

Singapore REITs Monthly

Monthly Tracker: October 2019



StocksBnB.com

17 October 2019

SINGAPORE | REAL ESTATE (REIT) | UPDATE

- FTSE S-REIT index return gained 1.3% MTD and 25.1% YTD. Strongest gains were from the Industrial sector (+3.7% MTD) and weakest showing at the Healthcare (-0.9% MTD).
- Performance in September: Best – Keppel DC REIT (+13.5%), Worst – MapleTree North Asia Trust (-7.5%)
- Sector yield spread compressed MoM to 245bps, -1.5 standard deviation (s.d.) over the benchmark 10-year SGS (10YSGS) yield.
- 3-month SOR fell 40bps to 1.57% at 16 October 2019 versus 1.75% last month. Elevated P/NAVs expected to persist in the lower interest rate environment.
- Remain NEUTRAL on S-REITs sector. Sub-sector preferences: Office and Hospitality.

SECTOR SNAPSHOT

S-REIT yield spread declined 47bps YTD and 21bps MoM to 245bps as at mid-October, at the -1.5 s.d level. Although still below the -1s.d. level, this is a recovery from the 226bps (-19bps) low in May 2019. The S-REIT dividend yield was 4.14% as at 20 October 2019.

3-month SOR has fallen 40bps YTD to 1.57% while the 10YRSGS yield fell 44bps YTD to 1.68%. The lower interest rate environment is conducive for REIT in terms of lower cost of borrowings which makes acquisitions more accretive. The greater investor appetite for yield instruments has also resulted in the oversubscription of private placements ranging 1.2x to 9.3x, despite high P/NAVs valuations. Since the start of 2019, REITs have raised S\$4,074mn (figure 1) through equity fund raising (2018: S\$4.3bn), predominantly to finance asset acquisition. Including the S\$2,519mn (figure 2) raised through the fixed income markets, a total of S\$6,589mn has been raised by REITs in 2019.

Keppel REIT announced the divestment of Bugis Tower for S\$547.5mn (contributes 6.6% of NPI), at a 6.3% premium to the latest valuation conducted on 8 August 2019. The proposed divestment comes at the 22-year high of the commercial property market and the sales price translates to an exit yield of 3%.

MapleTree Commercial Trust (MCT) announced the acquisition of MBC Phase II comprising four blocks of business park space (MBC 50, 60, 70 and 80) which are located adjacent to MCT's existing MBC I. With a NPI yield of 5%, the acquisition of MBC II will increase AUM by 20% and further entrench MCT's presence in the Greater Southern Waterfront area.

Coworking operator **WeWork** and its backers, JPMorgan Chase&Co and SoftBank Group, look to debt markets to rescue the company after failed IPO. JPMorgan's proposal seeks to raise US\$5bn that could include a US\$2bn pay-in-kind bonds yielding 15%.

Retail: Retail sales (excluding motor vehicle sales) declined -1.1% YoY in August, on a seasonally adjusted basis. The RSI (excl. MV) growth has been in the red since the start of 2019. July's figures were dragged down largely by the furniture & household equipment (-9.9%) and the watches & jewellery (-8.4%) sectors. The F&B index was up +2.9% YoY (seasonally adjusted) in August.

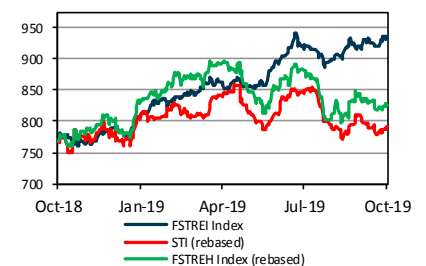
Hospitality: The SG hospitality segment was expected to benefit from the tapering room supply coming onto the market (2019-2021 CAGR: 1.5% vs 3-year historical CAGR: 4.4%). However, recovery this was dampened by the absence of biennial events in the first half of 2019 and weaker economic outlook due to the US-China trade uncertainty. Room rates finally showed some strength, increasing 2.8% to 8.5% across the four room tiers.

