

# China / Hong Kong Company Update

## Yuexiu REIT

Bloomberg: 405 HK EQUITY | Reuters: 0405.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

21 Jun 2022

### BUY

Last Traded Price (20 Jun 2022): HK\$3.00 (HSI : 21,164)  
Price Target 12-mth: HK\$3.77 (26% upside) (Prev HK\$4.20)

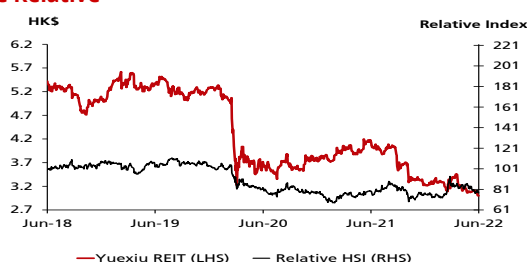
#### Analyst

Ken He +86 21 38562898 ken\_he@dbs.com  
Danielle Wang +852 36684176 danielle\_wang@dbs.com  
Jason Lam +852 36684179 jasonlamch@dbs.com  
Zoe Zhang +86 21 38562892 zoezhangbb@dbs.com  
Ben Wong benwongkf@dbs.com  
Dexter Chun dexterchun@dbs.com

#### What's New

- Recent share price weakness has more than priced in uncertainties on DPU from rental concessions, which will be amortised over a three-year horizon
- Despite market concerns, our scenario analysis suggests DPU impact from an extension of rental concession to more of Yuexiu REIT's portfolio should still be manageable
- Tax reliefs, potential launch of REIT-Connect and likely pickup of GZ retail sales are potential catalysts ahead
- BUY for its defensive FY22F yield of 7.6% even after the aforementioned disruptions; TP revised down to HK\$3.77

#### Price Relative



#### Forecasts and Valuation

FY Dec (RMB m)	2020A	2021A	2022F	2023F
Gross Revenue	1,759	1,797	2,127	2,311
Net Property Inc	1,323	1,298	1,548	1,690
Net Profit	391	645	619	703
Distribution Inc	649	798	892	981
DPU (HK\$)	0.23	0.23	0.23	0.25
DPU Gth (%)	(17)	1	(3)	10
Div Yield (%)	7.7	7.8	7.6	8.4
Gross Gearing (%)	39	40	39	39
Book Value (HK\$)	6.14	5.03	4.99	4.94
P/Book Value (x)	0.5	0.6	0.6	0.6

DPU Rev (%): (6) 0  
Consensus DPU (HK\$): 0.25 0.25  
Other Broker Recs: B:5 S:0 H:1

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

### Look beyond near-term disruptions

#### Investment Thesis

**Uncertainties from rental concessions in price.** Yuexiu REIT's started to lag behind the market (-14% vs -5% of HSI) as concerns over the possible offering of rental concessions loom from early Apr as more cities were faced with COVID-19 lockdown measures. Despite the unveiling of a rent relief plan in June, price weakness extended as the market remain in doubt on the sufficiency of the package and thus further downside risk in DPU. Our scenario analysis showed that uncertainties in this regard have been mostly priced in, especially as we believe the market has overlooked the fact that the DPU impact will be smoothed and amortized in 3 years. Even in our bear case which assumes Yuexiu REIT offers 3 months of rental concessions for all of its malls and offices, it will still trade at a decent 6.5% and 7.3% FY22F and FY23F distribution yield (vs 5.9% of 5-year historical mean). This has yet to account for the possible subsidies that the government may offer (Yuexiu REIT was offered subsidies equivalent to c.30% of rent relief in 2020).

**Catalysts ahead to stimulate share price recovery.** On one hand, HK is pacing up the development of H-REIT and REIT-Connect initiative. Yuexiu REIT, with its quality asset portfolio and being a major constituent of the HSREIT Index, will likely attract onshore investors and benefit from the launch of the initiative. On the other, the potential provision of subsidies by the government on rental concessions may offer support to Yuexiu REIT's DPU. A likely pickup in GZ retail sales as impact from stimulus measures starts to show in 2H22, historically a principal share price driver for the REIT, will help catalyze the company's share price performance as well.

#### Valuation:

We derive our TP of HK\$3.77 based on the Dividend Discount Model (DDM). The stock is now trading at a 7.6/8.3% FY22/23F yield.

#### Where we differ:

**Uncertainties on rental concessions fully priced in.** As illustrated in our scenario analysis, potential rental concessions is fully priced in. We believe it is a good entry point for investors to ride on this quality name for the upcoming launch of REIT connect programme.

#### Key Risks to Our View:

Faster than expected US rate hikes; sharper than expected Rmb depreciation, larger than expected offering of rental concessions.

