NPI yield of 6%, WALE of 4.6 years by GRI, portfolio occupancy of 97.9%. 58%/42% on triple net/colocation lease structures. 83% of leases have annual rental escalations of 1-3%.
- Acquisition deploys remaining 52.1% or S\$612.5mn from S\$1.2bn raised in November 2020, earmarked for this acquisition.
- Reiterate BUY. DDM TP (COE 6%) lowered from S\$3.73 to S\$3.64. We raise FY21e DPU by 0.3% to reflect sooner-than-expected acquisition but lower FY22-25e DPUs by 2.2-2.7% due to the smaller-than-projected portfolio size. AREIT remains our top pick in the sector for its scale and diversification.

### What's new?

#### Acquisition of 11 European data centres for S\$960mn

Four of the assets are located in the UK, three in The Netherlands, three in France and one in Switzerland (Figure 1). Portfolio WALE is 4.6 years by GRI with high occupancy of 97.9%. About 83% of the leases have built-in annual rental escalations of 1-3%. More than half of the leases have 3% rental escalations. Some 58% are on triple net leases, while the remaining 42% are colocation assets. Valuation implies a 6% NPI yield. Cap rates of 5.6-6.5% are within the market's 4-7%. The acquisition will be 63.8% funded by proceeds from its November 2020 fund-raising. Indicative cost of borrowing using longer-dated debt is about 2% p.a.

Nine or 93% of the assets are located in three of Europe's four FLAP markets: Frankfurt, London, Amsterdam and Paris. These are the four largest colocation markets in the continent. London, Amsterdam and Paris are ranked the first, third and fourth largest in Europe respectively, due to their large population centres, connectivity and infrastructure to support data-centre operations.

Demand for DC is strong, underpinned by companies embarking on digital transformation and increased cloud adoption. In 2020, take-up of 201 megawatts (MW) in colocation data centres in FLAP outstripped new supply of 174 MW. FLAP's vacancy rate improved from 21% in 2019 to 19% in 2020, while market absorption - the number of years it would take for vacant supply to be fully let - fell from 3.0 years to 2.4. The 2021 outlook for FLAP is positive, with vacancy and market absorption expected to improve to 17% and 2.3 years respectively.

To mitigate execution risks and ensure a smooth transition while the sponsor builds up a European DC team, vendor, Digital Realty, has been engaged to provide property and facility management for 12 months to 17 March 2022. Given that most of the DCs are 10-20 years old, AREIT has also engaged two independent DC specialists to advise on marketing and capex requirements. We expect AREIT to set aside capex reserves for modernising the assets, upgrading machinery and equipment and/or repositioning and converting non-DC space to data halls.

### What do we think?

**We believe the acquisition will strengthen AREIT's portfolio**, by: 1) increasing its overseas diversification from 36% to 40% (Figure 2); 2) raising AREIT's exposure to data centres from 4% to 10%; 3) increasing its proportion of freehold properties from 35.4% to 37.5%; and 4) improving its earnings visibility as a high 83% of the leases have 1-3% rental escalations. The acquisition is accretive as it is expected to lift DPUs by 1.3% on a proforma basis.

### BUY (Maintained)

LAST CLOSE PRICE	SGD 3.080
FORECAST DIV	SGD 0.162
TARGET PRICE	SGD 3.640
TOTAL RETURN	23.4%

#### COMPANY DATA

BLOOMBERG CODE:	AREIT SP
O/S SHARES (MN) :	4,021
MARKET CAP (USD mn / SGD mn) :	9693 / 12963
52 - WK HI/LO (SGD) :	3.65 / 2.22
3M Average Daily T/O (mn) :	13.52

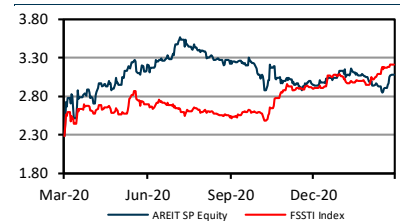
#### MAJOR SHAREHOLDERS (%)

ASCENDAS PTE LTD	18.8%
BLACKROCK	6.0%
MONDRIAN INVESTMENT PARTNERS LTD	4.4%

#### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	4.7	5.7	3.5
STI RETURN	1.8	16.0	(4.0)