NEUTRAL (Maintained)

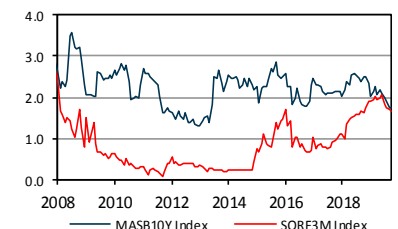
INDEX RETURN (%)

	1MTH	3MTH	YTD	1YR
FSTREI RETURN	1.3	3.1	25.1	27.8
FSTREH RETURN	(2.5)	(6.2)	8.3	10.2
STI RETURN	(2.9)	(5.6)	5.2	6.3

FSTREI VS. STI



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



Source: Bloomberg, PSR

Natalie Ong (+65 6212 1849)

Research Analyst

natalieongpf@phillip.com.sg

The hospitality sector was off to a promising start 2H19. August's visitor arrivals increase 3.1% YoY (July 4.0%). Room rates finally showed some strength, increasing 2.8% to 8.5% across the four room tiers. Average RevPAR improved 4.9% YoY in August, on the back of higher average room rate (ARR) and occupancy. All segments recorded RevPAR growth, with the economy sector coming in highest at +9.6% and luxury bringing up the rear at +2.1%.

Figure 1: Equity Fund Raising and acquisitions by REITs in 2019

Date	Company	Total Proceeds (\$\$mn)	Private Placement (\$\$mn)	Preferential Offering (\$\$mn)	Times subscribed (x)	Proportion financed by equity (%)	Increase in unit base (%)	DPU Accretion (%)	Increase in AUM (%)	Disc. to Private Placement	Disc. to VWAP: VWAP: Pref. Offering	Acquisition Value (\$\$mn)	Asset Acquired
16 Oct 19	MapleTree Commercial Trust	902.3	450.0	452.3	*	56.2	14.0	4.0	20.0	2.9 - 4.6%*	4.6 - 6.3%*	1,575.8	MBC Phase II
18 Sep 19	Manulife US Trust	196.7	110.3	86.4	7.0	49.0	8.1	2.3	10.6	3.6	5.4	276.4	400 Capitol (Scaremento)
17 Sep 19	MapleTree Industrial Trust	400.0	400.0	-	6.3	20.7	8.7	3.5	44.4	1.5	-	1,900.3	13 DC assets in US & SG
16 Sep 19	Keppel DC REIT	478.2	235.4	242.8	9.3	73.2	20.5	12.4	30.7	2.5	4.4	599.0	KDC4 & 1NN
11 Sep 19	Dasin Retail Trust	68.8	68.8	-	1.2	19.3	14.7	12.1	21.8	2.4	-	317.1	Doumen Metro Mall
1 Aug 19	Capitaland Retail China Trust	279.4	154.3	125.1	3.0	54.3	19.2	1.7	20.8	5.2	7.1	505.4	3 Malls in China
30 Jul 19	Frasers Logistics & Industrial Trust	258.1	258.1	NA	3.2	39.6	10.8	1.1	22.1	3.2	-	612.5	12 Logistic assets in Australia and Germany
18 Jul 19	Capitaland Commercial Trust	220.0	220.0	NA	5.0	55.6	2.8	1 - 2.5	5.1	3.7	-	390.0	Main Airport Center
21 Jun 19	Cromwell REIT	152.0	152.0	NA	NA	24.4	14.8	6.5	13.8	5.9	-	375.3	6 Properties in France and Poland
17 Jun 19	ESR REIT	150.0	100.0	50.0	2.5	89.0	6.1	0.4	3.9	8.3	NA	101.3	45% of 48 Pandan Road/AE/Debt Repayment
17 May 19	Frasers Centrepoin Trust	437.4	369.6	67.7	2.3	54.4	20.4	0.7	13.8	1.5	3.6	775.4	33.3% Waterway Point/PGIM
30 Apr 19	Manulife US Trust	129.6	129.6	NA	NA	77.0	8.9	3.3	11.8	5.8	NA	168.3	Centerpointe in Fairfax, Virginia
24 Apr 19	Suntec REIT	200.0	200.0	NA	NA	100.0	4.1	0.8	2.2	4.8	NA	140.9	55 Currie Street, Adelaide, Australia
11 Feb 19	MapleTree Industrial Trust	201.0	201.0	NA	2.2	65.6	5.5	0.7 - 3.1	6.8	2.3	NA	262.2	18 Tai Seng
Total		4,073.5	3,049.1	1,024.3									

