

# Singapore Company Update

# CapitaLand Mall Trust

Bloomberg: CT SP | Reuters: CMLT.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

9 Sep 2020

## BUY

Last Traded Price (8 Sep 2020): S\$1.97 (STI : 2,504.76)  
Price Target 12-mth: S\$2.40 (22% upside)

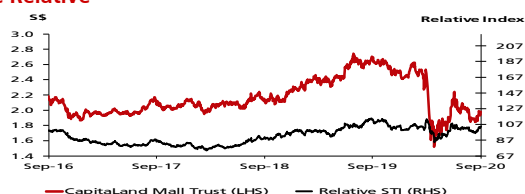
### Analyst

Singapore Research Team equityresearch@dbs.com  
Derek TAN +65 6682 3716 derektan@dbs.com

### What's New

- Improving portfolio metrics not priced in as CMT is poised to surprise on the upside.
- Portfolio of dominant retail malls to lead recovery; centrally located malls will benefit as more workers return to offices
- Attractive P/NAV of 1.0x; yield gap differential to peers too wide to ignore
- Maintain BUY, TP S\$2.40

### Price Relative



### Forecasts and Valuation

FY Dec (\$m)	2019A	2020F	2021F	2022F
Gross Revenue	772	776	801	804
Net Property Inc	558	505	560	567
Total Return	715	402	460	465
Distribution Inc	462	405	464	469
EPU (S cts)	13.1	10.9	12.5	12.6
EPU Gth (%)	(1)	(17)	14	1
DPU (S cts)	12.0	9.87	12.1	12.2
DPU Gth (%)	4	(18)	22	1
NAV per shr (S cts)	211	212	212	212
PE (X)	14.9	17.9	15.6	15.5
Distribution Yield (%)	6.1	5.1	6.2	6.2
P/NAV (x)	0.9	0.9	0.9	0.9
Aggregate Leverage (%)	32.0	31.0	31.0	31.0
ROAE (%)	6.3	5.2	5.9	5.9

Distn. Inc Chng (%)		0	0	0
Consensus DPU (S cts)		8.90	11.8	12.1
Other Broker Recs:		B: 12	S: 0	H: 6

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



### Brain Box

(Our NEW Pilot Research Platform) is available to Institutional Investors on Demand. Please contact your DBSV Institutional Sales contact for a demonstration.

## The dragon awakens

### Investment Thesis

**Merger benefits not priced in.** CMT trades at attractive valuations at close to 1.0x P/NAV and an implied EV/GFA of S\$1,864, a good discount below recent transactions. With forward yields of >6%, beyond 1 standard deviation of its mean, the risk-reward ratio is attractive. The proposed merger with CapitaLand Commercial Trust (CCT) will drive improved diversification and scale which have yet to be priced in.

**Portfolio metrics on an upswing.** Shopper traffic is on an uptrend towards pre-COVID levels. Traffic at central malls to accelerate as workers gradually return to offices, providing the next re-rating catalyst.

**Widening yield disparity with retail peers too large to ignore.** CMT now trades at a 120-bp yield premium to retail peers, more than 1 standard deviation compared to an average 20-bp premium differential.

### Valuation:

**BUY, TP S\$2.40.** Our discounted cash flow valuation factors in a (i) 2.0 risk free rate, (ii) 0.8 beta, (iii) 6.24% WACC and (iv) terminal growth of 2.0% to derive a target price of S\$2.40.

### Where we differ:

**Interest rotating to central malls.** While investors have generally focused on the suburban malls leading the retail recovery, we believe that the next re-rating catalyst will be centrally located malls in the CBD which will see a rebound in operational metrics when office workers return.

### Key Risks to Our View:

**Downside risk to portfolio metrics.** A worse-than-expected slowdown in consumer sentiment and consumption outlook may result in lower reversionary potential and a drop in occupancy as COVID-19 challenges persist. We are expecting occupancy to decline by 5ppts across CMT's portfolio and 5% negative rental reversions for FY20.

