Hospitality S-REITs

14 Jun 2022

Sun is shining again

- A summer surge in travel demand on the cards as shown by a variety of positive indicators
- Hoteliers have pricing power in their hands, expect 2022 performance to exceed pre-pandemic levels
- ARAHT and ART expected to report robust operating metrics in US come 1H22 results
- Maintain BUY on ARAHT and ART with TPs of US$0.70 and S$1.40, forward FY22 yields at 9.5% and 4.0%, respectively

A summer travel surge on the cards, as vacationers flock to holiday destinations. We are excited about the prospects of a rebound in operating metrics observed in the USA, starting from 2Q22, which is the peak travel season. We see a variety of positive indicators starting from (i) major US airlines raising guidance on higher-than-expected ticket prices and capacity yields, (ii) cruise spending now just 10% shy of full recovery, and (iii) strong forward booking trends on travel websites. These encouraging signs point towards the ability of hospitality S-REITs with US exposures (ARAHT and ART) to post strong operating metrics come 1H22 results.

Hoteliers upping prices as pricing power returns in the US. Recent forward outlook statements from major hotel groups (Marriott, Hyatt, and Hilton) are also turning more promising, with most hoteliers expecting to see a leap in RevPAR in 2Q-3Q22 on the back of robust domestic travel demand for both the leisure and corporate travel segments. With pricing power back in the hoteliers' hands, we also note that STR and Tourism Economics recently upgraded their recovery timeline forecast for US hotel RevPAR to surpass 2019 (or pre-COVID-19) levels by 2022, which is a positive read for ARAHT (100% exposure to the US market) and ART (20% exposure to the US market). We note that these revisions are inflation-adjusted, implying that the pent-up demand for travel will likely be sustained, despite high inflation rates in the USA.

Close correlation between RevPAR and share price not fully reflected in valuations. With RevPAR-led recovery underway with further strength boosting upside potential, we remain confident that a re-rating in share prices for ARAHT and ART can be sustained. Trading at 0.7x P/NAV (ARAHT) and 1.0x P/NAV (ART) and offering FY22F yields ranging from 6%-9%, we remain attracted to remain vested in the multi-year growth story that the hospitality sector offers.

STI : 3,139.35

Analyst
Geraldine WONG +65 6682 3719
geraldinew@dbs.com

Tabitha FOO +65 66823707
tabithafoo@dbs.com

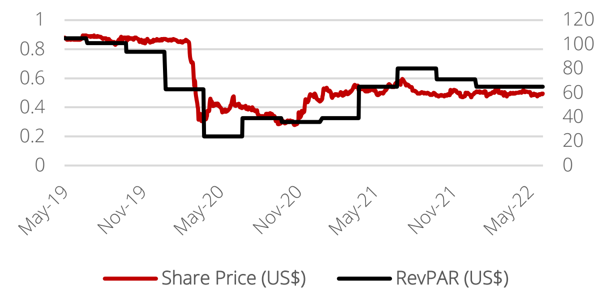
Derek TAN +65 6682 3716
derektan@dbs.com

STOCKS

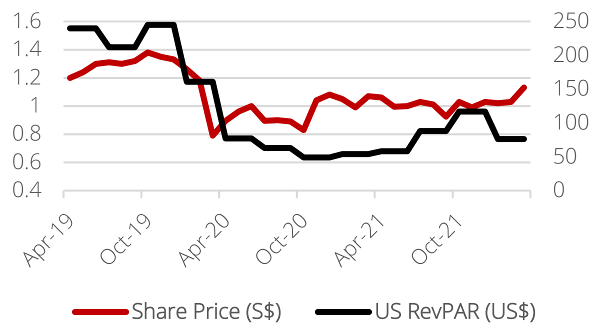
	Price LCY	Mkt Cap US$m	12-mth Target Price S$	Performance (%) 3 mth	12 mth	Rating
Ascott Residence Trust	1.16	2,744	1.40	12.6	11.5	BUY
ARA US Hospitality Trust	0.49	276	0.70	(1.0)	(13.4)	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 13 Jun 2022

RevPAR to share price (ARAHT)



RevPAR to share price (ART)



Source: Bloomberg Finance L.P.

