

Company Guide

MRCB-Quill REIT



Version 9 | Bloomberg: MQREIT MK | Reuters: MQRE.KL
Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

18 May 2018

BUY (Upgrade from Hold)

Last Traded Price (17 May 2018): RM1.12 (KLCI : 1,854.44)
Price Target 12-mth: RM1.27 (13% upside) (Prev RM1.27)

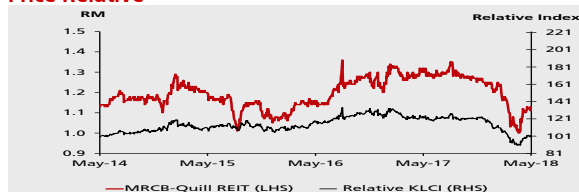
Analyst

Siti Ruzanna Mohd Faruk +603 2604 3965
sruzannamf@alliancedbs.com

What's New

- 1 QFY18 were in line with expectations
- Revenue declined 3.3% due to lower contribution from Platinum Sentral and Menara Shell
- Upgrade to BUY with unchanged TP of RM1.27

Price Relative



Forecasts and Valuation

FY Dec (RMm)	2017A	2018F	2019F	2020F
Gross Revenue	180	175	180	184
Net Property Inc	140	134	136	136
Total Return	69.9	82.6	85.3	85.5
Distribution Inc	89.6	80.1	82.7	82.9
EPU (sen)	6.55	7.72	7.96	7.97
EPU Gth (%)	12	18	3	0
DPU (sen)	8.39	7.49	7.72	7.73
DPU Gth (%)	62	(11)	3	0
NAV per shr (sen)	130	130	130	130
PE (X)	17.1	14.5	14.1	14.1
Distribution Yield (%)	7.5	6.7	6.9	6.9
P/NAV (x)	0.9	0.9	0.9	0.9
Aggregate Leverage (%)	37.5	37.7	37.9	38.1
ROAE (%)	5.1	6.0	6.1	6.1

Distn. Inc Chng (%):	0	0	0
Consensus DPU (sen):	8.30	8.20	7.90
Other Broker Recs:	B: 4	S: 0	H: 4

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

1QFY18 earnings hit the mark

Upgrade to BUY with unchanged TP of RM1.27. We believe the recent sell-down of MQREIT has been overdone as the negativity has been fully priced in. Despite factoring in flat rental reversions, FY18 distribution yields are attractive at 6.7%. The total potential returns stand at 19.7%. With this, we upgrade our HOLD call to a BUY. MQREIT's appeal is the availability of an asset acquisition pipeline of completed investment properties from sponsor MRCB. The confirmation of injections at accretive yields will be a key re-rating catalyst for the stock.

Where we differ: Believe tough office market to pressure rental reversion rates: We have incorporated flat rental reversion for some of the offices under the MQREIT portfolio as we expect rental reversions to be pressured by incoming office supply.

Potential catalyst: MRCB connection. MQREIT has the right of first refusal to MRCB's stable of investment properties, which is worth up to RM1.5bn in aggregate. Notable assets include Ascott Sentral (serviced apartments), Plaza Alam Sentral (retail), Sooka Sentral (lifestyle/retail) and Kompleks Sentral (industrial). The REIT also may acquire office assets from the Quill Group, the original sponsor of MQREIT with a remaining stake of c.17.7%. However, MQREIT's current gearing of c.38% indicates that new equity issuance will likely be necessary for sizeable acquisitions in the near term.

Valuation:

Our DDM-derived TP is unchanged at RM1.27. Our TP factors in 7.0% cost of equity and 1.0% terminal growth.

Key Risks to Our View:

Delayed leasing could be a drag on earnings. The office sector outlook faces challenges due to excess supply, especially in Kuala Lumpur and Cyberjaya, where the REIT has exposure. Occupancies could be a risk factor. Delayed leasing of released spaces may result in reduced earnings.