#### At A Glance

Issued Capital (m shrs)	3,417
Mkt Cap (HKm/US\$m)	10,251 / 1,306
Major Shareholders (%)	
Yuexiu Property Co Ltd	40.0
Yue Xiu Enterprises (Holdings) Limited	8.0
Free Float (%)	52.0
3m Avg. Daily Val. (US\$m)	1.08
GICS Industry: Real Estate / Equity Real Estate Investment	



Watchlist the stock on Insights Direct to receive prompt updates



## Yuexiu REIT

### WHAT'S NEW

**Provision of rental concessions sparked concerns over further downside risk on DPU.** The closure of operating properties and lockdown measures that stem from the spread of COVID-19 increases the risk that landlords of wholesale, retail, and office properties could be under pressure to offer rental waivers. Currently, White Horse Building (Guangzhou), Yue Xiu Tower (Shanghai), and Starry Victoria Shopping Centre (Wuhan) are offering rental waivers of 3, 0.5-2, and 1 month(s), respectively, representing 4.5% of the company's FY21 total income. With the expectation that COVID-19 will still linger in China over the near term, there are concerns from investors that the current rental concession plan may not be sufficient and more rent relief may eventually have to be offered, posing downside risk the Yuexiu REIT's DPU. Some may also have overlooked the fact that the impact from rental concession will be smoothed and amortised for three years – like they did in the last round of rent relief in 2020.

**Scenario analysis suggests that downside risks on DPU from further rental concessions should be manageable.** In our base case, we have taken Yuexiu REIT's concession package as it was announced, and assumed that there will no subsidies offered by local regulators. This will result in a c.7% cut to FY22F DPU. The drop could be less at c.5% if 30% of the rental concessions are subsidised by the government (like what they did in 2020). In our bear case scenario, we assume Yuexiu REIT will offer three months of rental waivers for all properties in its portfolio – malls and offices included – and in the absence of any subsidies. This could translate into a c.19% downside to FY22F DPU, and FY22/23F yields would stand at c.6.5/7.3%.

**Some headwinds ahead, but these should be reflected in the price.** Besides adjustments made in reflection of the DPU impact from rental concessions under our base case, we have also lowered our estimated income from hotels given muted recovery so far in the hospitality sector. Accordingly, we have cut our FY22F DPU by 7%. We expect FY22F revenue to grow c.18% (after consolidating the recent acquisition) to Rmb2.1bn, lower than our previous forecast of c.25% increase. We have also assumed that rental reversions for the wholesale market portfolio to come by be lower than our original expectations. As such, our estimated NPI growth rate is lower at c.19% vs. c.23% previously for FY22.

**Catalysts to drive share price recovery; Maintain BUY with TP HK\$3.77.** We lowered our TP to HK\$3.77 as we raised our discount rate in our DDM to 7.39% (from 6.59%). We

are maintaining our BUY call given the counter's attractive FY22/23F dividend yield of c.7.6/8.3% (vs 5.9% of 5-year historical mean) and share price catalysts ahead. Yuexiu REIT, as a major constituent of the HSREIT Index, could benefit from the potential REIT-Connect initiative. The potential provision of subsidies by the government on rental concessions could partially offset the negative impact, which would be another share price catalyst. A likely pickup in GZ retail sales – a factor historically shown to be a principal share price driver for the REIT – would help catalyze the company's share price performance too.

### Scenario analysis of impact of rental concessions on DPU

Scenario (Rmb mn)	Bull Case	Base case	Bear case
Total income	2,153	2,127	2,008
% yoy change	20%	18%	12%
NPI	1,575	1,548	1,430
% yoy change	21%	19%	10%
Distributable income	918	892	777
% yoy change	15%	12%	-3%
Full year DPU (RMB)	0.20	0.20	0.17
Full year DPU (HKD)	0.23	0.23	0.20
% yoy change	-5%	-7%	-19%
NPV (HKD)	<b>3.78</b>	<b>3.77</b>	<b>3.33</b>
FY22F Div yield	<b>7.7%</b>	<b>7.6%</b>	<b>6.5%</b>

Source: DBS Bank HK

Note 1: under the base case, we factor in its announced rental concessions.

Note 2: under the bull case, we assume that 30% of the rental concessions will be subsidised by the government.

Note 3: under the bear case, we factor in three months of rental waivers for all properties in its portfolio.

