

Singapore REITs Monthly

Monthly Tracker: August 2019

SINGAPORE | REAL ESTATE (REIT) | UPDATE

- FTSE S-REIT Index gained +0.4% MTD and +21.7% YTD. Strongest gains were from the healthcare sub-sector (+3.9%) and weakest showing at the hospitality sub-sector (-2.3%).
- Performance in August: Best performer – Keppel-KBS US REIT (+5.7%), Worst performer – Eagle Hospitality Trust (-10.3%).
- Sector yield spread of 288bps over the benchmark 10-year SGS (10YSGS) yield was at the -1.3 standard deviation (SD) level.
- 3m SOR was flat at 1.75% at 16 August 2019 versus 1.76% at end-July.
- Remain NEUTRAL on S-REITs sector. Sub-sector preferences: Office and Hospitality.

SECTOR SNAPSHOT

S-REIT yield spread briefly crossed above the -1SD level before settling at 288bps (-1.3SD). The 10YRSGS yield fell 14bps MoM, to end at 1.80% while the FTSE S-REIT Index ended at 905.8pts after reaching the YTD-high of 941.7pts in early July.

3-month SOR was 1.75% as at 16 August 2019 from 1.76% at end-July.

Australia-listed **Lendlease** is planning to list a retail REIT. This will be the fourth REIT listing in Singapore this year. Lendlease is a developer-owner-operator of residential, commercial and retail assets.

The proposed merger of **OUE Commercial Trust (OUECT)** and **OUE Hospitality Trust (OUEHT)** was approved by shareholders at the respective EGMs held on 14 August 2019. 95.7% of OUECT shareholders 98.4% of OUEHT shareholders voted in favour of the merger. The expected delisting date of OUEHT units is slated for 30 September 2019.

Development plans for the **Greater Southern Waterfront (GSW)** will comprise 30km of coast line (20,000ha of land) and include 9,000 housing units (public and private). GSW plans include the development of office and recreational space. REITs that have assets in the vicinity include MapleTree Commercial Trust (VivoCity, MapleTree Business City I and PSA Building), Frasers Commercial Trust (Alexandra Point and Alexandra Technopark).

Outlook/Results update for the quarter ended 30 June 2019

Retail:

The retail sales index (RSI) was slightly negative, falling 0.8% YoY in June 2019 (Figure 4). The weaker retail sector outlook produced mixed results for the REITs under our coverage, with tenant sales falling 0.7% YoY for 1H19 for CMT (Neutral), while FCT (Accumulate) recorded a 2.9% growth YoY for the two months ended May 2019. Both REITs managed to achieve positive rental reversions of 1.8% (CMT) and 3.1% (FCT).

The retail rental index fell 1.5% QoQ as the rental growth in fringe assets were wiped out by falling central rents (Figure 5). We see a clear outperformance of fringe retail assets over their central counterparts, with median prices and rental showing growth for fringe assets while falling for central assets. We also note the narrowing of fringe and central prices and rents.

Office:

Office rents and occupancy continued to maintain their upward trajectory, with the rental index up 2.3pts QoQ in 2Q19 and occupancy increasing by 36bps QoQ to 88.5% in 2Q19. Central office median rents still healthy, registering a 3% rise YoY to S\$102psm/mth, while fringe office median rents grew a modest 4.5% YoY to S\$46psm/mth.

Average annual supply of office space coming onto the market from 2019 to 2023 (0.8mnsqft) is 27% less than the 10-year average supply of 1.1mn sqft and should help to support rents and deliver



StocksBnB.com

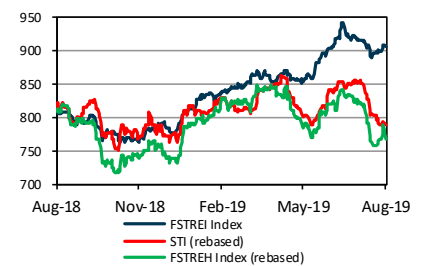
26 August 2019

NEUTRAL (Maintained)

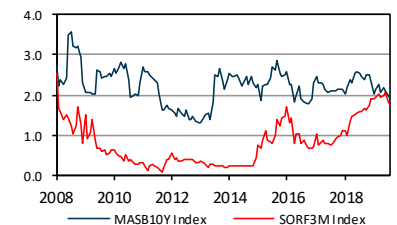
INDEX RETURN (%)

	1MTH	3MTH	YTD	1YR
FSTREI RETURN	0.4	7.3	21.7	18.6
FSTREH RETURN	(5.0)	(1.6)	8.0	(1.5)
STI RETURN	(5.6)	(0.4)	5.5	1.6

FSTREI VS. STI



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



Source: Bloomberg, PSR

Natalie Ong (+65 6212 1849)
Research Analyst
 natalieongpf@phillip.com.sg

positive rental reversions. The outlook is positive for CCT (Neutral), with passing rents for 2019 and 2020 on the downtrend, below the current average market rent.