At A Glance

Issued Capital (m shrs)	1,072
Mkt. Cap (RMm/US\$m)	1,200 / 302
Major Shareholders (%)	
Malaysian Resources Corp	31.2
Quill group of companies	17.7
Capitaland Financial Ltd	17.7
Free Float (%)	33.5
3m Avg. Daily Val (US\$m)	0.17
ICB Industry : Financials / Real Estate Investment Trust	



WHAT'S NEW

In-line 1QFY18 earnings

- MQREIT's 1QFY18 net distributable income came in at RM21.0m (-9.3% y-o-y), in line with our/consensus expectations.
- The decrease was mainly due to lower revenue generated from Platinum Sentral and Menara Shell.
- In addition, property operating expenses were also higher at RM9.8m (+3.4% y-o-y) due higher routine operating expense incurred for some properties.
- There was also higher administrative expense incurred by RM0.6m due to the costs incurred for the disposal of QB8-DHL (XPJ) which was completed in the quarter.

Stable occupancy, some lease expiries coming up

- Portfolio occupancy was steady at c.96.2%, slightly lower vs. 4QFY17's 96.3%.
- About c.28.0% of total NLA is due for renewal in FY18, out of which c.4.0% of these leases have been renewed while 1.0% have not. The expiring leases in FY19 form 15% of total NLA, and 17% in FY20. We believe rental

reversions were flattish as guided by the management as they focus on tenant retention to overcome challenging operating environment.

- Going forward, we expect some challenges in negotiating positive rental reversions, and occupancy replenishment for MQREIT's office assets. This is due to the oversupply of office space in the market, which could exacerbate the office supply overhang, particularly in Kuala Lumpur and Selangor where MQREIT's office assets are located.

Valuation

We upgrade our HOLD call to a BUY with an unchanged TP of RM1.27. The recent sell-down has been overdone as we believe the negativity has been fully priced in. Dividend yields of 6.7% are attractive with total potential returns of 19.7%. Our DDM-derived TP is based on 7.0% cost of equity and 1% terminal growth.

Quarterly / Interim Income Statement (RMm)

FY Dec	1Q2017	4Q2017	1Q2018	% chg yoy	% chg qoq
Gross revenue	45.6	44.7	44.0	(3.3)	(1.4)
Property expenses	(9.4)	(10.0)	(9.8)	3.4	(2.7)
Net Property Income	36.1	34.6	34.3	(5.1)	(1.0)
Other Operating expenses	(3.7)	(3.9)	(4.3)	17.0	11.2
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	N/A	N/A
Net Interest (Exp)/Inc	(9.3)	(9.3)	(9.0)	3.3	3.1
Exceptional Gain/(Loss)	0.0	(18.2)	0.0	N/A	N/A
Net Income	23.2	3.32	21.0	(9.3)	532.5
Tax	0.0	0.0	0.0	N/A	N/A
Minority Interest	0.0	0.0	0.0	N/A	N/A
Net Income after Tax	23.2	3.32	21.0	(9.3)	532.5
Net Inc available for Dist.	23.2	21.5	21.0	(9.3)	(2.3)
Ratio (%)					
Net Prop Inc Margin	79.3	77.6	77.8		
Dist. Payout Ratio	0.0	206.6	0.0		

Source of all data: Company, AllianceDBS

CRITICAL DATA POINTS TO WATCH

Revamped profile with new injections. MQREIT's asset portfolio has undergone a drastic shift with the acquisition of the RM740m Platinum Sentral (PS) asset in FY15 and the acquisition of Menara Shell for RM640m in Dec 2016. The injection of PS and Menara Shell has contributed positively to the group's earnings with better occupancy levels from 96% in FY17 from 95% in FY16. However, we forecast occupancy rates to hover around 95%-96% for FY18F-20F as the oversupply in the office market may dampen occupancy growth. Our forecast for average rent psf range from RM7.30 in FY18 to RM7.50 in FY20.