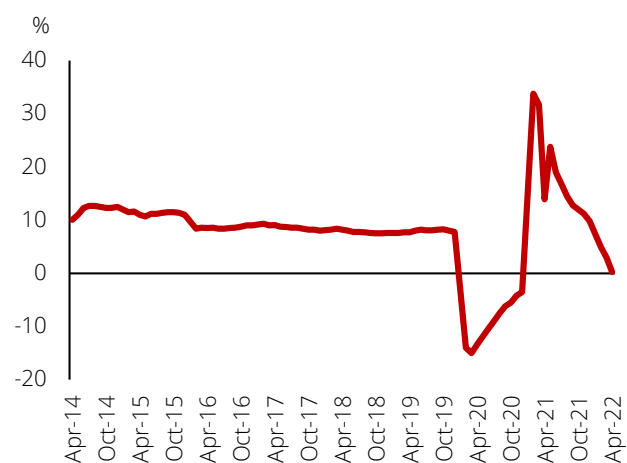
### Scenario analysis of impact of rental concessions on FY22/23F yields

Scenario	FY22F	FY23F
Bull	7.7%	8.3%
Base	7.6%	8.3%
Bear	6.5%	7.3%

Source: DBS HK

**Yuexiu REIT**

**Y-o-y growth of retail sales in Guangzhou**



Source: Wind, DBS HK

**Company Background**

Yuexiu REIT was established through the acquisition of four commercial properties (White Horse Building, Fortune Plaza, City Development Plaza, and Victory Plaza) from Yuexiu Property (“YXP”, 123 HK). Yuexiu REIT was listed on the Main Board of HKSE in 2005, where its IPO raised more than HK\$2bn. It is the first listed REIT with assets in the PRC. Following its listing, Yuexiu REIT acquired Neo Metropolis in 2009, GZIFC in 2012, Shanghai Yuexiu Tower in 2015, and Wuhan Yuexiu Fortune Centre in late 2017.

## Yuexiu REIT

### Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Gross revenue	2,058	1,759	1,797	2,127	2,311
Property expenses	(563)	(436)	(498)	(579)	(620)
<b>Net Property Income</b>	<b>1,495</b>	<b>1,323</b>	<b>1,298</b>	<b>1,548</b>	<b>1,690</b>
Other expenses	(387)	(359)	(350)	(428)	(436)
Joint ventures	0	0	0	0	0
Interest (Exp)/Inc	(711)	355	(23)	(189)	(219)
Exceptionals	822	(703)	13	0	0
<b>Pre-Tax Profit</b>	<b>1,219</b>	<b>616</b>	<b>938</b>	<b>932</b>	<b>1,036</b>
Tax	(442)	(204)	(264)	(282)	(299)
Non-Controlling Interests	(64)	(22)	(30)	(30)	(33)
<b>Net Profit</b>	<b>713</b>	<b>391</b>	<b>645</b>	<b>619</b>	<b>703</b>
<b>Distribution income</b>	<b>761</b>	<b>649</b>	<b>798</b>	<b>892</b>	<b>981</b>
Revenue Gth (%)	1	(15)	2	18	9
NPI Gth (%)	2	(12)	(2)	19	9
Dist. Inc Growth (%)	(10)	(15)	23	12	10
DPU Growth (%)	(13)	(17)	1	(3)	10

Source: Company, DBS HK

### Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Fixed Assets	29,982	29,700	37,657	37,657	37,657
Long-term Investments	3,631	3,458	3,400	3,225	3,046
Other LT Assets	0	0	0	0	0
Intangibles Assets	866	860	860	915	861
Deferred Tax Asset	205	262	260	260	260
Associates/JVs	0	0	0	0	0
Bank Balance/Cash & Liquid	1,319	1,802	1,453	1,448	1,240
ST Investments	0	0	0	0	0
Inventory	4	4	3	3	3
Debtors	23	23	24	24	24
Other Non Cash Current	358	150	206	183	179
<b>Total Assets</b>	<b>36,388</b>	<b>36,260</b>	<b>43,862</b>	<b>43,715</b>	<b>43,269</b>
ST Debt	3,218	3,307	2,894	2,894	2,894
Creditors	848	559	4,202	4,650	4,666
Other Current Liab	385	539	627	592	614
LT Debt	11,034	10,693	14,728	14,328	13,928
Deferred Tax Liabilities	4,906	4,997	5,202	5,202	5,202
Other LT Liabilities	200	392	286	232	249
Preferred Shares	0	0	0	0	0
Put Equity Reserve	N/A	N/A	N/A	N/A	N/A
Non-Controlling Interests	1,205	1,188	1,206	1,236	1,269
Unitholders' funds	14,599	14,585	14,718	14,582	14,447
<b>Total Capital</b>	<b>36,396</b>	<b>36,260</b>	<b>43,862</b>	<b>43,715</b>	<b>43,269</b>
Share Capital (m)	3,206	3,303	3,417	3,417	3,417
Gross Debt	14,252	14,001	17,622	17,222	16,822
Working Capital	(848)	(920)	(4,596)	(5,031)	(5,075)
Book NAV (HK\$)	5.76	5.58	5.45	5.41	5.37
Gross Gearing (%)	39	39	40	39	39

Source: DBS HK

**Yuexiu REIT**
**Cash Flow Statement (RMB m)**

<b>FY Dec</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>
Pre-Tax Income	1,382	791	938	932	1,036
Tax Paid	(95)	(102)	(87)	(184)	(201)
Depr/Amort	81	83	85	175	180
Chg in Wkg.Cap.	134	118	87	394	47
Other Non-Cash	(713)	(195)	(249)	(354)	(189)
<b>Operational CF</b>	<b>789</b>	<b>695</b>	<b>775</b>	<b>962</b>	<b>872</b>
Net Capex	(11)	(29)	(18)	0	0
Net change in asso/jv	0	0	0	0	0
Net Change in Investments	0	0	0	0	0
Assoc, MI, Invsmt	(81)	16	(4,144)	287	257
<b>Investment CF</b>	<b>(92)</b>	<b>(13)</b>	<b>(4,162)</b>	<b>287</b>	<b>257</b>
Net Chg in Debt	15	506	3,729	(400)	(400)
New issues/Unit Buyback	0	0	0	0	0
Distribution Paid	(850)	(694)	(682)	(853)	(937)
Other Financing CF	(1)	(10)	(11)	0	0
<b>Financing CF</b>	<b>(836)</b>	<b>(199)</b>	<b>3,036</b>	<b>(1,253)</b>	<b>(1,337)</b>
Chg in Cash	(140)	483	(352)	(5)	(208)

Source: Company, DBS HK

**Yuexiu REIT**

**Target Price & Ratings History**



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	10-Aug-21	HK\$3.97	HK\$5.26	Buy
2:	9-Mar-22	HK\$3.25	HK\$4.20	Buy

Source: DBS HK

Analyst: *Ken He*

*Danielle Wang*

*Jason Lam*

*Zoe Zhang*

*Ben Wong*

*Dexter CHUN*

## Yuexiu REIT

DBS HK 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: 21 Jun 2022 11:29:38 (HKT)

Dissemination Date: 21 Jun 2022 14:56:17 (HKT)

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

### GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), DBSVI, DBSVTH, DBS Vickers Securities (UK) Ltd (DBSVUK"), 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 HK.

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., DBS HK, DBSV HK, DBSVS, 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.

**Yuexiu REIT**

---

DBS Vickers Securities (USA) Inc ("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.

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

**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<sup>1</sup> 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<sup>2</sup> 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, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in Yuexiu Real Estate Investment Trust (405 HK) recommended in this report as of 16 Jun 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 Yuexiu Real Estate Investment Trust (405 HK) recommended in this report as of 16 Jun 2022.
3. DBS Bank Ltd, DBS HK, DBSVS, DBS Vickers Securities (USA) Inc ("DBSVUSA"), or their subsidiaries and/or other affiliates beneficially own a total of 1% of the issuer's market capitalization of Yuexiu Real Estate Investment Trust (405 HK) as of 16 Jun 2022.
4. **Compensation for investment banking services:**  
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 Yuexiu Real Estate Investment Trust (405 HK) as of 31 May 2022.

DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA, within the next 3 months, will receive or intend to seek compensation for investment banking services from Yuexiu Real Estate Investment Trust (405 HK) as of 31 May 2022.

---

<sup>1</sup> 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.

<sup>2</sup> 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.



**Yuexiu REIT**

---


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 Yuexiu Real Estate Investment Trust (405 HK) in the past 12 months, as of 31 May 2022.

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.

6. **Disclosure of previous investment recommendation produced:**

DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA 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 HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

## RESTRICTIONS ON DISTRIBUTION

<b>General</b>	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.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>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 Bank Ltd 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.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<p>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.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
<b>Singapore</b>	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.
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
<b>United Kingdom</b>	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. 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.</p> <p>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.</p>

<b>Dubai International Financial Centre</b>	<p>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.</p> <p>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.</p> <p>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 <a href="http://www.dbs.com/ae/our--network/default.page">http://www.dbs.com/ae/our--network/default.page</a>.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p>
<b>United States</b>	<p>This report was prepared by DBS HK. 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.</p>
<b>Other jurisdictions</b>	<p>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.</p>

**DBS Bank (Hong Kong) Limited**

13<sup>th</sup> Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

**Yuexiu REIT**

---

**DBS Regional Research Offices**

---

**HONG KONG**

DBS Bank (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 Pivat 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