

Singapore

**Overweight** *(no change)*
**Highlighted Companies**
**Ascott Residence Trust**  
**ADD, TP S\$1.22, S\$1.03 close**

ART remains our sector top pick given its higher exposure to countries with strong domestic demand and markets that have less restrictive Covid-19 measures. The stock is trading below NAV at 0.87x. More acquisitions in longer staying assets and income top-up will boost its DPU yield.

**CDL Hospitality Trust**  
**ADD, TP S\$1.32, S\$1.20 close**

We see CDLHT as a proxy for the recovery of the sector in Singapore. It has 66% AUM in Singapore, which will benefit from VTL arrangements and stronger staycation demand in 2022 while being supported by government contracts.

**Far East Hospitality Trust**  
**ADD, TP S\$0.745, S\$0.60 close**

FEHT is a proxy for the recovery of the sector in Singapore given its pure exposure to Singapore. However, we see the potential for accretive acquisitions after the divestment of Central Square in 1Q22 as the main catalyst for FEHT.

**Summary Valuation Metrics**

P/E (x)	Dec-21F	Dec-22F	Dec-23F
Ascott Residence Trust	90.45	47.63	21.27
CDL Hospitality Trust	242.38	54.81	27.26
Far East Hospitality Trust	27.58	25.49	18.83
P/BV (x)	Dec-21F	Dec-22F	Dec-23F
Ascott Residence Trust	0.92	0.93	0.95
CDL Hospitality Trust	0.93	0.95	0.97
Far East Hospitality Trust	0.76	0.76	0.77
Dividend Yield	Dec-21F	Dec-22F	Dec-23F
Ascott Residence Trust	4.11%	4.79%	6.25%
CDL Hospitality Trust	3.38%	4.10%	5.61%
Far East Hospitality Trust	4.16%	4.25%	5.46%

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# REIT

## Hospitality: 2022 a better year

- Despite the emergence of Omicron, we see greater travel demand this year on fewer restrictions and a strong desire to travel, backed by data points.
- Singapore hotels should benefit from more VTLs, which boosted arrivals by 2-6x, while being supported by government contracts.
- Hospitality REITs are trading below book value. Our sector top pick is ART given its higher exposure to domestic demand.

### Travel continues to recover albeit at a slower pace

The sudden emergence of Omicron has undeniably delayed the recovery of the tourism industry. However, we remain optimistic that the industry will rebound and expect it to gather pace as soon as Omicron case numbers wane. In our view, the world is now better equipped to tackle any new development in the pandemic. Unlike last year when the world went into total lockdown, the countries are less keen to impose strict measures this time round, thanks to the availability of vaccines, increasing vaccination rates. Furthermore, observations so far show that Omicron causes less severe illness as compared to other variants despite its more contagious nature.

### Greater travel demand in 2022 driven by less restrictive measures

As we believe that the world is unlikely to enter a strict lockdown like in 2021, we see greater travelling activities and stronger RevPAR in 2022, which we expect to range from +30% to +100% yoy, depending on the location of the hotels. We see greater demand from both international and domestic travel as we project fewer domestic tightening and international border restriction measures this year as compared to last year. Data points show that travel activities (flight bookings, airline capacity, lodging and flights) and travel sentiment picked up months before the emergence of Omicron, especially in Europe, North America and Latin America (Figs 7-13). These indicate a strong desire to travel, and we think that travel is highly likely to resume once the spike in Covid-19 cases settles down. Asia Pacific tourism recovery lags behind the rest of the world given the tighter Covid-19 restrictions (Figs 9).

### Singapore VTL arrangements boosted arrivals by 2-6x

Singapore VTL arrangements boosted arrivals by 2-6x (Fig 19) and we expect to see stronger arrivals from VTL in Dec 21 and Jan 22 as the VTL launched in Nov and Dec 21 represented a large 34% of the total arrivals in 2019. Assuming a small 5% of arrivals from VTL countries travel to Singapore, 50% opt to stay in hotels and the average length of stay is four days, hotel occupancy rate (excluding hotels under government contracts) would be raised by 5% pts. While this is not substantial, we think it is a good start. Based on Singapore's VTL opening pace, we are not surprised if Singapore could fully reopen its borders by 2022, lifting industry RevPAR. We expect the recovery to accelerate from end-2023 and achieve near full recovery by end-2024 (Figs 22 and 23). We believe that government contracts for the hotels are likely to be extended beyond 1Q22, limiting downside risk and providing support to RevPAR. While there were concerns that VTL arrangements would reduce staycation demand, our findings show that inbound travel exceeded outbound in Sep and Oct 21 although departures spiked and exceeded arrivals in Nov 21 due to pent-up demand and year-end holidays (Fig 24). We believe that inbound tourism will increase and exceed outbound as Singapore establishes VTLs with more countries that are major sources of tourists.

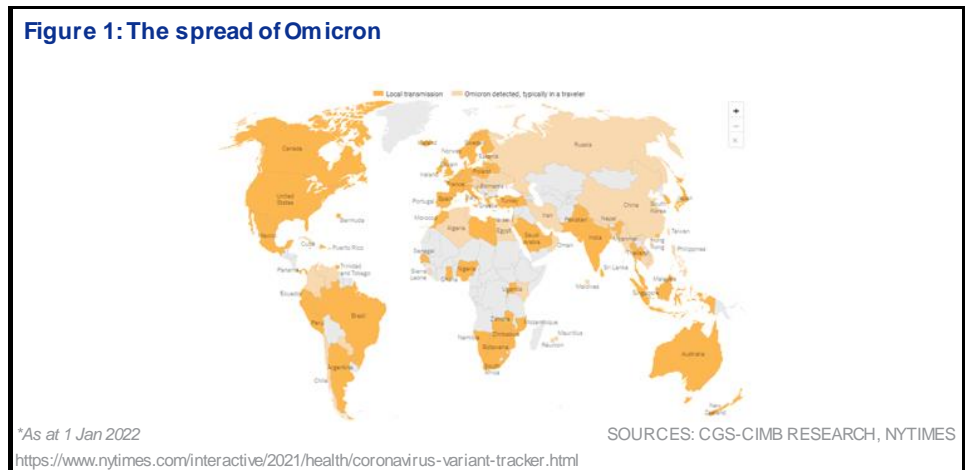
### Valuations remain attractive; top pick is ART

The hospitality REITs are trading below NAV at 0.75-0.86x. We see further re-rating on stronger RevPAR, which we forecast to grow 20% yoy in 2022 and 35% in 2023 for the REITs' hotels in Singapore. ART remains our preferred sector pick. The earlier and faster recovery of domestic travel vs. international travel (Figs 33-34) as well as in Europe and the US (33% of AUM) bode well for ART. Re-rating catalysts include faster-than-expected recovery and higher than-expected income top-up and vice-versa for downside risks.

## Omicron is now in >110 countries and spreading fast ►

The sudden emergence of Omicron has slowed the pace of a global tourism recovery. Since its first appearance in South Africa, many countries have imposed some form of border closures with countries in South Africa. Despite the swift action by various countries to stop the spread of Omicron as much as possible, the new variant is now in >110 countries due to its highly infectious nature.

Figure 1: The spread of Omicron



## Singapore freezes new VTL ticket sales until 20 Jan 2022, quota capped at 50% after 20 Jan 2022 ►

Singapore launched the vaccinated travel lane (VTL) on 8 Sep 2021 for Brunei and Germany. Since then, it has expanded VTL arrangements with another 25 countries (Fig 18). However, it halted the sales for VTL from 23 Dec 2021 to 20 Jan 2022 as Singapore tightens its borders amid a rising number of imported Covid-19 cases. The move is Singapore's largest setback in its attempt to reopen its borders so far to buy time to strengthen its defences which include enhancing its healthcare capacity and boosting the vaccination rate. The authority will also temporarily reduce VTL quotas and flight ticket sales at 50% of the allocated quota from 21 Jan 2022. As of 30 Dec 2021, there were 912 imported Omicron cases that account for 17% of Covid-19 cases in Singapore.