* Details not confirmed as EFR has not concluded

Source: Bloomberg, respective company announcements, PSR

Figure 2: Fixed income issuance by REITs in 2019

Issuer Name	Coupon	Issue Date	Maturity Type	Curr	\$ mn	\$ \$ mn
Cromwell European REIT	Floating	1/10/2019	3Y	EUR	100	152
Cromwell European REIT	Floating	1/10/2019	5Y	EUR	100	152
Cromwell European REIT	Floating	1/10/2019	7Y	EUR	100	152
Ascott Residence Trust	3.88	4/9/2019	PERP/CALL	SGD	150	150
SPH REIT	4.1	30/8/2019	PERP/CALL	SGD	300	300
LMIRT Capital Pte Ltd	7.25	19/6/2019	CALLABLE	USD	250	345
Keppel REIT	1.9	10/4/2019	CONV/PUT	SGD	200	200
CMT MTN Pte Ltd	3.609	4/4/2019	EMTN	USD	300	414
Mapletree Industrial Trust	3.58	26/3/2019	MTN	SGD	125	125
Ascendas REIT	3.57	20/3/2019	EMTn	HKD	1450	255
Keppel DC Reit Mtn Pte Ltd	0.482	28/2/2019	EMTn	EUR	50	76
CMT MTN Pte Ltd	3.15	11/2/2019	MTN	SGD	100	100
Suntec REIT MTN Pte Ltd	3.355	7/2/2019	MTN	SGD	100	100
Total						2,519

Source: Bloomberg, respective company announcements, PSR

INVESTMENT ACTIONS

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

Strong rally in prices due to the dovish stance communicated by the FED has resulted in the FTSE S-REIT index return gains of 25.9% YTD. Most of the upside from the lower interest rate stance have been priced in, with many REITs trading at rich valuations (+2 std. dev. P/NAV). The P/NAV is supported by investor's appetite for yield instruments. The current interest rate environment is conducive for REITs, which have been busy with acquisitions and equity fund raising, as well as terming out loan maturities to lock in the lower interest rates.

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 due to the softer retail outlook as seen by the weaker retail sales index.

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 3: S-REITs under our coverage

	PSR RATING	PSR TARGET PRICE (\$)
ASCOTT RESIDENCE TRUST	ACCUMULATE	1.42
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	NETURAL	2.18
ASCENDAS REAL ESTATE INV TR	ACCUMULATE	3.31
MAPLETREE INDUSTRIAL TRUST	NETURAL	2.06
KEPPEL DC REIT	ACCUMULATE	2.00
CACHE LOGISTICS TRUST	NETURAL	0.75
EC WORLD REIT ¹	BUY	0.87