Office transactions have still been buoyant with the property price index at a 22-year high (Figure 11), up 1.3pts QoQ in 2Q19, upheld largely by central office prices.

Industrial:

The industrial subsector recorded the highest growth in revenue, NPI and DPU. However, earnings growth was mainly acquisition driven.

Industrial rents and occupancy remained flat YoY in 2Q19. New supply of industrial space coming on to the market in FY19/20 represents 1.6%/3.6% of existing supply and is already 90%/39% pre-committed. This should provide industrial rents support amidst the softer economic outlook.

While the manufacturing outlook appears grim, we believe AREIT (Accumulate), with <10% of lease expiring in FY19 and its diversified tenant base of 1,350 tenants is largely protected.

Hospitality:

RevPAR across the Singapore hotels portfolio were slightly weaker in 2Q19, on lower average room rates and occupancy, due to the absence of the biennial events such as the Food & Hotel Asia. The global economic uncertainty has resulted in the tightening of corporate budgets, partially mitigated by the uptick in leisure travel which helped to make up for the weaker corporate demand. The increasing popularity of serviced residences (SRs) among leisure travellers, allows SRs to yield up on comparatively higher average room rates (ARRs) for shorter stays.

We note that hospitality REITs with overseas assets performed better. Pure-play Singapore hospitality REITs reported lower distributable income and DPU for 2Q19 and 1H19. The better performance is attributed to the diversification across geographies, where better performance due to event driven factors in certain geographies help to offset the strong competition in other markets.

REITs and trusts with assets in the UK enjoyed better performance (ART (Accumulate), CDLHT), supported by the sporting events and the weaker GBP. However, the more pronounced competition in China and Australia had made for a more challenging quarter for REITs with exposure to these geographies. Japan faces strong hospitality supply coming online, partially mitigated by a strong events calendar (Rugby World Cup in 2019 and the 2020 Olympics). This produced mixed results among REITs with assets in Japan, with ART, FHT and AHT (mainly acquisition driven) performing better than CDLHT.

The two newly listed US hospitality trusts, ARA US Trust and Eagle Hospitality Trust, reported results that beat their forecasted DPU by 3.2% and 1.2%. Forecast outperformance was due to better operational performance due to higher occupancy and improvement in RevPAR.

INVESTMENT ACTIONS

Remain NEUTRAL on the S-REITs sector

While the S-REIT yield spread is currently below the -1SD level since the global financial crisis, strong rental growth should offset any adverse effects from rising interest rates.

We maintain NEUTRAL on the S-REITs sector, with selective sub-sector preferences.

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

Figure 1: S-REITs under our coverage

	PSR RATING	PSR TARGET PRICE (S\$)
ASCOTT RESIDENCE TRUST	ACCUMULATE	1.36
CAPITALAND MALL TRUST	NETURAL	2.68
FRASERS CENTREPOINT TRUST	ACCUMULATE	2.77
CAPITALAND RETAIL CHINA TRUST	ACCUMULATE	1.66
DASIN RETAIL TRUST ¹	ACCUMULATE	0.94
CAPITALAND COMMERCIAL TR	NEUTRAL	2.18
ASCENDAS REAL ESTATE INV TR	ACCUMULATE	3.31
MAPLETREE INDUSTRIAL TRUST	NEUTRAL	2.03
KEPPEL DC REIT	NEUTRAL	1.71
CACHE LOGISTICS TRUST	NEUTRAL	0.75
EC WORLD REIT ¹	BUY	0.87