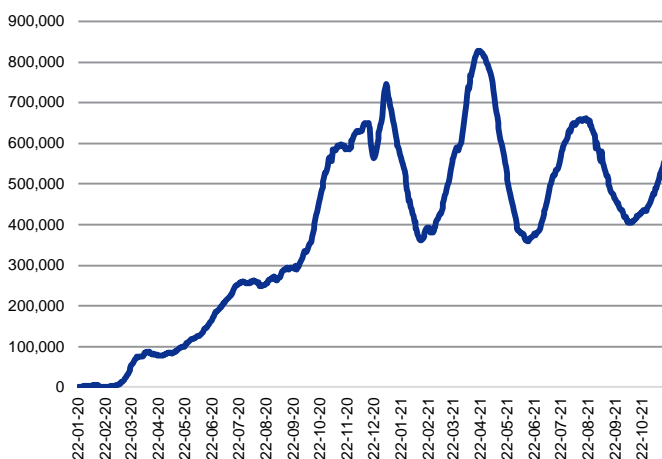
## Recovery continues although at a slower pace ▶

**Another global lockdown is unlikely.** While a slowdown in tourism recovery is inevitable due to the highly infectious Omicron, we believe that the world is unlikely to go into another global lockdown like in 2021. Firstly, we believe that the world is now better prepared to tackle any new developments of the virus. Secondly, the availability of vaccines has helped to reduce the severity of Covid-19 variants. Thirdly, we think the world is not keen to impose another round of strict restrictions although temporary softer measures are needed to cope with the spread of Omicron.

**Countries are reluctant to impose strict lockdowns despite Omicron.** Despite the surge of Omicron cases in the UK, it is trying to avoid new lockdowns as it tries various strategies (e.g. develop contingency plans to help companies and supply chains avoid disruptions caused by more staff absences) to limit the impact of high Covid-19 cases. Australia also aims to stop shutting down people's lives with Covid-19 lockdowns and takes the position that limiting the spread of the virus should be everyone's responsibility. New Zealand intends to replace the lockdowns of the past with more targeted measures and speed up booster shots. The US has also rejected lockdown measures. Back home, Singapore has not tightened its community measures although it limits the sales of VTL tickets. In fact, it relaxed more measures such as allowing larger work-related events of up to 1,000 people, work-from-home no longer being the default and eased Covid-19 measures for non-VTL travellers.

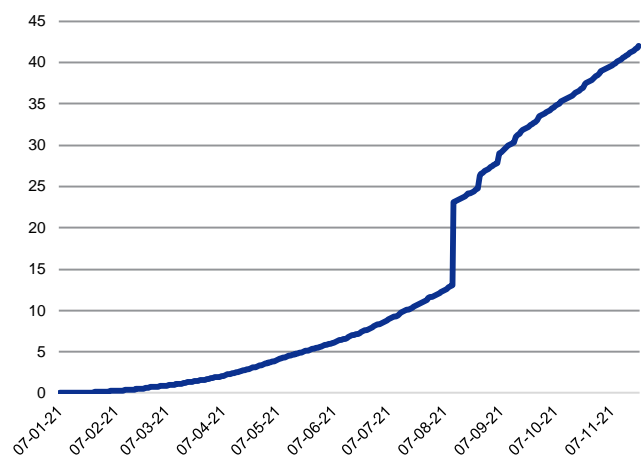
**Vaccinations and Covid-19 pills; solutions for normalcy.** With countries not keen to impose strict restrictions and leaning towards reopening as soon as possible, we believe the tourism industry is on track for a recovery amid some delays. The increasing inoculation rates and availability of booster shots as well as Covid-19 pills are the main solutions for returning to normalcy.

Figure 2: World's daily Covid-19 cases



SOURCES: CGS-CIMB RESEARCH, OURWORLDINDATA

Figure 3: World Covid-19 vaccination rate

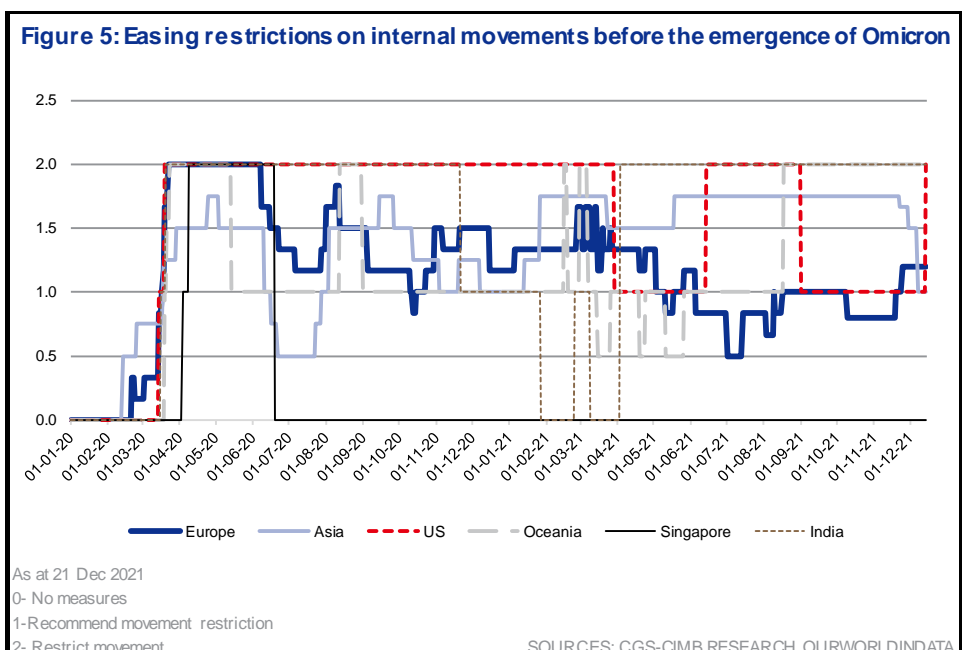
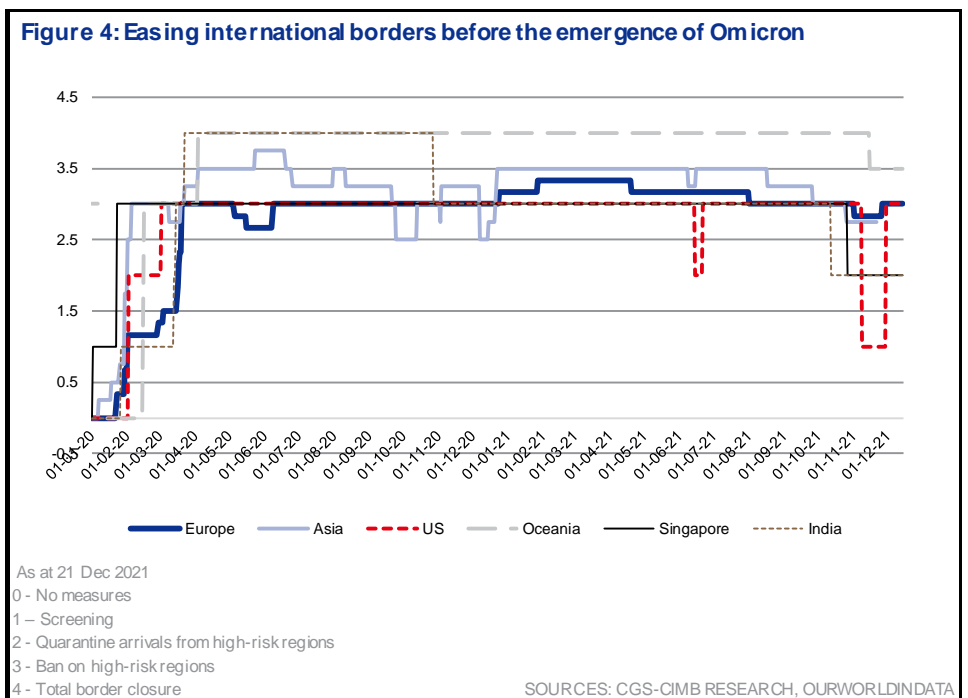


SOURCES: CGS-CIMB RESEARCH, OURWORLDINDATA

## Countries showed keen interest in reopening borders ➤

**Relaxing international borders.** Before the emergence of Omicron, the outlook was hopeful for international travel. While some countries tightened their border controls, many countries started to reopen their borders including Singapore which set up VTL with various countries. Even with Omicron, most countries only imposed border closures with countries in South Africa, indicating the priority is to prevent a total border closure and resume travel activities as soon as possible.