#### PRICE VS. STI



Source: Bloomberg, PSR

#### KEY FINANCIALS

Y/E Dec	FY19	FY20	FY21e	FY22e
Gross Rev. (SGD mn)	699	1,049	1,200	1,247
NPI (SGD mn)	538	776	916	952
Dist. Inc. (SGD mn)	375	538	650	666
P/NAV (x)	1.43	1.39	1.39	1.40
DPU (cents)	11.49	14.69	16.15	16.50
Distribution Yield (%)	3.73	4.77	5.24	5.36

Source: Company, PSR

#### VALUATION METHOD

DDM (Cost of Equity: 6.0%; Terminal g: 1.5%)

**Natalie Ong** (+65 6212 1850)  
Research Analyst  
natalieongpf@phillip.com.sg

The acquisition was widely anticipated and will deploy the remaining 52.1% or S\$612.5mn of equity funds out of the total S\$1.2bn raised in November 2020. This portion was earmarked for its European DC acquisition. The rest of the proceeds have been used for two Class A office buildings in San Francisco and a suburban office in Sydney, Australia. These purchases were completed on 21 November 2020 and 13 January 2021 respectively.

#### Maintain BUY; DDM-based TP lowered from S\$3.73 to S\$3.64

The acquisition came four months earlier than we anticipated, though it is below our S\$1.5bn projection (NPI yield of 6%). Our TP is lowered from S\$3.73 to S\$3.64 as we raise FY21e DPU by 0.3% to reflect the sooner-than expected acquisition but lower FY22-25e DPUs by 2.2-2.7% as the portfolio is smaller than expected.

AREIT remains our top pick for the sector in view of its scale and diversification. AREIT also continues to futureproof its portfolio by increasing its exposure to growth sectors of the economy: knowledge economies, technology and e-commerce.

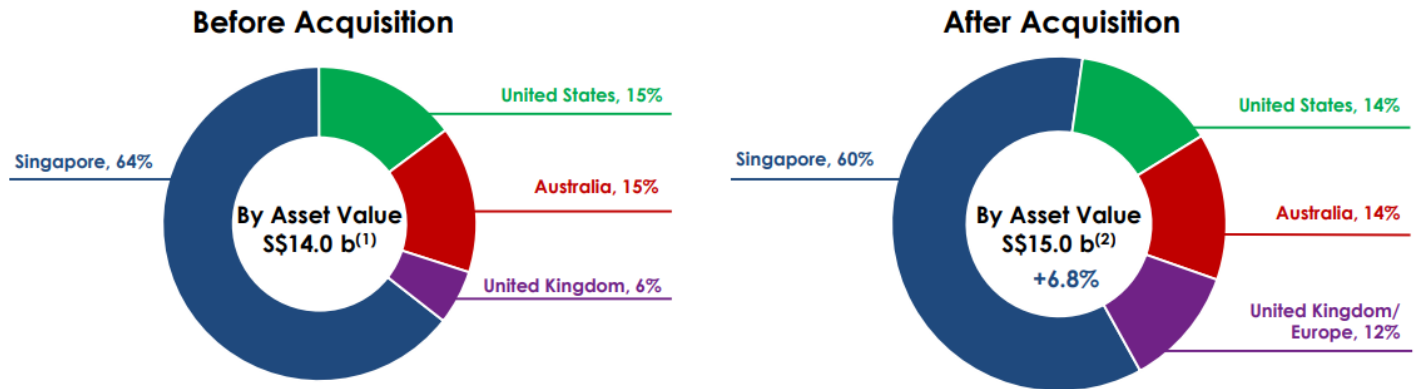
Stock catalysts are expected from acquisitions and redevelopment. We forecast DPU growth of 10.6% for FY21e as acquisitions and redevelopment/AEI start contributing.

