Singapore Industry Focus

# Property Sector

DBS Group Research . Equity

5 May 2008

## Master Plan 2008 Preview: Charting The Course

**Previewing the Master Plan 2008:** The Master Plan, to be exhibited in its draft form in late May this year as part of a review every 5 years, is the statutory land use plan aimed to assist in guiding the physical development of Singapore in the medium-term over the next 10 to 15 years. The key interest in the Master Plan is that it shows the permissible land use and density for every parcel of land in Singapore. Any significant increases in plot ratios for developer-owned land would thus bring about an immediate increase in valuations for the developers. However, as analysed through the newsflow over the past year or so, we can quite safely infer that hopes for an island-wide upgrade in plot ratios to cope with the anticipated increase in population will likely be dashed upon the public exhibition of the draft Master Plan. There will be changes in land use and increases in plot ratios, but these will be selective and focused on growth areas – both from an economic as well as geographical perspective – rather than a widespread upgrade in densities.

**Strategic Blueprint for Development:** Instead, we see Master Plan 2008 as more of a strategic blueprint in laying down the future growth sectors and strategic areas in the medium-term economic development of Singapore. The vision and goals that have been highlighted in the past few years would be reflected in the Master Plan, to show that the physical support – in terms of land and infrastructure – is in place for Singapore to move into a new stage of economic growth. Nonetheless, the strategic initiatives will filter down to improved growth fundamentals for various economic sectors.

**Beneficiaries from Strong Fundamentals:** We have identified the Property sector as a key and obvious beneficiary. Stronger planning initiatives and an improved sense of fundamentals will bring foreign investment into Singapore, directly benefiting developers over time. Apart from the Property sector, also standing to benefit from this strategic outline are the Hotel, Aerospace, Healthcare, Transport and Construction sectors.

FSSTI : 3,236.100

Analyst
Singapore Research Team +65 6533 9688
research@dbsvickers.com

TOP PICKS

| | Price S$ | Mkt Cap S$ | Target Price S$ |
|---|---|---|---|
| PROPERTY | | | |
| City Development | 12.50 | 11,366 | 12.81 |
| CapitaLand | 7.09 | 19,985 | 7.50 |
| F & N | 4.94 | 6,857 | 5.85 |
| Allgreen Properties | 1.31 | 2,083 | 1.66 |
| S-REITS | | | |
| CapitaCommercial Trust | 2.36 | 3,270 | 2.93 |
| Capitamall Trust | 3.62 | 6,021 | 3.93 |
| Suntec REIT | 1.57 | 2,339 | 1.98 |
| CDL Hospitality Trusts | 2.02 | 1,665 | 2.90 |
| HEALTHCARE | | | |
| Raffles Medical | 1.35 | 697 | 1.74 |
| Parkway Life REIT | 1.23 | 740 | 1.50 |
| TRANSPORT | | | |
| ComfortDelgro | 1.77 | 3,691 | 2.15 |
| SMRT | 1.83 | 2,773 | 2.00 |
| CONSTRUCTION | | | |
| Hong Leong Asia | 2.68 | 1,022 | 4.30 |
| Pan-United Corporation | 0.64 | 350 | 1.16 |