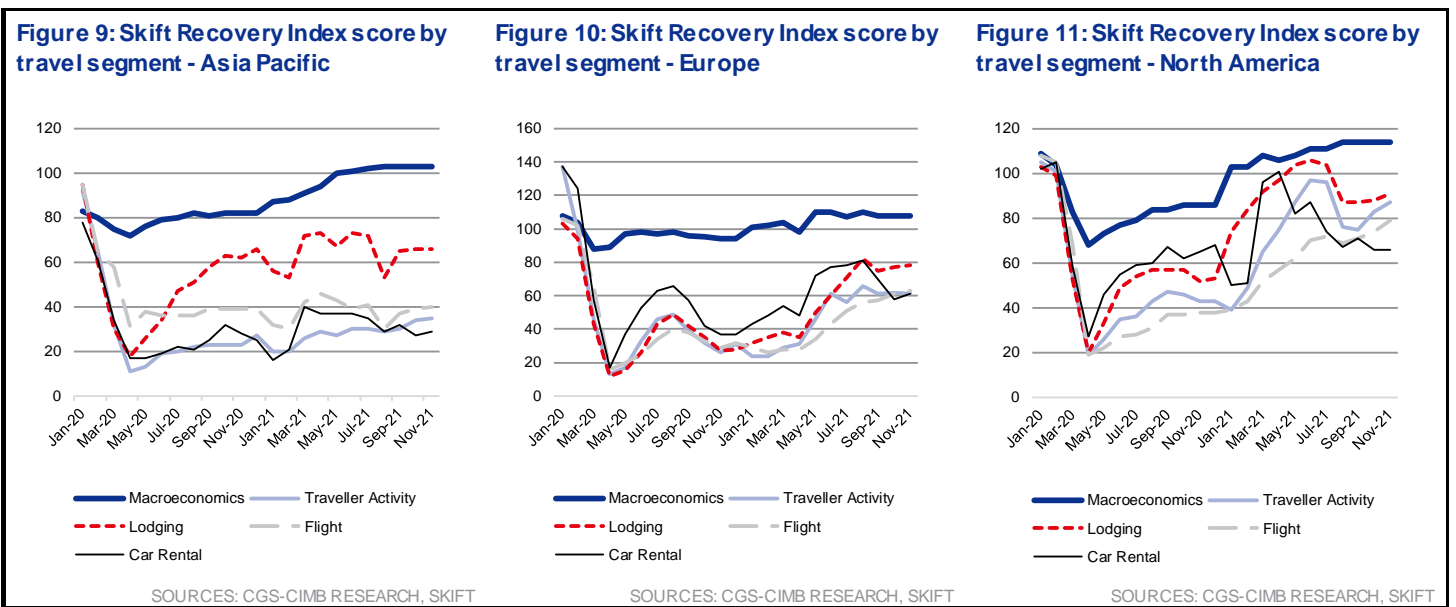
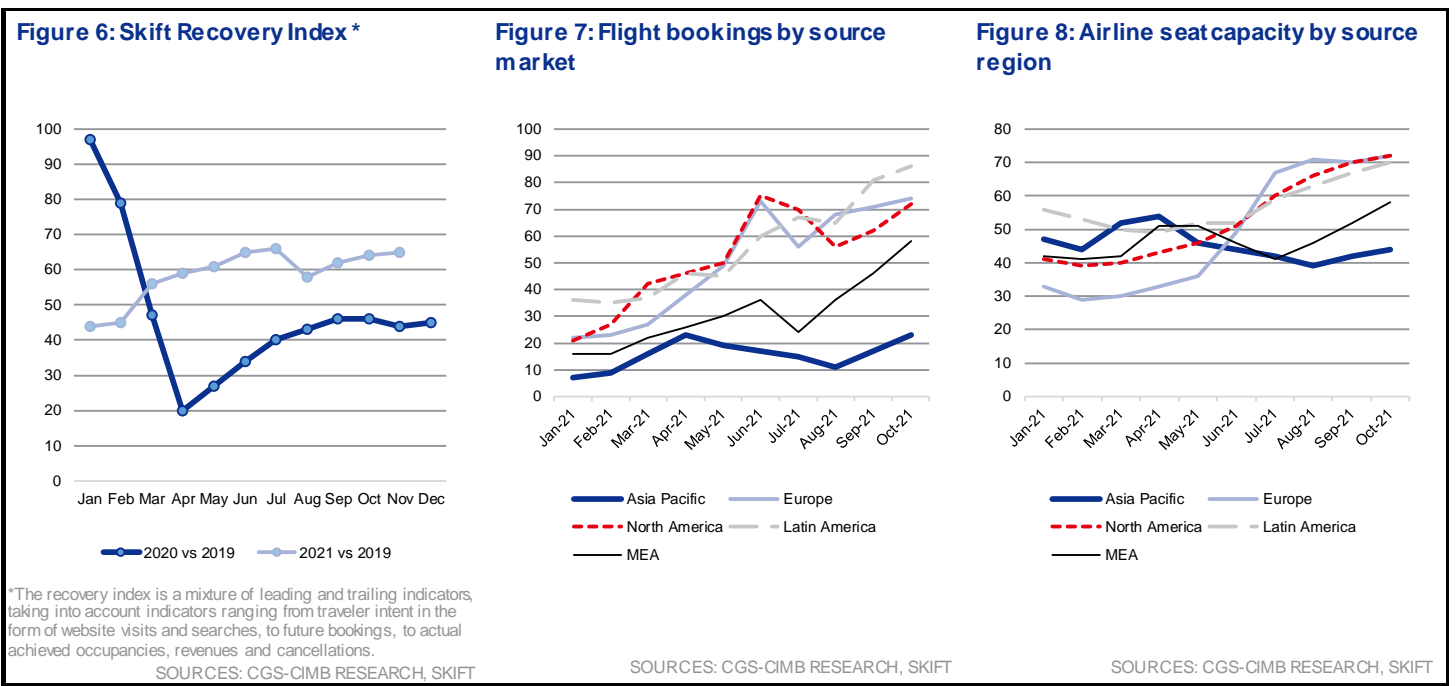
**Expect more countries to lift the travel ban with South Africa.** A few countries including Singapore, Malaysia, the UK and the US have decided to lift their travel bans on all African countries amid community transmission. We believe that more will ease travel restrictions to South African countries as infection rates of Omicron rise.



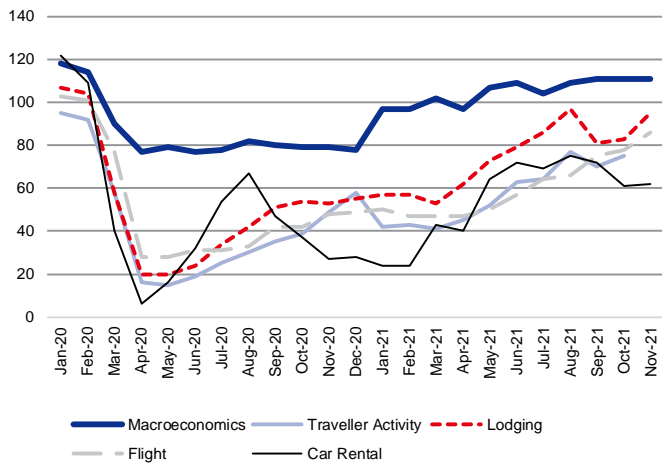
### Travel activities picked up across the regions ➤

Skift Recovery Index (Fig 6) showed that the travel industry continued to recover after a blip in Aug 21. Flight booking data (Fig 7) from ForwardKeys also showed that booking levels had increased significantly since the beginning of the year and in Europe and the Americas, levels are nearing pre-pandemic levels. Airline capacity (Fig 8) was also improving in the past few months, indicating airlines' confidence in travel recovery.

Global recovery index for travellers' activity, lodging and flights also picked up in recent months with lodging outperforming other categories (Figs 9 to 11). Asia Pacific recovery lags the rest of the world as Covid-19 restrictions remain tight (Fig 9).