### At A Glance

Issued Capital (m shrs)	3,690
Mkt. Cap (S\$m/US\$m)	7,270 / 5,321
Major Shareholders (%)	
CapitaLand Ltd	28.5
Blackrock Inc	5.9
Free Float (%)	60.8
3m Avg. Daily Val (US\$m)	22.8
<b>GIC Industry</b> : Real Estate / Equity Real Estate Investment (REITs)	



Live more, Bank less

**CapitaLand Mall Trust**

**WHAT'S NEW**

**Time for a relook**

**Relative underperformance an opportunity for investors to accumulate.** CapitaLand Mall Trust (CMT)'s share price weakness YTD, lagging both the large cap S-REITs and pure-play suburban retail peers, is noteworthy. Since the start of the year, CMT is now down about 20%, while the top 10 S-REITs by market cap are now on average back to the prices at the beginning of the year.

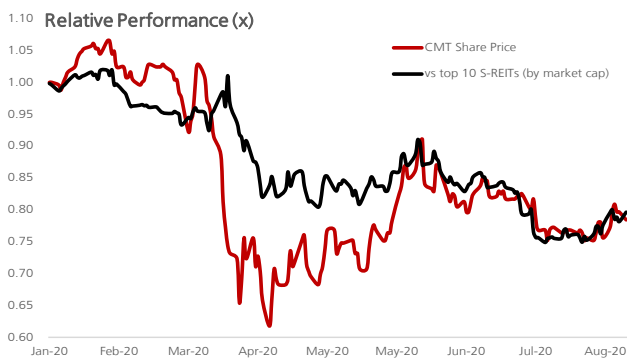
While investors may attribute this underperformance to the extended timeline of its proposed merger with CapitaLand Commercial Trust (CCT), with the proposed merger expected to complete by Nov 2020, we see this overhang dissipating over time. Post proposed merger with CCT, the combined entity, CapitaLand Integrated Commercial Trust (CICT), will be Singapore's largest S-REIT with a potential market capitalisation of S\$12.7bn. Given its significant scale in terms of AUM and market capitalisation, we believe that CICT will continue to remain one of the key S-REITs to invest in.

**How does price performance compare?**

In terms of absolute price performance, CMT has underperformed the pure play retail S-REITs and large cap peers by 17% and 20% respectively. The stock is trading close to the diversified S-REIT peers (Suntec REIT and Mapletree Commercial Trust (MCT)), which we believe investors will be comparing against post the proposed merger.

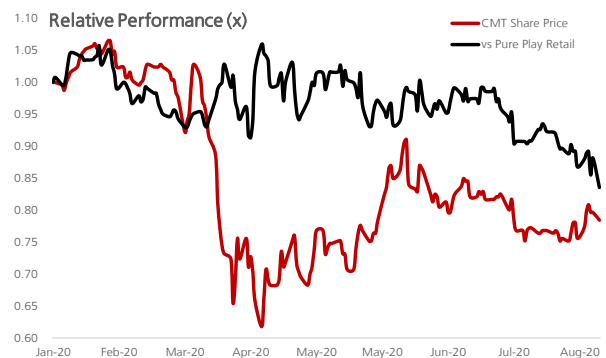
We believe that this underperformance is unwarranted given its diversified portfolio coupled with dominant properties in the respective submarkets of office and retail in Singapore. Over time, we expect CICT to reclaim its premium over peers as it restarts its growth engines post the COVID-19 pandemic to deliver higher distributions to unitholders.

**CMT relative to top 10 S-REITs (by market cap)**



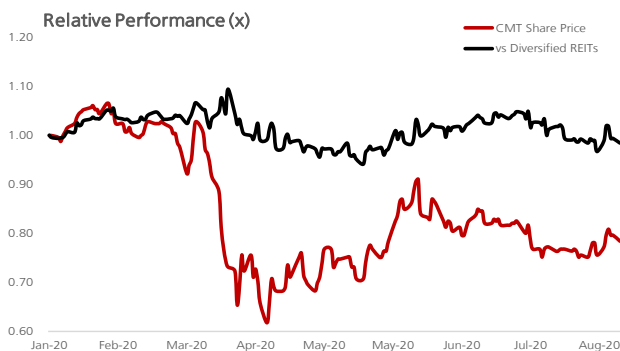
Source: Bloomberg Finance L.P., DBS Bank

**CMT relative to pure play retail**



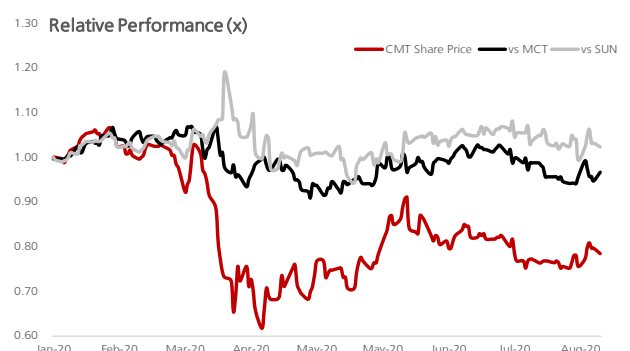
Source: Bloomberg Finance L.P., DBS Bank

**CMT vs diversified S-REITs**



Source: Bloomberg Finance L.P., DBS Bank

**CMT vs MCT vs SUN**



Source: Bloomberg Finance L.P., DBS Bank

**CapitaLand Mall Trust**

**Value at current prices**

**Attractive entry points.** As a retail REIT, we believe that CMT trades at an attractive P/NAV of 1.0x, which is close to 25% below its pure play suburban retail peer which is trading at 1.25x P/NAV.

**Widening yield gap between CMT and its peers.** CMT trades at an average 0.2% yield discount to its retail peers based on 5-year historical figures. This yield differential has widened to above 1.2%, which is beyond the +1 standard deviation level since Jun 2019. We think that the present yield differential gap is too wide to be ignored and puts CMT at a better value at its current trading price.

As the worst looks to be over, we urge investors to look beyond the near-term weakness to ride on CMT's operational recovery. We anticipate DPU to recover 22% y-o-y to 12.1 Scts in FY21, with potential upside post consolidation with CCT.

**What's next to look out for?**

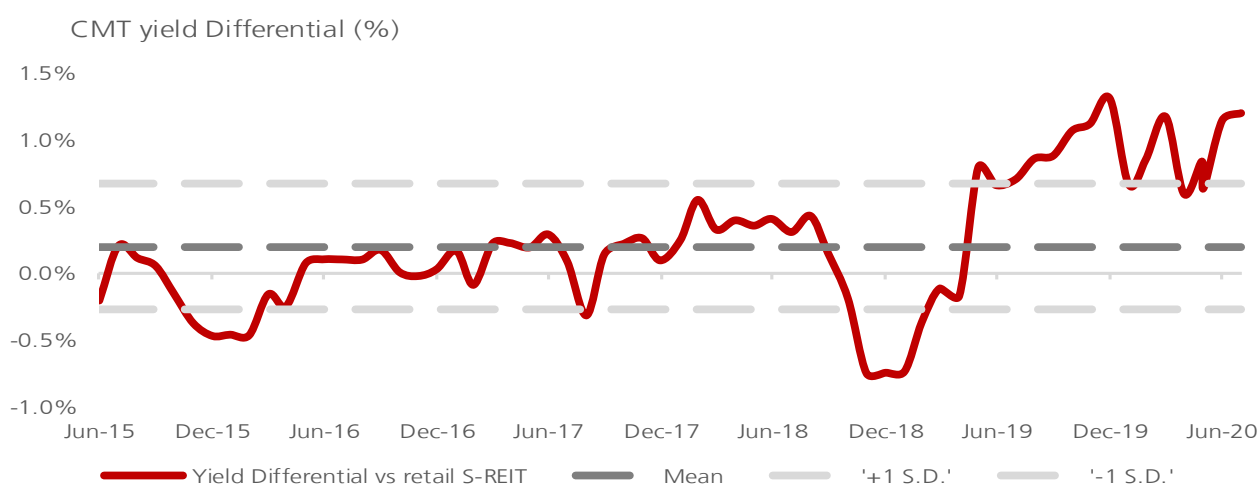
**CMT's suburban malls continue to see improving traffic.** CMT's suburban retail malls are dominant given their location near/on-top of transportation nodes which have been prime beneficiaries in the recent weeks. These malls contribute c. 52% of total revenues. This is evidenced in the strong rebound in traffic to c.82% and c.73% of pre-COVID levels for IMM and Plaza Singapura/The Atrium, which is a positive sign that its retailers are likely to see a turn around in performance in the coming months.