Summer working its magic

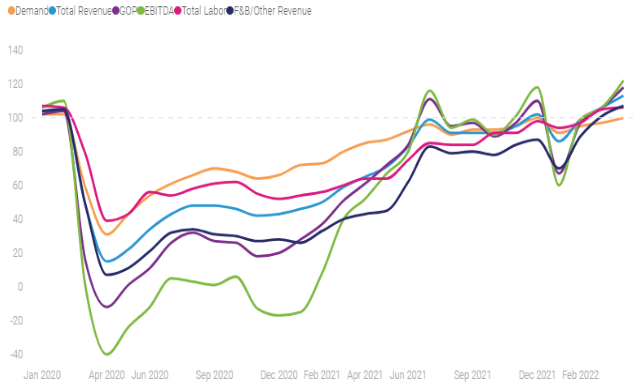
Summer 2021 vs. summer 2022. A year ago, travellers were aching to travel but remained cautious with the highly infectious Delta strain. Fast forward to today, the immense pent-up demand, easing of restrictions, and pandemic fatigue have restored a strong appetite and confidence in travel.

US travel and tourism data unanimously points upwards, as a travel surge is on the cards. As Delta and Omicron fears subside, a summer travel surge is likely on the cards. According to Mastercard Economics Institute, people are feeling more comfortable heading off to further destinations, despite a jump in cases and average airfares increasing 18% globally since the start of the year. Major US airlines such as United Airlines and American Airlines had all raised their revenue guidance for the year on higher ticket fares, despite trimming flight schedules. On a similar note, cruise spending was at 25% of pre-COVID levels at the start of the year, but it is now just 10% shy of full recovery. With these encouraging data points, travel demand ahead looks more optimistic than expected.

US hotel industry RevPAR now expected to exceed 2019 levels this year. In a precursor to travel and room demand, US booking sites such as Hopper and Kayak are seeing strong booking activity for spring break, leading to the start of a very strong summer. AirDNA data suggests that the booking pace for travel in the northern hemisphere is 49% higher than the same time last year and 26% higher than in pre-pandemic year 2019 across the 10 million vacation rentals they track daily.

STR and Tourism Economics upgraded their recovery timeline forecast for US hotel RevPAR to surpass 2019 levels this year, with an adjustment of US$11 to the forecasted average daily room rate of hotels in 2022. Occupancy is expected to be pre-pandemic comparable, bringing overall RevPAR approximately US$6 higher than 2019 levels. We note that the higher adjustment in numbers takes into account inflation, with inflation-adjusted recovery in ADR and RevPAR continuing to be forecast for the year 2024.

Estimated US hotel revenues, profits, and metrics indexed to 2019



Source: STR, DBS Bank

Profitability continues to be hindered by heightened costs. Despite underlying metrics leaping ahead of expectations, hotel profitability has only started hitting 2019 levels recently. Data published by STR showed that US hotel gross operating profit per available room exceeded pre-pandemic levels for a second consecutive month in April 2022, or the highest level for the country since November 2018. Higher operating costs, such as wages and utility costs, weigh on profitability, and we see this trend continuing, on the back of inflationary pressures and the Russia-Ukraine conflict.

However, select-service hotels are best positioned to mitigate these elevated costs. The select-service hotel type continues to reflect more positively on profitability as opposed to their full-service counterparts due to the function of a leaner operating model and lower reliance on labour. Historical RevPAR numbers published by Hyatt Hotels Corporation show that as of 2021, RevPAR recovery has been stronger for select-service accommodation types across three different geographical markets. Hence, we continue to like this segment, which has proven its resilience and is well positioned to keep costs low.

DBS
Live more, Bank less

Positive datapoints from global hospitality peers

Positive guidance from major hotel groups. Hotel operators' guidance imply an immediate upturn. Based on the forward outlook statements by various hoteliers including Hyatt, Hilton Worldwide, and Marriott International, we see positives in their outlook, especially in the coming months, driven by pent-up travel demand.

Amongst them, we note that Hyatt is seeing its strongest recovery in the US select-service space, with RevPAR in 2021 jumping to 72% of pre-COVID (2019) levels, and ranging between 46% to 62% in the other regions. This is a positive for ARA US Hospitality Trust (ARA US), given their portfolio focus on the Hyatt Hotel group.

Bleisure trend likely contributed to summer travel boom. Bleisure travel, which is a combination of business and leisure travel, is on the rise. With travel plans delayed or cancelled due to the pandemic, many are now taking the opportunity to extend a work trip for leisure, especially in an era of hybrid working. We think that the travel demand could have also been spurred by bleisure demand, in addition to just pure leisure demand.