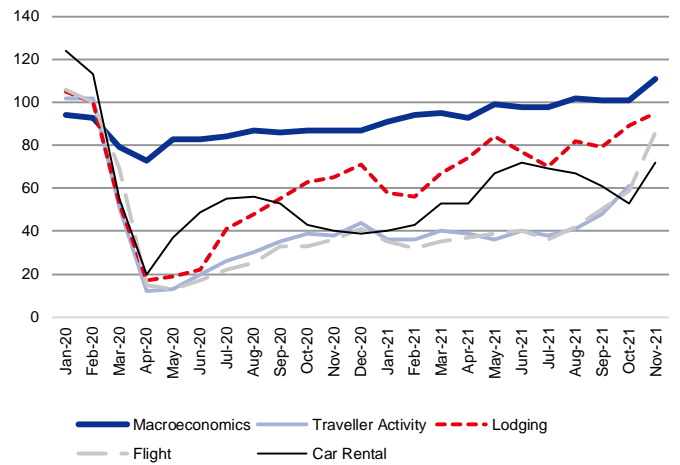


**Figure 12: Skift Recovery Index score by travel segment - Latin America**



SOURCES: CGS-CIMB RESEARCH, SKIFT

**Figure 13: Skift Recovery Index score by travel segment - Middle East and Africa**

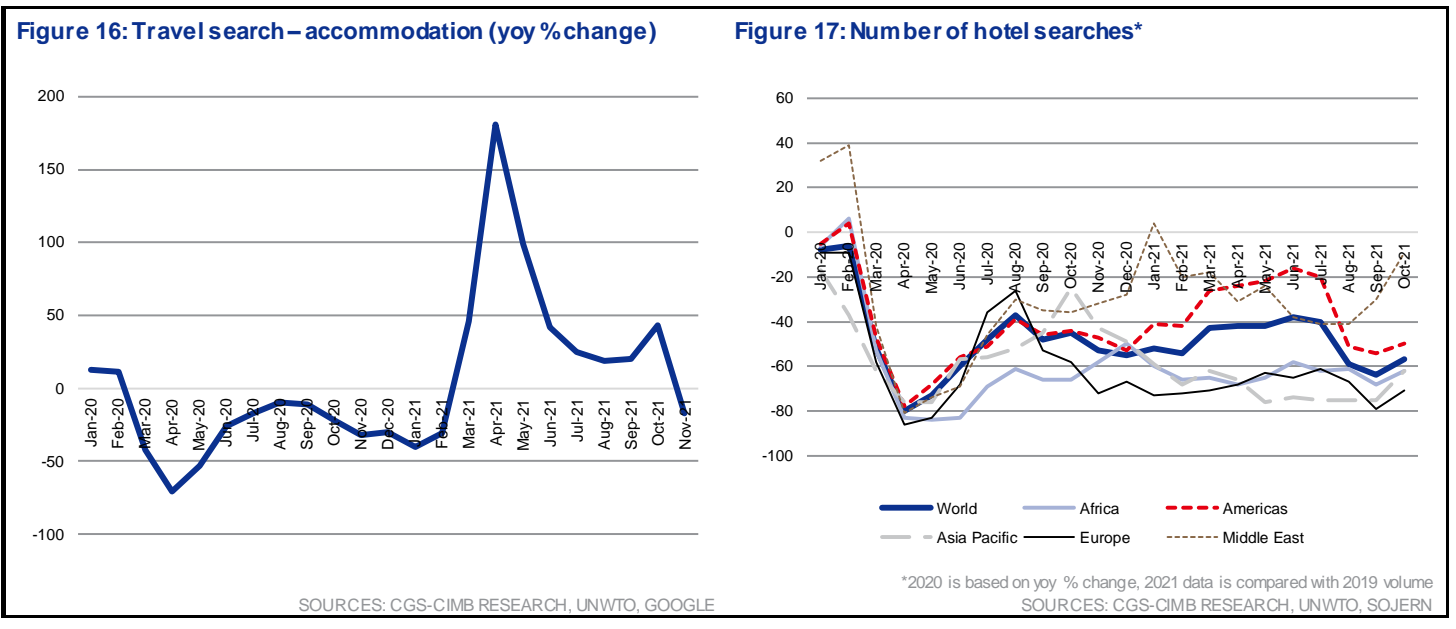
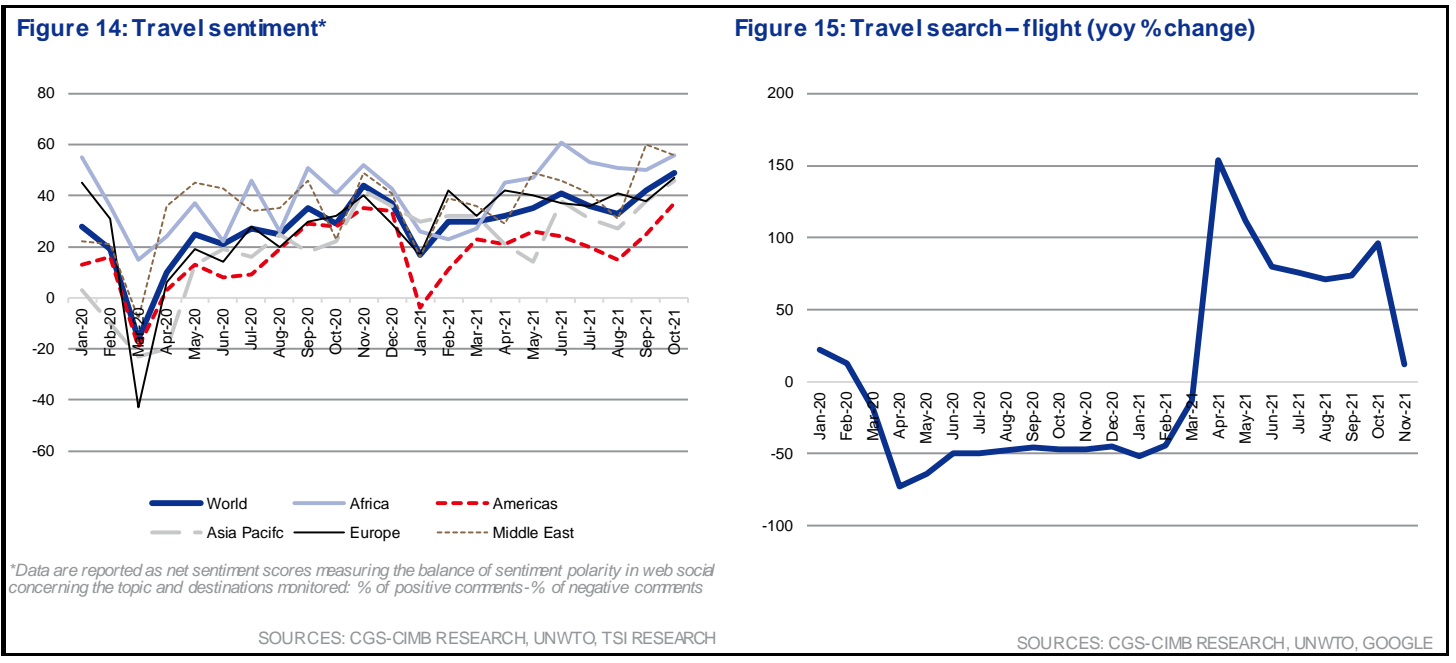


SOURCES: CGS-CIMB RESEARCH, SKIFT

### Strong pent-up demand for travel ➤

Global travel sentiment has been on an uptrend since early 2021 (Fig 14). Google search showed that search frequency of accommodation and flight have improved on a yoy basis (Figs 15-16). While the spike in Mar to May 21 was due to the low base effect in Mar – May 20, the elevated search in Jun – Oct 21 despite the higher base effect in the previous year indicated that there is strong demand to travel. Although searches in Nov 21 look weak, this is likely due to the spike in Covid-19 cases in Europe and non-holiday season in Europe and the US.

Looking at the encouraging data in Jun-Oct 21 (likely driven by the holiday season) and the improving travel sentiment, we believe that the desire to travel is strong and would resume as soon as Covid-19 situation recovers. We should see more travelling activities from Asia Pacific as the countries open their borders gradually.



## Singapore VTL arrangements could boost arrivals by 2-6x although overall impact remains small ➤

**VTL boosted arrivals by 2-6x.** Singapore has set up VTL with 27 countries but three deferred (Qatar, Saudi Arabia and UAE) due to Omicron (Fig 18). Germany and Brunei were the two earliest VTLs launched on 8 Sep 2021 when arrivals jumped by 5.5x in the month itself. Canada, Denmark, France, Italy, Netherlands, Spain, the UK and the US were the next VTL countries launched on 19 Oct 2021. These countries saw twofold to threefold increases in arrivals in the following month, Nov 21. VTLs with Australia and Switzerland started on 8 Nov 2021 which boosted arrivals by 3-6x in the same month (Fig 19). We expect stronger arrival numbers from VTL travellers in Dec 21 and Jan 22 as VTLs launched including India, Indonesia and Thailand, in Nov 21 and Dec 21 accounted 34% of the total arrivals in 2019.

**Overall impact minimal for now but it is a good start.** Singapore has issued a total of 79,335 VTPs for travellers (1.4% of weekly arrivals in 2019) as at 25 Nov 2021, which is an encouraging increase of +75% vs. 45,380 VTPs (as at 14 Nov 2021) issued just about two weeks before. Of the total VTPs issued, 50% are short term travellers. Assuming these travellers travelled to Singapore by end-2021, these travellers accounted for 1-7% of weekly arrivals in 2019 (Fig 20). While this does not look substantial, we think it is a good start.

**Arrivals from VTL countries could raise hotel occupancy rate by 5%pts.** The total arrivals from VTL countries, excluding Qatar, Saudi Arabia and UAE, represented c.54% of 2019 total arrivals in Singapore. Assuming a small 5% of these arrivals would travel to Singapore on VTL, 50% opt to stay in hotels and average length of stay of four days, hotel occupancy rate (excluding hotels under government contracts) would be raised by a good 5% pts.

