

Singapore

HOLD (no change)

Consensus ratings*: Buy 0 Hold 3 Sell 0

Current price:	S\$0.67
Target price:	S\$0.60
Previous target:	S\$0.75
Up/downside:	-9.8%
CGS-CIMB / Consensus:	-14.4%
Reuters:	OUEC.SI
Bloomberg:	OUECT SP
Market cap:	US\$747.7m
	S\$1,030m
Average daily turnover:	US\$0.09m
	S\$0.12m
Current shares o/s:	1,552m
Free float:	31.1%

*Source: Bloomberg

Key changes in this note

- FY18F DPU decreased by 5.2%.
- FY19F DPU decreased by 13.1%.
- FY20F DPU decreased by 20.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.5	-5	-6.3
Relative (%)	3.5	4.2	-3

Major shareholders

	% held
OUE	56.0
Gordon Tang	13.0

Analyst(s)

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OUE Commercial REIT

Deepening CBD office footprint

- OUECT has proposed to acquire OUE Downtown office towers for S\$908m.
- Transaction NPI yield of 5%; deal to expand exposure to the key nodes within Singapore CBD.
- Purchase to be funded by a S\$587.5m equity fund raising and S\$361.6m debt. Maintain Hold with a rights-adjusted TP of S\$0.60

To buy OUE Downtown office towers

OUECT announced the proposed acquisition of the office component of OUE Downtown for S\$908m (S\$1,713psf) or at a 2-3.9% discount to independent valuations of S\$927m-945m. The property comprises 2 office towers with a total lettable area of 529,981sf and has a committed occupancy of 95.1%. Key tenants include Deloitte & Touche, Aviva and Moody's Analytics. The building is located close to the Tanjong Pagar, Downtown and upcoming Shenton Way and Prince Edward MRT stations. The transaction is subject to unitholders' approval at an EGM, scheduled on 28 Sep 18.

Transaction NPI yield of 5%

Transaction NPI yield is at 5%, inclusive of an aggregate amount of S\$60m of rental support or for a period of up to 5 years, whichever is earlier, and is higher than existing portfolio yield of 4%. The rental support is based on a target base gross rent of S\$8.90-9.40psf between 2018 and 2023. Excluding the top-up, we estimate net yield would have been closer to the mid-3% level, based on the average passing rent of S\$7psf/month. This is below the current Shenton Way/Tanjong Pagar spot rent of S\$8.43psf, based on Colliers research. This will enable the property to enjoy positive rental uplift when leases are renewed. About 73.6% of the NLA is due to expire during 2H18-2020.

Acquisition to be funded with an equity and debt exercise

Total transaction cost of S\$955.9m will be funded via a rights issue of S\$587.5m, debt of S\$361.6m and acquisition fees in units of S\$6.8m. The fully underwritten and renounceable rights issue will be at a basis of 83 rights for every 100 existing OUECT units at a price of S\$0.456/rights unit. The rights price is at a 31.4% discount to OUECT's 10 Sep closing price and a 20% discount to the theoretical ex-rights price of S\$0.57. The Sponsor has undertaken to fully subscribe for its pro-rata entitlements of the rights issue and sub-underwrite 66% of the rights units to be underwritten by the lead managers and underwriters. Post transaction, OUECT's aggregate leverage is expected to improve to 39.8% from 40.3% at end-Jun 18.

Increasing exposure to key CBD nodes

We think the acquisition of OUE Downtown is timely, given the recovery in the office leasing market with a diversified tenant mix as well as benefit from the transformation of Tanjong Pagar. The purchase will expand OUECT's portfolio NLA to 1.6msf valued at S\$4.4bn, of which 83% is located in key nodes within the Singapore CBD. Balance sheet is also strengthened with a higher potential debt headroom of S\$399m, based on the 45% ceiling.

Maintain Hold

We lower our FY18-20F DPU estimates by 5.2-20.7% to factor in the additional contributions from OUE Downtown office, assuming deal completion by Nov 18, as well as dilution from the rights issue. Accordingly, our DDM-based TP is lowered to S\$0.60. We expect OUECT's share price to be range bound in the near term as investors digest the equity exercise. Upside risks to our call include a faster-than-expected office rental market recovery and a more optimal capital structure. Downside risks include macro headwinds that could slowdown office demand.

Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Gross Property Revenue (S\$m)	177.8	176.3	181.0	228.0	241.1
Net Property Income (S\$m)	138.6	138.2	140.4	175.8	185.9
Net Profit (S\$m)	56.3	130.6	40.5	68.0	76.9
Distributable Profit (S\$m)	67.4	70.0	79.6	102.6	109.7
Core EPS (S\$)	0.029	0.033	0.022	0.026	0.024
Core EPS Growth	11.6%	15.4%	(35.1%)	18.9%	(5.3%)
FD Core P/E (x)	23.10	19.11	30.85	25.93	27.40
DPS (S\$)	0.052	0.047	0.042	0.039	0.035
Dividend Yield	7.79%	7.02%	6.38%	5.81%	5.20%
Asset Leverage	37.7%	35.3%	38.1%	35.9%	35.2%
BVPS (S\$)	1.51	1.30	1.15	0.87	0.86
P/BV (x)	0.44	0.51	0.58	0.76	0.77
Recurring ROE	1.88%	2.50%	1.78%	2.59%	2.79%
% Change In DPS Estimates			(5.2%)	(13.1%)	(20.7%)
CIMB/consensus DPS (x)			0.96	0.88	0.79


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Key earnings changes

FYE Dec (\$m)	Previous			New		
	FY18	FY19	FY20	FY18	FY19	FY20
Revenue	174.1	183.1	191.3	181.0	228.0	241.1
Distribution income	69.5	74.5	81.1	79.6	102.6	109.7
DPU (Scts)	4.48	4.45	4.36	4.24	3.87	3.46

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Transaction overview

Proposed Acquisition	<ul style="list-style-type: none"> OUE Downtown Office Component 1 and OUE Downtown Office Component 2 (the "Properties") OUE Downtown Office Component 1: Grade A office space from 35th to 46th storeys of OUE Downtown 1 (50-storey high-rise tower) OUE Downtown Office Component 2: Grade A office space from 7th to 34th storeys of OUE Downtown 2 (37-storey high-rise tower) 	 <p>OUE Downtown</p>								
Independent Valuation⁽¹⁾	<table border="1"> <thead> <tr> <th></th> <th>With the Rental Support</th> <th>Without the Rental Support</th> </tr> </thead> <tbody> <tr> <td>Savills</td> <td>S\$927.0 million (S\$1,749 psf)</td> <td>S\$891.0 million (S\$1,681 psf)</td> </tr> <tr> <td>Colliers</td> <td>S\$945.0 million (S\$1,783 psf)</td> <td>S\$920.0 million (S\$1,736 psf)</td> </tr> </tbody> </table>			With the Rental Support	Without the Rental Support	Savills	S\$927.0 million (S\$1,749 psf)	S\$891.0 million (S\$1,681 psf)	Colliers	S\$945.0 million (S\$1,783 psf)
	With the Rental Support	Without the Rental Support								
Savills	S\$927.0 million (S\$1,749 psf)	S\$891.0 million (S\$1,681 psf)								
Colliers	S\$945.0 million (S\$1,783 psf)	S\$920.0 million (S\$1,736 psf)								
Purchase Consideration	<ul style="list-style-type: none"> S\$908.0 million (S\$1,713 psf) Translates to a 2.0% to 3.9% discount to independent valuations with Rental Support 									
Rental Support	<ul style="list-style-type: none"> Up to an aggregate amount of S\$60.0 million or for a period of up to 5 years upon Completion, whichever is earlier 									
Funding Structure	<ul style="list-style-type: none"> Rights Issue: S\$587.5 million Debt: S\$361.6 million Acquisition Fee in Units: S\$6.8 million 									
Proposed Rights Issue	<ul style="list-style-type: none"> Underwritten and renounceable Rights Issue on a basis of 83 Rights Units for every 100 Existing Units in OUE C-REIT Rights Issue Price: S\$0.456 per Rights Unit 									
Proposed Sub-Underwriting Agreement	<ul style="list-style-type: none"> Sub-Underwriting Commitment from the Sponsor to subscribe for 66% of the total number of Underwritten Rights Units Sub-Underwriting Commission of 1.80% payable to Sponsor by the Joint Lead Managers and Underwriters 									