*Source: DBS Vickers*

## Valuation

| Company | FYE | Mkt Cap (S$m) | Price (S$) 02-May | Target Price (S$) | Rcmd | PE (x) 08F | PE (x) 09F | P/BV (x) 08F | P/BV (x) 09F | Div Yld 08F | Div Yld 09F | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Construction** | | | | | | | | | | | | |
| Hong Leong Asia | Dec | 1,022 | 2.68 | 4.30 | Buy | 8.6x | 7.5x | 1.5x | 1.3x | 4.7% | 5.3% | Largest supplier of building materials in Singapore, including owning the largest granite quarry in South-East Asia in Karimun. With recent restructuring, HLA will consolidate all its building materials interests in Tasek; stake rising from 32% to 68%. |
| Pan-United | Dec | 350 | 0.64 | 1.16 | Buy | 9.2x | 8.0x | 1.4x | 1.3x | 7.4% | 8.1% | Main product, ready-mixed concrete enjoys 28% market share in S'pore. Prospects driven by the strong construction upcycle where demand is expected to hit a new high of S$23-27bn vesus S$24.5bn in 2007. |
| **Healthcare** | | | | | | | | | | | | |
| Raffles Medical | Dec | 697 | 1.35 | 1.74 | Buy | 24.6x | 19.3x | 3.2x | 3.0x | 3.3% | 4.1% | Beneficiary of Singapore's positioning as a medical hub to attract foreign patients. Licensed capacity to operate up to 380 beds, RFMD would be able to add to its 200 beds without significant investment and lead-time. |
| **Property** | | | | | | | | | | | | |
| Allgreen | Dec | 2,083 | 1.31 | 1.66 | Buy | 13.3x | 9.3x | 0.9x | 0.8x | 2.5% | 2.5% | Allgreen has a development property landbank that is well-diversified among the various market segments and an investment portfolio comprising office, retail and hotel properties. Strategic land use planning will improve overall fundamentals for Singapore real estate going forward. |
| Capitaland | Dec | 19,985 | 7.09 | 7.50 | Buy | 14.4x | 9.5x | 1.8x | 1.5x | 1.2% | 1.6% | The largest listed property company in Singapore with a successful track record in executing an asset-light strategy and focus on growing its AUM and residential businesses. Multi-sector and multi-country strategy provides a more diversified income base. |
| City Development | Dec | 11,366 | 12.50 | 12.81 | Buy | 12.1x | 6.9x | 1.9x | 1.6x | 0.7% | 1.2% | Widely regarded as the key proxy to the Singapore residential market, it would benefit from increased confidence and investment in the property market here. Strategic land use planning will serve to improve medium-term investment fundamentals in Singapore. |
| F & N | Sep | 6,857 | 4.94 | 5.85 | Buy | 16.1x | 12.5x | 1.2x | 1.2x | 3.1% | 3.9% | With a landbank of around 5.5 million sqft, of which about 95% is geared towards the mass market segment, it could stand to benefit from the medium-term development of regional centres around Jurong and Paya Lebar, which may increase the attractiveness of suburban homes. |
| **Reits** | | | | | | | | | | | | |
| CapitaCommercial Trust | Dec | 3,270 | 2.36 | 2.93 | Buy | 23.9x | 19.9x | 0.9x | 0.9x | 4.5% | 5.5% | DPU growth driven by strong organic earnings growth from the positive rental reversion trend over the remaining of 2008 to 2010 and new acquisitions. Projected FY08 and FY09 DPU of 10.7cts and 12.9cts translates to a yield of 5.1% and 6.1% respectively. |
| CapitaMall Trust | Dec | 6,021 | 3.62 | 3.93 | Buy | 24.2x | 22.5x | 1.6x | 1.6x | 4.3% | 4.7% | Continued DPU growth from rising retail rents and aggressive asset enhancement activities at its malls. FY08 and FY09 DPU of 15.4cts and 17cts, translate to a yield of 4.4% and 4.9% respectively. |
| CDL Hospitality | Dec | 1,665 | 2.02 | 2.90 | Buy | 17.7x | 16.6x | 1.3x | 1.3x | 5.9% | 6.5% | Purest hotel play with over 90% of revenues from local hotels. Expect DPU growth in excess of 20% in FY08 in the midst of a robust tourism outlook. |
| Parkway Life | Dec | 740 | 1.23 | 1.50 | Buy | 19.3x | 18.5x | 0.9x | 0.9x | 5.4% | 5.6% | Prospects should remain firm on an aging population, increasing life expectancy, growing affluence, and Singapore's drive to promote medical tourism. Revenue downside protected as minimum guaranteed rental growth is pegged to CPI + 1%. |
| Suntec Reits | Sep | 2,339 | 1.57 | 1.98 | Buy | 19.2x | 18.2x | 0.6x | 0.7x | 5.7% | 6.3% | Earnings growth driven by strong organic expansion growth from its office leases while potential enhancement of Park Mall could provide a medium term catalyst. Suntec offers attractive FY08 and FY09 yields of 6-6.5%. |
| **Transport** | | | | | | | | | | | | |
| ComfortDelgro | Dec | 3,691 | 1.77 | 2.15 | Buy | 14.6x | 13.1x | 2.4x | 2.3x | 5.5% | 6.1% | Dominant player in taxis and buses in Singapore, with growth coming from expansion into overseas market, which is almost reaching the 50% (of total revenue) mark. |
| SMRT | Mar | 2,773 | 1.83 | 2.00 | Buy | 18.4x | 17.0x | 4.1x | 3.9x | 4.2% | 4.6% | Expect ridership growth - stage 3 Circle Line is trageted to open in mid 2009 - and increasing rental income to continue to underpin steady earnings growth. |