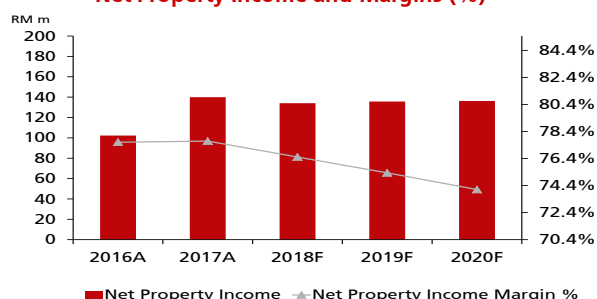
Minimal rent escalation for office spaces. MQREIT has nine other assets which are primarily office spaces with valuations generally below the RM150m level for each asset. They are mostly located in the suburban Cyberjaya and Petaling Jaya areas. Rental reversions have been mild or flat as competition is rife within those areas. We expect these assets to contribute c.45%/44% of MQREIT's overall topline in FY18F/FY19F.

Expect healthy occupancy to persist. Portfolio occupancy has generally been fairly decent at above the 90% level. However, the acquisition of the fully-occupied PS and Menara Shell will have a net effect of raising overall occupancy to 96%. Going forward, expiring leases in FY18 are 28% of total NLA, and 15% in FY19. We expect some challenges in occupancy replenishment, but we believe management focus will be on filling up occupancy rather than negotiating positive rental reversions. Furthermore, management will be carrying out asset-enhancement works on selected properties within its portfolio, notably, Wisma Technip, Plaza Mont Kiara, Platinum Sentral and Menara Shell. These enhancements will revolve around helping tenants to conserve energy and costs, and reduce their carbon footprint.

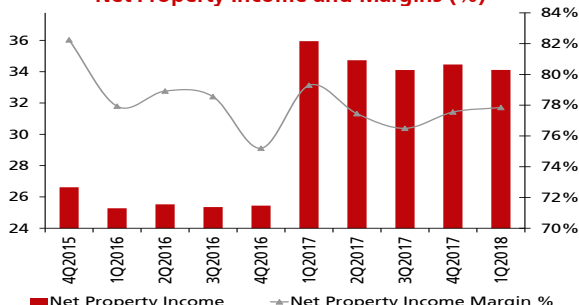
Possible acquisition of major shareholder's assets in the long term.

As developer MRCB is a major shareholder with a 28% stake following the injection of PS, MQREIT has obtained the right of first refusal to the former's stable of investment properties. Notable assets include Ascott Sentral (serviced apartments), Plaza Alam Sentral (retail), Sooka Sentral (lifestyle/retail) and Kompleks Sentral (industrial). Collectively, they carry a book value of c.RM340m, and could see injection values of up to RM860m. The REIT also may acquire office assets from the Quill Group, the original sponsor of MQREIT with a remaining stake of c.17.7%. Nonetheless, we highlight that gearing is currently at c.38%, implying limited debt headroom—additional unit issuance would be necessary to fund any big-ticket purchase, and thus earnings accretion from future acquisitions will likely be negated by the impact of dilution from equity issuance.

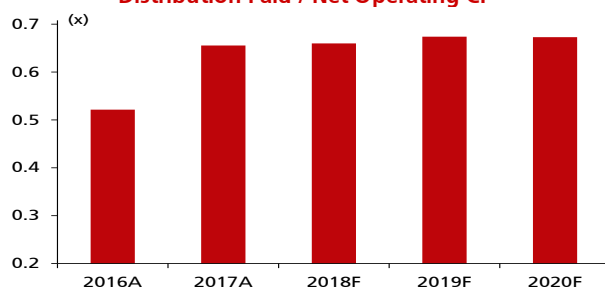
Net Property Income and Margins (%)



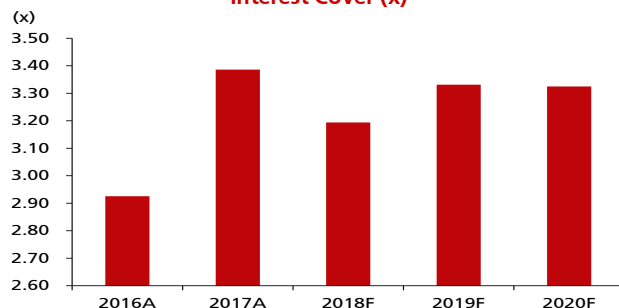
Net Property Income and Margins (%)