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Funding sources

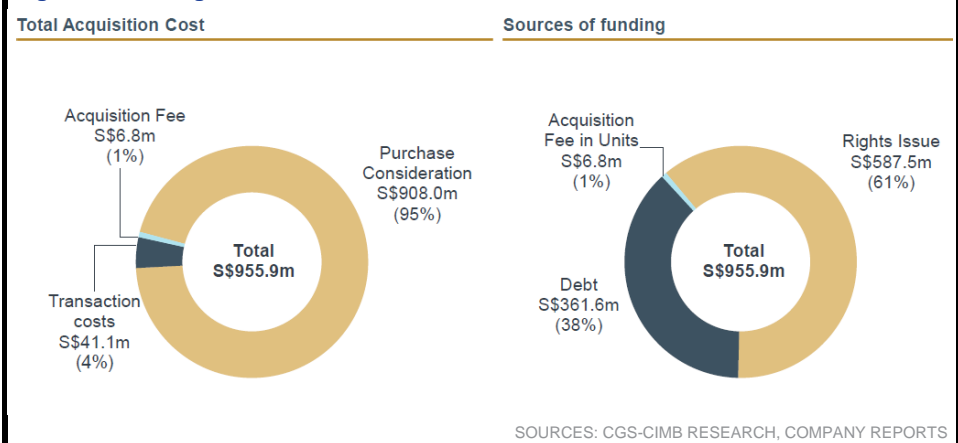


Figure 4: Proforma impact on AUM and debt headroom

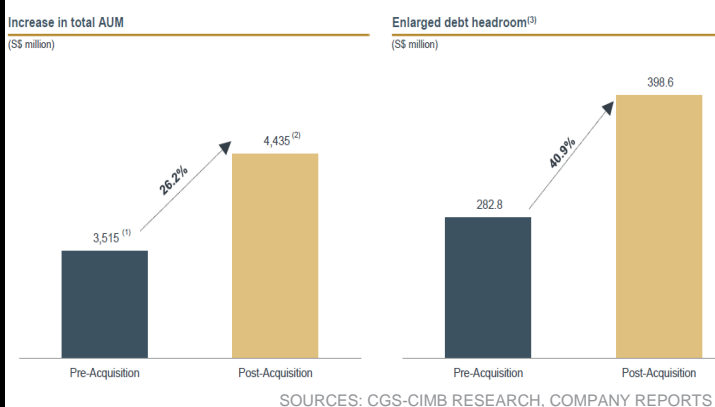


Figure 5: Breakdown of revenue post acquisition

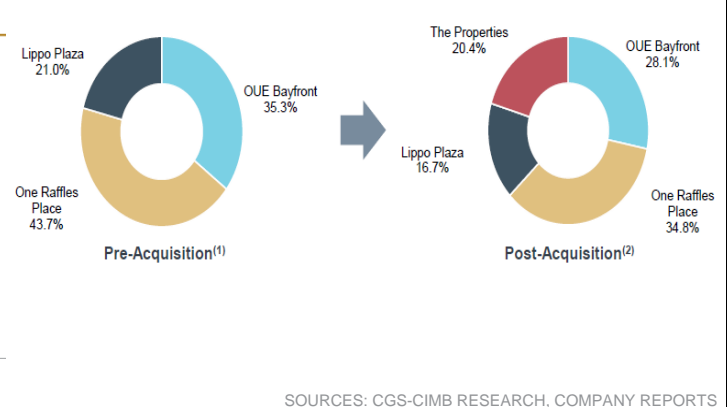
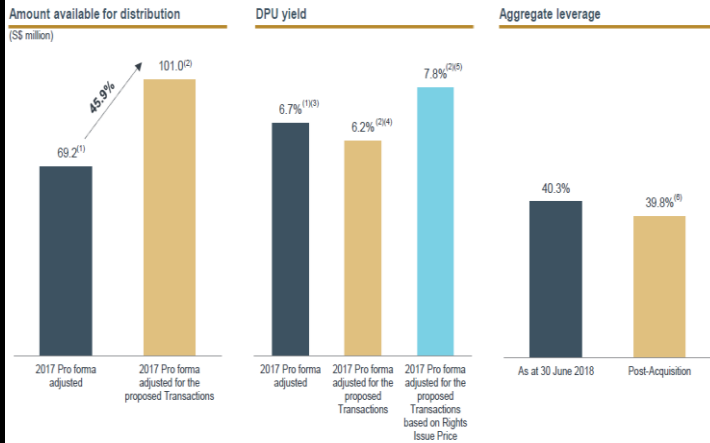