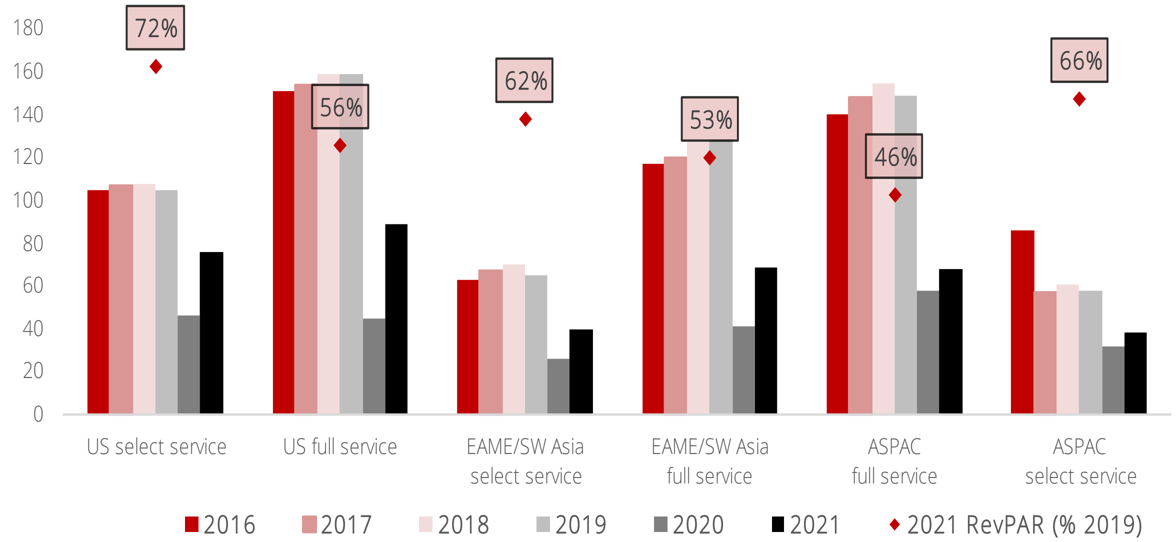
More room for rate hikes; good inflation hedge for select-service hotels. With travel demand ahead looking more optimistic than expected, we see potential for hoteliers like ARAHT and ART to increase room rates. Given that the select-service room offering is generally more affordable than full-service hotels, the crunch in room rates could see a similar hike in room rates for the middle to upper middle accommodation, bringing its offerings in tandem with luxury-tier, full-service hotels. We also like that the repricing of room rates is dynamic, acting as a good hedge in an inflationary environment.

Hotel operators' guidance

Key Guidance	Summary:
Hyatt: The strength of Memorial Day weekend and the positive booking pace for May and beyond suggest a robust summer travel season ahead. Expect higher rates and volume of business in all regions, other than Asia Pacific. Hyatt is seeing the strongest recovery in the US select-service space, with RevPAR in 2021 jumping to 72% of pre-COVID (2019) levels, and ranging between 46% to 62% in the other regions. **Hilton Worldwide:** April 2022 RevPAR was at c.95% of 2019 levels. Guidance: 1) 2Q22 system-wide RevPAR growth between 45%-50% y-o-y or 5%-10% below 2Q19; 2) reach 2019 system-wide RevPAR levels in 3Q22; and 3) FY22 RevPAR growth between 32%-38% y-o-y or 5%-9% below FY19. Expecting to see a very strong leisure demand base and increasingly strong leisure business transient and group base in 2022 and 2023. Decent, albeit uneven, recovery across Europe – stronger recovery seen in western Europe than eastern Europe. US recovery is the strongest, while China is still lagging, but long-term recovery is expected in the region. **Marriott International:** They remain very positive about the summer and believe that there is still a lot of consumer demand for their brands and a significant amount of pricing power. Demand in major urban markets has been recovering in recent months, with a few more leisure-orientated markets exceeding 2019 levels. Both leisure room demand and rates are anticipated to exceed 2019 levels. China has been challenging, but they are confident of demand returning rapidly once restrictions are lifted.	Most hotel groups are seeing a strong rebound in domestic demand and expect to see a robust summer (CY2Q/3Q), with hoteliers seeing good pricing power. US/Europe expected to hit pre-COVID levels ahead, while China recovery is uncertain, given the COVID-19 lockdowns – but they appear to be easing. Key to watch is the reopening of China's borders, which will bring the next leg of growth.