Source: PSR

¹ Covered by PSR under the 'SGX Stockfacts' scheme

MACROECONOMIC ENVIRONMENT

Figure 4: FTSE Straits Times REIT Index Yield Spread over 10YSGS



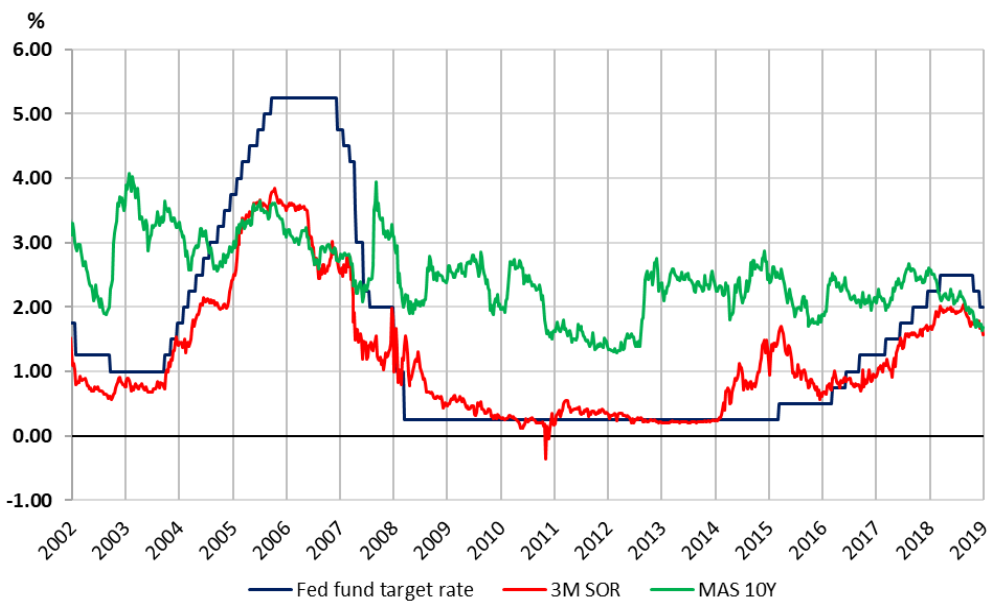
Source: Bloomberg, PSR

S-REIT yield spread declined 47bps YTD and 21bps MoM to 245bps as at mid-October, at the -1.5 s.d level.

The S-REIT dividend yield at 4.14% was 14bps lower MoM.

The FTSE REIT Index is currently at decade highs given the falling interest rate environment. P/NAVs are expected to remain high given the greater investor appetite for yield instruments.

Figure 5: Fed Fund Rates vs SG rates

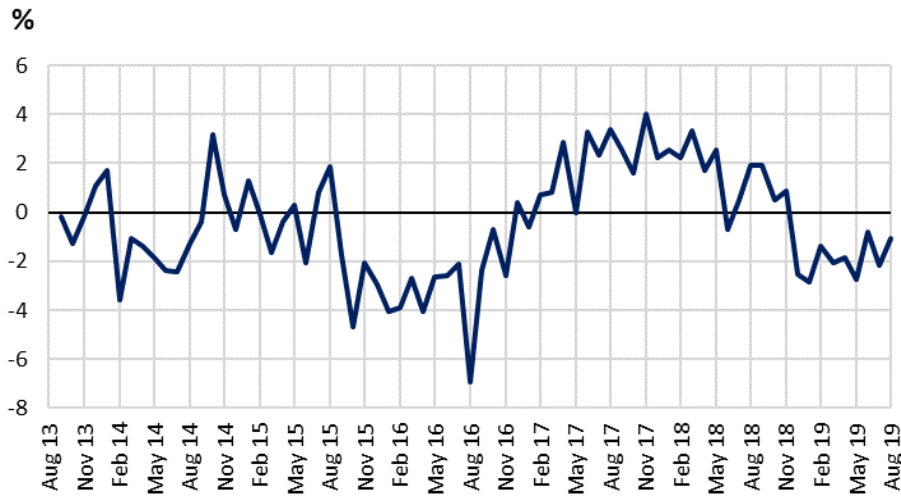


Source: Bloomberg, PSR

3-month SOR has fallen 29bps YTD to 1.68% while the 10YRSGS yield fell 39bps YTD to 1.74%.