**Figure 18: VTL countries**

Vaccinated Travel Lane	% of contribution to Singapore's total arrivals in 2019	New daily cases per million of population (avg of 1 Dec to 20 Dec 2021)	Vaccination rate (%) (latest available)
Australia	6.0%	92	76.0
Brunei	0.4%	40	87.3
Cambodia	-	1	80.2
Canada	0.7%	139	77.0
Denmark	0.2%	1204	77.8
Finland	0.2%	295	73.6
Fiji	-	8	67.1
France	1.1%	715	72.3
Germany	2.0%	543	69.8
India	7.4%	6	39.5
Indonesia	16.3%	1	38.8
Italy	0.5%	312	73.7
Malaysia	6.4%	135	78.0
Maldives	-	221	67.4
Netherlands	0.5%	1016	66.9
South Korea	3.4%	120	82.1
Spain	0.3%	397	80.9
Sri Lanka	0.5%	38	64.2
Sweden	0.3%	227	72.1
Switzerland	0.5%	1041	66.5
Thailand	2.8%	56	63.2
Turkey	-	232	60.2
UK	3.2%	901	69.1
US	3.8%	382	61.0
Singapore	-	268	91.9
Initially from 6 Dec (now deferred til further notice)			
Qatar	-	56	75.7
Saudi Arabia	0.1%	2	65.0
UAE	0.4%	12	90.3

SOURCES: CGS-CIMB RESEARCH, STAN, OURWORLDINDATA



**Figure 19: VTL arrangements boosted arrivals by 2-6x, expect larger impact when Singapore set up VTL with more countries that are major sources of tourists**

	VTL launch date	Number of arrivals				Increase in arrivals after the launch of VTL (x)	% of total arrivals in 2019
		Aug-21	Sep-21	Oct-21	Nov-21		
Germany	08-Sep-21	139	769	-	-	5.5	2.0%
Canada	19-Oct-21	-	-	121	229	1.9	0.7%
Denmark	19-Oct-21	-	-	74	188	2.5	0.2%
France	19-Oct-21	-	-	423	799	1.9	1.1%
Italy	19-Oct-21	-	-	98	239	2.4	0.5%
Netherlands	19-Oct-21	-	-	208	432	2.1	0.5%
Spain	19-Oct-21	-	-	95	198	2.1	0.3%
UK	19-Oct-21	-	-	964	2114	2.2	3.2%
US	19-Oct-21	-	-	840	1888	2.2	3.8%
Australia	08-Nov-21	-	-	263	1621	6.2	6.0%
Switzerland	08-Nov-21	-	-	78	238	3.1	0.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 20: Number of vaccinated travel passes (VTP) issued by country (as at 25 Nov 2021)**

	Short-term visitors	Long-term pass holders	Total	% of short-term visitors to 2019 level*
Brunei	493	60	553	2.4%
Germany	4,222	6,700	10,922	3.8%
<b>Total</b>	<b>4,715</b>	<b>6,760</b>	<b>11,475</b>	

Note: VTP applications for the above countries opened on 1 September 2021 for entry into Singapore on or after 8 September 2021.

	Short-term visitors	Long-term pass holders	Total	% of short-term visitors to 2019 level*
Canada	648	687	1,335	2.6%
Denmark	427	452	879	6.1%
France	1,989	4,066	6,055	5.1%
Italy	621	1,373	1,994	3.3%
The Netherlands	1,199	1,727	2,926	6.6%
Spain	434	1,038	1,472	3.6%
United Kingdom	5,558	6,796	12,354	5.0%
US	4,890	5,323	10,213	3.7%
<b>Total</b>	<b>15,766</b>	<b>21,462</b>	<b>37,228</b>	

Note: VTP applications for the above countries opened on 12 October 2021 for entry into Singapore on or after 19 October 2021.

	Short-term visitors	Long-term pass holders	Total	% of short-term visitors to 2019 level*
Australia	4,093	2,187	6,280	2.3%
Switzerland	628	1,173	1,801	4.2%
<b>Total</b>	<b>4,721</b>	<b>3,360</b>	<b>8,081</b>	

Note: VTP applications for the above countries opened on 1 November 2021 for entry into Singapore on or after 8 November 2021.

	Short-term visitors	Long-term pass holders	Total	% of short-term visitors to 2019 level*
Korea	2,757	2,581	5,338	3.7%

Note: VTP applications for the ROK opened on 8 November 2021 for entry into Singapore on or after 15 November 2021.

\*Assume travellers travel by end-Dec

SOURCES: CGS-CIMB RESEARCH, CAAS, STAN

**Philippines, Vietnam and Japan could be the next VTLs, China remains the key.** Next, we believe that Singapore may set up VTLs with the Philippines, Vietnam and Japan given that the arrivals from these countries represented 3-5% each of the total in 2019 (Fig 21). The launch of VTL with China remains key as Chinese travellers represented the largest arrivals in Singapore in 2019 at 19%. However, we believe that China may only reopen air travel to other countries in 2023 at the earliest considering that the borders between Hong Kong and China will fully reopen to quarantine free travel by Jun 22. Hence, we think that China may only reopen air travel to other countries in 2023 at the earliest.

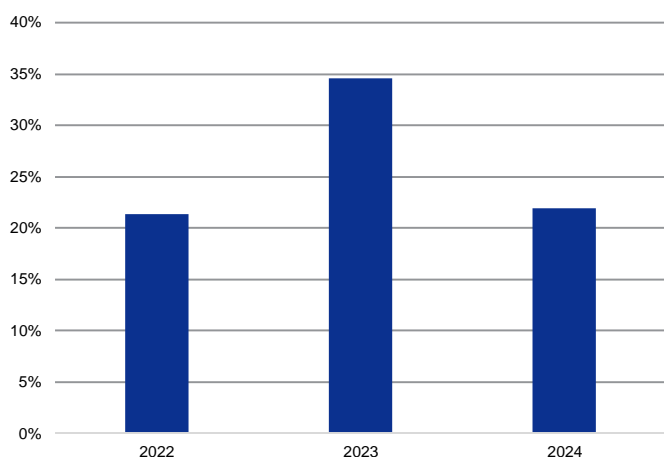
**Project RevPAR to achieve full recovery by end-2024.** Given Singapore's swift move in establishing 27 VTLs within a short 2-3 month period since Sep 21, we are not surprised if Singapore fully reopens its borders in 2022. While we believe the return of tourists will be gradual due to the cost of Covid-19 testing and the uncertainties caused by the virus, we project RevPAR recovery for the REITs' hotels in Singapore to accelerate from 2023 and reach pre-pandemic levels by 2024 (Figs 22 and 23).

**Figure 21: Potential VTL countries in the near future**

	% of contribution to Singapore's total arrivals in 2019	New cases per million of population	Vaccination rate (%)
Philippines	4.3%	2	39.8%
Vietnam	3.1%	162	57.4%
Japan	4.6%	1	78.0%
China	19%	0	82.6%

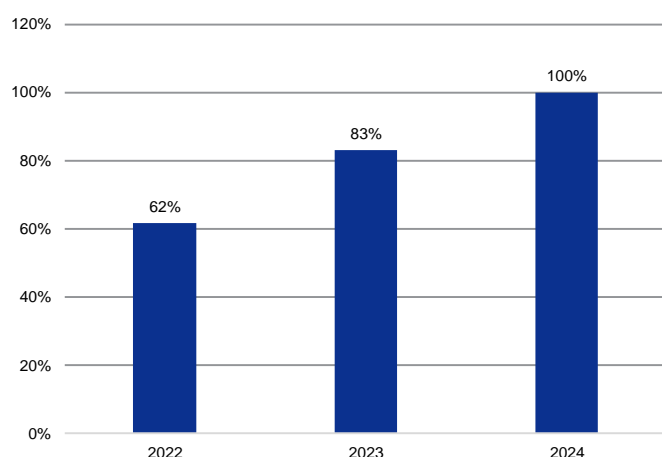
SOURCES: CGS-CIMB RESEARCH, STAN, OURWORLDINDATA