Figure 6: Proforma impact on DPU and gearing


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Indicative timetable

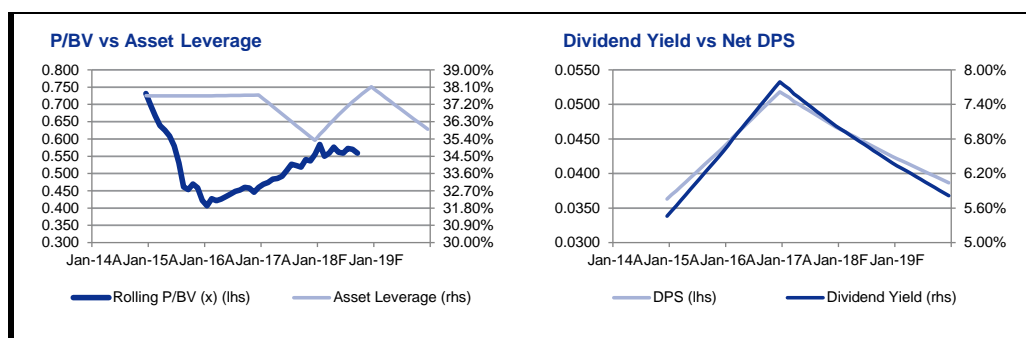
Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 26 September 2018 at 10.00 a.m.
Date and time of the EGM	: 28 September 2018 at 10.00 a.m.
If the approvals for the proposed Transactions are obtained at the EGM:	
Last day of "cum-rights" trading for the proposed Rights Issue	: 1 October 2018
First day of "ex-rights" trading for the proposed Rights Issue	: 2 October 2018
Books Closure Date for the proposed Rights Issue	: 4 October 2018
Commencement of trading of Rights Entitlements	: 9 October 2018
Close of trading of Rights Entitlements	: 17 October 2018
Expected date of issue of Rights Units	: 30 October 2018
Expected date of commencement of trading of the Rights Units on the SGX-ST	: 31 October 2018
Target date for Completion	: Between 5 November 2018 and 14 November 2018, or such earlier date as the Vendor and the Trustee may agree

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: SREITs peer comparison table

