

# Singapore Industry Focus

## Singapore Hospitality

Refer to important disclosures at the end of this report

DBS Group Research . Equity

22 Sep 2022

### Buy ahead of a spectacular quarter

- Channel checks indicate that hoteliers are expected to deliver better than expected 3Q22 results
- Room rates have leaped past pre-COVID levels, fueled by strong MICE line-up in 2H22 and longer average length of stay which has almost doubled from 2019 level
- Hospitality S-REITs' share prices have flat-lined in recent months but look set to re-rate further
- Our top picks are [CDLHT](#) and [ART](#)

**Robust travel demand and strong earnings to drive share price re-rating.** With Formula One (F1) around the corner and a robust line-up of MICE events until the end of 2022, we believe that 2H22 will turn out to be a spectacular half for the hospitality industry. In our channel checks, we believe that hospitality S-REITs are likely to report strong RevPAR growth with potential for upside surprises come 3Q22 results/operational updates in its key market – Singapore (c.40% of assets) – as the biggest driver. We maintain our top sector picks **Ascott Residence (ART) Trust** and **CDL Hospitality Trusts (CDLHT)** with TPs of S\$1.40 and S\$1.55, respectively. Our TPs are the highest on the street, pegged to target P/NAV multiples of 1.18x, which is within the +0.5 to +1.0 standard deviation (SD) range.

**Room rates have hiked past pre-COVID levels; strong MICE line-up to drive demand.** We observed that average daily rates (ADRs) for the sector have sped past 2019 levels since 2Q22 with the spread continuing to widen in 3Q22. Our channel checks indicate that most hotels are seeing higher ADRs on the back of rising occupancy rates as rooms (from downtime) are added back to overall stock. The F1 weekend looks robust with selected 4-star to 5-star hotels charging S\$1,000 – S\$2,500/night for that weekend and a majority of hotels are already “fully booked”. Thereafter, while rates are expected to cool sequentially, we note that hoteliers appear to be maintaining rates at close to or higher than pre-COVID levels. A robust pipeline of 66 MICE events scheduled for 2H22 after next weekend's F1 will continue to drive corporate demand and 'bleisure' demand, which we note has led to close to a doubling in average length of stay this year to 6.0 days versus c.3.4 days back in 2019.

**RevPAR growth to outpace cost increases.** Hospitality S-REITs' share prices have flat-lined since Jun-Jul 2022 over concerns of the impact of an economic slowdown on distributions as well as their ability to maintain DPU growth due to higher costs. The ability for RevPAR to outpace higher operational costs and interest expense will be a key item to monitor, in our view.

STI : 3,261.79

#### Analyst

Geraldine WONG +65 6682 3719  
geraldinew@db.com

Derek TAN +65 6682 3716  
derektan@db.com

#### STOCKS

	Price S\$	Mkt Cap US\$m	12-mth	Performance (%)		Rating
			Target Price S\$	3 mth	12 mth	
<a href="#">Ascott Residence Trust</a>	1.08	2,518	1.40	(3.6)	13.7	BUY
<a href="#">CDL Hospitality Trusts</a>	1.28	1,121	1.55	(0.8)	21.9	BUY
<a href="#">Far East Hospitality Trust</a>	0.63	880	0.78	0.0	3.3	BUY

Source: DBS Bank, Bloomberg Finance L.P.  
Closing price as of 21 Sep 2022



Watchlist the stock on Insights Direct to receive prompt updates

**DBS**  
Live more, Bank less

## Gearing up for a spectacular quarter

**The “early birds” get the rooms.** With Formula One (F1) around the corner and a robust line-up 66 MICE events in the happening, we believe that 2H22 is turning out to be a spectacular half for the hospitality industry. In our channel checks and discussions with various hoteliers, we sense that most are seeing robust demand for rooms with the strong return of leisure and business travellers.

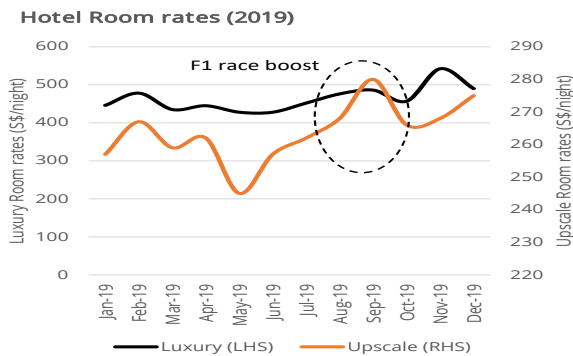
While hoteliers have previously remarked that booking visibility has remained short due to travellers taking “last minute” decisions in their travel decisions, our checks on travel websites have indicated that it does pay to plan ahead with room rates jumping as much as 30%-40% if a booking is made at the last minute (i.e. 1 week ahead) compared to planning one’s trip by 2-3 weeks. While this dynamic pricing model is an industry-wide practice, we believe that as business travel increases and weary travelers head out for their long-awaited holidays, it does

pay to plan ahead of time. Thus, we expect booking visibility to improve as we progress through the rest of the year and into 2023.