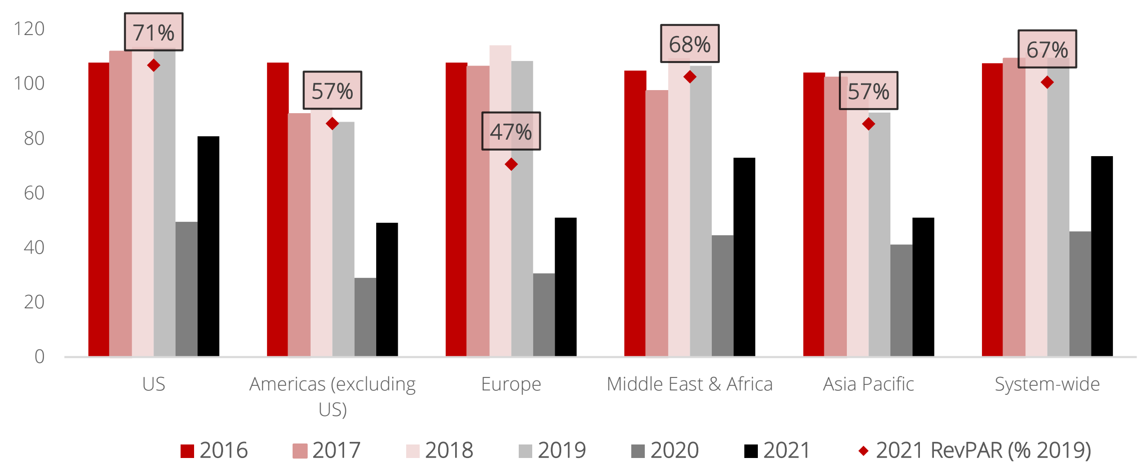
Source: Various companies, DBS Bank

Hyatt Hotels RevPAR 2016-2017 by region and hotel type (2021 % recovery based on 2019 levels)



Source: Hyatt Hotels Corporation, DBS Bank

Hilton Worldwide unaudited RevPAR 2016-2021 by region (2021 % recovery based on 2019 levels)



Source: Hilton Worldwide Holdings, DBS Bank

DBS
Live more, Bank less

Who is best leveraged to ride on the upturn?

ARAHT best leveraged in the US upturn (BUY, TP S$0.70). In 1Q22 results, management shared that forward bookings for 2Q22 were coming in stronger than pre-COVID levels. Further, using Hyatt Hotels as a proxy, April 2022 RevPAR for the Americas exceeded pre-COVID levels by 3%, while comparable system-wide RevPAR in May 2022, at c.US$127, was the highest since November 2019. Looking ahead, the rebound in travel demand could come faster than we initially anticipated.

Recovery in RevPAR to drive share price re-rating. We believe that ARAHT will likely see an uplift in RevPAR ahead, as we turn more positive on travel demand and on the back of inflationary pressures as well as a higher willingness to spend. According to a study by Skyscanner, travellers are spending more on accommodation with higher budgets, even amid a higher cost of living. We think there could be two reasons for this: 1) High level of savings from not travelling in the past two years and 2) immense pent-up demand. Hence, we look forward to higher RevPAR figures for 2Q22 and 3Q22, which, we think, are not priced in yet.

Paring down of debt likely the immediate priority. ARAHT's portfolio valuations rose 5.2% y-o-y to US$722.6m as end-FY21 but remain below FY19 levels on a same-store basis. While pricing in a full recovery in portfolio valuations by FY24, which now looks to be conservative, we estimate ARAHT's FY22F gearing to decline from 42.2% to 41.6%, should the full quantum of divestment proceeds be used to pay off debt. This alleviates one of the key market concerns for ARAHT in the current hawkish interest rate environment, and an improvement from their 44.3% leverage ratio as at end-FY21.

ARAHT – bullish on both top line and bottom line; reiterate BUY with TP of US$0.70. We reiterate our BUY call on ARAHT on the back of conservative recovery estimates, projecting a full RevPAR recovery only in 2024. With travel and hotel sector data pointing upwards in unison, we think that 2Q22 will register ARAHT's strongest quarterly performance since the pandemic months, with higher highs y-o-y this year. ARAHT's select-service operating format will also help alleviate cost pressures from heightened costs of labour and utilities, while riding on the RevPAR momentum pegged to its higher end hotel offering.