SREIT	Bloomberg Ticker	Price as at 10 Sep 18	Mkt Cap (US \$m)	Last reported asset leverage	Last stated NAV	Price / Stated NAV	Target Price (DDM-based)	Rec.	FY18F Yield	FY19F Yield	FY20F Yield
Hospitality											
Ascott Residence Trust	ART SP	\$1.07	\$1,679	36.1%	1.22	0.88	\$1.16	H	6.4%	6.8%	6.9%
Ascendas Hospitality Trust	ASCHT SP	\$0.77	\$651	32.2%	0.92	0.84	NA	NR	7.6%	7.5%	7.7%
CDL Hospitality Trust	CDREIT SP	\$1.53	\$1,337	33.2%	1.51	1.02	\$1.78	A	6.4%	6.9%	7.3%
Far East Hospitality Trust	FEHT SP	\$0.64	\$861	40.3%	0.87	0.91	\$0.79	A	6.7%	7.2%	7.6%
Frasers Hospitality Trust	FHT SP	\$0.69	\$963	33.4%	0.77	0.90	NA	NR	7.2%	7.5%	7.7%
OUE Hospitality Trust	OUEHT SP	\$0.75	\$984	38.7%	0.76	0.98	\$0.89	A	6.9%	7.3%	7.5%
	Simple Average			35.7%		0.92			6.9%	7.2%	7.4%
Industrial											
AIMS AMP	AAREIT SP	\$1.39	\$709	33.1%	1.53	0.91	NA	NR	7.4%	7.9%	7.9%
Ascendas REIT	AREIT SP	\$2.63	\$5,592	35.7%	2.03	1.30	\$2.89	A	6.1%	6.3%	6.7%
Cache Logistics Trust	CACHE SP	\$0.75	\$580	35.3%	0.70	1.06	\$0.78	H	8.0%	8.0%	8.1%
ESR-REIT	EREIT SP	\$0.50	\$569	30.0%	0.58	0.85	\$0.62	A	7.2%	8.1%	8.4%
Frasers Logistics & Industrial Trust	FLT SP	\$1.06	\$1,544	36.3%	0.91	0.92	\$1.24	A	6.5%	6.8%	6.9%
Keppel DC REIT	KDCREIT SP	\$1.35	\$1,324	31.7%	1.01	1.34	\$1.49	A	5.8%	6.1%	6.2%
Mapletree Industrial Trust	MINT SP	\$1.98	\$2,711	35.0%	1.48	1.34	\$2.13	A	5.9%	6.1%	6.4%
Mapletree Logistics Trust	MLT SP	\$1.25	\$2,951	36.4%	1.12	1.12	\$1.39	A	6.1%	6.3%	6.4%
Sabana Shariah	SSREIT SP	\$0.43	\$338	37.0%	0.57	0.75	NA	NR	na	na	na
Soilbuild Business Space REIT	SBREIT SP	\$0.66	\$520	40.6%	0.64	1.03	NA	NR	7.7%	7.7%	7.7%
Viva Industrial Trust	VIT SP	\$0.88	\$636	39.8%	0.77	1.14	NA	NR	7.9%	7.7%	8.6%
	Simple Average			35.5%		1.25			6.9%	7.1%	7.3%
Office											
CapitaLand Commercial Trust	CCT SP	\$1.75	\$4,754	37.9%	1.80	0.97	\$1.90	A	5.1%	5.1%	5.1%
Frasers Commercial Trust	FCOT SP	\$1.40	\$903	26.5%	1.70	0.82	\$1.50	H	7.1%	6.8%	6.9%
Keppel REIT	KREIT SP	\$1.18	\$2,917	38.6%	1.40	0.84	\$1.34	A	4.9%	5.1%	5.5%
OUE Commercial REIT	OUECT SP	\$0.67	\$748	40.3%	0.70	0.95	\$0.60	H	6.4%	5.8%	5.2%
Suntec REIT	SUN SP	\$1.82	\$3,523	37.9%	2.08	0.88	\$2.08	A	5.5%	5.6%	5.6%
	Simple Average			36.2%		0.89			5.8%	5.7%	5.7%
Retail											
CapitaLand Mall Trust	CT SP	\$2.09	\$5,382	31.5%	1.99	1.05	\$2.21	H	5.4%	5.4%	6.0%
Frasers Centrepoint Trust	FCT SP	\$2.24	\$1,506	29.2%	2.03	1.10	\$2.49	A	5.5%	5.7%	5.9%
Mapletree Commercial Trust	MCT SP	\$1.60	\$2,472	34.5%	1.49	1.07	\$1.75	A	5.7%	5.7%	5.7%
SPH REIT	SPHREIT SP	\$1.00	\$1,866	25.4%	0.94	1.06	\$1.07	H	5.6%	5.8%	5.9%
Starhill Global REIT	SGREIT SP	\$0.70	\$1,100	35.5%	0.90	0.77	\$0.69	H	6.4%	6.8%	6.9%
	Simple Average			31.2%		1.01			5.7%	5.9%	6.1%
Retail Ex-Sin											
CapitaLand Retail China Trust	CRCT SP	\$1.59	\$1,151	32.1%	1.66	0.96	NA	NR	6.5%	6.7%	6.9%
Lippo Malls Indonesia Retail Trust	LMRT SP	\$0.28	\$569	36.0%	0.30	0.92	\$0.33	H	9.6%	9.6%	9.9%
Mapletree North Asia Commercial Trust	MAGIC SP	\$1.15	\$2,636	38.8%	1.32	0.87	\$1.30	A	6.5%	6.6%	6.9%
	Simple Average			35.6%		0.92			7.5%	7.7%	7.9%
Healthcare											
First REIT	FIRT SP	\$1.25	\$714	34.2%	1.01	1.24	\$1.41	H	7.1%	7.2%	7.3%
Parkway Life REIT	PREIT SP	\$2.72	\$1,194	38.1%	1.72	1.58	\$3.05	H	4.6%	4.7%	4.8%
RHT Health Trust	RHT SP	\$0.75	\$439	25.4%	0.82	0.91	\$0.81	H	6.1%	6.9%	7.9%
	Simple Average			32.6%		1.24			5.9%	6.2%	6.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Rental Revenues	177.8	176.3	181.0	228.0	241.1
Other Revenues					
Gross Property Revenue	177.8	176.3	181.0	228.0	241.1
Total Property Expenses	(39.2)	(38.1)	(40.7)	(52.2)	(55.2)
Net Property Income	138.6	138.2	140.4	175.8	185.9
General And Admin. Expenses					
Management Fees	(12.1)	(9.6)	(18.5)	(14.1)	(14.1)
Trustee's Fees	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Other Operating Expenses	(1.4)	(1.7)	(1.7)	(1.7)	(1.7)
EBITDA	124.5	126.3	119.5	159.4	169.5
Depreciation And Amortisation	(4.5)	(4.5)	(3.8)	(8.0)	(4.8)
EBIT	120.1	121.9	115.7	151.4	164.7
Net Interest Income	(61.7)	(48.8)	(55.1)	(66.2)	(66.2)
Associates' Profit					
Other Income/(Expenses)	2.6	3.3	3.8	8.0	4.8
Exceptional Items	25.5	101.6	0.0	0.0	0.0
Pre-tax Profit	86.4	178.1	64.4	93.1	103.2
Taxation	(21.8)	(36.1)	(16.3)	(17.1)	(17.9)
Minority Interests	(8.2)	(11.4)	(7.7)	(8.0)	(8.4)
Preferred Dividends					
Net Profit	56.3	130.6	40.5	68.0	76.9
Distributable Profit	67.4	70.0	79.6	102.6	109.7