SUB-SECTOR MONTHLY INDICATORS

Figure 6: SG Retail Sales YoY% (excl. Motor Vehicle Sales) (seasonally adjusted)



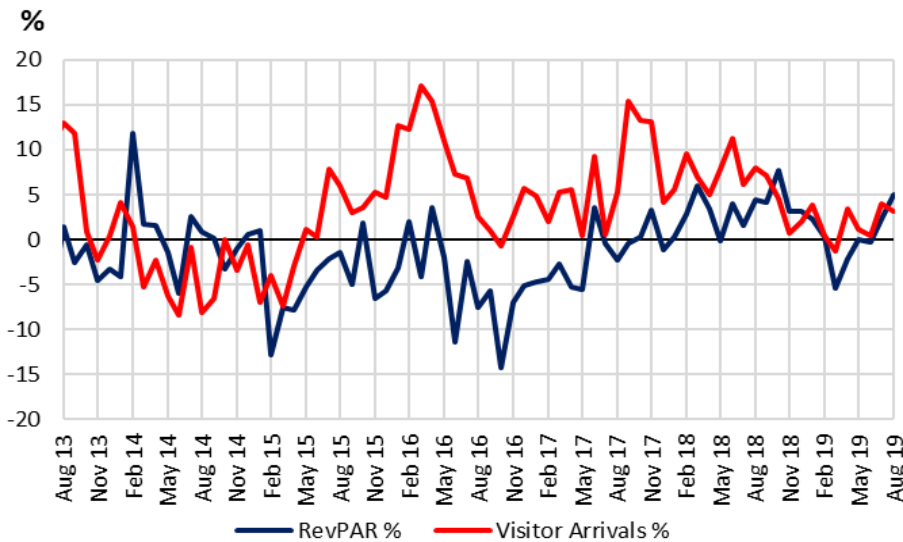
Source: CEIC, PSR

	RSI (excl. motor vehicles)	RSI (Dept stores)	RSI (Supermarkets)	RSI (Fashion)	F&B Index
Aug-19	-1.1	3.6	0.8	4.8	2.9
Aug-18	1.9	2.3	-1.5	5.1	3.5

Retail sales (excluding motor vehicle sales) declined -1.1% YoY in August, on a seasonally adjusted basis. The RSI (excl. MV) growth has been in the red since the start of 2019. July's figures were dragged down largely by the furniture & household equipment (-9.9%) and the watches & jewellery (-8.4%) sectors.

The F&B index was up +2.9% YoY (seasonally adjusted) in August.

Figure 7: SG Tourist Arrivals/Hotel RevPAR YoY%



Source: CEIC, PSR

	Visitor Arrivals	Hotel RevPAR (S\$)	Hotel Occupancy (%)	Hotel Average Room Rate (S\$)
Aug-19	1,734,903	209	92.5	226
Aug-18	1,683,102	200	91.7	218
YoY%	3.08%	4.94%		4.11%

Average RevPAR saw improved 4.9% YoY in August on the back of higher average room rate (ARR) and occupancy.

All segments recorded RevPAR growth, with the economy sector coming in highest at +9.6% and luxury bringing up the rear at +2.1%.

Visitor arrivals increased 3.1% YoY in August and 1.9% YTD.

Figure 8: 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. (\$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	1,948	3.22			1.7	4.1	5.6	27.1	36.1	88.0	14.1	13.5	1.02	1.4	10.7
FIRST REAL ESTATE INVNT TRUST	811	1.02			1.0	8.4	(7.3)	9.2	34.5	60.2	9.0	4.7	4.44	0.0	0.0
<i>Average</i>					1.36	6.24	-0.89	18.15	35.29	74.10	11.56	9.12	2.73		
Hospitality															
ASCOTT RESIDENCE TRUST	3,004	1.38	ACCUMULATE	1.42	1.1	5.4	5.4	34.8	35.9	88.0	5.9	4.4	2.45	1.0	16.0
CDL HOSPITALITY TRUSTS	1,987	1.64			1.1	5.6	(1.2)	18.1	34.1	66.0	5.2	5.1	2.28	15.3	7.8
FRASERS HOSPITALITY TRUST	1,373	0.73			1.0	6.3	0.0	5.3	33.5	69.4	4.4	4.9	2.44	0.0	0.0
FAR EAST HOSPITALITY TRUST	1,346	0.70			0.8	5.5	1.4	20.8	38.1	75.0	4.9	3.3	2.93	3.2	10.0
ASCENDAS HOSPITALITY TRUST	1,297	1.14			1.2	5.3	6.5	53.3	33.2	75.0	7.6	4.5	1.97	0.0	11.5
EAGLE HOSPITALITY TRUST	573	0.66			0.7	NA	(0.8)	NA	37.9	93.0	NA	2.8	NA	7.0	29.3
ARA US HOSPITALITY TRUST	493	0.87			NA	NA	0.6	NA	33.6	83.0	NA	NA	NA	NA	NA
<i>Average</i>					0.98	5.61	1.71	26.46	35.18	78.49	5.61	4.17	2.41		
Retail															
CAPITALAND MALL TRUST	9,701	2.63	NETURAL	2.68	1.3	4.5	(0.8)	18.5	31.5	93.0	8.4	4.1	3.18	8.8	8.0
MAPLETREE NORTH ASIA COMM	3,985	1.25			0.9	6.0	(7.5)	13.7	36.7	87.0	14.6	4.1	2.84	7.0	7.0
SPH REIT	3,005	1.16			1.1	4.8	5.5	20.7	27.6	71.8	5.8	5.2	3.07	19.2	25.6
FRASERS CENTREPOINT TRUST	3,070	2.75	ACCUMULATE	2.77	1.3	3.3	2.2	32.3	28.6	67.0	8.2	6.0	2.49	5.7	21.1
STARHILL GLOBAL REIT	1,636	0.75			0.8	6.0	(2.0)	14.6	36.0	90.0	3.9	3.6	3.42	11.3	12.9
CAPITALAND RETAIL CHINA TRUST	1,856	1.54	ACCUMULATE	1.66	0.9	7.2	(0.6)	22.1	34.8	87.0	9.8	4.8	3.04	3.7	9.6
SASSEUR REIT	955	0.80			0.8	8.0	0.6	34.4	27.9	12.4	NA	NA	NA	0.0	0.0
LIPPO MALLS INDONESIA RETAIL	695	0.24			0.8	8.1	4.3	40.7	34.3	58.1	6.5	4.3	5.08	10.4	24.2
DASIN RETAIL TRUST ¹	544	0.85	ACCUMULATE	0.94	0.6	4.0	(0.6)	5.8	31.7	36.0	(5.4)	3.0	3.41	0.9	38.2
BHG REIT	350	0.69			0.8	6.5	1.5	2.8	25.5	10.0	12.8	4.4	4.14	NA	NA
LENDLEASE GLOBAL COMMERCIAL	1,110	0.95			NA	NA	NA	NA	35.0		NA	NA	NA		
<i>Average</i>					0.94	5.85	0.27	20.56	31.79	61.23	7.16	4.40	3.41		
Commercial															
CAPITALAND COMMERCIAL TR	7,946	2.06	NEUTRAL	2.18	1.1	4.2	(2.4)	22.7	27.0	92.0	5.6	3.9	2.75	10.0	8.8
MAPLETREE COMMERCIAL TR	6,776	2.34			1.4	3.9	6.4	47.1	33.1	80.5	19.3	4.7	2.87	2.1	19.3