Distribution Paid / Net Operating CF

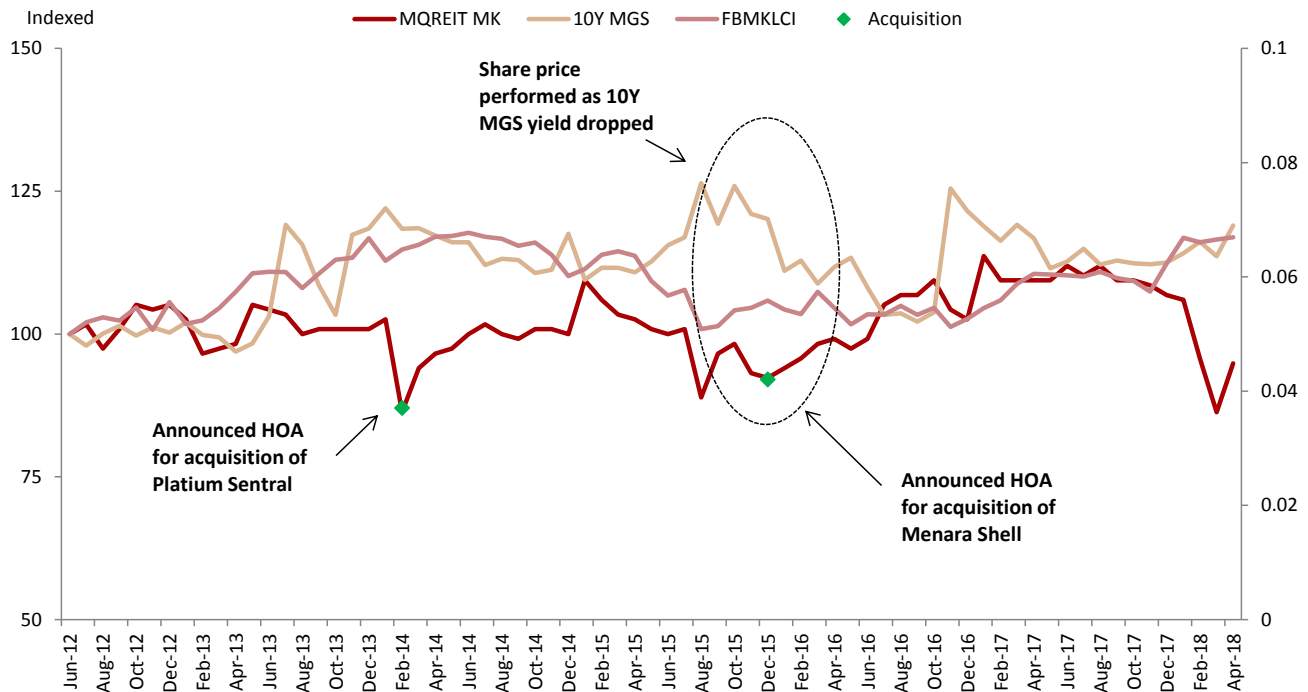


Interest Cover (x)



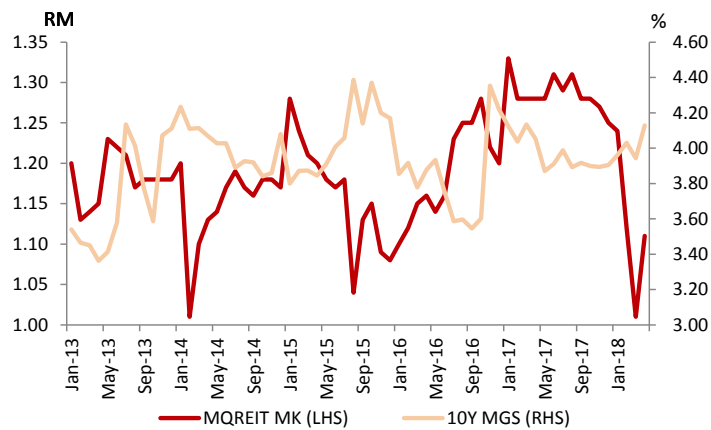
Source: Company, AllianceDBS

Appendix 1: Factors driving historical share price performance



Source: Company, AllianceDBS, Bloomberg Finance L.P

MQREIT's share price versus 10Y MGS



Source: Company, AllianceDBS, Bloomberg Finance L.P

Remarks

Interestingly, MQREIT share price and the 10Y MGS yields have minimal correlation over a long period. However, we note that the negative correlation is particularly strong during periods of rising or declining bond yields which may explain investors' preference for REITs as a defensive play.

Balance Sheet:

Gearing is manageable for now. With borrowings taken up to part-fund the PS acquisition and Menara Shell, MQREIT has a gearing level of c.37-38%. Note that this is near the cap of 50% as per the Securities Commission Malaysia's REIT guidelines, and implies additional debt headroom of c. RM283m in FY18F. However, the average cost of debt of 4.7% is manageable, as interest payments are still adequately covered by its cash inflows. Interest rate risk is contained as 76% of its debts are on fixed interest rates. Debt maturity is staggered with 14% maturing in 2018, 45% in 2020, 19% in 2021 and 22% in 2022.

Share Price Drivers:

Acquisition newsflow. One of MQREIT's appeals is the availability of an asset acquisition pipeline of completed investment properties from sponsor MRCB. The confirmation of injections at accretive yields will be a key re-rating catalyst for the stock.

Forward yield spread. AREIT's attractiveness depends on its distribution yield, relative to other fixed-income assets. A common benchmark is the REIT's yield spread over the indicative 10-year Malaysian Government Securities yield, which is currently near the c.4% level.

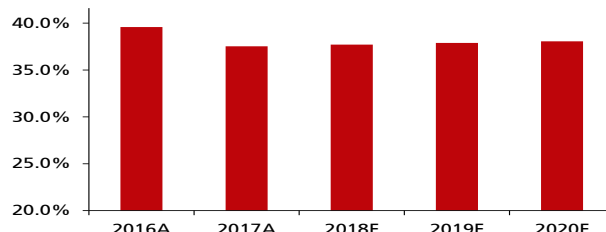
Key Risks:

Soft office rental market. The office sector outlook remains tepid due to excess supply, especially in Kuala Lumpur and Cyberjaya, where the REIT has exposure. Rental reversion potential is relatively weak and occupancies could be a risk factor.

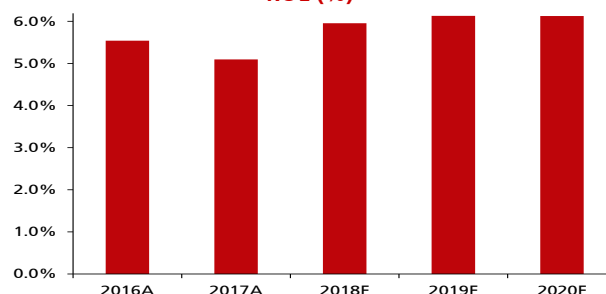
Company Background

MRCB-Quill REIT is a real estate investment trust that focuses on office properties. Its largest asset is Platinum Sentral with 445k-sq-ft NLA in the Kuala Lumpur Sentral transport hub. Its other assets include five office assets in Cyberjaya, one retail/commercial asset, one industrial asset and one hypermarket.

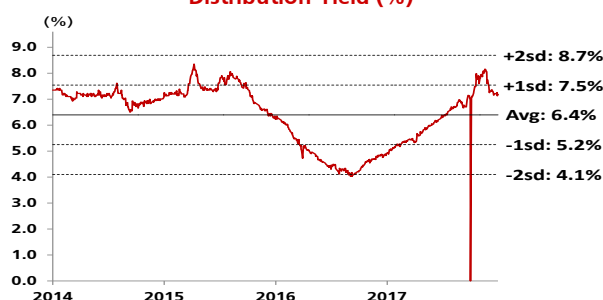
Aggregate Leverage (%)



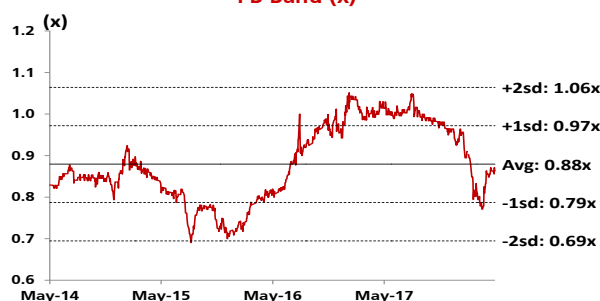
ROE (%)



Distribution Yield (%)



PB Band (x)



Source: Company, AllianceDBS

Key Assumptions

FY Dec	2016A	2017A	2018F	2019F	2020F
Portfolio NLA (k sq ft)	1,723.0	2,280.0	2,214.8	2,214.8	2,214.8
Agg. occupancy rate (%)	95.5%	96.7%	95.5%	95.6%	95.6%
Average PS rents (RM psf/mth)	7.3	7.3	7.3	7.5	7.5
Average non-PS rents (RM)	6.4	6.9	6.9	7.1	7.2

Income Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Gross revenue	132	180	175	180	184
Property expenses	(29.5)	(40.2)	(41.1)	(44.4)	(47.6)
Net Property Income	102	140	134	136	136
Other Operating expenses	(12.4)	(14.9)	(13.8)	(13.9)	(13.9)
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(30.7)	(36.9)	(37.6)	(36.6)	(36.8)
Exceptional Gain/(Loss)	3.54	(18.2)	0.0	0.0	0.0
Net Income	62.7	69.9	82.6	85.3	85.5
Tax	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Income After Tax	62.7	69.9	82.6	85.3	85.5
Total Return	62.7	69.9	82.6	85.3	85.5
Non-tax deductible Items	7.28	(19.7)	2.48	2.56	2.57
Net Inc available for Dist.	55.4	89.6	80.1	82.7	82.9
Growth & Ratio					
Revenue Gth (%)	14.4	36.7	(2.8)	2.8	2.0
N Property Inc Gth (%)	13.3	36.8	(4.2)	1.3	0.4
Net Inc Gth (%)	3.3	11.5	18.1	3.3	0.3
Dist. Payout Ratio (%)	93.7	101.7	97.0	97.0	97.0
Net Prop Inc Margins (%)	77.6	77.7	76.5	75.4	74.1
Net Income Margins (%)	47.6	38.8	47.1	47.3	46.5
Dist to revenue (%)	42.1	49.7	45.7	45.9	45.1
Managers & Trustee's fees	9.4	8.3	7.9	7.7	7.6
ROAE (%)	5.5	5.1	6.0	6.1	6.1
ROA (%)	3.2	3.0	3.6	3.7	3.7
ROCE (%)	4.6	5.5	5.3	5.3	5.3
Int. Cover (x)	2.9	3.4	3.2	3.3	3.3

Source: Company, AllianceDBS

Quarterly / Interim Income Statement (RMm)

FY Dec	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018
Gross revenue	45.6	45.1	44.8	44.7	44.0
Property expenses	(9.4)	(10.2)	(10.5)	(10.0)	(9.8)
Net Property Income	36.1	34.9	34.3	34.6	34.3
Other Operating expenses	(3.7)	(13.5)	(3.7)	(3.9)	(4.3)
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(9.3)	0.60	(9.2)	(9.3)	(9.0)
Exceptional Gain/(Loss)	0.0	0.0	0.0	(18.2)	0.0
Net Income	23.2	22.0	21.4	3.32	21.0
Tax	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Income after Tax	23.2	22.0	21.4	3.32	21.0
Total Return	23.2	22.0	21.4	3.32	21.0
Non-tax deductible Items	0.0	0.0	0.0	(18.2)	0.0
Net Inc available for Dist.	23.2	22.0	21.4	21.5	21.0
Growth & Ratio					
Revenue Gth (%)	34	(1)	(1)	0	(1)
N Property Inc Gth (%)	41	(3)	(2)	1	(1)
Net Inc Gth (%)	37	(5)	(3)	(84)	532
Net Prop Inc Margin (%)	79.3	77.4	76.5	77.6	77.8
Dist. Pay out Ratio (%)	0.0	205.0	0.0	206.6	0.0

Balance Sheet (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Investment Properties	2,225	2,181	2,191	2,201	2,211
Other LT Assets	0.23	0.17	0.17	0.17	0.17
Cash & ST Invts	54.1	101	107	112	118
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	18.3	5.96	5.80	5.96	6.08
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Assets	2,297	2,288	2,304	2,319	2,335
ST Debt	224	122	132	142	152
Creditor	28.4	20.3	21.3	22.4	23.5
Other Current Liab	0.0	0.0	0.0	0.0	0.0
LT Debt	685	737	737	737	737
Other LT Liabilities	0.0	24.5	24.5	24.5	24.5
Unit holders' funds	1,360	1,385	1,389	1,394	1,398
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Funds & Liabilities	2,297	2,288	2,304	2,319	2,335
Non-Cash Wkg. Capital	(10.0)	(14.3)	(15.5)	(16.4)	(17.4)
Net Cash/(Debt)	(855)	(758)	(762)	(767)	(771)
Ratio					
Current Ratio (x)	0.3	0.8	0.7	0.7	0.7
Quick Ratio (x)	0.3	0.8	0.7	0.7	0.7
Aggregate Leverage (%)	39.6	37.5	37.7	37.9	38.1
Z-Score (X)	0.9	1.1	1.1	1.0	1.0

Source: Company, AllianceDBS

Cash Flow Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Pre-Tax Income	62.7	69.9	82.6	85.3	85.5
Dep. & Amort.	0.0	0.0	0.0	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc/(Loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	15.7	3.99	1.18	0.90	1.00
Other Operating CF	30.7	36.9	37.6	36.6	36.8
Net Operating CF	109	111	121	123	123
Net Inv't in Properties	(649)	(0.4)	(10.0)	(10.0)	(10.0)
Other Inv'ts (net)	0.0	0.0	0.0	0.0	0.0
Inv'ts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc. & JVs	0.0	0.0	0.0	0.0	0.0
Other Investing CF	1.62	2.16	3.80	5.33	5.61
Net Investing CF	(647)	1.78	(6.2)	(4.7)	(4.4)
Distribution Paid	(56.9)	(72.6)	(80.1)	(82.7)	(82.9)
Chg in Gross Debt	161	1.00	10.0	10.0	10.0
New units issued	488	0.0	0.0	0.0	0.0
Other Financing CF	(33.4)	(37.2)	(41.4)	(41.9)	(42.4)
Net Financing CF	559	(109)	(112)	(115)	(115)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	20.8	3.78	3.66	3.46	3.56
Operating CFPS (sen)	8.75	10.0	11.2	11.4	11.4
Free CFPS (sen)	(50.5)	10.3	10.4	10.5	10.6

Source: Company, AllianceDBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	20 Nov 17	1.26	1.38	HOLD
2:	09 Jan 18	1.20	1.38	HOLD
3:	22 Jan 18	1.24	1.27	HOLD

Note: Share price and Target price are adjusted for corporate actions.

Source: AllianceDBS

Analyst: Siti Ruzanna Mohd Faruk

DISCLOSURE

Stock rating definitions

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 > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure	EPS = earnings per share	PBT = profit before tax
bn = billion	EV = enterprise value	P/B = price / book ratio
BV = book value	FCF = free cash flow	P/E = price / earnings ratio
CF = cash flow	FV = fair value	PEG = P/E ratio to growth ratio
CAGR = compounded annual growth rate	FY = financial year	q-o-q = quarter-on-quarter
Capex = capital expenditure	m = million	RM = Ringgit
CY = calendar year	M-o-m = month-on-month	ROA = return on assets
Div yld = dividend yield	NAV = net assets value	ROE = return on equity
DCF = discounted cash flow	NM = not meaningful	TP = target price
DDM = dividend discount model	NTA = net tangible assets	trn = trillion
DPS = dividend per share	NR = not rated	WACC = weighted average cost of capital
EBIT = earnings before interest & tax	p.a. = per annum	y-o-y = year-on-year
EBITDA = EBIT before depreciation and amortisation	PAT = profit after tax	YTD = year-to-date