In the coming months, we anticipate a further broadening of the recovery to its other more centrally located malls like Raffles City Shopping Centre and Plaza Singapura. Though these malls are dependent on office workers returning to work, with a gradual relaxation of the current work-from-home advisory, we believe that overall portfolio metrics will likely remain on an uptrend.

**Trades within the "essential service" sector.** We estimate that approximately 43% of retail tenants are within the food & beverage and beauty & health trade segments which we think will lead the recovery curve, as consumers head back to the malls for their meals and shopping activities. Even department stores (c.24% of revenues) are seeing fairly brisk sales in recent weeks given the combined marketing efforts between CMT and retailers to drive consumer spending.

Slower rebound in Clarke Quay, which we consider a higher risk asset within CMT's portfolio due to a large exposure to entertainment tenants, will likely remain quiet until phase 3 of post-Circuit Breaker when entertainment tenants will be allowed to resume operations. While more assistance is needed in the near term, overall revenue contribution is estimated to be <11% for the property and will be further diluted over time, post the proposed merger with CCT.

**Yield differential of CMT with retail peers has widened beyond +1 standard deviation**

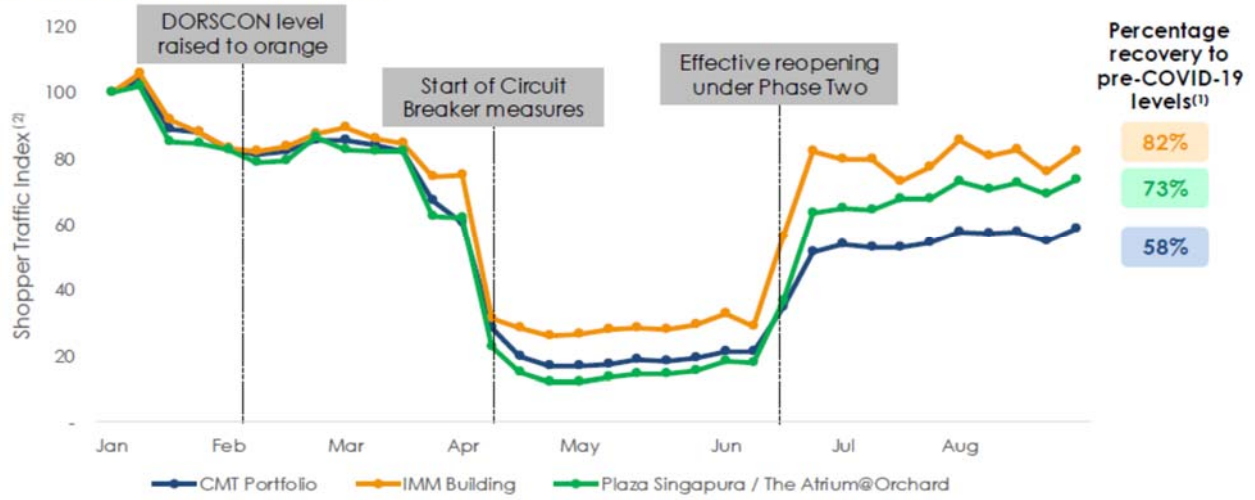


Source: Bloomberg Finance L.P., DBS Bank

**CapitaLand Mall Trust**

**Shopper statistics on an uptrend**

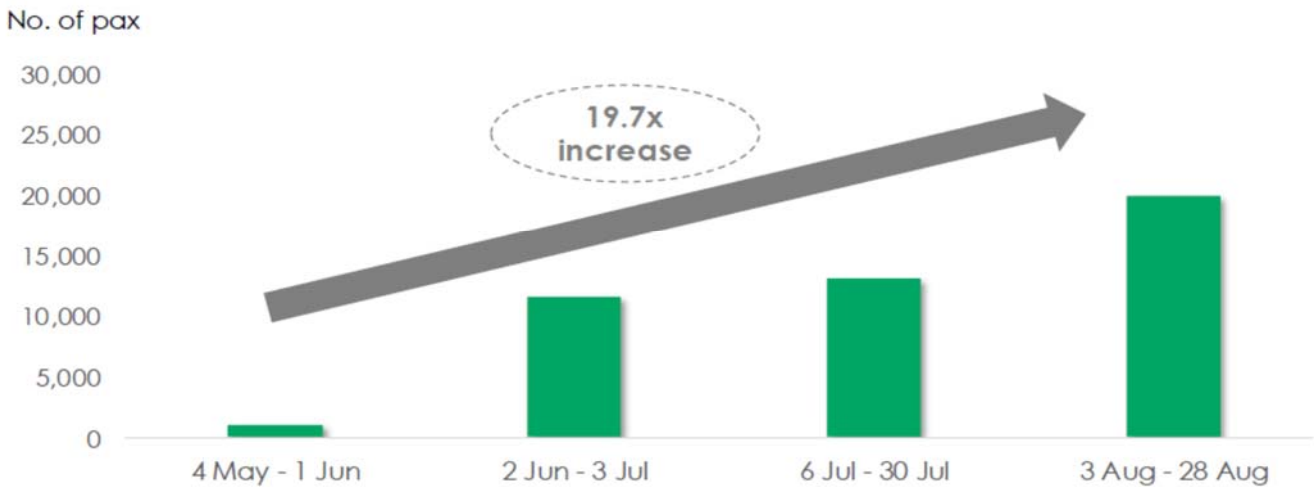
2020 weekly shopper traffic index



Source: company, DBS Bank

**Close to 24% of office workers returning to office**

**Post-Circuit Breaker returning tenants' count for offices**



Source: company, DBS Bank

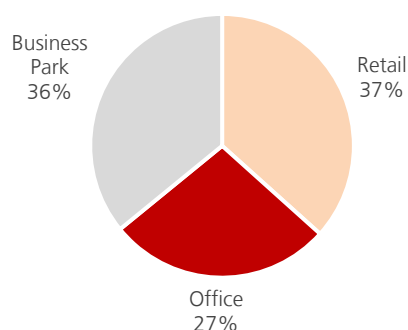
**CapitaLand Mall Trust**

**Recapturing its premium over time.** At the current price, CMT trades at 0.95x P/NAV and prospective yields of 5.7% (based on proforma estimates). This is at a discount to MCT which is at 1.15x P/NAV with prospective yield of 5.0%, a level which we see compressing over time.

Given its scale and centrally located portfolio and its AUM split between retail (33%), integrated developments (29%) and office (38%), we believe that CICT will over time, trade at a premium to its diversified peers, and closer to Mapletree Commercial Trust (MCT), which we see as having the most similar metrics and exposure. In addition, given its market cap and CICT’s more diversified tenant and earnings base, we believe that the REIT deserves to trade at a premium over time.