¹Covered by PSR on the SGX Stockfacts Scheme

Source: PSR

¹ Covered by PSR under the 'SGX Stockfacts' scheme

MACROECONOMIC ENVIRONMENT

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

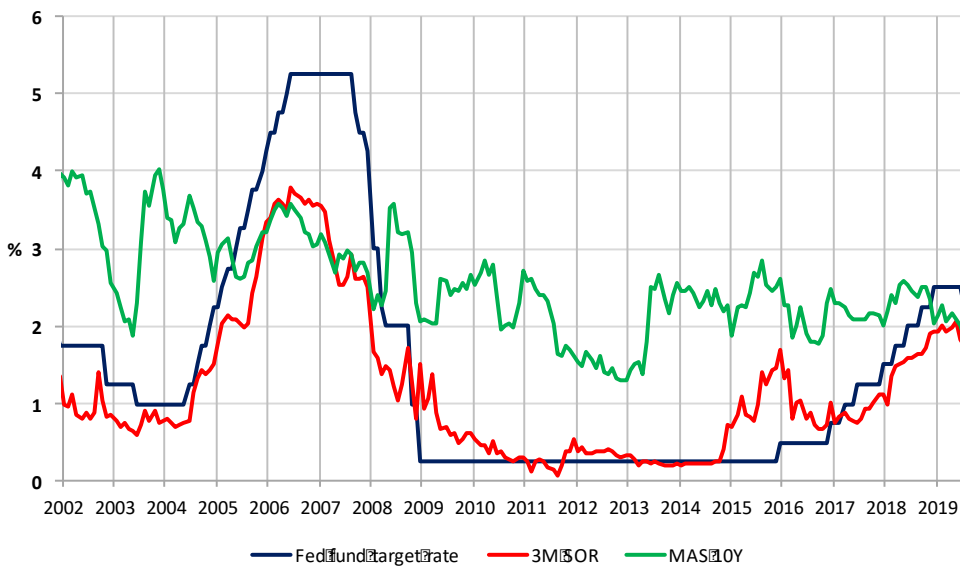


The S-REIT yield spread as at 23 August was 263bps, 1.3SD below the cumulative average yield spread.

The FTSE REIT Index, at 905.8pts, was at the 2.2SD level (not shown).

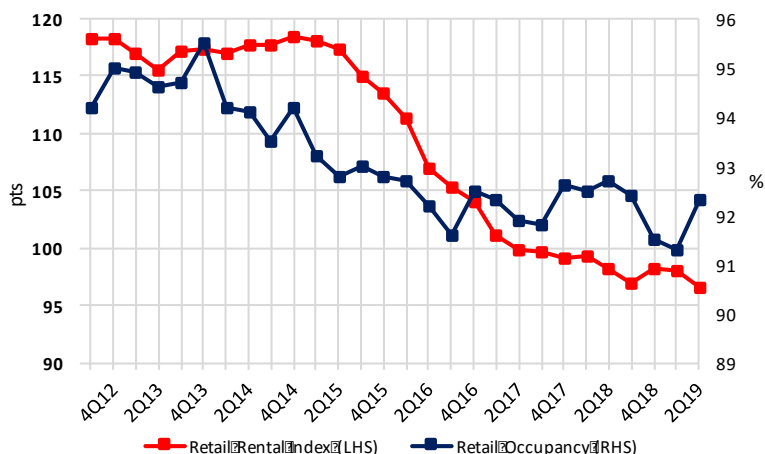
Source: Bloomberg, PSR

Figure 3: Fed Fund Rates vs SG rates



July saw the first fed rate cut since 2008. Following the 25bps fed rate cut, the target fed rate was 2.25% at end-July, while the 3M SOR and 10YSGS fell 7bps and 14bps to 1.76% and 1.86% respectively.

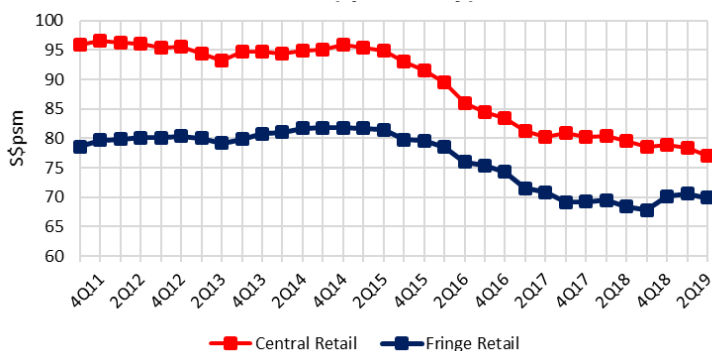
Source: Bloomberg, PSR

RETAIL
Figure 4: Retail - Rental Index and Occupancy (quarterly)


Source: CEIC, PSR

	Retail Rental Index (4Q1998=100)	Retail Occupancy (%)
2Q19	96.5	92.3
2Q18	98.2	92.7

The rental index fell 1.5% QoQ, from 98.0pts to 96.5pts in 2Q19. Retail occupancy fell 100bps QoQ to 92.3%.

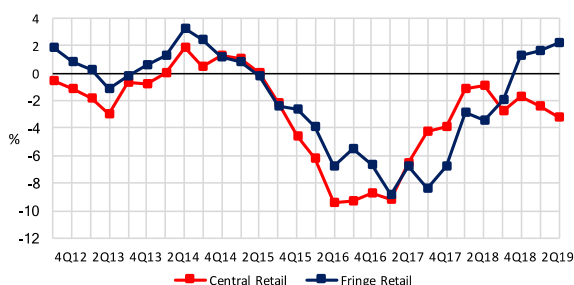
Figure 5: Retail – Median Rental per Month – Central vs Fringe (quarterly)


Source: CEIC, PSR

	Central Retail (S\$psm/mth)	Fringe Retail (S\$psm/mth)
2Q19	77.0	69.9
2Q18	79.6	68.4