**Figure 1: Portfolio details and valuations (excluding transaction costs)**

Asset by Geography	NLA (sqm)	Occupancy	Valuation mn	% of portfolio	Lease type	Land tenure
<b>United Kingdom</b>						
1 Welwyn Garden City (London)	10,541	100.0%	SGD 120.5	13.3%	Triple net	Freehold
2 Croydon (London)	5,133	89.5%	SGD 249.4	27.6%	Colocation	Freehold
3 Cressex Business Park (London)	1,953	62.4%	SGD 65.3	7.2%	Colocation	Freehold
4 Reynolds House (Manchester)	3,532	100.0%	SGD 25.1	2.8%	Triple net	Leasehold (104 years remaining)
	21,159		<b>SGD 460.3</b>	<b>50.9%</b>		
<b>The Netherlands</b>						
5 Paul van Vlissingenstraat (Amsterdam)	6,158	100.0%	SGD 93.1	10.3%	Triple net/colo	Perpetual leasehold (33 years remaining)
6 Gyrocoopweg (Amsterdam)	5,254	100.0%	SGD 30.0	3.3%	Triple net	Perpetual leasehold (21 years remaining)
7 Cateringweg (Schiphol)	5,683	100.0%	SGD 109.1	12.1%	Triple net	Leasehold (38 years remaining)
	17,095		<b>SGD 232.2</b>	<b>25.7%</b>		
<b>France</b>						
8 Montigny-leBretonneux (Paris)	9,714	100.0%	SGD 113.9	12.6%	Triple Net	Freehold
9 Saclay (Paris)	1,982	100.0%	SGD 16.7	1.8%	Triple Net	Freehold
10 Bièvres (Paris)	5,573	100.0%	SGD 41.7	4.6%	Triple Net	Freehold
	17,269		<b>SGD 172.3</b>	<b>19.0%</b>		
<b>Switzerland</b>						
11 Chemin de L'Epinglier	6,114	100.0%	<b>SGD 40.1</b>	<b>4.4%</b>	Triple Net	Leasehold (53 years remaining)
<b>Portfolio Total</b>	<b>61,637</b>	<b>97.9%</b>	<b>SGD 905.0</b>	<b>100.0%</b>		

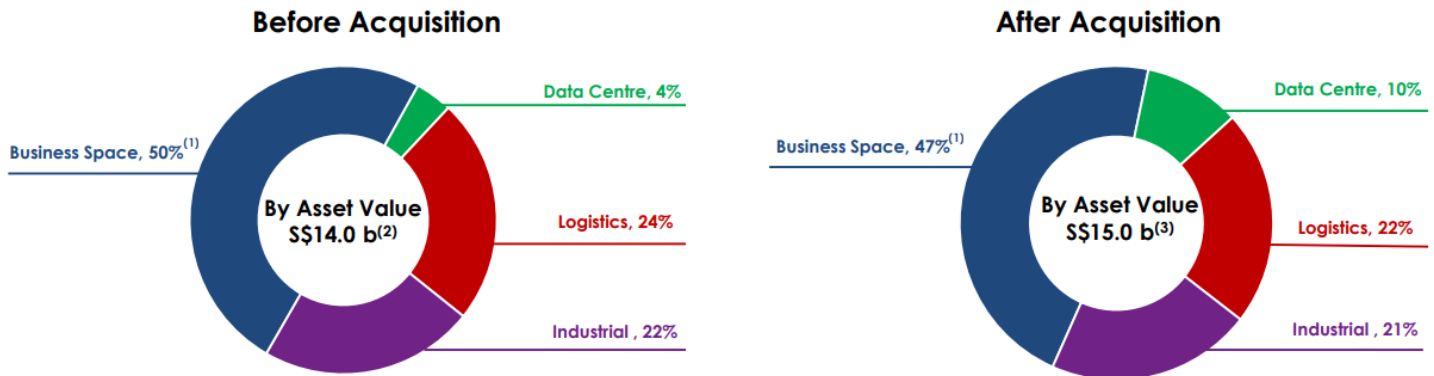
Source: AREIT, PSR

Figure 2: Portfolio is more geographically diversified after acquisition, while still Singapore-centric



Source: AREIT

Figure 3: High exposure to asset classes in growth sectors of the economy: knowledge economies, technology and e-commerce



Source: AREIT

## Financials

### Statement of Total Return and Distribution Statement

Y/E Dec, SGD mn	FY18	FY19	FY20	FY21e	FY22e
<b>Gross revenue</b>	<b>886</b>	<b>699</b>	<b>1,049</b>	<b>1,200</b>	<b>1,247</b>
Property expenses	(237)	(161)	(273)	(283)	(295)
<b>Net property income</b>	<b>650</b>	<b>538</b>	<b>776</b>	<b>916</b>	<b>952</b>
Net Finance (Expense)/Inc.	(116)	(113)	(159)	(151)	(163)
Manager's fees	(54)	(43)	(67)	(62)	(76)
Other items	(14)	(12)	6	(11)	(12)
<b>Net income</b>	<b>465</b>	<b>369</b>	<b>556</b>	<b>692</b>	<b>701</b>
FV change, derivatives & ppts	52	44	(71)	(5)	(5)
Share of JV's results	0.49	0.41	9.59	10.36	10.41
<b>Total Return Before Tax</b>	<b>517</b>	<b>409</b>	<b>494</b>	<b>697</b>	<b>707</b>
Taxation	(14)	(21)	(37)	(44)	(45)
<b>Total Return After Tax</b>	<b>503</b>	<b>388</b>	<b>457</b>	<b>653</b>	<b>662</b>
Distribution adjustments	(17)	(12)	81	(2)	4
<b>Income available for distribution</b>	<b>486</b>	<b>375</b>	<b>538</b>	<b>650</b>	<b>666</b>