*Source: Company, DBS Vickers*

## MASTER PLAN – PURPOSE AND IMPLICATIONS

The Master Plan is the statutory land use plan aimed to assist in guiding the physical development of Singapore in the medium-term over the next 10 to 15 years. Every five years, the Master Plan is reviewed by the Urban Redevelopment Authority (URA) in consultation with other government agencies as well as stakeholders, in order to translate broad long-term land use strategies (as articulated in the Concept Plan 2001, reviewed every 10 years) into detailed implementable plans for Singapore. The draft Master Plan 2008 will be exhibited in late May this year for public feedback and will culminate in the legal gazetting of the Master Plan 2008 by year's end.

The key interest in the Master Plan, and something which developers and the public alike look forward to with much anticipation, is the fact that it shows the permissible land use and density for every parcel of land in Singapore. Any significant increases in plot ratios for developer-owned land would thus bring about an immediate increase in valuations for the developers.

### Don't Bet on Widespread Increase in Plot Ratios

However, as analysed through the newsflow over the past year or so, we can quite safely infer that hopes for an island-wide upgrade in plot ratios to cope with the anticipated increase in population will likely be dashed upon the public exhibition of the draft Master Plan. There will be changes in land use and increases in plot ratios, but these will be selective and focused on growth areas – both from an economic as well as geographical perspective – rather than a widespread upgrade in densities.

### A Strategic 'Master'piece

Instead, we see Master Plan 2008 as more of a strategic blueprint in laying down the future growth sectors and strategic areas in the medium-term economic development of Singapore. The vision and goals that have been highlighted in the past few years would be reflected in the Master Plan, to show that the physical support – in terms of land and infrastructure – is in place for Singapore to move into a new stage of economic growth. Recent speeches have also emphasized on the softer aspects – the rejuvenation of existing housing estates and the provision of a high quality of life through increased recreational choices and better living environments.

Even if the Master Plan is a forward-looking plan of how Singapore will be developed and planned over the next 10-15 years, nonetheless, the strategic initiatives will filter down to improved growth fundamentals for various economic sectors.

### Sector Beneficiaries: Property, Hotel, Aerospace, Healthcare, Transport & Construction

Here, we have identified the Property sector as a key and obvious beneficiary. Stronger planning initiatives and an improved sense of fundamentals will bring foreign investment into Singapore, directly benefiting developers over time. Apart from the Property sector, also standing to benefit from this strategic outline are the Hotel, Aerospace, Healthcare, Transport and Construction sectors.

## LOOKING BACK TO KEY SPEECHES

We have looked back at some of the key speeches made by the Minister of National Development, Mr Mah Bow Tan, over the past year or so, in which we think have set the expectations for the Master Plan 2008.

### Revision of Population Planning Parameter

In Feb 2007, Minister Mah laid down the long-term population planning parameter of 6.5 million for Singapore. While many in the industry took this to mean that a widespread upgrade in plot ratios was soon on the cards, it was subsequently clarified that this was a planning parameter and not a target; and it was meant to evolve over the long-term rather than something immediate.

His speech also highlighted some growth sectors that were expected to require more land for expansion in upcoming years. These were:

1) <u>Aerospace Sector</u>

The aerospace industry in Singapore has grown more than 12% annually in the past 15 years and a new aerospace hub near Seletar Airport will be planned. This will provide more land for the development of this industry and the establishment of a designated hub will continue to provide strong fundamentals for the continued growth for the sector. As such, SIA Engineering should be able to ride on continued growth in air traffic and Hangar 6 is due for completion in mid-CY08.

2) <u>Healthcare Sector</u>

Singapore attracted a total of 374,000 foreign patients in the healthcare tourism sector in 2005, and it hopes to increase this number up to 1 million patients by 2012. With this, more land would have to be set aside for the development of private hospitals and medical suites. We see a medical hub developing around the Novena area and we could see rezoning of land parcels in this area to facilitate the development of this medical hub. With the positioning of Singapore as a medical hub catering for the growth of medical tourism, supplemented by the potential rezoning of land to facilitate this, companies like Parkway (HOLD, TP S$3.38), Raffles Medical (BUY, TP S$1.74) and Parkway Life REIT (BUY, TP S$1.50) are expected to benefit from the long-term growth potential in this sector. In Feb 08, parkway bidded for a site at Novena, a medical cluster with Tan Tock Seng Hospital and Novena Medical Centre in the locality to build ParkwayHealth Novena Hospital.