DISCLAIMER

This report has been prepared for information purposes only by AllianceDBS Research Sdn Bhd ("ADBSR"), a subsidiary of Alliance Investment Bank Berhad ("AIBB") and an associate of DBS Vickers Securities Holdings Pte Ltd ("DBSVH"). DBSVH is a wholly-owned subsidiary of DBS Bank Ltd. This report is strictly confidential and is meant for circulation to clients of ADBSR, AIBB and DBSVH only or such persons as may be deemed eligible to receive such research report, information or opinion contained herein. Receipt and review of this report indicate your agreement not to distribute, reproduce or disclose in any other form or medium (whether electronic or otherwise) the contents, views, information or opinions contained herein without the prior written consent of ADBSR.

This report is based on data and information obtained from various sources believed to be reliable at the time of issuance of this report and any opinion expressed herein is subject to change without prior notice and may differ or be contrary to opinions expressed by ADBSR's affiliates and/or related parties. ADBSR does not make any guarantee, representation or warranty (whether express or implied) as to the accuracy, completeness, reliability or fairness of the data and information obtained from such sources as may be contained in this report. As such, neither ADBSR nor its affiliates and/or related parties shall be held liable or responsible in any manner whatsoever arising out of or in connection with the reliance and usage of such data and information or third party references as may be made in this report (including, but not limited to any direct, indirect or consequential losses, loss of profits and damages).

The views expressed in this report reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendation(s) or view(s) in this report. ADBSR prohibits the analyst(s) who prepared this report from receiving any compensation, incentive or bonus based on specific investment banking transactions or providing a specific recommendation for, or view of, a particular company.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation to buy or sell any securities or other investments or any options, futures, derivatives or other instruments related to such securities or investments. In particular, it is highlighted that this report is not intended for nor does it have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this report. Investors are therefore advised to make their own independent evaluation of the information contained in this report, consider their own individual investment objectives, financial situations and particular needs and consult their own professional advisers (including but not limited to financial, legal and tax advisers) regarding the appropriateness of investing in any securities or investments that may be featured in this report.

ADBSR, AIBB, DBSVH and DBS Bank Ltd, their directors, representatives and employees or any of their affiliates or their related parties may, from time to time, have an interest in the securities mentioned in this report. AIBB, DBSVH and DBS Bank Ltd, their affiliates and/or their related persons may do and/or seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell or buy such securities from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

AIBB, DBSVH, DBS Bank Ltd (which carries on, inter alia, corporate finance activities) and their activities are separate from ADBSR. AIBB, DBSVH and DBS Bank Ltd may have no input into company-specific coverage decisions (i.e. whether or not to initiate or terminate coverage of a particular company or securities in reports produced by ADBSR) and ADBSR does not take into account investment banking revenues or potential revenues when making company-specific coverage decisions.

ADBSR, AIBB, DBSVH, DBS Bank Ltd and/or other affiliates of DBS Vickers Securities (USA) Inc ("DBSVUSA"), a U.S.-registered broker-dealer, may beneficially own a total of 1% or more of any class of common equity securities of the subject company mentioned in this report. ADBSR, AIBB, DBSVH, DBS Bank Ltd and/or other affiliates of DBSVUSA may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company. 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 report should contact DBSVUSA exclusively. DBSVickers Securities (UK) Ltd 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.

In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the overriding issue of confidentiality, available upon request to enable an investor to make their own independent evaluation of the information contained herein.



Wong Ming Tek, Executive Director

Published by

AllianceDBS Research Sdn Bhd (128540 U)

19th Floor, Menara Multi-Purpose, Capital Square, 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

Tel.: +603 2604 3333 Fax: +603 2604 3921 email : general@alliancedbs.com