### Per unit data

Y/E Dec	FY18	FY19	FY20	FY21e	FY22e
NAV (cents)	213.0	216.0	221.0	221.0	220.5
DPU (cents)	16.04	11.49	14.69	16.15	16.50

### Cash Flow

Y/E Dec, SGD mn	FY18	FY19	FY20	FY21e	FY22e
<b>CFO</b>					
<b>Total Return Before Tax</b>	<b>517</b>	<b>409</b>	<b>494</b>	<b>697</b>	<b>707</b>
Adjustments	81	87	221	160	173
WC changes	20	97	20	(79)	6
<b>Cash generated from ops</b>	<b>618</b>	<b>593</b>	<b>736</b>	<b>779</b>	<b>886</b>
Others	(6)	(4)	(6)	(8)	(8)
<b>Cashflow from ops</b>	<b>612</b>	<b>589</b>	<b>729</b>	<b>771</b>	<b>878</b>

### CFI

Purchase of Inv. propty., net	(842)	(1,587)	(644)	(1,029)	-
Capex, net	(186)	(138)	(246)	(190)	(160)
Others	1	0	9	23	26
<b>Cashflow from investments</b>	<b>(1,028)</b>	<b>(1,725)</b>	<b>(880)</b>	<b>(1,196)</b>	<b>(134)</b>

### CFF

Share issuance, net	452	1,310	1,196	-	-
Loans, net of repayments	610	539	84	1,081	119
Distributions to unitholders	(477)	(516)	(613)	(650)	(666)
Interest expense and perpetual payme	(140)	(122)	(157)	(147)	(163)
Others	-	-	-	(32)	(31)
<b>Cashflow from financing</b>	<b>444</b>	<b>1,210</b>	<b>510</b>	<b>283</b>	<b>(710)</b>
<b>Net change in cash</b>	<b>29</b>	<b>75</b>	<b>359</b>	<b>(141)</b>	<b>33</b>
Effects of exchange rate	(1.2)	(0.6)	0.8	-	-
<b>Ending cash</b>	<b>5</b>	<b>55</b>	<b>277</b>	<b>104</b>	<b>107</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

\*FY19 comprises 3 quarters of results due to change in financial year from 31 March to 31 December