3) Tourism Sector
With a target to double tourist arrivals to 17m and triple tourism receipts to S$30bn by 2015, more land is expected to be set aside for tourism projects and hotels. In fact, we have already seen this articulated in the planning of a secondary hotel core in Jurong Regional Centre with the unveiling of the Jurong Lake District plans in April 2008. The hotel sector is expected to continue to ride the healthy growth momentum, and our top pick for this sector is CDL HT (BUY, TP S$2.90) as we regard it as the purest hotel play with c.90% of its revenue derived locally.

Minister Mah also noted that there will be a greater emphasis on the rejuvenation of existing housing estates with urban regeneration initiatives to go beyond current upgrading programmes. This could lead to some plot ratio increases in mature HDB estates, as part of this rejuvenation effort.

Lastly, there was the focus on the development of strategic geographical areas expected to shape the competitive development of Singapore in the medium-term. Three areas were highlighted: Marina Bay, Jurong and Paya Lebar; and we expected rezonings and plot ratio increases in these areas, though given that these are all largely greenfield and state-owned land parcels, it is not likely to benefit any specific developers. However, it does cement the developmental fundamentals for Singapore going forward and the overall sentiment for property should stay positive in the medium-term.

### Minister Mah's: Interview with Channel News Asia

In an interview with Channel News Asia in end-June 2007, Minister Mah once again reiterated the designation of Jurong and Paya Lebar as new business hubs which would provide space for Singapore's continued growth as a global business and financial centre and offer an alternative for businesses that do not require to be located in the CBD (where rentals are generally higher), with lower rents in these more suburban and fringe locations likely to be a key pull factor. He also revealed plans by the government to release sites for new offices, shops, homes and entertainment outlets in these two areas in the future, and as such, we are likely to see a concentration of government land sale projects in these two areas in the medium-term.

Minister Mah also definitively addressed speculation about drastic increases in plot ratios for land around the island to cope with the anticipated rise in population, and commented that there was no need for such a move at this point as the 6.5 million population parameter is a long-term guide, extending up to 50 years.

New residential enclaves like the area around the Marina South Gardens as well as Kallang Basin were also revealed. Plans to further develop Sengkang and Punggol were also made known. As such, we expect rezoning and plot ratio adjustments in these areas. However, once again, as these are all largely greenfield and state-owned land, no specific developer is expected to benefit. However, the introduction of more housing around the city area (Marina South and Kallang Basin) in the medium-term will serve to provide stronger fundamentals for the development of a downtown residential population in time to come, and may serve to sustain demand for city living in the CBD by Singaporeans.

### Unveiling of Plans for Ophir-Rochor

In March 2008, the URA unveiled plans for the Ophir-Rochor area as a complement to the Marina Bay area, with Ophir-Rochor featuring mixed-use developments with a mix of offices, residential, hotels and other facilities set within a park-like environment and to be developed over the next 10-15 years. Again, this development will take place predominantly on state land, although the potential extension of the current office cluster towards Ophir-Rochor could bode well for capital values and rentals for City Dev's South Beach project along Beach Road (City Dev: BUY, TP S$12.81).

### Unveiling of Blueprint for Jurong Lake District

The vision to transform the area around Jurong Lake into a unique lakeside destination for business and leisure was unveiled in early April 2008 (see DBS Vickers' earlier report dated 7 Apr 2008 titled "West Side Story"). In unveiling the plans, Minister Mah again reiterated that the focus of the draft Master Plan 2008 will be on providing Singaporeans with a good quality of life with more recreational choices and better living environments, with a key focus on sustaining Singapore's economy with new growth areas like Ophir-Rochor and Jurong East.

## WHAT TO EXPECT

We expect much of the key significant land use and plot ratio changes to be concentrated in certain strategic areas – Seletar (aerospace industrial use), Jurong (new regional centre), Paya Lebar (commercial hub near city fringe), Marina Bay (white sites and residential), Novena (medical and healthcare), Kallang Basin (residential) and Ophir-Rochor (mixed development).

With the phased opening of the Circle Line from 2009 onwards, we also expect to see an increase in plot ratios for undeveloped state land sites that are close to Circle Line MRT stations, and in particular those that intersect with existing MRT stations. This is in line with the thinking, which has also been posited by some property consultants, that MRT stations should be planned near high-density residential areas, so as to be able to serve the most number of people. With expected increased ridership for the existing North-South, East-West and North East lines arising from the opening of the Circle Line that would bring rapid transit systems closer to a larger percentage of the population, SMRT (BUY, TP S$2.00) and ComfortDelgro (BUY, TP S$2.15) could stand to benefit.

With interchange stations planned at Paya Lebar, Serangoon, Bishan, Buona Vista, Harbourfront and Dhoby Ghaut, we believe that the highest potential for plot ratio changes could come at the Paya Lebar and Serangoon stations, given that the area around the remaining interchange stations are already relatively built-up. Bishan is already a mature HDB estate and could see some slight increase in plot ratios should rejuvenation efforts be considered for the area. Buona Vista station is already serving one-north, where plot ratios are already quite high. Harbourfront might not see much plot ratio adjustments, given that existing developments like VivoCity and the upcoming Reflections at Keppel Bay are relatively new and there might be the consideration to safeguard against overly dense developments near Mount Faber and Sentosa. Similarly, the area around Dhoby Ghaut is unlikely to see any increase in plot ratios because of its proximity to the Istana.

Some HDB estates may also see increases in plot ratios as part of the rejuvenation efforts over the next few years. Finally, the success of Sentosa's residential developments may provide a push for more rezoning in the remainder of the Southern Islands either to provide another waterfront residential enclave or to provide for more tourism-related developments to leverage on the Integrated Resort (Resorts World) on Sentosa.

## BENEFICIARIES

The likely alignment of the Master Plan 2008 with the strategic thrusts for the Singapore economy in the medium-term is not unexpected. Since the previous Master Plan review in 2003, the government has embarked on strong efforts to market Singapore as a global business and financial centre, and the rezoning and plot ratio intensifications in Master Plan 2008 would be expected to reflect these strategic initiatives. The development of commercial hubs outside of the city, like at Paya Lebar and Jurong, are critical for Singapore so that it can continue to cater to a wide spectrum of businesses, from those that desire prime CBD addresses to those that require less costly office space.

In terms of direct beneficiaries, these are expected to be limited, given that much of the land use and plot ratio revisions that we are likely to see will be on state land parcels, thereby accruing limited direct valuation gains for the developers. However, from a fundamental perspective, the land use planning of Singapore has always been an important asset in our property investment appeal to foreigners, and with the medium-term vision for Singapore successfully translated onto a planning blueprint, the medium-term fundamentals for the property sector are expected to remain strong. We continue to like the listed landlords and S-Reits, preferring property companies with diversified revenue streams from both property development and investment. Our top picks in the sector are City Dev (BUY, TP S$12.81), CapitaLand (BUY, TP S$7.50), Fraser and Neave (BUY, TP S$5.85) and Allgreen (BUY, S$1.66). Among the S-Reits, we favour CMT (BUY, TP S$3.93) and Suntec REIT (BUY, TP S$1.98) for their exposure to the resilient retail sector. We also continue to like CCT (BUY, TP S$2.93) for its strong organic growth with positive rental reversions likely up to 2010; and CDL HT (BUY, TP S$2.90) for its exposure to the booming hotel sector.

The construction sector, which recently received a positive catalyst in the form of a record S$8bn worth of government tenders that were announced, will reap the spillover benefits as the demand for infrastructure and properties increases as a result of the long-term plans detailed in the draft Master Plan 2008. Within the construction sector, we prefer the building material suppliers like Hong Leong Asia (BUY, S$4.30) and Pan-United Corp (BUY, TP S$1.16).

On an economic fundamentals perspective, the draft Master Plan 2008 is expected to provide the strategic impetus for medium-term growth in the healthcare and transport sectors. Likely long-term beneficiaries would include Raffles Medical (BUY, TP S$1.74), Parkway Life REIT (BUY, TP S$1.50), SMRT (BUY, TP S$2.00) and ComfortDelgro (BUY, TP S$2.15).

| |
|---|
| DBSV recommendations are based 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** (0-15% total return over the next 12 months for small caps, 0-10% 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 catalysts within this time frame) |

*Share price appreciation + dividends*

DBS Vickers Research is available on the following electronic platforms: DBS Vickers (www.dbsvresearch.com); Thomson (www.thomson.com/financial); Factset (www.factset.com); Reuters (www.rbr.reuters.com); Capital IQ (www.capitaliq.com) and Bloomberg (DBSR GO). For access, please contact your DBSV salesperson.