We recalibrate the risk-free rate for ARAHT to 3.0%, in line with the S-REIT industry re-rating. FY22/23 DPU is forecast at US 4.7/6.1scts, respectively, implying forward yields of 9.6% and 12.4%, respectively, on last close price. Our TP remains unchanged at US$0.70, as we roll forward valuations into FY23.

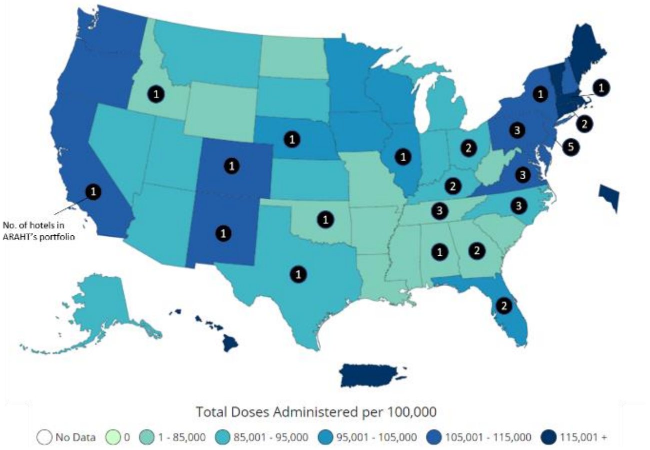
Ascott REIT – 20% US exposure; maintain BUY with TP of S$1.40. Amongst the hotel S-REITs, Ascott REIT is the only other hotel S-REIT with US exposure apart from ARAHT. ART owns three US hotels within New York and will be a key beneficiary of the return of MICE events in the coming quarters. RevPAR for their US hotels ended 1Q22 at US$76, or approximately 33% of 2019 levels, and we expect RevPAR to play a strong game of catch-up in the coming quarters for ART's three US hotels in New York. Management has also guided on stronger international bookings flowing through as city-wide events and leisure demand return.

Summary of exposures

	Others		Domestic markets				
	Singapore	Rest of Asia	China	Japan	UK/Europe	USA	Australia/NZ
Ascott Residence Trust	16%	8%	4%	19%	20%	20%	13%
CDL Hospitality Trust	64%	7%	0%	3%	15%	0%	11%
Hospitality Trust	36%	6%	0%	9%	18%	0%	32%
Far East Hospitality Trust	100%	0%	0%	0%	0%	0%	0%
ARA US Hospitality Trust	0%	0%	0%	0%	0%	100%	0%
Average exposure	40%	7%	4%	13%	16%	6%	14%