Based on data from Singapore Tourism Board, we note that average daily rates (ADR) have exceeded 2019 levels since May 2022, gaining further strength up to July 2022 with ADRs for luxury hotels 19% above that of 2019 levels and 15% for upscale hotels, pointing to strong take-up for rooms. This implies that hospitality landlords should be able to enjoy stronger profitability and pass on most of the cost increases to travelers.

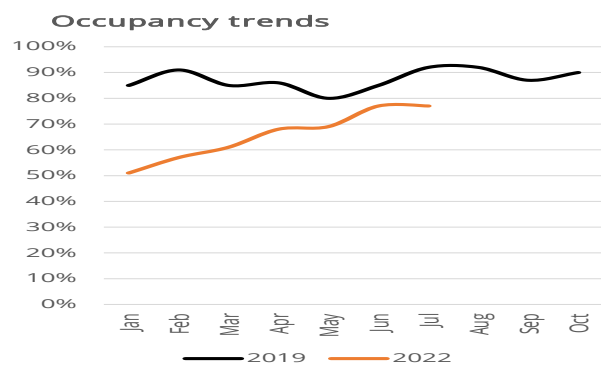
While occupancy rates have yet to improve back to 2019 levels, at close to 77% as of Jun– Jul 2022 and expected to further strengthen in 2H22, we believe that hospitality S-REITs should deliver strong results in the coming 2 quarters.

### Room rates get a boost in Sept from the F1 race



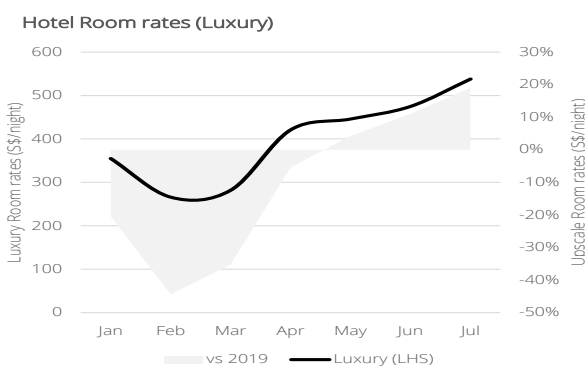
Source: STB, DBS Bank

### Occupancy rates are catching up in 2022



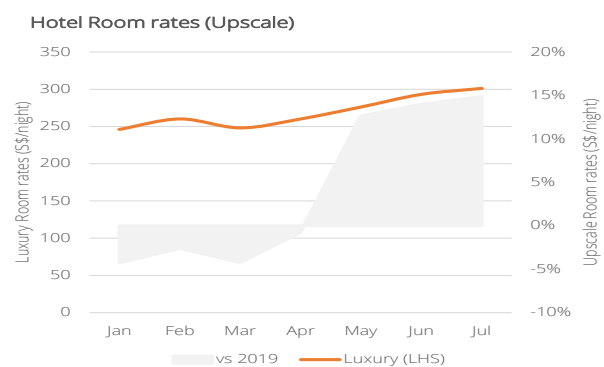
Source: STB, DBS Bank

### Luxury ADRs have exceeded 2019 levels since May'22



Source: STB, DBS Bank

### Upscale ADRs have exceeded 2019 levels since May'22



Source: STB, DBS Bank

**What we see on hospitality websites as of Sept'22.** With the F1 race held over the weekend of 30 Sept – 1 Oct 2022 soon upon us, we note that close to 86% of the rooms available for booking in Singapore have been taken up, according to booking.com website. This coincides with media reporting that the F1 Singapore Grand Prix will see the biggest turnout since 2008 and businesses and hoteliers are gearing up for this event. According to the media, the F1 race is one of the signature tourism events in Singapore, bringing in close to S\$1.5billion in incremental tourism receipts and has attracted more than 550,000 unique international visitors (averaging 46,000 visitors per year over the past 12 years). Given the huge number of visitors arriving for the event, room rates typically jump up over the race weekend, but generally drop thereafter.

Based on our channel checks, we see that with room rates for selected 4-star to 5-star hotels are in the range of S\$1,000 – S\$2,500/night over the F1 weekend, with many

trackside and Orchard Road hotels already fully booked. Room rates are also on average c.30-40% higher prior to the F1 race compared to the week after the F1 race. We also note that ADRs have remained fairly sticky in Nov' 2022, with rates staying above 2019 levels (for luxury and upscale hotels). These factors have put hospitality players in strong stead to deliver upside surprises in this quarter's results. We caution that these observations are purely a guide and not to be taken as a rate for the quarter as ADRs are dynamic in nature and subject to change.

That said, in our analysis, we note that if these rates are maintained going forward, 2H22 will represent one of the strongest periods that Singapore's hospitality sector will see in 5 years. Based on STB data, luxury and upscale hotel room rates for the second half of 2019 (pre-COVID) had ranged between S\$450 – S\$480 / night (luxury) and S\$260 – S\$280 / night (upscale).

### Room rates are expected to jump significantly in the coming weeks ( selected hotels)

Owner	Hotel	F1 Week (26 <sup>th</sup> Sept week)	Post F1 week* (wk of 3 <sup>rd</sup> Oct)	Race weekend (30 <sup>th</sup> – 1 <sup>st</sup> Oct)	Nov22 (20 <sup>th</sup> Nov week)
<b>5-star hotels</b>	Ritz Carlton	1,200	730	Fully booked	650
	The Westin	1,650	940	Fully booked	550
	Four Seasons	2,050	990	Fully booked	550
	Marina Bay Sands	Fully booked	940	Fully booked	750
	Fullerton	680	470	Fully booked	500
<b>CDL</b>	JW Marriott	1,388	650	2,500	700
	St Regis	950	740	Fully booked	600
<b>MAND / UOL</b>	Mandarin Oriental	920	680	2,100	600
<b>UOL</b>	Pan Pacific	650	520	Fully booked	700
	PARKROYAL COLLECTION Pickering	820	565	Fully booked	650
	PARKROYAL COLLECTION Kitchener Road	580	275	900	280
	PARKROYAL COLLECTION Marina Bay	750	465	2,300	420
<b>ART</b>	Ascott Orchard	1,200	500	Fully booked	500
<b>OUECT</b>	Hilton Singapore	1,125	625	2,200	580
<b>CDHT</b>	Grand Copthorne Waterfront	430	270	1,200	260
	Orchard Hotel	700	365	950	300
	Copthorne K	380	290	1,000	360
	Studio M	580	260	Fully booked	250
	M Hotel	Fully booked	Fully booked	Fully booked	Fully booked
	W Hotel	1,270	720	Fully booked	750
<b>FEHT</b>	Orchard Rendezvous	1,000	430	Fully booked	350
	Village Hotel Sentosa	450	300	Fully booked	320
	Quincy Hotel	1,050	514	Fully booked	450
	Oasia Hotel	Fully booked	Fully booked	Fully booked	Fully booked
	Oasia Downtown	1,400	460	1,350	310
<b>FHT</b>	Intercontinental	900	510	2,300	450

\*rates are taken on the 20<sup>th</sup> Sept'22 for 1 night stay, for available rooms in executive / deluxe room for 2 travelling adults.

Source: DBS Bank

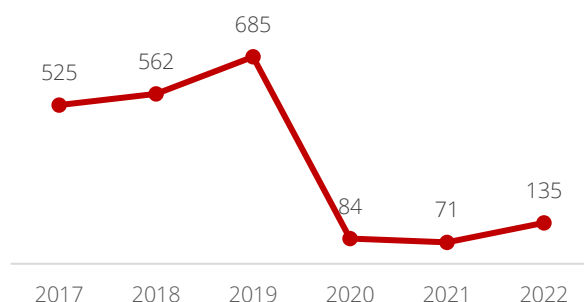
## A strong line-up of MICE events

According to the Singapore Tourism Board (STB), the Meetings, Incentives, Conferences and Exhibitions (“MICE”) industry will post a strong recovery in 2022, bringing back a core customer market segment that has been missing in our hospitality calendar since 2019.

Widely known as one of the more profitable segments within the hospitality industry as these guests traveling for business tend to be less price sensitive and travel in larger groups, driving ancillary income (i.e. food & beverage, convention hall bookings). The outlook for the Singapore hospitality sector remains bright with a robust pipeline of events lined up till the end of 2022.

In a press release by the STB in Jun 2022, it was reported that Singapore hosted over 200 events attended by an estimated 49,000 delegates in 2021, with the first 3 months of 2022 seeing close to 150 events attended by over 37,000 delegates. Another 66 events will be hosted through 2022 with a majority held in 4Q22. We note that several big MICE events had been relocated from Hong Kong to Singapore for their 2022 edition such as Cosmoprof + Cosmopack Asia, which is Asia’s largest beauty event, with an expected turnout of 15,000+ attendees. The start and continued attraction of MICE events in Singapore will anchor Singapore once again as a hub for the region. Singapore’s early move to relaxing borders alongside simplified MICE protocols in place has enabled the country to remain as one of the top APAC destinations for MICE conferences.

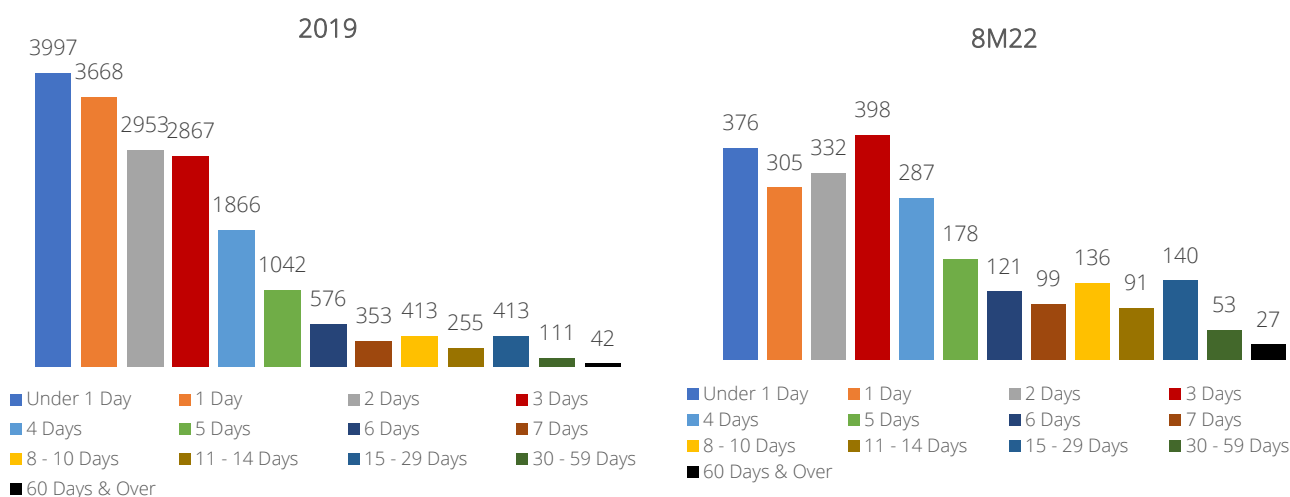
### Number of STB-supported MICE events



Source: STB, DBS Bank

Average length of stay has also increased alongside a trend that has evolved through the pandemic i.e., ‘bleisure’ or a combination of business and leisure. With corporate travelers on one of their first few overseas MICE event trips, many have extended their trip by a couple of days for leisure. The average length of stay in 8M22 had closed to doubled to c.6.0 days compared to c.3.4 days back in 2019. Most travelers are staying for 3 days this year as opposed to under 1 day, which was the most common trip schedule back in 2019, as corporate travelers frequented turnaround trips of under a day.

### Average length of stay in 2019 vs 8M22 (‘000s)



Source: STAN, DBS Bank

## Selected list of MICE events (non-exhaustive)

Date (1st day of event)	Event	Location	Expected turnout
19-Sep	SuperReturn Asia	MBS	1400+
19-Sep	The Singapore WSH Conference	EXPO	1040+
20-Sep	B2B Summit APAC	MBS	1000+
20-Sep	Accounting and Finance Show SG 2022	Suntec	2000+
20-Sep	Hilton Leadership Conference 2022	Suntec	-
21-Sep	Tech in Asia Conference 2022	MBS	10,000+
21-Sep	ISWA World Congress 2022	MBS	1,000+
22-Sep	FIND-Design Fair Asia	MBS	20,000+
26-Sep	All That Matters 2022	Hilton Orchard	2000+
27-Sep	Jewellery @ Gem WORLD Singapore	EXPO	1000+
28-Sep	Milken Institute Asia Summit 2022	Four Seasons	1000
			<b>40,440</b>
03-Oct	Web In Travel Singapore	MBS	-
05-Oct	AWS Summit ASEAN 2022	Suntec	-
05-Oct	Asia CEO Summit	The Fullerton Hotel	100+
05-Oct	AICT Asia PCR 2022	Suntec	-
07-Oct	IDEM 2022	MBS	-
13-Oct	Food Japan 2022	Suntec	24,000+
19-Oct	ITB Asia	MBS	13,000+
18-Oct	Industrial Transformation APAC	EXPO	11,000+
19-Oct	MICE Show Asia 2022	MBS	12,500+
19-Oct	Travel Tech Asia 2022	MBS	11,000+
20-Oct	Gamescom Asia 2022	Suntec	15,000+
25-Oct	Food and Hotel Asia	EXPO	20,000+
26-Oct	AgriFood Tech Expo Asia	MBS	10,000+
26-Oct	The Future of the Grid	MBS	-
26-Oct	Asian Downstream Summit	MBS	12,500+
26-Oct	Asian Refining Technology Conference	MBS	-
26-Oct	Glasstech Asia and Fenestration Asia 2022	MBS	3,500+
26-Oct	Singapore International Agri-Food Week Gala Dinner	MBS	6,000+
27-Oct	Franchising & Licensing Asia	MBS	10,000+
31-Oct	Singapore Fintech Festival	EXPO	60,000+
			<b>208,600</b>

**Selected list of MICE events (non-exhaustive) (Cont.)**

Date (1st day of event)	Event	Location	Expected turnout
02-Nov	Singapore International Transport Congress & Exhibition	Suntec	-
07-Nov	7th World One Health Congress 2022	MBS	-
08-Nov	EduTech Asia	MBS	7,000+
09-Nov	Future Travel Experience APEX	MBS	3,000
15-Nov	Offshore South East Asia 2022	MBS	8,000+
16-Nov	Cosmoprof + Cosmopack Asia	EXPO	15,000+
16-Nov	Architecture & Building Services 2022	MBS	-
17-Nov	World Aquaculture Singapore	EXPO	1,000+
17-Nov	Green Tech Festival	Gardens by the Bay	-
			<b>34,000</b>
04-Dec	IEEE Symposium Series on Computational Intelligence	Singapore Management University	-
06-Dec	48th Annual Meeting of the International Society for Pediatric Neurosurgery	MBS	-
09-Dec	Evidence Based Perioperative Medicine Asia 2022	NTUC @ One Marina Boulevard	-
11-Dec	Winter Simulation Conference 2022	EXPO	300+
			<b>300</b>

MBS = Marina Bay Sands, SUNTEC : Suntec convention center, Expo: Singapore Expo, GCW: Grand Copthorne Waterfront hotel  
 Source: STB, DBS Bank

## What does it mean for Hospitality S-REITs

**Potential surprises will drive re-rating.** Early indications of strong travel demand leading to a strong recovery in operational metrics was observed in 2Q22 results. In 1H22, we note that portfolio RevPAR for most hospitality S-REITs were close to 80% of pre-COVID levels, ahead of our expectations with most guiding for continued strength in 2H22. Singapore, which is one of the key markets that the hospitality S-REITs operate in, is ramping up nicely and we believe this will drive a strong performance.

As of 1H22, we note that RevPAR achieved in June 2022 was robust with many hospitality S-REITs reporting higher RevPAR in June 2022 vs June 2019.

### Positive results for major hospitality S-REITs in 1H22 with a stronger 2H22 expected

REITs	Performance
CDLHT	RevPAR for nine hotels (out of ten) in Jun'22 was ahead of Jun'19
ART	2Q22 RevPAU was 82% of 2Q19 RevPAU; Jun'22 RevPAU was 84% of Jun'19 level
FEHT	RevPAR was still below pre-COVID level of close to S\$100/night

Source: Companies, DBS Bank

### Addressing investor concerns.

**Labour crunch is easing.** The labour shortage had been touted as one of the key draw backs in the initial part of the recovery, but we understand that the crunch has somewhat been alleviated from the relaxation of dependency ratios in Singapore, albeit selectively. On a positive note, we understand that efficiency gains reaped during Covid have enabled hoteliers to be nimbler operationally.

### Utility cost hikes can be passed through for most S-REITs.

Utility costs have increased compared to a year ago. But this will unlikely be a major drawback given that hoteliers have been able to price ADRs much higher and thus, able to pass on most of the cost increases to consumers. In addition, for overseas portfolios especially in Europe, we understand that master-lease structures (for ART) are generally triple-net in nature and thus cost increases have little impact on the distributions for the S-REITs.

**How will DPUs be affected if a recession hits in 2023.** While the global economic slowdown is upon us, which may result in a cut-back in travel demand, that said, 2023 will still be a resilient year compared to the past 3 years which was hit by the pandemic. We expect hotels to maintain profitability. In addition, the pivot towards the broader lodging asset class (student accommodation, rental housing) by the S-REITs (ART and CDLHT) have infused more stability to overall portfolio cashflows heading into 2023.

### Exposure by market (by asset value)

	International driven		Domestic driven				
	Singapore	Rest of Asia	China	Japan	UK/ Europe	USA	Australia / New Zealand
Ascott Residence Trust	16%	8%	4%	19%	20%	20%	13%
CDL Hospitality Trust	64%	7%	0%	3%	15%	0%	11%
Far East Hospitality Trust	100%	0%	0%	0%	0%	0%	0%
ARA US Hospitality Trust	0%	0%	0%	0%	0%	100%	0%
<b>Average exposure</b>	<b>40%</b>	<b>7%</b>	<b>4%</b>	<b>13%</b>	<b>16%</b>	<b>6%</b>	<b>14%</b>

Source: Companies, DBS Bank

**Positives yet to be priced in.** Hospitality S-REITs' share prices have been flat-lining since Jun-Jul 20'22 due to concerns of the impact of a slowdown on distributions. However, given early indications of still-robust demand for travel, we see an earnings-led re-rating come 3Q22 results. Thus, we believe that expectations of a strong recovery are not priced in at current levels. Hospitality S-REITs remain in the early part of an upcycle and we expect the sector could trade above its historical mean of 0.9x P/NAV and hit at least +0.5 standard deviation (SD) to + 1 standard deviation of its mean valuation.

**Our preferred picks and catalysts.** We prefer CDLHT and ART to ride on the strong recovery in RevPAR of their global portfolios but prefer CDLHT given its larger geographical exposure to the Singapore market. While FEHT's pure play Singapore status is a plus, its illiquidity could be a drag on its ability to see a sustained re-rating in share price, although performance will likely track that of its peers.

**Catalysts:**

- (1) Upside surprise in RevPAR growth in 3Q22 (there is a correlation with P/NAV)
- (2) China re-opening its borders will drive the next leg of RevPAR recovery.

**RevPAR vs P/NAV have close correlation**



Source: Bloomberg Finance L.P., DBS Bank

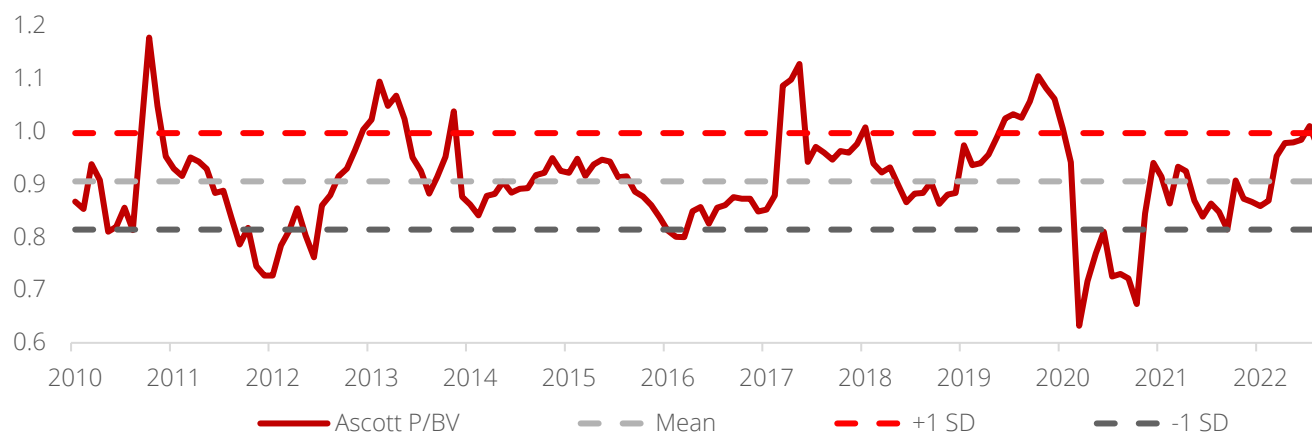
**Share price observations for hospitality sector vs S-REITs**

	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	2022 ytd
	% chg	% chg	% chg	% chg	% chg	% chg	% chg
Office	5.8%	1.3%	-6.0%	-0.7%	0.4%	-3.1%	-3.3%
Retail	1.9%	0.2%	-1.0%	-2.1%	3.1%	-2.2%	-6.3%
Industrial (large caps)	5.0%	-3.7%	-4.5%	1.7%	5.3%	-5.7%	-11.0%
Industrial (mid-caps)	1.8%	-3.6%	-3.0%	-6.8%	5.4%	-2.9%	-27.4%
<b>Hospitality</b>	<b>14.4%</b>	<b>7.5%</b>	<b>-2.2%</b>	<b>2.1%</b>	<b>1.5%</b>	<b>-3.8%</b>	<b>16.9%</b>
<b>Hospitality (US)</b>	<b>-1.0%</b>	<b>3.0%</b>	<b>-3.9%</b>	<b>-4.1%</b>	<b>0.0%</b>	<b>-2.1%</b>	<b>-7.0%</b>
Healthcare	5.1%	3.0%	2.1%	-2.2%	-1.6%	0.2%	-6.4%
Office (US)	2.0%	-3.6%	-3.8%	-3.5%	1.8%	-11.0%	-23.5%
Office (EUR)	-2.7%	1.2%	-7.0%	-2.1%	0.5%	-1.8%	-16.2%
Retail (Others)	-1.0%	0.8%	0.5%	-3.3%	0.2%	-6.7%	-12.1%
FSTREI	5.5%	-0.8%	-4.2%	0.1%	2.9%	-4.6%	-6.8%
FSSTI	5.1%	-1.5%	-3.7%	-3.0%	3.5%	0.3%	3.1%

Source: Bloomberg Finance L.P., DBS Bank

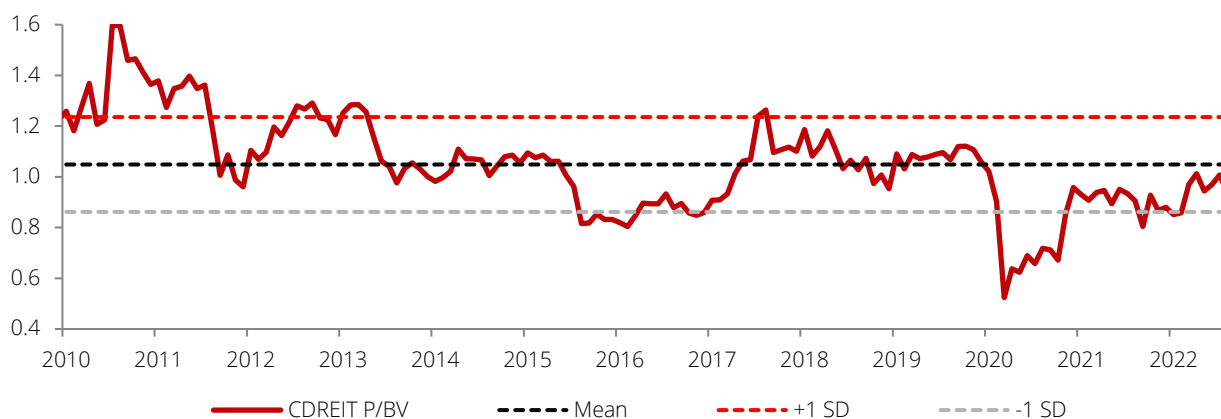


**Ascott Residence Trust Historical P/NAV range (update)**



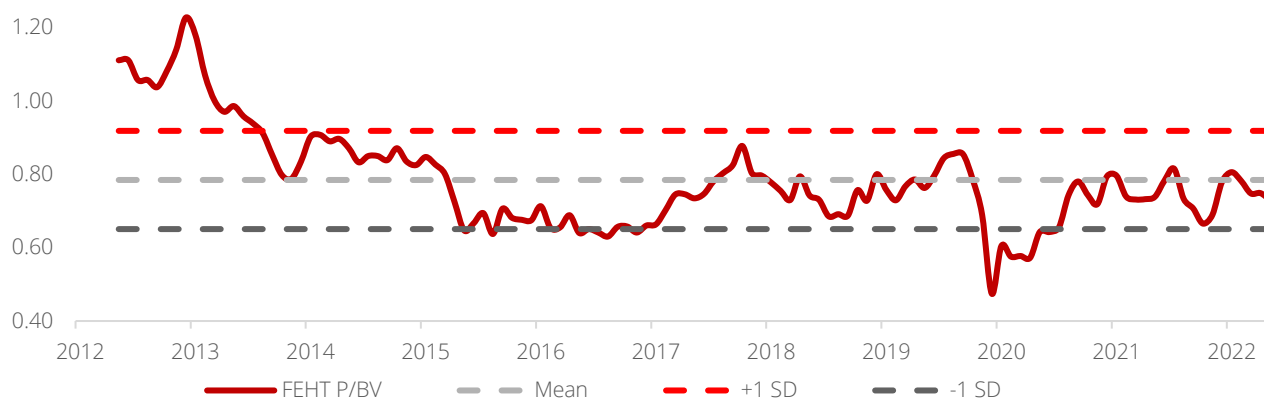
Source: Bloomberg Finance L.P., DBS Bank

**CDL Hospitality Trusts Historical P/NAV range (update)**



Source: Bloomberg Finance L.P., DBS Bank

**Far East Hospitality Trust Historical P/NAV range (update)**



Source: Bloomberg Finance L.P., DBS Bank

## Peer comp table

	CUR	Price	Rec	12-mth Target Price	Mkt Cap (S\$'bn)	Total Return	Yield	Yield	Yield	P/B (x)
							(FY22) (%)	(FY23) (%)	(FY24) (%)	
<b>Hotels</b>										
ART	S\$	1.08	BUY	1.40	3.3	0%	5.2%	6.0%	6.5%	0.90
CDREIT	S\$	1.30	BUY	1.50	1.6	20%	4.2%	5.4%	6.3%	0.85
FEHT	S\$	0.62	BUY	0.78	1,2	31%	4.7%	5.8%	6.7%	0.72
<b>Average</b>							<b>4.8%</b>	<b>5.8%</b>	<b>6.7%</b>	<b>0.80</b>

Source: Bloomberg Finance L.P., DBS Bank

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: 22 Sep 2022 06:30:01 (SGT)

Dissemination Date: 22 Sep 2022 06:39:59 (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, DBS Vickers Securities (Singapore) Pte 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, DBS Vickers Securities (Singapore) Pte 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 proprietary positions in Ascott Residence Trust, CDL Hospitality Trusts, Far East Hospitality Trust, UOL Group, OUE Commercial REIT, Frasers Hospitality Trust, ARA US Hospitality Trust, City Developments, recommended in this report as of 31 Aug 2022.
2. DBS Bank Ltd, DBS HK, DBSVS, DBSV HK, their subsidiaries and/or other affiliates have a net long/short position exceeding 0.5% of the total issued share capital in OUE Commercial REIT, Frasers Hospitality Trust, ARA US Hospitality Trust, recommended in this report as of 31 Aug 2022.
3. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, DBSV HK or their subsidiaries and/or other affiliates beneficially own a total of 1% of any class of common equity securities of Frasers Hospitality Trust, ARA US Hospitality Trust, as of 31 Aug 2022.

#### Compensation for investment banking services:

4. 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 Ascott Residence Trust, Frasers Hospitality Trust, as of 31 Aug 2022.
5. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Ascott Residence Trust, Frasers Hospitality Trust, in the past 12 months, as of 31 Aug 2022.

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


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

6. 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:**

7. 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 on page 1 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, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS 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 personnel of DBS Bank Ltd, 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 ("DBS HK"), 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 Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</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>	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
<b>Thailand</b>	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanakul at research@th.dbs.com</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 Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK, This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
<b>Dubai International Financial Centre</b>	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <a href="http://www.dbs.com/ae/our-network/default.page">http://www.dbs.com/ae/our-network/default.page</a>.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

<b>United States</b>	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: Dennis Lam  
13th Floor One Island East,  
18 Westlands Road,  
Quarry Bay, Hong Kong  
Tel: 852 3668 4181  
Fax: 852 2521 1812  
e-mail: dbsvhk@dbs.com

#### SINGAPORE

##### DBS Bank Ltd

Contact: Paul Yong  
12 Marina Boulevard,  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: 65 6878 8888  
e-mail: groupresearch@dbs.com  
Company Regn. No. 196800306E

#### INDONESIA

##### PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif  
DBS Bank Tower  
Ciputra World 1, 32/F  
Jl. Prof. Dr. Satrio Kav. 3-5  
Jakarta 12940, Indonesia  
Tel: 62 21 3003 4900  
Fax: 6221 3003 4943  
e-mail: indonesiaresearch@dbs.com

#### THAILAND

##### DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul  
989 Siam 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