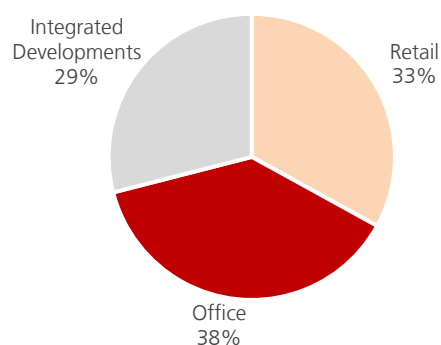
**CICT vs MCT exposure**

**MCT Exposure (\$8.9bn AUM)**



Source: Bloomberg Finance L.P., DBS Bank

**CICT Exposure (\$22bn AUM)**



Source: Bloomberg Finance L.P., DBS Bank

**Selected Peer Comparison**

	Price	Rec	Target Price	Mkt Cap	Yield (FY19/20)	Yield (FY20/21)	Yield (FY21/22)	Yield (FY22/23)	P/NAV
<b>Office</b>									
CCT	1.69	BUY	1.95	6,400	5.3%	4.5%	5.0%	5.5%	0.90
KREIT	1.08	BUY	1.35	3,631	5.2%	5.2%	5.6%	5.8%	0.80
MCT	1.99	BUY	2.25	6,551	4.0%	4.6%	5.0%	5.0%	1.15
Suntec	1.44	BUY	1.81	3,886	6.9%	5.1%	6.5%	7.0%	0.68
OUECT	0.39	BUY	0.50	2,027	8.8%	6.9%	7.2%	8.0%	0.60
					<b>5.5%</b>	<b>5.0%</b>	<b>5.6%</b>	<b>5.9%</b>	<b>0.89</b>
<b>Retail</b>									
CMT	1.98	BUY	2.40	7,073	6.2%	5.1%	6.3%	6.3%	0.95
LREIT	0.65	BUY	0.85	749	7.6%	7.6%	8.2%	8.3%	0.78
SPH REIT	0.89	HOLD	0.80	2,372	6.5%	5.0%	6.8%	6.8%	1.10
SGREIT	0.455	HOLD	0.50	975	10.1%	8.3%	9.0%	10.0%	0.55
					<b>6.3%</b>	<b>5.3%</b>	<b>6.5%</b>	<b>6.6%</b>	<b>0.95</b>
<b>S-REIT</b>					<b>6.2%</b>	<b>5.4%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>1.08</b>

Source: Bloomberg Finance L.P., DBS Bank

**Income Statement (\$m)**

FY Dec	2018A	2019A	2020F	2021F	2022F
Gross revenue	698	772	776	801	804
Property expenses	(204)	(214)	(271)	(241)	(238)
<b>Net Property Income</b>	<b>494</b>	<b>558</b>	<b>505</b>	<b>560</b>	<b>567</b>
Other Operating expenses	(48.6)	(54.2)	(56.7)	(58.1)	(57.4)
Other Non Opg (Exp)/Inc	(9.0)	0.0	0.0	0.0	0.0
Associates & JV Inc	129	89.2	65.3	68.7	70.0
Net Interest (Exp)/Inc	(87.5)	(111)	(112)	(111)	(114)
Exceptional Gain/(Loss)	0.14	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>478</b>	<b>482</b>	<b>402</b>	<b>460</b>	<b>465</b>
Tax	0.39	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
<b>Net Income After Tax</b>	<b>478</b>	<b>482</b>	<b>402</b>	<b>460</b>	<b>465</b>
Total Return	677	715	402	460	465
Non-tax deductible Items	(48.6)	3.93	2.85	3.97	4.00
Net Inc available for Dist.	429	462	405	464	469
<b>Growth &amp; Ratio</b>					
Revenue Gth (%)	2.2	10.7	0.6	3.2	0.4
N Property Inc Gth (%)	3.2	13.1	(9.5)	10.8	1.2
Net Inc Gth (%)	18.0	0.8	(16.6)	14.5	1.1
Dist. Payout Ratio (%)	95.6	96.0	90.0	96.0	96.0
Net Prop Inc Margins (%)	70.8	72.3	65.1	69.9	70.4
Net Income Margins (%)	68.5	62.4	51.8	57.4	57.8
Dist to revenue (%)	61.6	59.8	52.1	57.9	58.3
Managers & Trustee's fees	7.0	7.0	7.3	7.2	7.1
ROAE (%)	6.7	6.3	5.2	5.9	5.9
ROA (%)	4.3	4.1	3.4	3.8	3.9
ROCE (%)	4.1	4.4	3.9	4.3	4.4
Int. Cover (x)	5.1	4.5	4.0	4.5	4.5