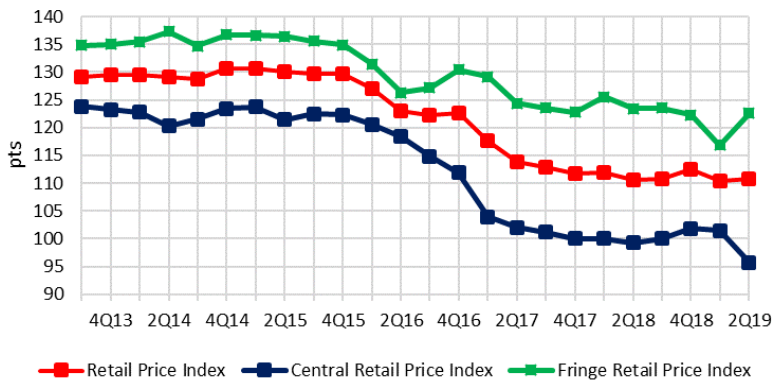
Fringe retail median rents are playing catch-up to central retail median rents, with the gap between the fringe and central median rents narrowing from S\$7.90psm/mth in 1Q19 to S\$7.10psm/mth in 2Q19. This compares to the S\$11.20psm/mth disparity between fringe and central median rents a year ago.

Fringe retail assets seem to be outperforming their central counterparts, registering YoY growth in rents in the past three consecutive quarters while central rents recorded continue their downward trend.

Figure 6: Retail – Median Rental per Month (YoY%) (Quarterly)


Source: CEIC, PSR

Figure 7: Retail – Property Price Index (quarterly)

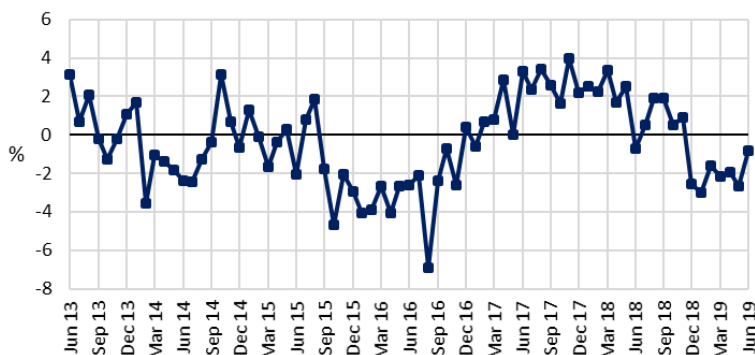


Source: CEIC, PSR

	Retail Price Index (4Q1998=100)	Central Retail Price Index (4Q1998=100)	Fringe Retail Price Index (4Q1998=100)
2Q19	110.8	95.7	122.6
2Q18	110.5	99.3	123.4

Once again, we note the clear divergence between the fringe and central retail assets. Compared to a year ago, fringe property prices remained flat while central prices was 3.6% lower.

Figure 8: SG Retail Sales YoY% (excl. Motor Vehicle Sales) (monthly)

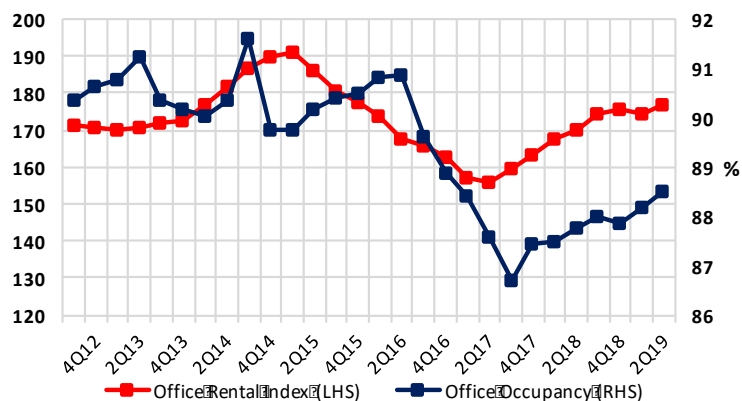


Source: CEIC, PSR

	RSI (excl. motor vehicles)	RSI (Dept stores)	RSI (Supermarkets)	RSI (Fashion)	F&B Index
Jun-19	-0.8	-0.1	0.9	4.2	4.5
Jun-18	-2.7	-4.9	-1.4	1.0	3.1

Retail sales (excluding motor vehicle sales) declined 0.8% YoY in June. The RSI (excl. MV) growth has been in the red since the December 2018. June's figures were dragged down the Furniture & Household Equipment (-9.7%) and Computer & Telcom Equipment (-7.4%).