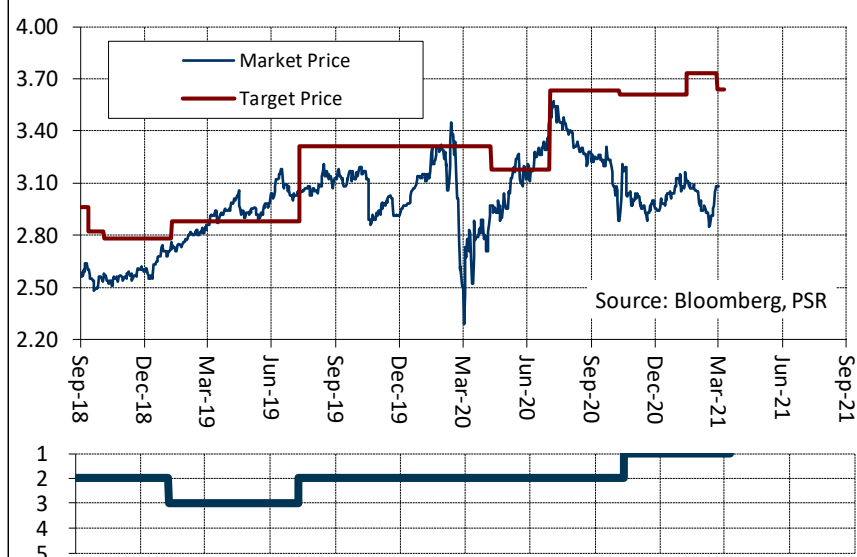
### Balance Sheet

Y/E Dec, SGD mn	FY18	FY19	FY20	FY21e	FY22e
<b>ASSETS</b>					
Investment properties	11,144	12,743	13,708	15,028	15,308
Inv. Propty. Under Devmnt.	92	182	260	159	39
Others	82	687	803	777	752
<b>Total non-current assets</b>	<b>11,318</b>	<b>13,613</b>	<b>14,770</b>	<b>15,963</b>	<b>16,099</b>
Trade receivables	40	36	67	62	65
Cash	52	96	278	105	108
Others	4	119	8	8	8
<b>Total current assets</b>	<b>96</b>	<b>251</b>	<b>353</b>	<b>175</b>	<b>180</b>
<b>Total Assets</b>	<b>11,414</b>	<b>13,864</b>	<b>15,123</b>	<b>16,138</b>	<b>16,279</b>
<b>LIABILITIES</b>					
Borrowings	612	577	421	718	930
Trade payables	158	256	298	214	223
Others	55	146	125	125	125
<b>Total current liabilities</b>	<b>825</b>	<b>979</b>	<b>843</b>	<b>1,057</b>	<b>1,277</b>
Borrowings	3,486	4,035	4,261	5,045	4,952
Others	157	739	828	838	850
<b>Total non-current liabilities</b>	<b>3,643</b>	<b>4,774</b>	<b>5,090</b>	<b>5,883</b>	<b>5,802</b>
<b>Total Liabilities</b>	<b>4,468</b>	<b>5,753</b>	<b>5,933</b>	<b>6,940</b>	<b>7,079</b>
<b>Net assets</b>	<b>6,946</b>	<b>8,111</b>	<b>9,191</b>	<b>9,198</b>	<b>9,200</b>
<b>Represented by:</b>					
Unitholders' funds	6,642	7,810	8,892	8,899	8,901
Perp. securities holders	304	301	299	299	299
Non-controlling interests	-	-	-	-	-

### Valuation Ratios

Y/E Dec	FY18	FY19	FY20	FY21e	FY22e
P/NAV (x)	1.45	1.43	1.39	1.39	1.40
Distribution Yield (%)	5.2	3.7	4.8	5.2	5.4
NPI yield (%)	6.1	4.5	5.8	6.3	6.2
<b>Growth &amp; Margins (%)</b>					
<b>Growth</b>					
Revenue	2.8%	-21.1%	50.1%	14.3%	3.9%
Net property income (NPI)	3.2%	-17.2%	44.4%	18.0%	3.9%
Distributable income	3.8%	-22.7%	43.4%	20.8%	2.4%
DPU	1.6%	-28.3%	27.8%	10.0%	2.2%
<b>Margins</b>					
NPI margin	73.3%	76.9%	74.0%	76.4%	76.4%
<b>Key Ratios</b>					
Gearing (%)	35.9%	33.3%	31.0%	35.7%	36.1%
Interest Coverage Ratio	4.7x	3.9x	4.3x	5.0x	4.7x
Adjusted ICR	4.2x	3.5x	3.9x	4.7x	4.5x
<b>Net Debt or (Net Cash)</b>	<b>4,045</b>	<b>4,516</b>	<b>4,404</b>	<b>5,658</b>	<b>5,774</b>

## Ratings History



## PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

## Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Contact Information (Singapore Research Team)		
<b>Head of Research</b> Paul Chew – <a href="mailto:paulchewkl@phillip.com.sg">paulchewkl@phillip.com.sg</a>		<b>Research Admin</b> Siti Nursyazwina – <a href="mailto:syazwina@phillip.com.sg">syazwina@phillip.com.sg</a>
<b>Consumer   Industrial</b> Terence Chua – <a href="mailto:terencechuatl@phillip.com.sg">terencechuatl@phillip.com.sg</a>	<b>Property   REITs</b> Natalie Ong – <a href="mailto:natalieongpf@phillip.com.sg">natalieongpf@phillip.com.sg</a>	<b>Banking &amp; Finance   Healthcare</b> Tay Wee Kuang – <a href="mailto:taywk@phillip.com.sg">taywk@phillip.com.sg</a>
<b>Small-Mid Cap</b> Tan Jie Hui – <a href="mailto:tanjh@phillip.com.sg">tanjh@phillip.com.sg</a>	<b>Small-Mid Cap</b> Vivian Ye Qianwei – <a href="mailto:yeqgw@phillip.com.sg">yeqgw@phillip.com.sg</a>	<b>Credit Analyst (Bonds)</b> Timothy Ang – <a href="mailto:timothyang@phillip.com.sg">timothyang@phillip.com.sg</a>
<b>US Equity</b> Yeap Jun Rong – <a href="mailto:yeapjr@phillip.com.sg">yeapjr@phillip.com.sg</a>	<b>Technical Analyst</b> Chua Wei Ren – <a href="mailto:chuawr@phillip.com.sg">chuawr@phillip.com.sg</a>	