Source: Company, DBS Bank

## CapitaLand Mall Trust

### Quarterly / Interim Income Statement (\$\$m)

FY Dec	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020
Gross revenue	190	201	203	204	114
Property expenses	(56.4)	(56.9)	(62.6)	(56.0)	(46.0)
Net Property Income	133	144	141	148	68.1
Other Operating expenses	(13.3)	(14.0)	(13.7)	(13.8)	(10.4)
Other Non Opq (Exp)/Inc	0.0	(17.6)	0.0	4.82	0.0
Associates & JV Inc	129	89	65	69	70
Net Interest (Exp)/Inc	(28.2)	(28.1)	(28.9)	(28.1)	(27.9)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>108</b>	<b>106</b>	<b>126</b>	<b>125</b>	<b>(11.8)</b>
Tax	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Income after Tax</b>	<b>108</b>	<b>106</b>	<b>126</b>	<b>125</b>	<b>(11.8)</b>
Total Return	228	106	239	125	(291)
Non-tax deductible Items	1.92	(4.0)	(6.1)	(15.3)	19.8
Net Inc available for Dist.	108	126	107	106	54.9
<b>Growth &amp; Ratio</b>					
Revenue Gth (%)	(2)	6	1	0	(44)
N Property Inc Gth (%)	(5)	8	(2)	5	(54)
Net Inc Gth (%)	(13)	(1)	18	(1)	(109)
Net Prop Inc Margin (%)	70.3	71.7	69.2	72.6	59.6
Dist. Payout Ratio (%)	100.0	89.8	107.2	29.8	142.2

### Balance Sheet (\$\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Investment Properties	9,411	10,416	10,426	10,436	10,446
Other LT Assets	1,715	1,087	1,087	1,087	1,087
Cash & ST Invt	349	202	387	415	433
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	27.5	26.4	36.7	37.9	38.0
Other Current Assets	0.0	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>11,502</b>	<b>11,732</b>	<b>11,937</b>	<b>11,976</b>	<b>12,004</b>
ST Debt	529	260	260	260	260
Creditor	199	167	388	401	402
Other Current Liab	99.9	68.1	2.54	2.54	2.54
LT Debt	3,099	3,301	3,311	3,321	3,331
Other LT Liabilities	145	169	169	169	169
Unit holders' funds	7,429	7,767	7,807	7,823	7,840
Minority Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Funds &amp; Liabilities</b>	<b>11,502</b>	<b>11,732</b>	<b>11,937</b>	<b>11,976</b>	<b>12,004</b>
Non-Cash Wkg. Capital	(272)	(209)	(354)	(365)	(367)
Net Cash/(Debt)	(3,279)	(3,359)	(3,184)	(3,166)	(3,158)
<b>Ratio</b>					
Current Ratio (x)	0.5	0.5	0.7	0.7	0.7
Quick Ratio (x)	0.5	0.5	0.7	0.7	0.7
Aggregate Leverage (%)	32.6	32.0	31.0	31.0	31.0
Z-Score (X)	5.0	5.0	4.9	4.9	4.9