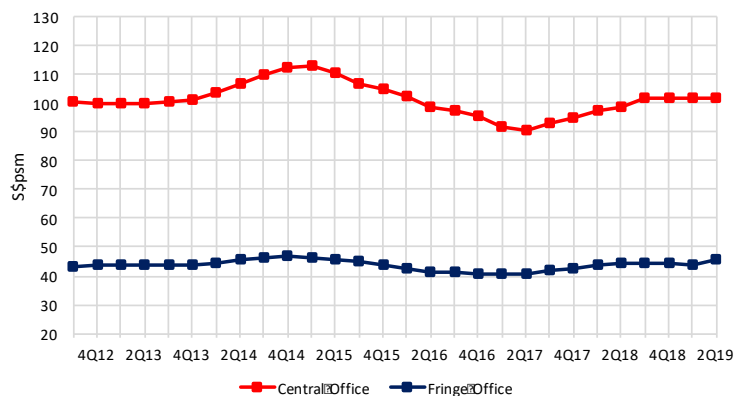
The F&B index was up 4.5 YoY in June. All segments recorded growth, with better performance coming from Fast Food Outlets (+5.9%) and Restaurants (+5.0%).

OFFICE
Figure 9: Office – Rental Index and Occupancy (quarterly)


Office rents holding steady after the run-up in 2017. Current rents are 6.5pts higher than a year ago while occupancy grew by 0.7ppts.

Source: CEIC, PSR

	Office Rental Index (4Q1998=100)	Office Occupancy (%)
2Q19	176.8	88.5
2Q18	170.3	87.8

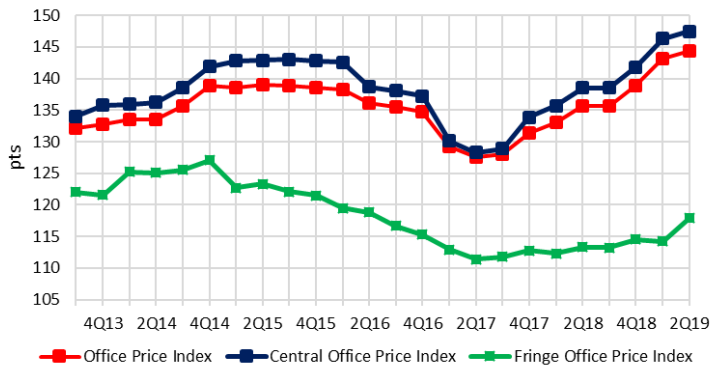
Figure 10: Office – Median Rental per Month (quarterly)


Central office median rents still healthy, registering a 3% rise YoY to S\$102psm/mth, while fringe office median rents grew a modest 4.5% YoY to S\$46psm/mth.

Source: CEIC, PSR

	Central Office (S\$psm/mth)	Fringe Office (S\$psm/mth)
2Q19	102	46
2Q18	99	44

Figure 11: Office – Property Price Index (quarterly)



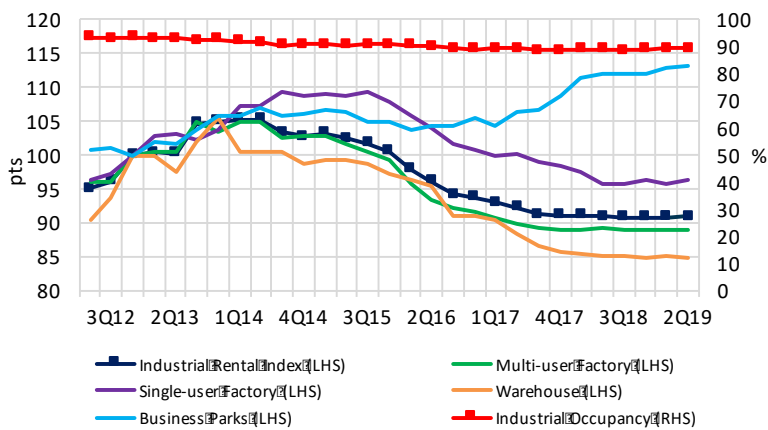
The buoyant office property price index has largely been supported by central office prices. 2Q19 index ended at 144.4pts, a 22-year high, 8.8pts and 1.3pts higher YoY and QoQ.

Source: CEIC, PSR

	Office Price Index (4Q1998=100)	Central Office Price Index (4Q1998=100)	Fringe Office Price Index (4Q1998=100)
2Q19	144.4	147.5	117.9
2Q18	135.6	138.5	113.3

INDUSTRIAL

Figure 12: Industrial - Rental Index and Occupancy(quarterly)



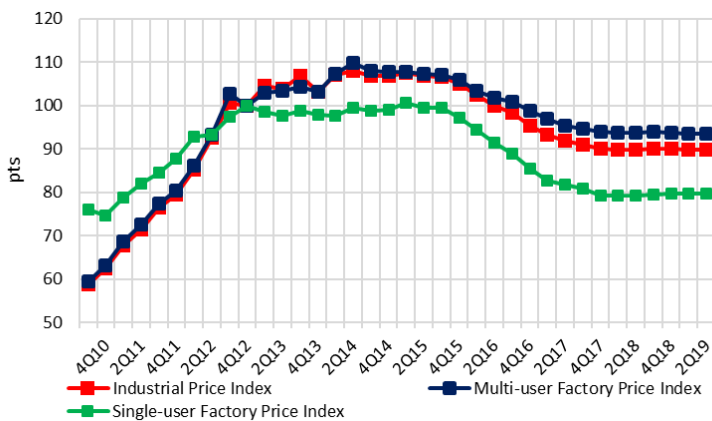
Source: CEIC, PSR

	Industrial Rental Index (4Q2012=100)	Industrial Occupancy (%)
2Q19	91.0	89.3
2Q18	91.0	89.0

Industrial rents and occupancy remained flat YoY in 2Q19.

New supply of industrial space coming on to the market in FY19/20 represents 1.6%/3.6% of existing supply and is already 90%/39% pre-committed. This should provide industrial rents support amidst the softer economic outlook.

Figure 13: Industrial – Property Price Index (quarterly)



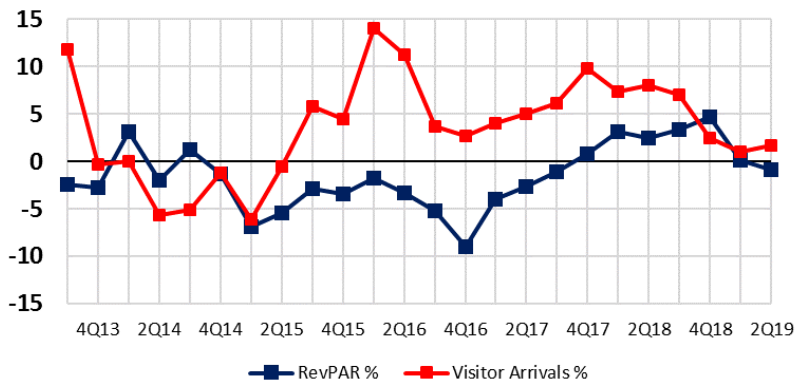
Source: CEIC, PSR

	Industrial Price Index (4Q2012=100)	Multi-user Factory Price Index (4Q2012=100)	Single-user Factory Price Index (4Q2012=100)
2Q19	89.8	93.4	79.7
2Q18	89.9	93.8	79.3

Similarly, industrial prices have been flat across the board in 2Q19.

HOSPITALITY

Figure 14: SG Tourist Arrivals/Hotel RevPAR YoY% (quarterly)



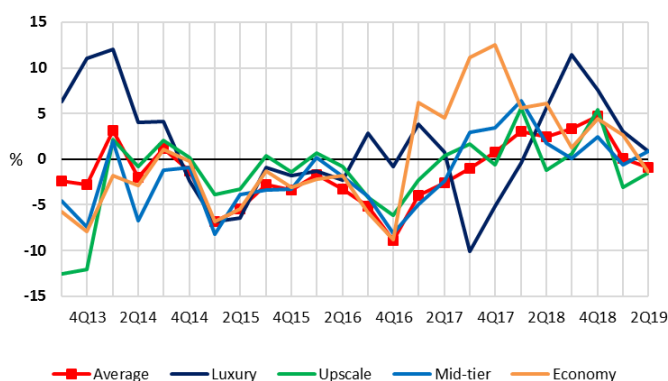
Average RevPAR declined 0.9% YoY, to S\$179, in June, on both on lower occupancy and average room rates.

Visitor arrivals recorded a 1.7% growth YoY in June.

Source: CEIC, PSR

	Visitor Arrivals	Hotel RevPAR (S\$)	Hotel Occupancy	Hotel Average
2Q19	1,545,105	179	84.1	212
2Q18	1,519,867	180	84.5	213
YoY%	1.66%	-0.88%		-0.42%

Figure 15: Hotel RevPAR YoY% by segments (quarterly)



Average RevPAR* fell by 0.9% YoY in 2Q19, with RevPAR growth in the Luxury and Mid-tier segments being offset by the Upscale and Economy segments.

*Revenue per available room (RevPAR) is a function of the average room rate and occupancy.

Source: CEIC, PSR

S\$ per room/night	Average	Luxury	Upscale	Mid-tier	Economy
2Q19	179	373	210	143	87
2Q18	180	370	213	142	89
YoY%	-0.9%	0.8%	-1.5%	0.8%	-1.4%

Figure 15: S-REIT Universe

*Note: Coloured columns below indicate the critical attributes of REITs that should be looked from a capital management perspective. 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. (\$mm)	Price (\$)	PSR RATING	PSR TARGET PRICE (\$)	P/NAV	Trailing yield (%)	Total Returns 1M (%)	Total Returns YTD (%)	Gearing (%)	Approximate % of debt on fixed rate	ROE (%)	Interest Coverage Ratio (x)	Effective interest Rate (%)	% debt expiring in current FY	% debt expiring in next FY
Healthcare															
PARKWAYLIFE REAL ESTATE	1,851	3.06			1.6	4.3	4.6	16.3	36.9	88.0	14.1	13.5	0.91	1.4	10.7
FIRST REAL ESTATE INV TRUST	811	1.02			1.0	8.4	3.1	5.9	34.5	60.2	9.0	4.7	4.10	0.0	0.0
<i>Average</i>					1.32	6.35	3.87	11.14	35.29	74.10	11.56	9.12	2.73		
Hospitality															
ASCOTT RESIDENCE TRUST	2,830	1.30	ACCUMULATE	1.36	1.0	5.7	3.3	18.7	32.8	88.0	5.9	4.4	2.45	1.0	16.0
CDL HOSPITALITY TRUSTS	1,927	1.59			1.1	5.7	0.6	13.6	35.2	66.0	5.2	5.1	2.28	15.3	7.8
FRASERS HOSPITALITY TRUST	1,326	0.70			1.0	6.5	(4.3)	4.6	35.0	69.4	4.4	4.9	2.50	0.0	0.0
OUÉ HOSPITALITY TRUST	1,341	0.73			1.0	6.6	(4.0)	4.3	38.5	71.0	5.2	4.2	2.60	0.0	39.8
FAR EAST HOSPITALITY TRUST	1,268	0.66			0.8	5.9	(2.5)	8.1	39.8	75.0	4.9	3.3	2.90	3.2	10.0
ASCENDAS HOSPITALITY TRUST	1,217	1.07			1.1	5.6	0.2	21.1	34.1	75.0	7.6	4.5	1.90	0.0	11.5
EAGLE HOSPITALITY TRUST	599	0.69			0.8	NA	(10.3)	NA	37.5	93.0	NA	2.8	3.90	7.0	29.3
ARA US HOSPITALITY TRUST	490	0.87			NA	NA	(1.7)	NA	31.9	83.0	NA	6.0	3.95	NA	NA
<i>Average</i>					0.95	6.01	-2.32	11.73	35.59	77.55	5.53	4.17	2.47		
Retail															
CAPITALAND MALL TRUST	9,664	2.62	NETURAL	2.68	1.3	4.5	0.8	8.6	31.5	93.0	8.4	4.1	3.18	8.8	8.0
MAPLETREE NORTH ASIA COMM	4,263	1.34			0.9	5.6	(1.5)	19.3	36.9	87.0	14.6	4.1	2.43	7.0	7.0
SPH REIT	2,824	1.09			1.2	5.1	1.0	6.8	26.2	71.8	5.3	6.4	2.64	19.2	25.6
FRASERS CENTREPOINT TRUST	3,024	2.71	ACCUMULATE	2.77	1.3	3.4	3.5	15.5	23.5	67.0	8.2	6.0	2.70	5.7	21.1
STARHILL GLOBAL REIT	1,647	0.76			0.9	5.9	(1.9)	11.4	36.1	90.0	3.9	3.6	3.28	11.3	12.9
CAPITALAND RETAIL CHINA TRUST	1,688	1.53	ACCUMULATE	1.66	0.9	7.3	(0.7)	14.0	33.8	87.0	9.8	4.8	2.99	3.7	9.6
SASSEUR REIT	941	0.79			0.8	8.3	(0.5)	27.6	29.7	12.4	NA	4.8	4.45	0.0	0.0
LIPPO MALLS INDONESIA RETAIL	666	0.23			0.8	8.4	(2.3)	20.1	35.2	58.1	6.5	4.3	6.28	10.4	24.2
DASIN RETAIL TRUST ¹	474	0.85	ACCUMULATE	0.94	0.6	8.3	(0.6)	5.4	33.0	36.0	(5.4)	3.0	3.41	0.9	38.2
BHG REIT	354	0.70			0.8	7.4	0.0	2.7	25.5	10.0	12.8	4.4	4.40	NA	NA
<i>Average</i>					0.94	6.41	-0.22	13.15	31.33	61.23	7.10	4.53	3.36		
Commercial															
CAPITALAND COMMERCIAL TR	8,019	2.08	NETURAL	2.18	1.1	4.2	(0.5)	12.9	27.0	92.0	5.6	3.9	2.75	10.0	8.8
MAPLETREE COMMERCIAL TR	6,110	2.11			1.3	4.4	2.8	18.7	33.1	80.5	13.1	4.7	3.00	2.1	19.3
SUNTEC REIT	5,428	1.94			0.9	5.0	(5.6)	5.5	38.0	85.0	5.1	2.0	3.6	1.0	8.5
KEPPEL REIT	4,212	1.24			0.9	4.4	(4.3)	7.7	29.4	92.0	2.5	1.0	2.87	0.0	19.0
OUÉ COMMERCIAL REIT	1,491	0.52			0.7	5.7	(3.8)	8.2	39.3	76.1	7.6	2.5	3.50	0.0	8.9
FRASERS COMMERCIAL TRUST	1,479	1.63			1.1	5.9	1.6	13.1	29.3	90.2	10.6	3.0	3.57	0.0	25.1
MANULIFE US REIT	1,251	0.90			1.1	3.4	0.0	17.9	37.1	96.1	4.7	4.3	3.45	0.0	9.6
CROMWELL EUROPEAN REIT	1,269	0.50			1.0	7.2	0.0	17.2	35.4	85.9	NA	8.7	1.34	52.6	35.4
PRIME US REIT	836	0.91			NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
KEPPEL-KBS US REIT	647	0.79			1.0	7.6	5.7	24.8	37.7	76.8	NA	4.6	3.78	1.2	0.0
IREIT GLOBAL	479	0.76			1.0	7.7	2.7	6.7	36.2	100.0	NA	7.0	1.50	0.0	0.0
<i>Average</i>					1.02	5.55	-0.47	14.01	32.67	87.46	7.03	3.07	3.15		
Industrial															
ASCENDAS REAL ESTATE INV TR	9,494	3.05	ACCUMULATE	3.31	1.5	5.3	0.0	16.7	35.9	75.3	8.4	4.8	3.23	15.0	13.4
MAPLETREE LOGISTICS TRUST	5,642	1.55			1.3	5.1	(0.0)	19.2	36.8	83.0	10.8	4.8	2.80	4.0	11.0
MAPLETREE INDUSTRIAL TRUST	4,594	2.27	NETURAL	2.03	1.5	5.4	2.4	13.9	33.4	79.5	9.5	6.5	3.00	5.4	8.2
FRASERS LOGISTICS & INDUSTRIAL	2,676	1.19			1.3	6.6	(0.4)	14.1	35.4	63.0	10.9	6.1	2.10	0.0	27.3
KEPPEL DC REIT	2,380	1.76	NETURAL	1.71	1.7	4.0	3.3	18.5	31.9	80.0	10.8	8.0	1.70	17.1	1.8
ESR REIT	1,759	0.52			1.1	5.5	2.9	8.7	39.0	89.2	(15.9)	3.7	3.98	1.6	12.5
AIMS AMP CAPITAL INDUSTRIAL	1,001	1.44			1.1	7.2	(0.2)	8.5	33.5	86.8	5.3	3.8	3.60	16.3	32.9
CACHE LOGISTICS TRUST	788	0.73	NETURAL	0.75	1.1	8.0	(2.7)	8.7	37.9	70.9	2.9	3.7	3.86	5.8	9.6
SOILBUILD BUSINESS SPACE REIT	597	0.56			0.9	9.1	(1.7)	7.1	37.3	94.9	7.4	4.1	3.56	38.5	36.5
EC WORLD REIT ¹	597	0.75	BUY	0.87	0.8	8.3	1.2	17.6	32.4	100.0	5.9	4.1	4.15	NA	NA
SABANA SHARIAH COMP IND REIT	469	0.45			0.8	6.4	1.2	11.5	30.9	70.0	9.6	3.2	4.10	11.0	33.1
<i>Average</i>					1.20	6.43	0.56	13.14	35.01	81.15	5.96	4.79	3.32		

Source: Bloomberg (Updated 21 July 2019). Returns calculated as at end-July 2019. Debt data from latest available Company Results/Prospectuses, 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

Siti Nursyazwina - syazwina@phillip.com.sg

Banking & Finance | Healthcare

Tin Min Ying – tinmy@phillip.com.sg

Oil & Gas | Energy

Chen Guangzhi - chengz@phillip.com.sg

Telco | Technology

Alvin Chia - alvinchiawy@phillip.com.sg

Property | REITs | Transport

Natalie Ong - natalieongpf@phillip.com.sg

China/HK Equity

Zheng Jieyuan – zhengjy@phillip.com.sg

US Equity

Edmund Xue – edmundxuej@phillip.com.sg

Technical Analysis

Chua Wei Ren – chuawr@phillip.com.sg

Credit Analysis

Timothy Ang – timothyang@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

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

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

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

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

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

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

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

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

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

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

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

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

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

DUBAI

Phillip Futures DMCC

Member of the Dubai Gold and
Commodities Exchange (DGX)
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

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

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.