**Contact Information (Regional Member Companies)**

<b>SINGAPORE</b> <b>Phillip Securities Pte Ltd</b> Raffles City Tower 250, North Bridge Road #06-00 Singapore 179101 Tel +65 6533 6001 Fax +65 6535 6631 Website: <a href="http://www.poems.com.sg">www.poems.com.sg</a>	<b>MALAYSIA</b> <b>Phillip Capital Management Sdn Bhd</b> 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: <a href="http://www.poems.com.my">www.poems.com.my</a>	<b>HONG KONG</b> <b>Phillip Securities (HK) Ltd</b> 11/F United Centre 95 Queensway Hong Kong Tel +852 2277 6600 Fax +852 2868 5307 Websites: <a href="http://www.phillip.com.hk">www.phillip.com.hk</a>
<b>JAPAN</b> <b>Phillip Securities Japan, Ltd.</b> 4-2 Nihonbashi Kabuto-cho Chuo-ku, Tokyo 103-0026 Tel +81-3 3666 2101 Fax +81-3 3666 6090 Website: <a href="http://www.phillip.co.jp">www.phillip.co.jp</a>	<b>INDONESIA</b> <b>PT Phillip Securities Indonesia</b> ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A Jakarta 10220 – Indonesia Tel +62-21 5790 0800 Fax +62-21 5790 0809 Website: <a href="http://www.phillip.co.id">www.phillip.co.id</a>	<b>CHINA</b> <b>Phillip Financial Advisory (Shanghai) Co Ltd</b> No 550 Yan An East Road, Ocean Tower Unit 2318, Postal code 200001 Tel +86-21 5169 9200 Fax +86-21 6351 2940 Website: <a href="http://www.phillip.com.cn">www.phillip.com.cn</a>
<b>THAILAND</b> <b>Phillip Securities (Thailand) Public Co. Ltd</b> 15th Floor, Vorawat Building, 849 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand Tel +66-2 6351700 / 22680999 Fax +66-2 22680921 Website <a href="http://www.phillip.co.th">www.phillip.co.th</a>	<b>FRANCE</b> <b>King &amp; Shaxson Capital Limited</b> 3rd Floor, 35 Rue de la Bienfaisance 75008 Paris France Tel +33-1 45633100 Fax +33-1 45636017 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a>	<b>UNITED KINGDOM</b> <b>King &amp; Shaxson Capital Limited</b> 6th Floor, Candlewick House, 120 Cannon Street, London, EC4N 6AS Tel +44-20 7426 5950 Fax +44-20 7626 1757 Website: <a href="http://www.kingandshaxson.com">www.kingandshaxson.com</a>
<b>UNITED STATES</b> <b>Phillip Capital Inc</b> 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: <a href="http://www.phillipusa.com">www.phillipusa.com</a>	<b>AUSTRALIA</b> <b>Phillip Capital Limited</b> Level 10, 330 Collins Street Melbourne, Victoria 3000, Australia Tel +61-03 8633 9803 Fax +61-03 8633 9899 Website: <a href="http://www.phillipcapital.com.au">www.phillipcapital.com.au</a>	<b>CAMBODIA</b> <b>Phillip Bank Plc</b> 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: <a href="http://www.phillipbank.com.kh">www.phillipbank.com.kh</a>
<b>INDIA</b> <b>PhillipCapital (India) Private Limited</b> 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: <a href="http://www.phillipcapital.in">www.phillipcapital.in</a>	<b>TURKEY</b> <b>PhillipCapital Menkul Degerler</b> 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: <a href="http://www.phillipcapital.com.tr">www.phillipcapital.com.tr</a>	<b>DUBAI</b> <b>Phillip Futures DMCC</b> 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 to 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
- (ii) 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.