SUNTEC REIT	5,260	1.88			0.9	5.1	(2.6)	10.4	36.7	85.0	5.1	2.0	2.83	1.0	8.5
KEPPEL REIT	4,208	1.24			0.9	4.4	(0.8)	12.6	29.4	92.0	2.7	1.0	2.87	0.0	19.0
QUE COMMERCIAL REIT	3,012	0.56			0.8	5.3	4.7	27.8	37.5	76.1	7.6	2.5	3.39	0.0	8.9
FRASERS COMMERCIAL TRUST	1,473	1.62			1.0	5.9	(0.6)	24.0	28.2	90.2	10.6	3.0	3.57	0.0	25.1
MANULIFE US REIT	1,366	0.92			1.2	2.5	1.9	29.2	30.9	96.1	4.7	4.3	3.74	0.0	9.6
CROMWELL EUROPEAN REIT	1,271	0.50			1.0	8.2	4.1	24.7	32.6	85.9	NA	NA	NA	52.6	35.4
PRIME US REIT	868	0.94			NA	NA	5.0	NA	35.9	NA	NA	3.8	NA	NA	NA
KEPPEL PACIFIC OAK US REIT	626	0.76			0.9	7.9	0.7	33.1	34.8	76.8	NA	NA	NA	1.2	0.0
IREIT GLOBAL	502	0.79			1.1	7.3	4.0	16.1	36.5	100.0	17.2	7.0	2.04	0.0	0.0
<i>Average</i>					1.03	5.28	1.64	25.74	32.61	87.46	7.95	3.16	3.15		
Industrial															
ASCENDAS REAL ESTATE INV TR	9,867	3.17	ACCUMULATE	3.31	1.5	5.1	(1.0)	24.3	35.9	75.3	8.4	4.8	3.23	15.0	13.4
MAPLETREE LOGISTICS TRUST	6,188	1.70			1.5	4.7	5.0	38.1	37.1	83.0	10.8	4.8	2.53	4.0	11.0
MAPLETREE INDUSTRIAL TRUST	5,589	2.54	NEUTRAL	2.03	1.7	4.8	9.9	40.0	30.3	79.5	9.5	6.5	2.99	5.4	8.2
FRASERS LOGISTICS & INDUSTRIAL	2,879	1.28			1.5	5.5	3.3	29.7	34.4	63.0	10.9	6.1	2.91	0.0	27.3
KEPPEL DC REIT	3,259	2.00	ACCUMULATE	2.00	1.8	3.6	13.5	58.8	31.3	80.0	10.3	8.0	2.59	17.1	1.8
ESR REIT	1,863	0.54			1.2	5.8	5.2	13.2	41.6	89.2	(15.9)	3.7	2.83	1.6	12.5
AIMS AMP CAPITAL INDUSTRIAL	955	1.37			1.0	7.5	0.0	17.5	33.5	86.8	5.3	3.8	3.68	16.3	32.9
CACHE LOGISTICS TRUST	793	0.74	NEUTRAL	0.75	1.1	7.9	1.4	12.1	35.9	70.9	2.9	3.7	4.00	5.8	9.6
SOILBUILD BUSINESS SPACE REIT	668	0.53			0.9	9.6	0.9	(1.6)	37.3	94.9	7.4	4.1	3.27	38.5	36.5
EC WORLD REIT ¹	589	0.74	BUY	0.87	0.9	8.4	1.4	13.1	31.3	100.0	5.9	4.1	4.37	NA	NA
SABANA SHARIAH COMP IND REIT	474	0.45			0.8	6.3	1.1	21.1	36.6	70.0	9.6	3.2	4.07	11.0	33.1
<i>Average</i>					1.25	6.27	3.70	24.22	35.01	81.15	5.92	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

Property | REITs | Transport

Natalie Ong – natalieongpf@phillip.com.sg

Telco | Technology

Alvin Chia - alvinchiawy@phillip.com.sg

China/HK Equity

Zheng Jieyuan – zhengjy@phillip.com.sg

US Equity

Edmund Xue – edmundxueij@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

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 (DGEX)
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.