**GENERAL DISCLOSURE/DISCLAIMER**

This document is published by DBS Vickers Research (Singapore) Pte Ltd ("DBSVR"), a direct wholly-owned subsidiary of DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") and an indirect wholly-owned subsidiary of DBS Vickers Securities Holdings Pte Ltd ("DBSVH"). [This report is intended for clients of DBSV Group only and no part of this document may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of DBSVR.]

The research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document 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 legal or financial advice. DBSVR accepts no liability whatsoever for any direct or consequential loss arising from any use of this document 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. DBSVH is a wholly-owned subsidiary of DBS Bank Ltd. DBS Bank Ltd 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. DBSVR, DBSVS, DBS Bank Ltd and their associates, their directors, and/or employees 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.

DBSVUSA does not have its own investment banking or research department, nor has it participated in any investment banking transaction as a manager or co-manager 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.

**ANALYST CERTIFICATION**

The research analyst 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 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 this report. As of 5 May 2008, the analyst and his / her spouse and/or relatives who are financially dependent on the analyst, do not hold interests in the securities recommended in this report ("interest" includes direct or indirect ownership of securities, directorships and trustee positions).

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES**

1. DBS Vickers Securities (Singapore) Pte Ltd and its subsidiaries do not have a proprietary position in the securities recommended in this report as of 30 April 2008.
2. DBSVR, DBSVS, DBS Bank Ltd and/or other affiliates of DBS Vickers Securities (USA) Inc ("DBSVUSA"), a U.S.-registered broker-dealer, beneficially own a total of 1% or more of any class of common equity securities of CapitaLand, Suntec REIT, CDL Hospitality Trusts, Hong Leong Asia as of 5 May 2008.
3. Compensation for investment banking services:

   DBSVR, DBSVS, DBS Bank Ltd and/or other affiliates of DBSVUSA have received compensation, within the past 12 months, and within the next 3 months may receive or intends to seek compensation for investment banking services from City Development, CapitaCommercial Trust, Capitamall Trust, CDL Hospitality Trusts, Parkway Life Real Estate Investment Trust, Raffles Medical.

   DBSVUSA does not have its own investment banking or research department, nor has it participated in any investment banking transaction as a manager or co-manager 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.

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 DBSVR and DBSVS, which 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. DBSVR and DBSVS are regulated by the Monetary Authority of Singapore ["MAS"] under the laws of Singapore, 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 is being distributed in Hong Kong by DBS Vickers (Hong Kong) Limited which is licensed and regulated by the Hong Kong Securities and Futures Commission. |
| Singapore | This report is being distributed in Singapore by DBSVR, which holds a Financial Adviser's licence and is regulated by the MAS. This report may additionally be distributed in Singapore by DBSVS (Company Regn. No. 198600294G), which is an Exempt Financial Adviser as defined under the Financial Advisers Act. Any research report published by any foreign DBS Vickers entities is distributed in Singapore only to "institutional investors" as defined under the Securities and Futures Act. Distribution of research reports published by a foreign-related corporation of DBSVR/DBSVS to "Accredited Investors" as defined under the Financial Advisers Regulations is provided pursuant to the approval by MAS of research distribution arrangements under Paragraph 11 of the First Schedule to the FAA. |
| United Kingdom | This report is being distributed in the UK by DBS Vickers Securities (UK) Ltd, who is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Services Authority. Research distributed in the UK is intended only for institutional clients. |
| United Arab Emirates | This report is being distributed in United Arab Emirates by DBS Bank Ltd, Dubai (PO Box 506538, 3rd Floor, Building 3, Gate Precinct, DIFC, Dubai, United Arab Emirates) and is intended only for wholesale clients. DBS Bank Ltd, Dubai is regulated by the Dubai Financial Services Authority. |
| United States | Neither this report nor any copy hereof may be taken or distributed into the United States or to any U.S. person except in compliance with any applicable U.S. laws and regulations. |
| Other jurisdictions | In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. |

DBS Vickers Research (Singapore) Pte Ltd – 8 Cross Street, #02-01 PWC Building, Singapore 048424
Tel. 65-6533 9688, Fax: 65-6226 8048
Company Regn. No. 198600295W