**Figure 22: We project RevPAR yoy growth for the REITs' hotels in Singapore to accelerate in 2022 and 2023**



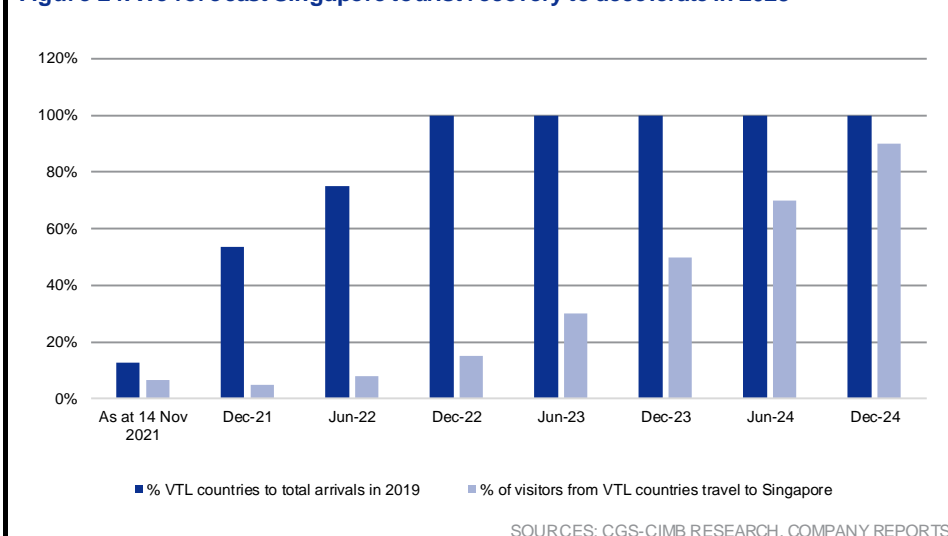
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 23: We project RevPAR for the REITs' hotels in Singapore to achieve full recovery in 2024**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 24: We forecast Singapore tourist recovery to accelerate in 2023**



### **Singapore government contracts are likely to be extended; greater domestic demand in 2022 >**

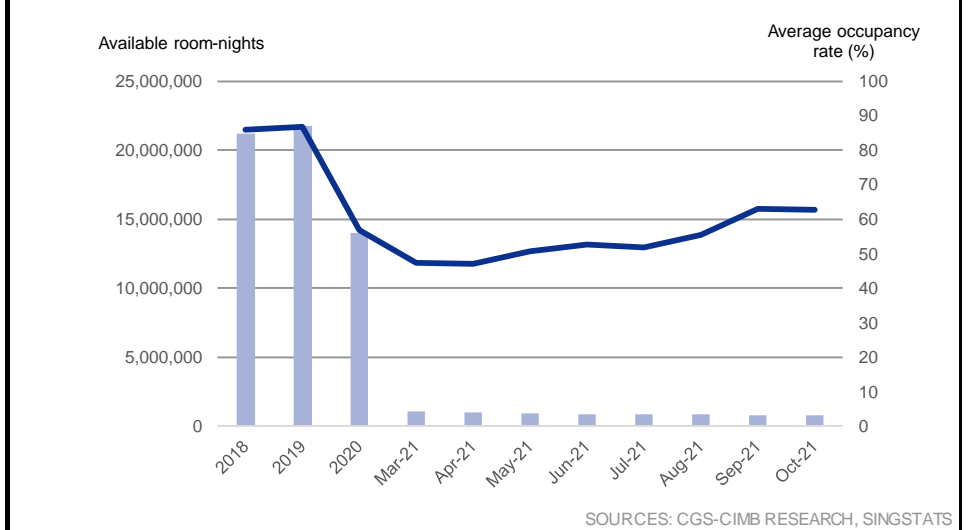
Government contracts and staycation demand have been supporting the hotels in Singapore. We believe that these sources of demand will continue to be the main occupancy driver in 2022, supplemented by additional demand from VTL.

**Hotels serving alternative businesses continue to rise.** We estimate that c.50% of the rooms in the industry are reserved for alternative use. Available room-nights continued to decline on a mom basis since Mar 21 to Sep 21 (Fig 25) which coincides with the increase in number of hotels serving as isolation facilities from more than 70 hotels in May 21 to >90 on 4 Aug 2021. Our checks with the REITs also revealed that they have been maintaining their contracts with the government and would last until 1Q22.

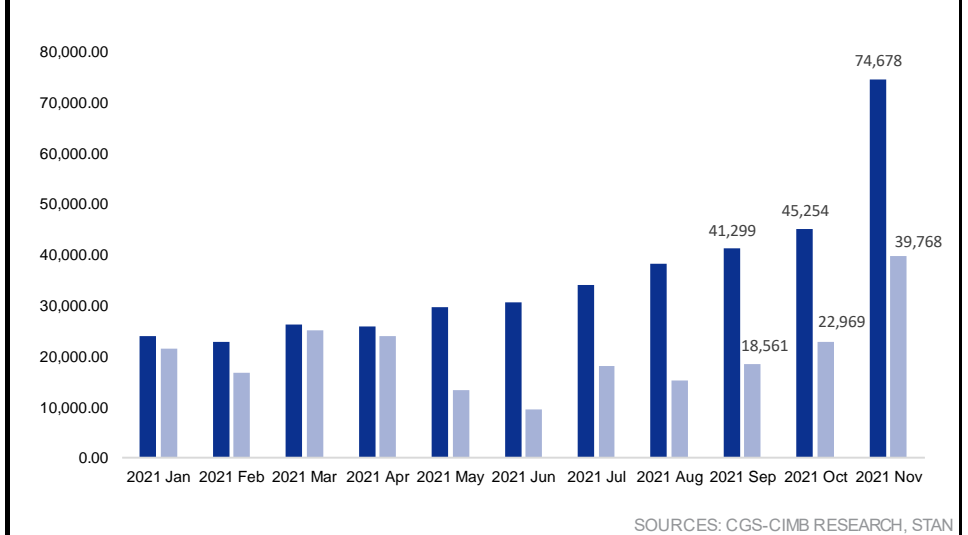
**Contracts with government are likely to be extended beyond 1Q22.** We believe an extension of government contracts is highly likely in the near term (at least until 1H22) to tackle a potential rise in cases from inbound travellers (countries listed in II, III and IV of Singapore's non-VTL travel health control measures are still required to serve stay-home-notice at dedicated facilities), especially since the emergence of Omicron. We believe that if the government were to release the hotels from contracts, it would be done in a gradual manner as it reopens its economy cautiously and this could be offset by the gradual recovery in inbound tourists. In any case, the REITs' Singapore hotels are trading at minimum master lease income level. Hence, any further drop in revenue should not affect the REITs' income from Singapore.

**Leisure hotels to see greater VTL and staycation demand.** Singapore hotels' average room rate, occupancy rate and RevPAR, particularly the mid-scale and luxury segments, have been improving since Sep 21, driven by VTLs and staycation demand (Figs 27-29). We believe that leisure dependent hotels should benefit from greater staycation demand, leisure demand from VTLs and some corporate demand. There were some concerns that staycation demand would weaken as Singaporeans travel overseas via VTL. However, based on our findings, the increase in arrivals via air exceeds departures in Sep and Oct 21 although departures spiked and exceeded arrivals in Nov 21 due to pent-up demand and year-end holidays. We believe that inbound tourism will increase and exceed outbound as Singapore establishes VTL with more countries that are major sources of tourists. The VTLs launched from the start (8 Sep 2021) until Oct 21 represented only 23% of 2019 arrivals vs. the >34% of total arrivals for the VTLs launched in Nov and Dec 21.

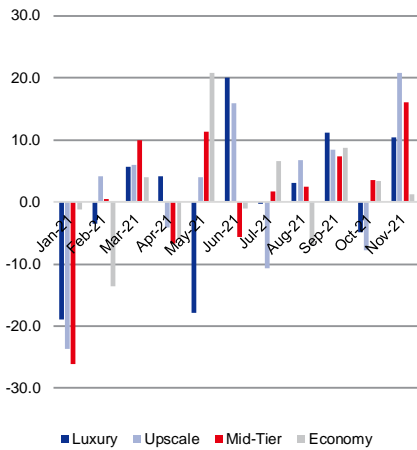
**Figure 25: Singapore hotel available room nights declined substantially since Mar 21**



**Figure 26: Singapore air arrivals exceeded air departures in Sep-Oct 21 although departures spiked in Nov 21 due to pent-up demand and year-end holidays**