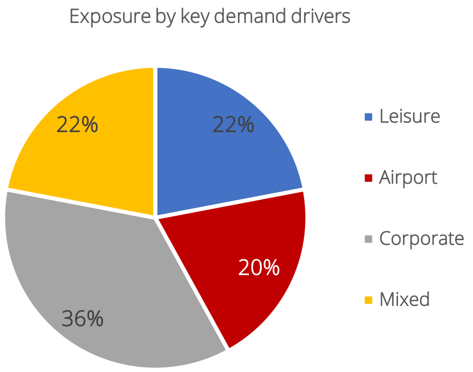
Source: Companies, DBS Bank

ARAHT's portfolio exposure vs. US state vaccination tracker

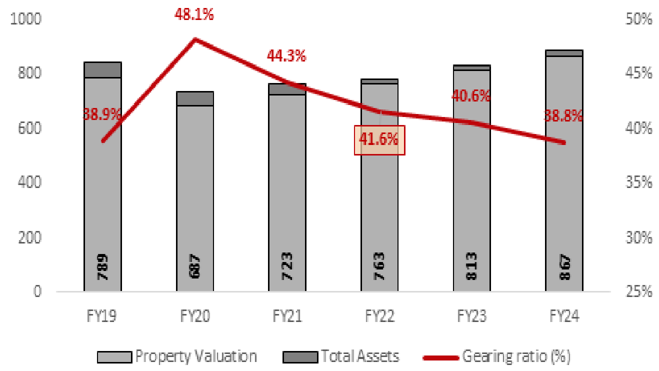


Source: Company, DBS Bank

ARAHT's portfolio exposure

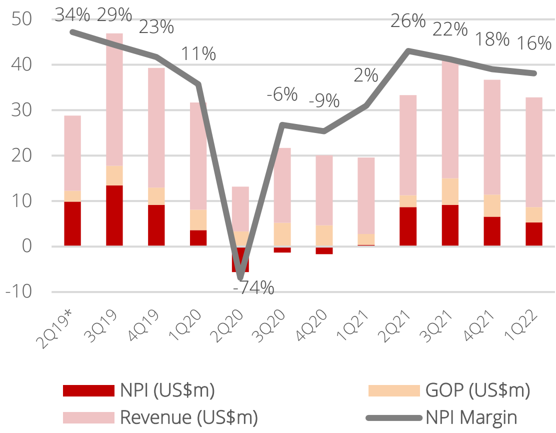


ARAHT gearing sensitivity with divestment proceeds used to reduce debt (US$m)



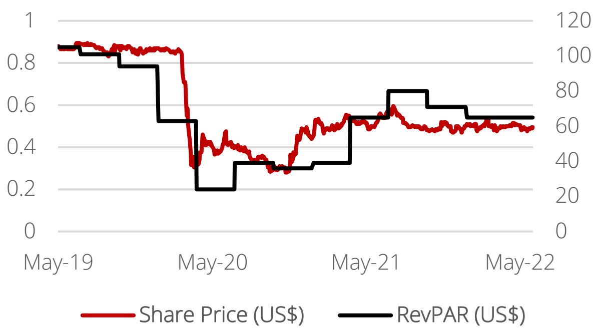
Source: Company, DBS Bank

ARAHT's historical revenue, GOP, NPI (US$m), and NPI margins (%)



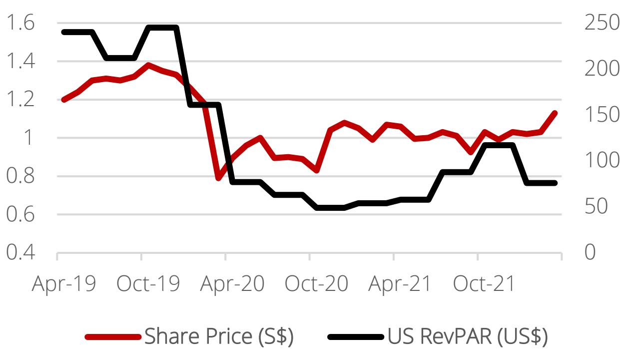
Source: Company, DBS Bank
** 2Q19 represents listing date (9 May 2019) to 30 June 2019*

ARAHT (US$) – Share price vs. RevPAR



Source: Company, DBS Bank

Ascott REIT (S$) – Share price vs. US RevPAR



DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 14 Jun 2022 06:27:33 (SGT)
Dissemination Date: 14 Jun 2022 06:57:35 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), DBSVI, DBSVTH, DBS Vickers Securities (USA) Inc ("DBSV USA"), DBS Bank Ltd (London Branch) ("DBS UK"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

(a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
(b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate[1] does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests[2] in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have proprietary positions in Ascott Residence Trust,,CDL Hospitality Trusts Far East Hospitality Trust, ARA US Hospitality Trust, recommended in this report as of 31 May 2022.

2. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in ARA US Hospitality Trust recommended in this report as of 31 May 2022.

3. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA or their subsidiaries and/or other affiliates beneficially own a total of 1% of any class of common equity securities of ARA US Hospitality Trust as of 31 May 2022.

Compensation for investment banking services:

4. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Ascott Residence Trust as of 31 May 2022.

5. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Ascott Residence Trust in the past 12 months, as of 31 May 2022.

6. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

[1] An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

7. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Disclosure of previous investment recommendation produced:

8. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946. DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore. For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies. Wong Ming Tek, Executive Director, ADBSR
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. For any query regarding the materials herein, please contact Chanpen Sirithanarattanakul at research@th.dbs.com

United Kingdom	This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore. This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK, This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules. This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page. Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC. Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010). The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way. Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Live more, Bank less

DBS Regional Research Offices

HONG KONG
DBS (Hong Kong) Ltd
Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE
DBS Bank Ltd
Contact: Paul Yong
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand