

HK Property Sector (Hotels)

Refer to important disclosures at the end of this report

DBS Group Research . Equity

17 Jan 2024

Recovery not over

- **Post-COVID recovery of inbound tourism is half-way through and progressing unevenly**
- **Hotel RevPAR expected to surpass pre-COVID level in 2024**
- **Hotel room growth virtually non-existent**
- **BUY [Far East Consortium \(35 HK\)](#), [Regal REIT \(1881 HK\)](#) & [Langham Hospitality Investment \(1270 HK\)](#) for attractive valuations**

Post-COVID recovery of inbound tourism is half-way through and progressing unevenly partly due to flight capacity constraints. In 11M23, Mainland Chinese tourist arrivals have rebounded to 51.9% of pre-COVID levels, and compares favourably with non-Chinese tourists. Short haul markets exhibited stronger recovery than long haul counterparts. Among short haul markets, Southeast Asia notably outperformed North Asia in terms of recovery. With continued recovery in flight capacity, we project visitor arrivals to grow by another 20-25% in 2024.

Tourist spending more on hotel accommodation. Overnight visitors showed stronger recovery than day-trippers in a post-COVID era. Moreover, they spent more on hotel accommodation on average when compared to pre-COVID times, Mainland tourists in particular. This should underpin strong post pandemic recovery of the hotel sector. Hotel RevPAR rebounded 62% in 11M23, equivalent to 91% of the level in 11M18. This was led by High Tariff A hotels (five-star rated hotels) which saw their room rates surpassing pre-COVID levels. We project hotel RevPAR to rise by 10-15% in 2024 to exceed pre-COVID level.

Hotel room growth virtually non-existent. We forecast hotel room inventory to rise at a 3-year CAGR of only 1% in 2023-26. With virtually no new hotel investments made during COVID, new hotel room growth should taper off after 2026. Moreover, some hotels are being converted into student residence or redeveloped into residential use. This would reduce hotel rooms available for tourists in future years.

Stock recommendation. Far East Consortium is seeing remarkable benefits from ongoing hotel sector recovery. The upcoming opening of Dorsett Kai Tak should add momentum to its hotel earnings expansion. BUY with HK\$2.0 TP. Following the heavy sell-off, long-term value of Regal REIT is surfacing. We recommend to BUY on Langham Hospitality Investment which offers distribution yields of >12% for FY24.

HSI: 15,866

ANALYST

Jeff Yau, CFA +852 36684180 jeff_yau@dbs.com
Percy Leung +852 36684165 percyleung@dbs.com
Cherie Wong cheriesumwai@dbs.com N/A N/A N/A

Recommendation & valuation

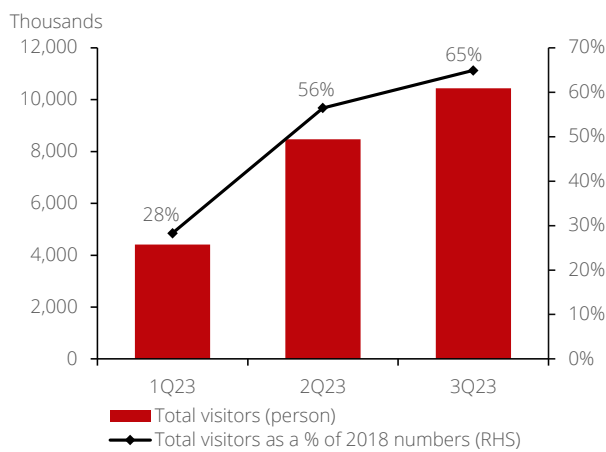
Company	Price	Target Price	Mkt Cap	Recom
Property Investors	HK\$	HK\$	HK\$bn	
Far East Consortium (35 HK)	1.33	2.00	3.6	BUY
Langham Hospitality Investments (1270 HK)	0.67	1.21	2.1	BUY
Regal REIT (1881 HK)	0.60	0.82	1.9	BUY

Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

Header Top

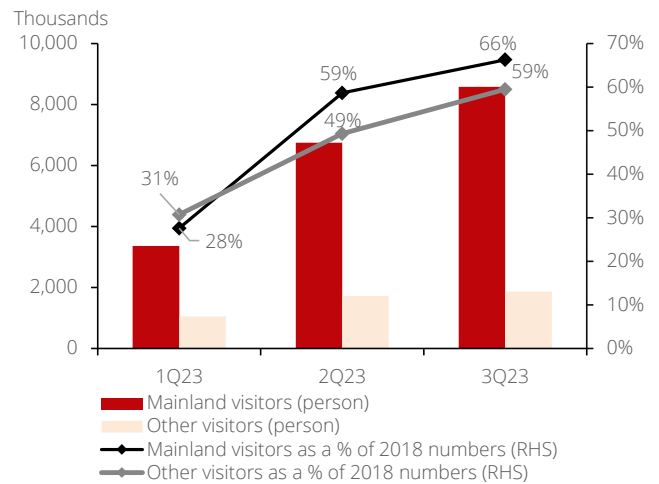
Inbound tourism recovery is half-way through and progressing unevenly. Following the relaxation of travel restrictions, Hong Kong's inbound tourism staged a robust recovery in 2023. In 11M23, total visitor arrivals reached 30.1m, or 51.3% of the 11M18 level. In 1Q23, 2Q23 and 3Q23, Hong Kong welcomed 4.4m, 8.5m and 10.4m tourists respectively. This represented 28.3%, 56.5% and 64.9% of corresponding quarters in 2018. Nonetheless, the recovery momentum has been exhibiting signs of moderation after the summer vacation.

Quarterly visitor arrivals (2023 vs 2018)



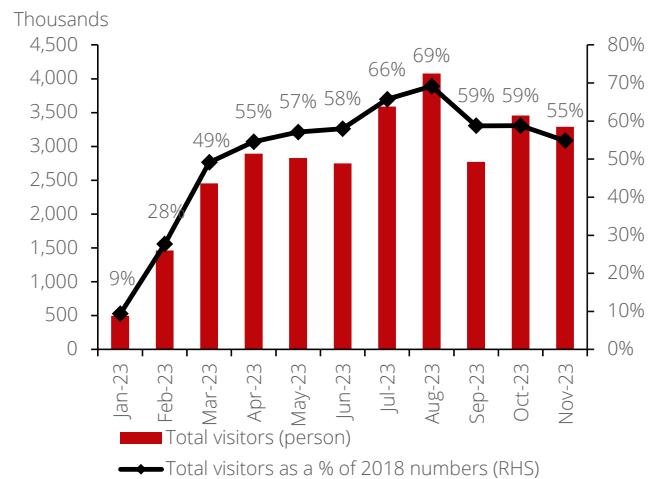
Source: CEIC

Quarterly visitor arrivals (2023 vs 2018)



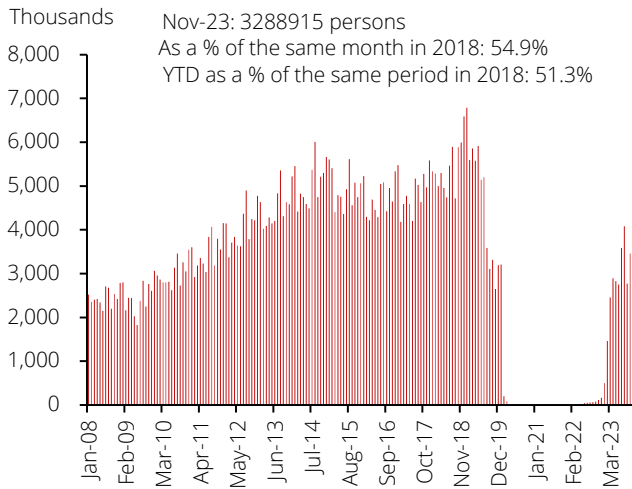
Source: CEIC

Monthly visitor arrivals (2023 vs 2018)



Source: CEIC

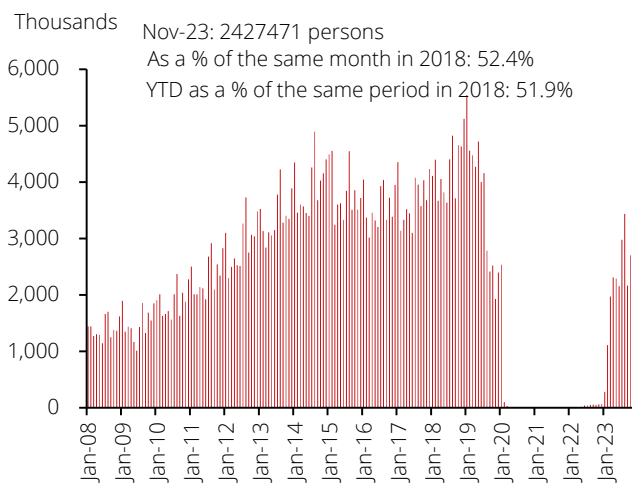
Monthly visitor arrivals (overall)



Source: CEIC

China tourists recovering at a faster pace. Thanks to the border re-opening with Mainland China, China tourists rebounded faster than non-China tourists. In 11M23, Mainland tourists numbered 23.8m, which made up 79% of the total and represented 51.9% of the level in 11M18.

Monthly visitor arrivals (Mainland China)

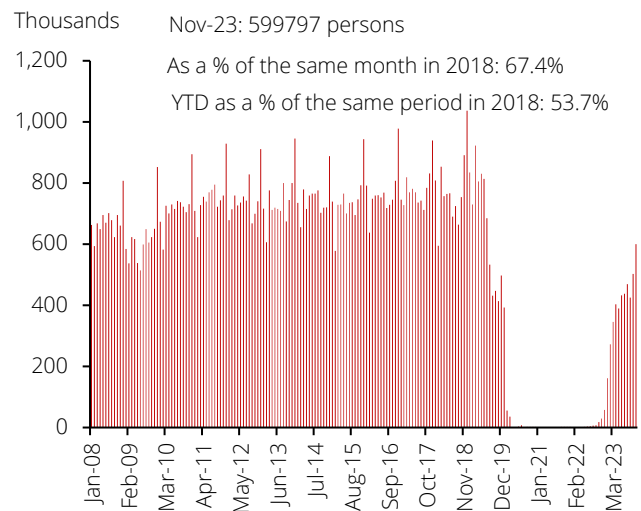


Source: CEIC

Short haul market staged swifter recovery than long haul market. The number of visitors from the short haul market reached 4.4m in 11M23, equivalent to 53.7% of 11M18's level. The recovery, though swifter, has been uneven. Among short haul markets, Philippines, Thailand, and Singapore have shown the most notable recovery to 81.7%, 75.5% and 62.1% of 11M18's figures, while Japan and South Korea underperformed other short haul markets, recovering to only 26% and 25.6% of 11M18's level respectively.

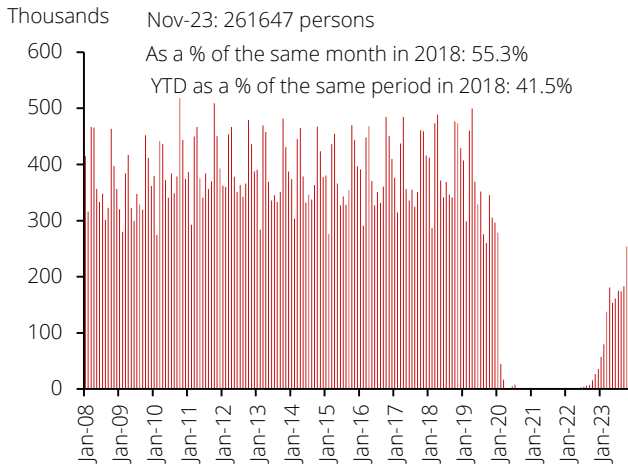
On the other hand, the long haul market has lagged. There were 1.8m tourists from long haul markets in 11M23. This represented only 41.5% of the level in 11M18, which compares unfavourably with other source markets. This was mainly impacted by flight capacity constraints. Cathay Pacific Group operated only c.70% of its pre-Covid passenger flight capacity by the end of 2023.

Monthly visitor arrivals (Short Haul Market)



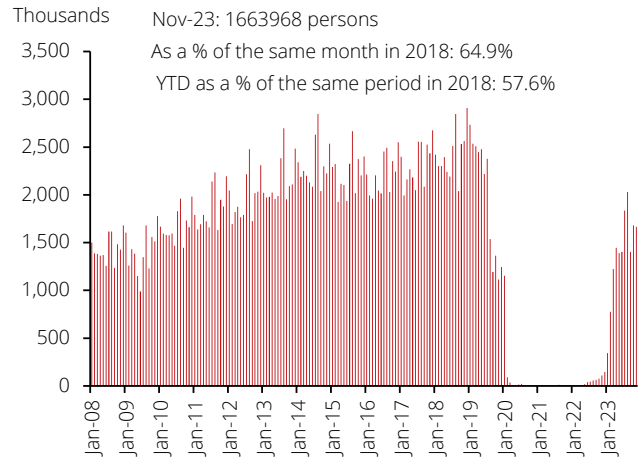
Source: CEIC

Monthly visitor arrivals (Long Haul Market)



Source: CEIC

Monthly visitor arrivals (Overnight Visitors)

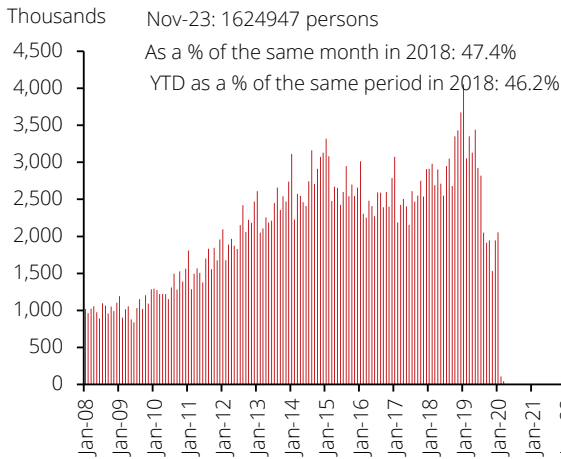


Source: CEIC

Overnight visitors led the recovery. In 3Q23, there were 5.3m overnight visitors, accounting for 50.5% of the total. This also represented 71.2% of 3Q18's number. In 11M23, total overnight visitors numbered 15.2m, recovering to 57.6% of 11M18's level. On the other hand, Hong Kong welcomed 14.9m day trippers representing 46.2% of the level in 11M18. Among Mainland China tourists, overnight visitors staged better recovery than same day travellers. Overnight tourists from Mainland China totalled 11.1m in 11M23, representing 61.9% of 11M18's level. On the other hand, day trippers from Mainland China reached 12.7m in 11M23 or 45.4% of 11M18's. Nonetheless, the recovery pace of both overnight visitors and same-day travellers have been moderating of late.

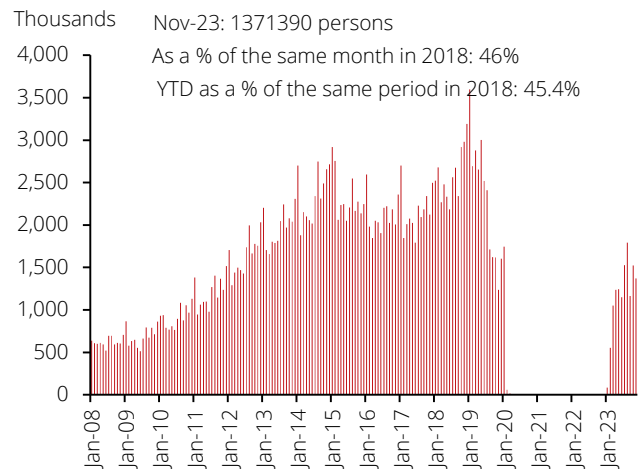
With gradual improvement in flight capacity, we forecast total visitor arrivals to grow 20-25% in 2024. The Hong Kong government is in talks with China government to resume the multiple entry visa scheme for Shenzhen residents which could add further spice to inbound tourism recovery.

Monthly visitor arrivals (Same Day Visitors)



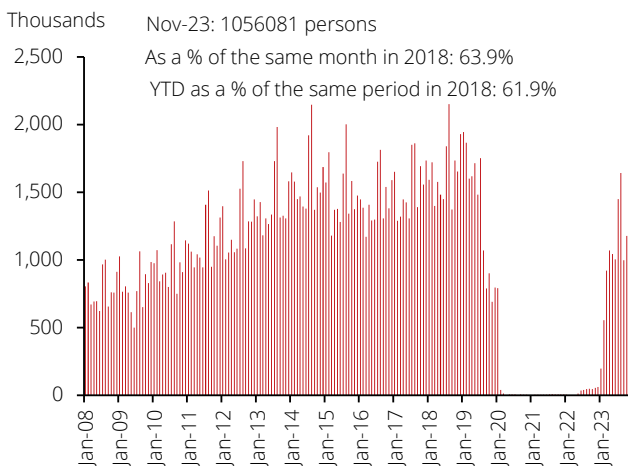
Source: CEIC

Monthly visitor arrivals (Same Day Visitors from Mainland China)



Source: CEIC

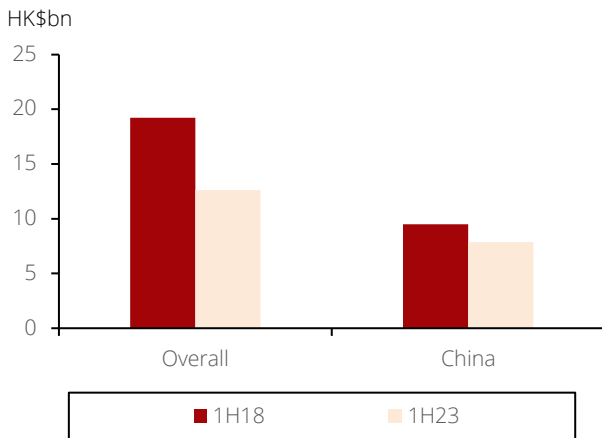
Monthly visitor arrivals (Overnight Visitors from Mainland China)



Source: CEIC

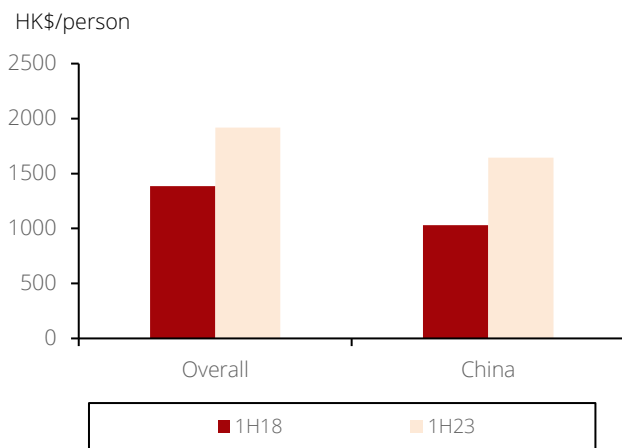
Tourists spending more on hotel bills. Overnight visitors spent HK\$12.6bn on hotel accommodation in 1H23, representing 65.7% of 1H18's level. On per head basis, overnight visitors spent 38% more on hotel accommodation. Mainland overnight visitors' hotel bills reached HK\$7.9bn in 1H23. This represented 21.6% of their total spending, compared to 14.2% in 1H18. The average hotel bill was 60% higher when compared to 1H18. This also reflects a change in spending patterns. The trend bodes well for post-COVID recovery of the hotel industry, the high-end segment in particular.

Hotel Bills



Source: CEIC

Hotel Bills per head

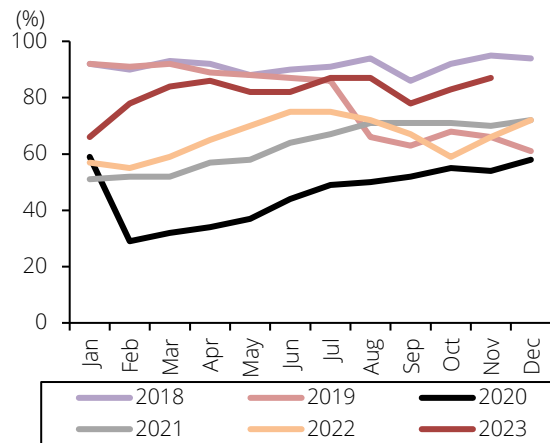


Source: CEIC

Hotel industry staged robust but divergent post pandemic recovery. In 11M23, overall hotel occupancy jumped 17ppts to 82%. High Tariff A Hotels (five-star rated hotels) led the recovery with occupancy surging 20ppts to 75% in 11M23. Occupancies of High Tariff B hotels (four-star rated hotels) and Medium Tariff hotels (three-star rated hotels) both reached 84%, up from 71% and 65% in 11M22.

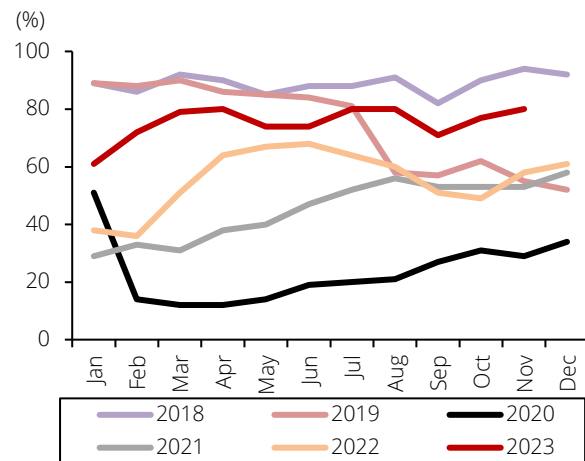
Despite a noticeable improvement, hotel occupancies for all categories have yet to return to the pre-pandemic level in 11M18.

Hotel occupancy - Overall



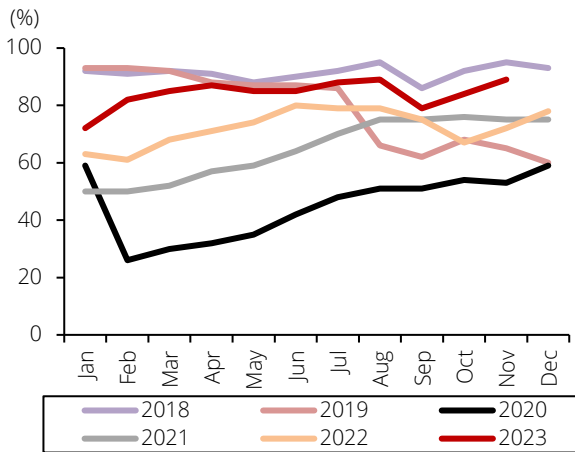
Source: CEIC

Hotel occupancy - High Tariff A



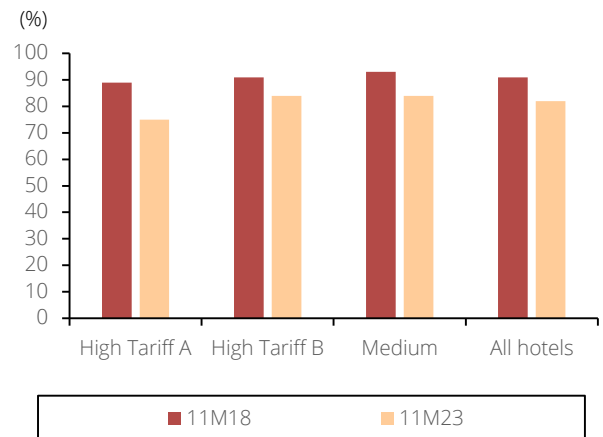
Source: CEIC

Hotel occupancy - High Tariff B



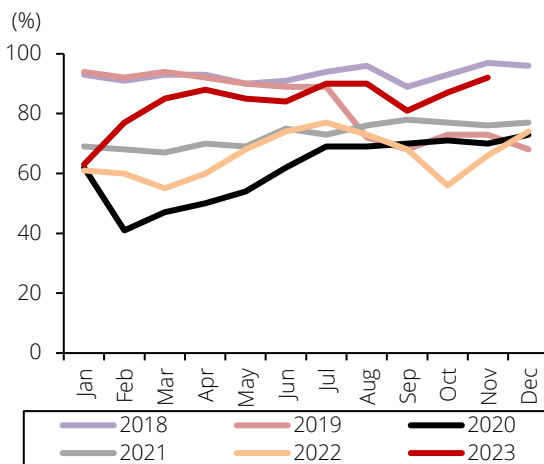
Source: CEIC

Hotel occupancy (11M18 vs 11M23)



Source: CEIC

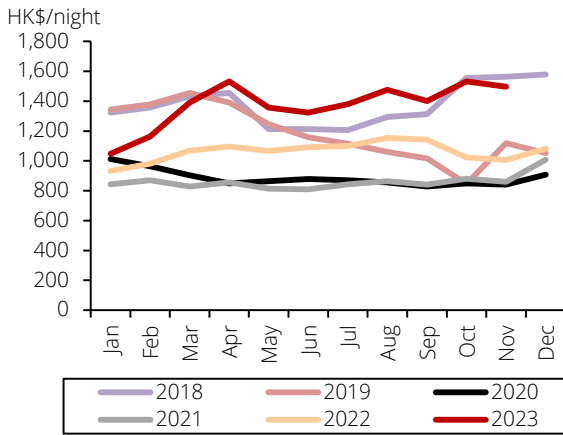
Hotel occupancy - Medium Tariff



Source: CEIC

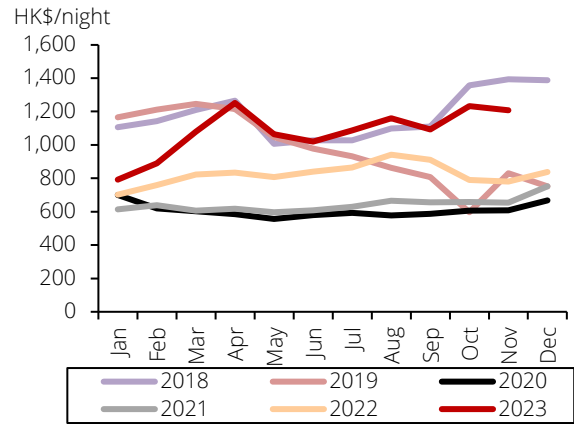
Hotel room rates for all hotels grew by 28.8% to HK\$1,369 in 11M23, surpassing the pre-COVID level in 11M18. The stellar growth was primarily driven by High Tariff A Hotels. Room rates of High Tariff A hotels improved 36.4% to HK\$2,312, 8% above 11M18's. Those for High Tariff B hotels also gained 31.1% in 11M23 but remained 7% below pre-COVID levels. On the other hand, Medium Tariff Hotels recorded only 7% increase in room rates in 11M23 as the previous year's figures were largely inflated by some hotels that were designated quarantine hotels and served as Community Isolation Facilities. They remained 8% below 11M18's.

Hotel room rate - Overall



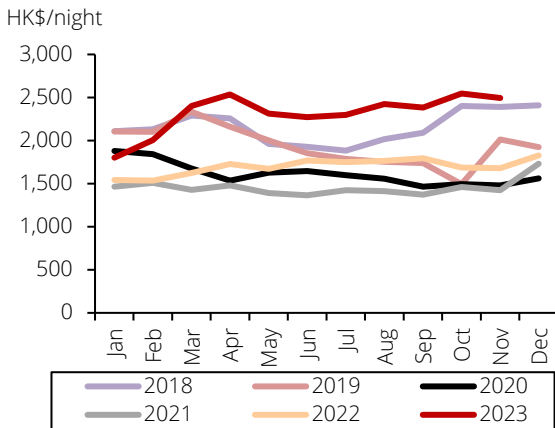
Source: CEIC

Hotel room rate - High Tariff B



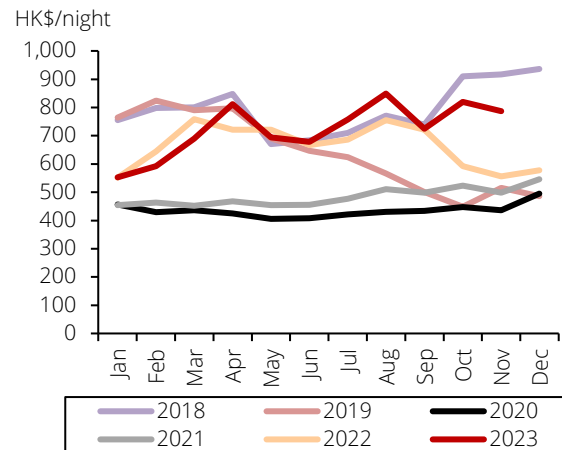
Source: CEIC

Hotel room rate - High Tariff A



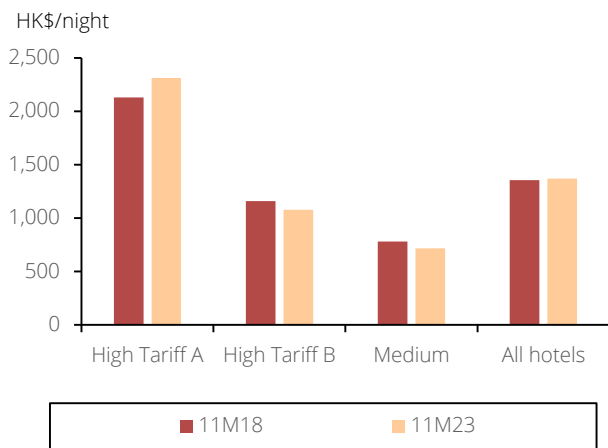
Source: CEIC

Hotel room rate - Medium Tariff



Source: CEIC

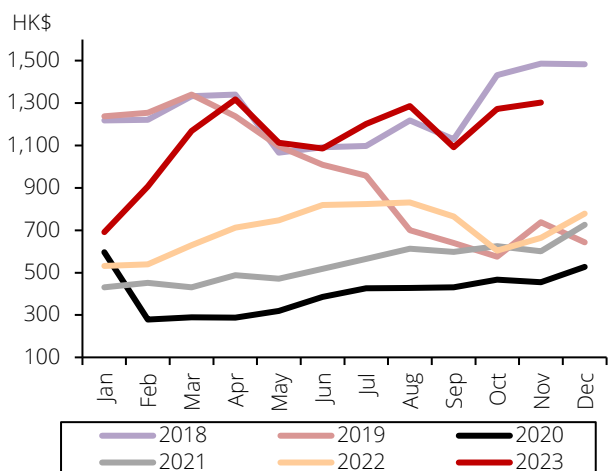
Hotel room rates (11M18 vs 11M23)



Source: CEIC

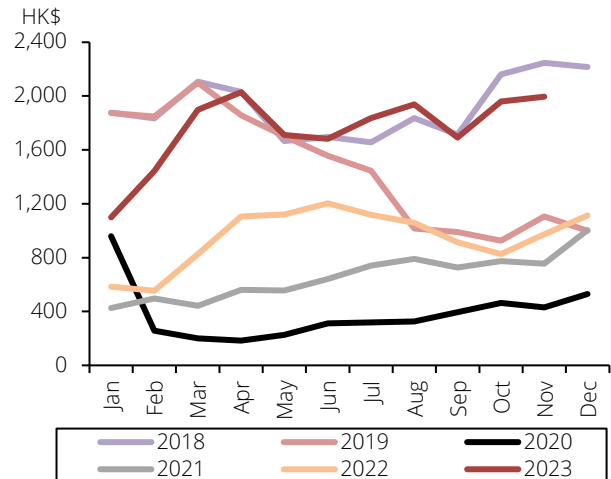
Overall hotel RevPAR surged 62% in 11M23, mainly led by an 86% RevPAR growth in High Tariff A Hotels. However, this remained 9% below 11M18's. This was because of lagging occupancies, despite the fact that its room rates have already exceeded 11M18's. High Tariff B and Medium Tariff Hotels also registered RevPAR growth of 55% and 38%, which were 14% and 17% below 11M18's.

Hotel RevPAR - overall



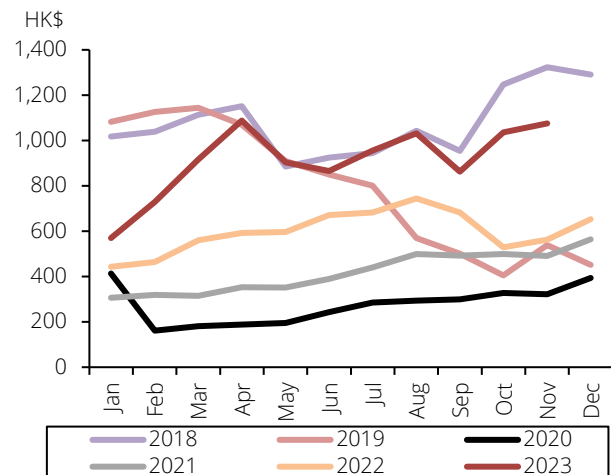
Source: CEIC

Hotel RevPAR - High Tariff A



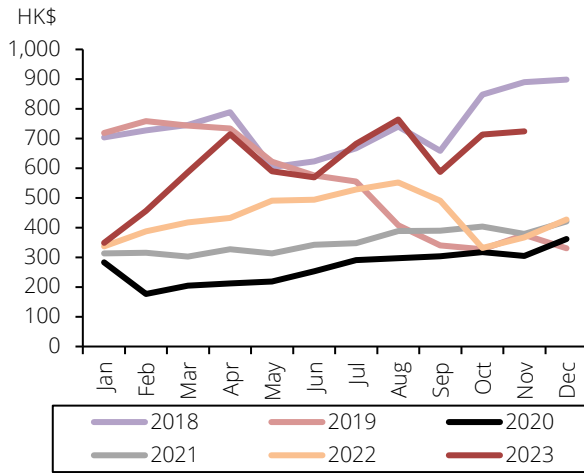
Source: CEIC

Hotel RevPAR - High Tariff B



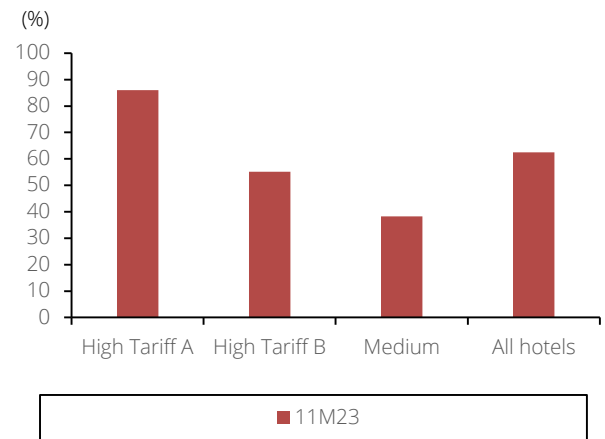
Source: CEIC

Hotel RevPAR - Medium Tariff



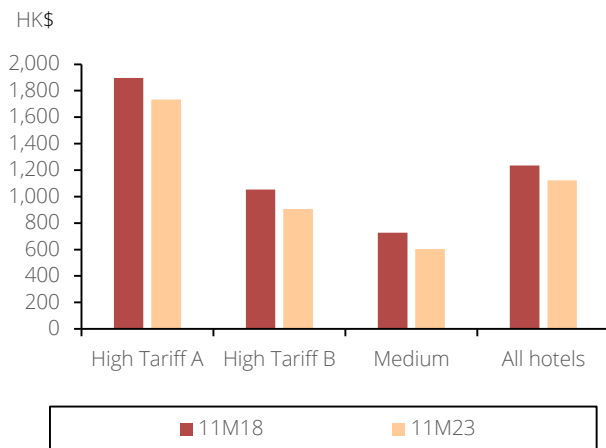
Source: CEIC

Hotel RevPAR Growth



Source: CEIC

Hotel RevPAR



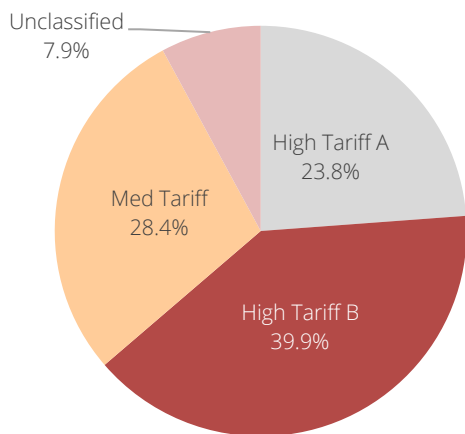
Source: CEIC

An eye on hotel supply. As of Nov-23, there were 321 hotels, with 90,150 rooms, up 1.1% from Dec-22. Greenwich Hotel in Mongkok and The Stellar in North Point opened for business in Aug-23, adding 169 and 164 rooms to the hotel room inventory respectively.

Developed by SHKP, the newly built 843-room Townplace West Kowloon in Cheung Sha Wan offers flexible daily or monthly leasing terms with hotel services-on-demand option, catering to the accommodation needs of young professionals. The first two batches of 285 rooms are fully leased. This aparthotel is scheduled for official opening in Feb-24.

High Tariff A and High Tariff B hotels accounted for 23.8% and 39.9% of total hotel room inventory respectively. Medium Tariff hotels made up 28.4% of the total, with the balance (7.9%) being unclassified hotels. By location, 20% of total room inventory is in Tsim Sha Tsui as at Sep-23, followed by New Territories (18.3%). Including guesthouses, total number of guest rooms reached 101,391 as at Nov-23, up 0.7% from Dec-22's.

Breakdown of hotel rooms by type (as of Nov-23)

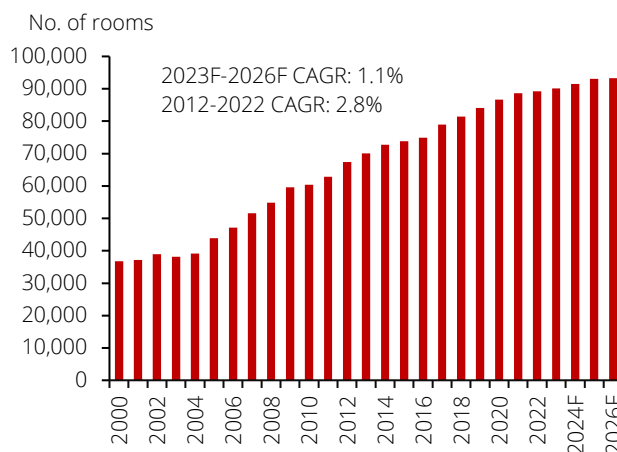


Source: CEIC

We forecast that the number of new hotel rooms will expand at a 3-year CAGR of 1.1% in 2023-26. Key new supply will come from China Travel's hotel project in Hung Hom, Dorsett Kai Tak, Choi Hung Road hotel project in San Po Kong, The Mariners' Club redevelopment in Tsim Sha Tsui and Hopewell Centre II in Wan Chai. Due to the uncertain business prospects caused by the Covid outbreak,

there was virtually no significant investment in new hotel projects during that period. Consequently, this should lead to a shortage in new hotel rooms after 2026.

Hotel Supply

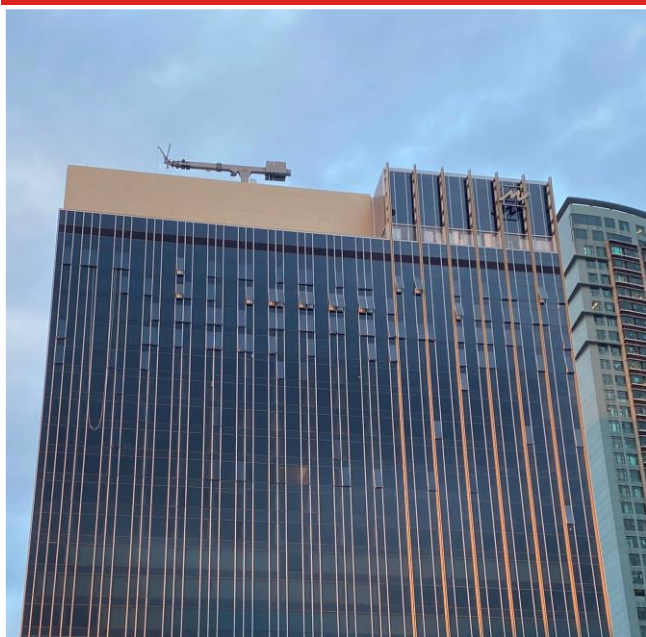


Source: CEIC

China Travel International Investment Hong Kong is expanding its hotel portfolio with a new hotel in Hung Hom that is redeveloped from Hip Kee Godown (No.3) in Hung Hom. In 2018, China Travel converted the property into hotel use after paying a land premium of HK\$699m or HK\$3,061psf. The hotel offers >500 guest rooms with GFA of 0.23msf. The hotel enjoys excellent transportation connectivity, as it is situated close to Hung Hom MTR Station, an interchange for Tuen Ma Line and East Rail. From Hung Hom MTR station, it takes approximately 40 minutes to Lo Wu or Lok Ma Chau by subway. Moreover, the hotel is also situated close to the Hong Kong Coliseum where major sport events or concerts are held. With interior fitting out works nearing completion, the new hotel is on track to begin trial operations in early 2024.

HK Property Sector (Hotels)

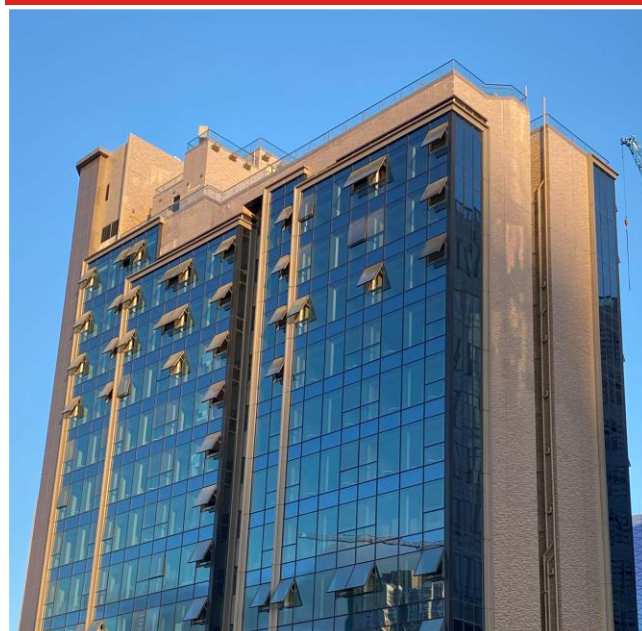
China travel's hotel in Hung Hom



Source: DBS HK

Far East Consortium is developing a “Dorsett” branded hotel in Kai Tak, situated adjacent to the Kai Tak Sports Park which is expected to be completed before the end of 2024. The hotel is about a 10-minute walk from both Sung Wong Toi MTR Station and Kai Tak MTR Station. Construction works are nearing completion. Dorsett Kai Tak will provide 373 guest rooms with a soft opening to held sometime in 2024. This would increase Far East Consortium’s hotel room inventory in Hong Kong by 13% to 3,240 rooms.

Dorsett Kai Tak



Source: DBS HK

A private investor is redeveloping Paxar Building on Choi Hung Road in San Po Kong into a 483-room hotel, with completion expected to be in 2024. This hotel is a five-minute walk from Diamond Hill MTR Station, an interchange for Kwun Tong Line and Tuen Ma Line. Back in 2017, this industrial building was converted into hotel use following the payment of a land premium of HK\$213m or HK\$1,250psf.

Wang On Property is carrying out renovations to convert Pentahotel Hong Kong, Kowloon in San Po Kong into a student residence for colleague students, offering 1,400 places in c.720 rooms. The property, which will be branded “Sunny House”, is expected to re-open in 1Q24. In Dec-22, Wang On Property teamed up with Angelo, Gordon & Co to acquire this three-star rated hotel for HK\$2bn. Wang On Property has a 35% stake with the balance held by Angelo, Gordon & Co.

HK Property Sector (Hotels)

Sunny House (formerly known as Pentahotel Hong Kong, Kowloon)



Source: DBS HK

Since early last year, Hong Kong Metropolitan University has been looking to purchase a hotel for conversion into a dormitory for Mainland and exchange students.

As stated in the Policy Address announced in Oct-23, the government will increase the admission quota of non-local students to government-funded post-secondary institutions. Starting from the academic year in 2024/25, the admission quota of non-local students will double to 40%. With institutions taking steps to welcome more non-local students, especially those from the Belt and Road countries and Mainland China, the demand for student accommodation is set to increase. In addition to building new student hostels, converting existing hotels into student residences is an effective way to meet the growing demand from the additional intake. However, this would in turn dilute the net growth of hotel rooms for inbound travellers.

A private investor has sold Butterfly on Victoria Boutique Hotel Causeway Bay to K.Wah International for HK\$468m or HK\$3.55m/room in Jun-23. Located on 31-33 King's Road, this hotel is a 5-minute walk from Tin Hau MTR Station, four stops from Central. Opened in 2012, Butterfly on Victoria Boutique Hotel contains 132 guest rooms. The buyer,

K.Wah, plans to redevelop the hotel into a residential project with GFA of 43,000sf. This implies an accommodation value of c.HK\$10,880psf. This would reduce the hotel inventory in Wan Chai/Causeway Bay.

Butterfly on Victoria Boutique Hotel



Source: DBS HK

Tang's Living continues to offload its hotels in Hong Kong. Following the disposals of Bay Bridge Hong Kong in Yau Kam Tau and a boutique hotel in Jordan, Tang's Living is now offering the 598-room Hotel Cozi Harbour View in Kwun Tong for sale via tender. Billion Development is also offering Hotel Cozi Wetland in Tin Shui Wai for sale.

Stock recommendation. Far East Consortium is benefitting from the ongoing revival in the hotel industry in Hong Kong with a portfolio of 2,867 rooms. The upcoming completion of Dorsett Kai Tak should further widen its hotel earnings base. Moreover, the company is also benefitting from post-pandemic recovery of hotel accommodation demand in China, Singapore, UK, Australia and Malaysia with its exposure there. The stock is trading at 86% discount to our appraised current NAV with estimated dividend yield of 10.5% for FY24. We recommend BUY with HK\$2.0 TP. Regal REIT sees higher base rents or fixed rents for its "Regal" and "iclub" branded hotels in FY24 but the prevailing high HIBOR

HK Property Sector (Hotels)

should weigh on its near-term earnings as all its borrowings are on a floating rate basis. Following the heavy sell-off, Regal REIT is trading at a distribution yield of 9.4% for FY25. Long-term value is surfacing and hence our BUY call with HK\$0.82 TP. Elsewhere, we also have a BUY rating on Langham Hospitality Investment which is trading at distribution yield of >12% for FY23-24. Our TP is HK\$1.21.

HK Property Sector (Hotels)

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: 17 Jan 2024 15:00:38 (HKT)

Dissemination Date: 17 Jan 2024 16:54:00 (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”), and DBS Vickers Securities (Singapore) Pte Ltd. (“DBSVS”), 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.

HK Property Sector (Hotels)

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.

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.

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 associate¹ 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 interests² 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 do not have a proprietary position in the securities recommended in this report as of 11 Jan 2024.
2. **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 Sun Hung Kai Properties Ltd (16 HK) as of 31 Dec 2023.
3. 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 Sun Hung Kai Properties Ltd (16 HK) in the past 12 months, as of 31 Dec 2023.


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.

4. **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.

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.

RESTRICTIONS ON DISTRIBUTION

<p>General</p>	<p>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.</p>
<p>Australia</p>	<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>
<p>Hong Kong</p>	<p>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.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH 8290) at dbsvhk@dbs.com.</p>
<p>Indonesia</p>	<p>This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.</p>
<p>Malaysia</p>	<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> <div style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </div>
<p>Singapore</p>	<p>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.</p>
<p>Thailand</p>	<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>
<p>United Kingdom</p>	<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>

<p>Dubai International Financial Centre</p>	<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 http://www.dbs.com/ae/our--network/default.page.</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>
<p>United States</p>	<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>
<p>Other jurisdictions</p>	<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

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

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

HK Property Sector (Hotels)

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: Andy Sim

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