Gearing yet to incorporate consolidation

Source: Company, DBS Bank

## Cash Flow Statement (S\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Income	478	715	402	460	465
Dep. & Amort.	0.0	1.73	0.0	0.0	0.0
Tax Paid	0.0	0.0	(0.2)	0.0	0.0
Associates & JV Inc/(Loss)	(129)	(89.2)	(65.3)	(68.7)	(70.0)
Chg in Wkg.Cap.	19.4	5.79	146	11.3	1.39
Other Operating CF	87.9	(122)	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>456</b>	<b>512</b>	<b>482</b>	<b>403</b>	<b>396</b>
Net Invnt in Properties	(316)	0.0	(10.0)	(10.0)	(10.0)
Other Invnts (net)	0.0	(1.0)	0.0	0.0	0.0
Invnts in Assoc. & JV	0.0	(126)	0.0	0.0	0.0
Div from Assoc. & JVs	81.0	77.0	65.3	68.7	70.0
Other Investing CF	0.26	(8.4)	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(235)</b>	<b>(58.2)</b>	<b>55.3</b>	<b>58.7</b>	<b>60.0</b>
Distribution Paid	(456)	(384)	(364)	(445)	(450)
Chg in Gross Debt	(114)	(212)	10.0	10.0	10.0
New units issued	272	0.0	1.83	1.89	1.90
Other Financing CF	(97.1)	(3.7)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>(395)</b>	<b>(600)</b>	<b>(352)</b>	<b>(434)</b>	<b>(438)</b>
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	(174)	(146)	185	27.8	18.1
Operating CFPS (S cts)	12.1	13.7	9.12	10.6	10.7
Free CFPS (S cts)	3.86	13.9	12.8	10.6	10.5

Source: Company, DBS Bank

## Target Price &amp; Ratings History



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

Source: DBS Bank

Analyst: Derek TAN

Singapore Research Team



DBS Bank recommendations are based on an Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 9 Sep 2020 16:53:38 (SGT)

Dissemination Date: 9 Sep 2020 17:21:59 (SGT)

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

#### GENERAL DISCLOSURE/DISCLAIMER

**This report is prepared by DBS Bank Ltd.** This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

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

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

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

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

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

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

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

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

#### ANALYST CERTIFICATION

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

#### COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have a proprietary position in CapitaLand Mall Trust, CapitaLand Commercial Trust, Keppel REIT, Mapletree Commercial Trust, Suntec REIT, OUE Commercial REIT, LendLease Global Commercial REIT, SPH REIT, Starhill Global REIT recommended in this report as of 31 Jul 2020.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in CapitaLand Mall Trust, Mapletree Commercial Trust, Suntec REIT, OUE Commercial REIT, SPH REIT, Starhill Global REIT, recommended in this report as of 31 Jul 2020.
4. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA or their subsidiaries and/or other affiliates beneficially own a total of 1% of any class of common equity securities of Suntec REIT, OUE Commercial REIT, Starhill Global REIT, as of 31 Jul 2020.

#### Compensation for investment banking services:

5. 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 Mapletree Commercial Trust, Suntec REIT, LendLease Global Commercial REIT, Starhill Global REIT, as of 31 Jul 2020.

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

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


6. 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 Mapletree Commercial Trust, Suntec REIT, LendLease Global Commercial REIT, Starhill Global REIT, in the past 12 months, as of 31 Jul 2020.
7. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

**Disclosure of previous investment recommendation produced:**

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

**RESTRICTIONS ON DISTRIBUTION**

<b>General</b>	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
<b>Australia</b>	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
<b>Hong Kong</b>	<p>This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at <a href="mailto:dbsvhk@dbs.com">dbsvhk@dbs.com</a></p>
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.

<b>Malaysia</b>	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
<b>Singapore</b>	<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 6327 2288 for matters arising from, or in connection with the report.</p>
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p>
<b>United Kingdom</b>	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, 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 DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
<b>Dubai International Financial Centre</b>	<p>This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6<sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.</p>
<b>United Arab Emirates</b>	<p>This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.</p>

<b>United States</b>	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
<b>Other jurisdictions</b>	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.

**DBS Regional Research Offices**
**HONG KONG**
**DBS (Hong Kong) Ltd**

Contact: Carol Wu  
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

**MALAYSIA**
**AllianceDBS Research Sdn Bhd**

Contact: Wong Ming Tek (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  
e-mail: general@alliancedbs.com

**SINGAPORE**
**DBS Bank Ltd**

Contact: Janice Chua  
12 Marina Boulevard,  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: 65 6878 8888  
Fax: 65 65353 418  
e-mail: equityresearch@dbs.com  
Company Regn. No. 196800306E

**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

**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