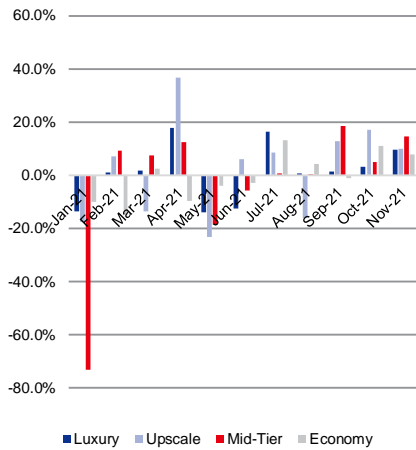


**Figure 27: Singapore hotel occupancy rate (mom % pts change)**



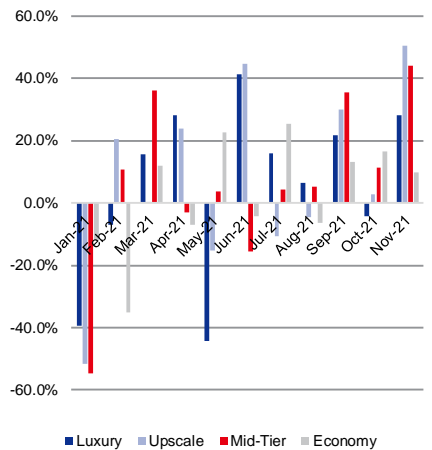
SOURCES: CGS-CIMB RESEARCH, STAN

**Figure 28: Singapore hotel average room rate (mom % change)**



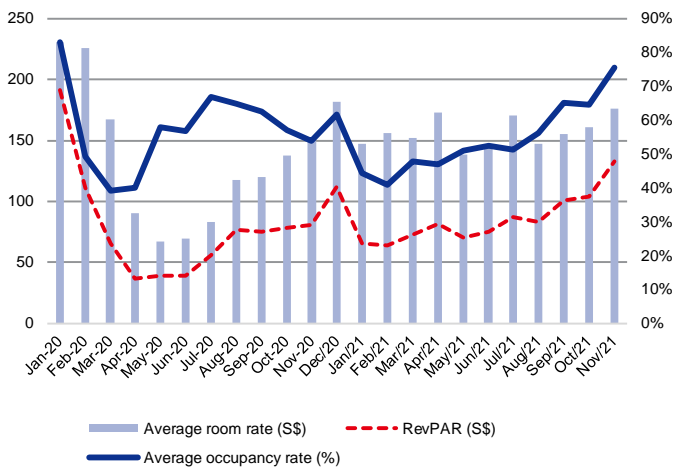
SOURCES: CGS-CIMB RESEARCH, STAN

**Figure 29: Singapore hotel RevPAR (mom % change)**



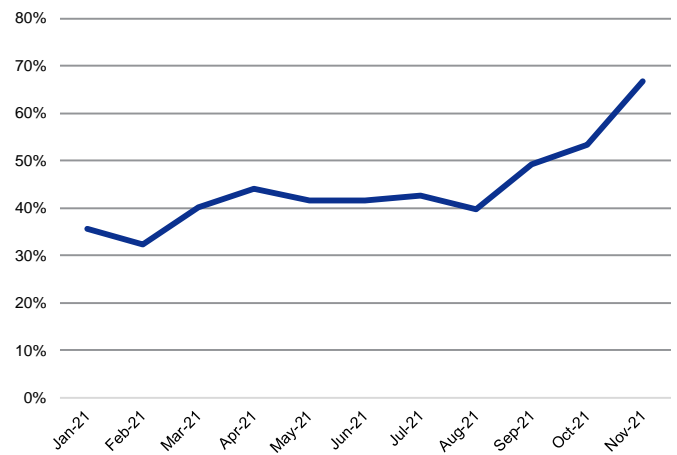
SOURCES: CGS-CIMB RESEARCH, STAN

**Figure 30: Singapore RevPAR and occupancy rate in Nov 21 at the highest since the pandemic**



SOURCES: CGS-CIMB RESEARCH, STAN

**Figure 31: Singapore hotel RevPAR hit 67% of pre-pandemic level (2019)**



SOURCES: CGS-CIMB RESEARCH, STAN

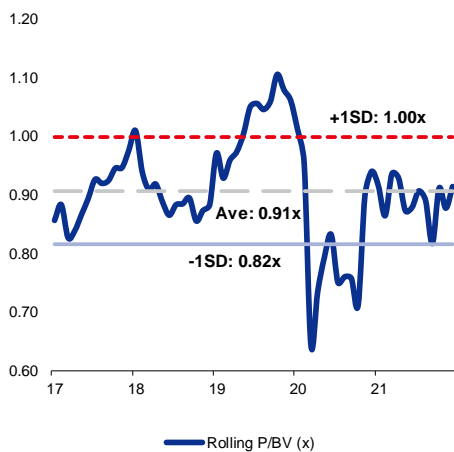
## Hospitality REITs are trading below book and pre-Covid 19 level; ART remains our top pick ➤

The hospitality REITs are trading at 0.75-0.86x P/BV, below pre-Covid 19 level of 0.9-1.1x (Figs 32-34). We see further share price upside on stronger RevPAR which we estimate to be 20% yoy growth in 2022 and 30% in 2023.

Ascott Residence Trust (ART) remains our preferred pick for the sector. The earlier and faster recovery of domestic travel vs. international travel (Figs 35-36) as well as in Europe, the US and China (38% of AUM) would bode well for ART. Given the strong domestic demand and less restrictive travel measures, ART's markets in Europe, the US and China have seen much stronger occupancy rates in the past few months (Fig 38). While Omicron would slow the recovery pace, the encouraging recovery in the past few months indicate there is strong demand to travel and we believe that this would pick up again once Omicron cases settle down.

ART's income is now more resilient than before. It has been growing its longer-stay portfolio and just recently expanded its student accommodation by acquiring four student accommodation assets in the US. This increased its longer-stay portfolio to 16% of AUM and is expected to further enhance its income resilience. ART has demonstrated its ability to recycle assets with an average exit yield of c.2% and acquisition yield of 5% in the past one year. With its healthy balance sheet with gearing at 37.8% post acquisition of the latest four student accommodation assets, ART is well-positioned to capitalise on its superior asset recycling strategy which underpins its income stability and inorganic growth.

Figure 32: ART's P/BV (x)



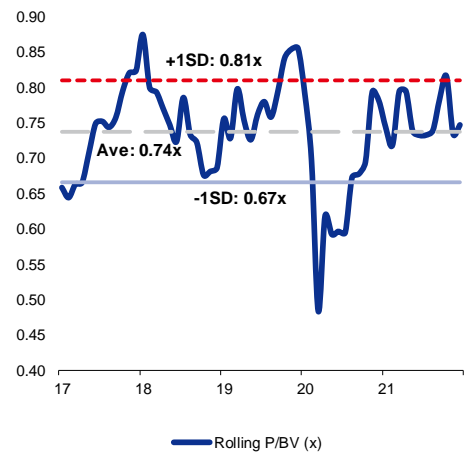
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 33: CDLHT's P/BV (x)



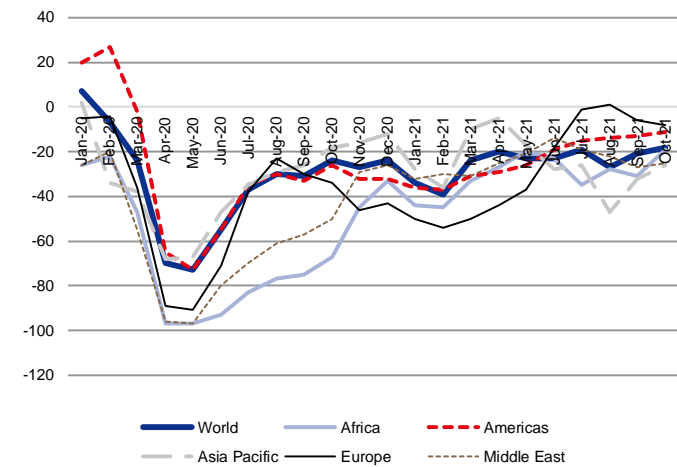
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 34: FEHT's P/BV (x)



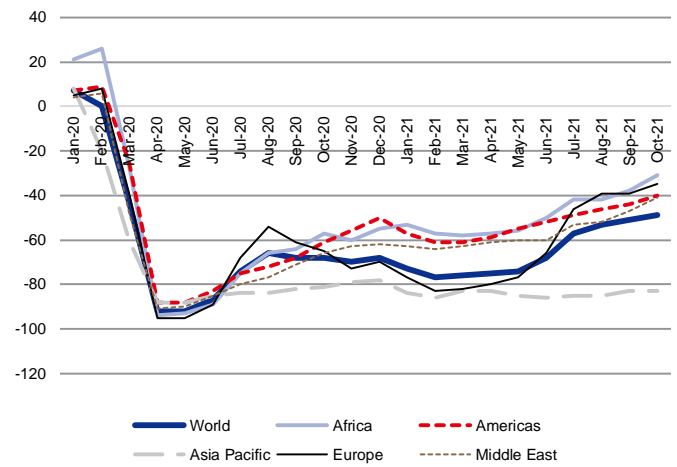
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

**Figure 35: Flight seat capacity - domestic\***



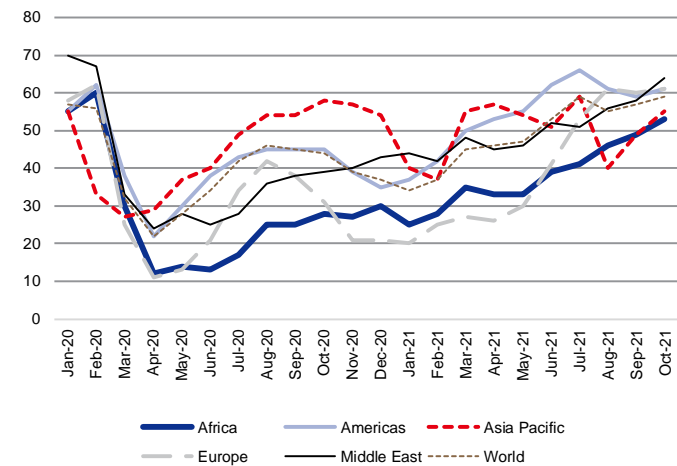
\*2020 is based on yoy % change, 2021 data is compared with 2019  
SOURCES: CGS-CIMB RESEARCH, UNWTO, ICAO

**Figure 36: Flight seat capacity – international\***



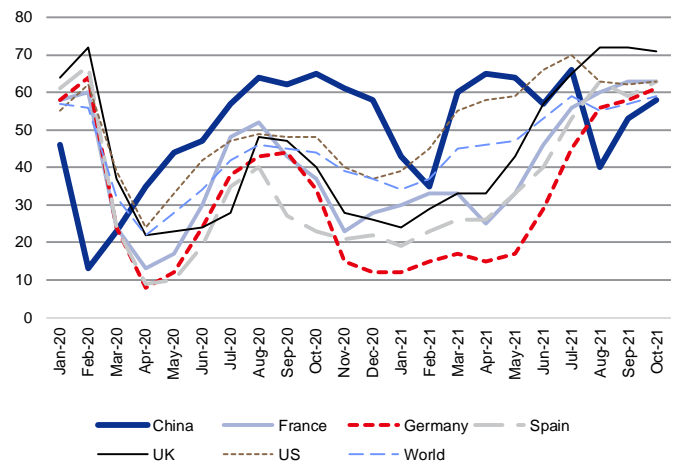
\*2020 is based on yoy % change, 2021 data is compared with 2019  
SOURCES: CGS-CIMB RESEARCH, UNWTO, ICAO

**Figure 37: Hotel occupancy rate by region\* (%)**



\*2020 is based on yoy % change, 2021 data is compared with 2019  
SOURCES: CGS-CIMB RESEARCH, UNWTO, STR

**Figure 38: ART's markets' hotel occupancy rates achieved 60-70% in Oct 21**



\*2020 is based on yoy % change, 2021 data is compared with 2019  
SOURCES: CGS-CIMB RESEARCH, UNWTO, STR

**Figure 39: Sector comparison**

SREIT	Bloomberg Ticker	Rec.	Price (LC) as at 04 Jan 22	Target Price (LC) (DDM-based)	Mkt Cap (US \$m)	Last reported asset leverage	Last stated NAV	Price / Stated NAV	FY21F Yield	FY22F Yield	FY23F Yield
<b>Hospitality</b>											
Ascott Residence Trust	ART SP	Add	1.03	1.22	\$2,486	35.3%	1.17	0.88	4.1%	4.8%	6.2%
CDL Hospitality Trust	CDREIT SP	Add	1.20	1.32	\$1,087	40.1%	1.29	0.93	3.4%	4.1%	5.6%
Far East Hospitality Trust	FEHT SP	Add	0.60	0.75	\$873	41.6%	0.79	0.76	4.2%	4.2%	5.5%
Frasers Hospitality Trust	FHT SP	NR	0.51	NA	\$714	37.7%	0.65	0.78	4.2%	4.5%	4.7%
<b>Simple Average</b>						<b>38.7%</b>	<b>0.84</b>	<b>4.0%</b>	<b>4.4%</b>	<b>5.5%</b>	
<b>Industrial</b>											
AIMS AMP	AAREIT SP	NR	1.49	NA	\$787	33.6%	1.34	1.11	6.0%	6.4%	6.6%
Ascendas REIT	AREIT SP	Add	2.97	3.31	\$9,183	37.6%	2.25	1.32	5.2%	5.7%	5.9%
ARA LOGOS Logistics Trust	ALLT SP	Add	0.90	0.98	\$957	37.8%	0.68	1.32	5.7%	5.7%	5.8%
ESR-REIT	EREIT SP	Add	0.49	0.54	\$1,440	41.3%	0.40	1.22	6.1%	6.4%	6.6%
Frasers Logistics & Commercial Trust	FLT SP	Add	1.53	1.62	\$4,143	33.7%	1.24	1.23	5.0%	5.4%	5.5%
Keppel DC REIT	KDCREIT SP	Add	2.45	2.78	\$3,095	35.1%	1.23	1.99	4.0%	4.2%	4.3%
Mapletree Industrial Trust	MINT SP	Add	2.69	3.16	\$5,271	39.6%	1.78	1.51	4.7%	4.9%	5.3%
Mapletree Logistics Trust	MLT SP	Hold	1.86	2.11	\$6,619	38.2%	1.32	1.41	4.5%	4.6%	4.6%
Sabana Shariah	SSREIT SP	NR	0.44	NA	\$349	33.4%	0.51	0.86	na	na	na
<b>Simple Average</b>						<b>36.7%</b>	<b>1.41</b>	<b>5.1%</b>	<b>5.4%</b>	<b>5.6%</b>	
<b>Office</b>											
Keppel REIT	KREIT SP	Add	1.13	1.29	\$3,076	37.6%	1.29	0.88	4.9%	4.9%	5.0%
OUE Commercial REIT	OUECT SP	Hold	0.44	0.45	\$1,764	38.0%	0.58	0.76	6.6%	6.4%	6.4%
Suntec REIT	SUN SP	Add	1.54	1.79	\$3,236	44.3%	2.05	0.75	5.4%	6.0%	6.1%
<b>Simple Average</b>						<b>40.0%</b>	<b>0.80</b>	<b>5.6%</b>	<b>5.8%</b>	<b>5.8%</b>	
<b>Retail</b>											
CapitaLand Integrated Commercial	CICT SP	Add	2.09	2.57	\$10,165	40.9%	2.05	1.02	5.0%	5.4%	5.4%
Frasers Centrepoint Trust	FCT SP	Add	2.33	2.92	\$2,919	33.1%	2.30	1.01	5.2%	5.4%	5.5%
Lendlease Global Commercial REIT	LREIT SP	Add	0.90	0.96	\$790	34.3%	0.81	1.11	5.2%	5.3%	5.9%
Mapletree Commercial Trust	MCT SP	Hold	1.82	2.32	\$4,454	34.2%	1.72	1.06	5.2%	5.2%	5.4%
SPH REIT	SPHREIT SP	Add	1.00	1.03	\$2,062	30.3%	0.91	1.10	5.4%	5.3%	5.3%
Starhill Global REIT	SGREIT SP	Add	0.65	0.71	\$1,067	36.3%	0.81	0.80	6.1%	6.4%	6.7%
<b>Simple Average</b>						<b>34.9%</b>	<b>1.02</b>	<b>5.3%</b>	<b>5.5%</b>	<b>5.7%</b>	
<b>Overseas-centric</b>											
CapitaLand China Trust	CLCT SP	NR	1.21	NA	\$1,502	34.7%	1.55	0.78	7.3%	8.0%	8.4%
Elite Commercial REIT	ELITE SP	Add	0.67	0.77	\$430	42.1%	0.63	1.06	8.1%	7.6%	8.2%
Mapletree North Asia Commercial Trust	MAGIC SP	Add	1.09	1.13	\$2,832	41.4%	1.27	0.86	5.6%	6.3%	7.3%
Manulife US REIT	MUST SP	Add	0.67	0.92	\$1,175	42.0%	0.71	0.94	8.2%	8.6%	9.1%
Sasseur REIT	SASSR SP	Add	0.85	1.03	\$762	27.2%	0.94	0.90	7.8%	8.4%	8.8%
<b>Simple Average</b>						<b>38.3%</b>	<b>0.91</b>	<b>0.07</b>	<b>0.08</b>	<b>0.08</b>	
<b>Healthcare</b>											
Parkway Life REIT	PREIT SP	Add	5.20	5.05	\$2,317	37.0%	1.95	2.67	2.7%	2.8%	2.9%
<b>Simple Average</b>						<b>36.0%</b>	<b>2.67</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.9%</b>	
<b>Simple average for SIN</b>						<b>37.2%</b>	<b>1.11</b>	<b>5.4%</b>	<b>5.7%</b>	<b>6.0%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG



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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 - 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2021		
623 companies under coverage for quarter ended on 30 September 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.4%	1.1%
Hold	20.1%	0.0%
Reduce	7.5%	0.0%

### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** –

Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

## Recommendation Framework

### Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.