Cash Flow

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Pre-tax Profit	86.4	178.1	64.4	93.1	103.2
Depreciation And Non-cash Adj.	66.2	53.2	58.9	74.2	71.0
Change In Working Capital	4.7	1.8	12.9	55.7	14.8
Tax Paid	(8.6)	(17.0)	(16.3)	(17.1)	(17.9)
Others	(16.8)	(94.0)	0.0	0.0	0.0
Cashflow From Operations	131.8	122.0	119.8	205.9	171.2
Capex	0.0	0.0	(949.1)	0.0	0.0
Net Investments And Sale Of FA					
Other Investing Cashflow	(1.3)	(19.4)	6.0	6.0	6.0
Cash Flow From Investing	(1.3)	(19.4)	(943.1)	6.0	6.0
Debt Raised/(repaid)					
Equity Raised/(Repaid)	8.9	150.0	609.1	186.4	107.3
Dividends Paid	(65.4)	(66.9)	(79.6)	(102.6)	(109.7)
Cash Interest And Others	(68.2)	(174.3)	407.0	(66.2)	(66.2)
Cash Flow From Financing	(124.7)	(91.2)	936.5	17.6	(68.6)
Total Cash Generated	5.8	11.4	113.2	229.6	108.6
Free Cashflow To Firm	130.5	102.6	(823.3)	211.9	177.2
Free Cashflow To Equity	68.8	53.8	(878.3)	145.7	111.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(S\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Investments	3,409	3,515	4,464	4,464	4,464
Intangible Assets	0	0	0	0	0
Other Long-term Assets	10	6	2	54	49
Total Non-current Assets	3,419	3,521	4,466	4,518	4,513
Total Cash And Equivalents	29	40	154	383	492
Inventories					
Trade Debtors					
Other Current Assets	11	13	13	16	17
Total Current Assets	41	53	166	399	509
Trade Creditors	58	157	168	215	228
Short-term Debt	342	514	514	514	514
Other Current Liabilities	16	17	17	77	77
Total Current Liabilities	415	688	698	806	819
Long-term Borrowings	962	748	1,252	1,252	1,252
Other Long-term Liabilities	113	133	136	148	151
Total Non-current Liabilities	1,075	882	1,388	1,399	1,402
Shareholders' Equity	1,969	2,004	2,546	2,712	2,801
Minority Interests					
Preferred Shareholders Funds					
Total Equity	1,969	2,004	2,546	2,712	2,801

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Gross Property Revenue Growth	76.0%	(0.9%)	2.7%	25.9%	5.8%
NPI Growth	83.3%	(0.3%)	1.6%	25.2%	5.7%
Net Property Income Margin	78.0%	78.4%	77.5%	77.1%	77.1%
DPS Growth	18.3%	(9.8%)	(9.1%)	(8.9%)	(10.5%)
Gross Interest Cover	1.95	2.50	2.10	2.29	2.49
Effective Tax Rate	25.3%	20.3%	25.3%	18.4%	17.3%
Net Dividend Payout Ratio	119%	53%	194%	147%	137%
Current Ratio	0.10	0.08	0.24	0.50	0.62
Quick Ratio	0.10	0.08	0.24	0.50	0.62
Cash Ratio	0.07	0.06	0.22	0.48	0.60
Return On Average Assets	1.63%	3.71%	0.99%	1.42%	1.55%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Rental Rate Psf Pm (S\$)	N/A	N/A	N/A	N/A	N/A
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A	N/A
RevPAR (S\$)	N/A	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	1,685	1,687	2,217	2,217	2,217
Occupancy (%)	N/A	N/A	N/A	N/A	N/A
Assets Under Management (m) (S\$)	3,273.1	3,273.1	3,273.1	3,273.1	3,273.1
Funds Under Management (m) (S\$)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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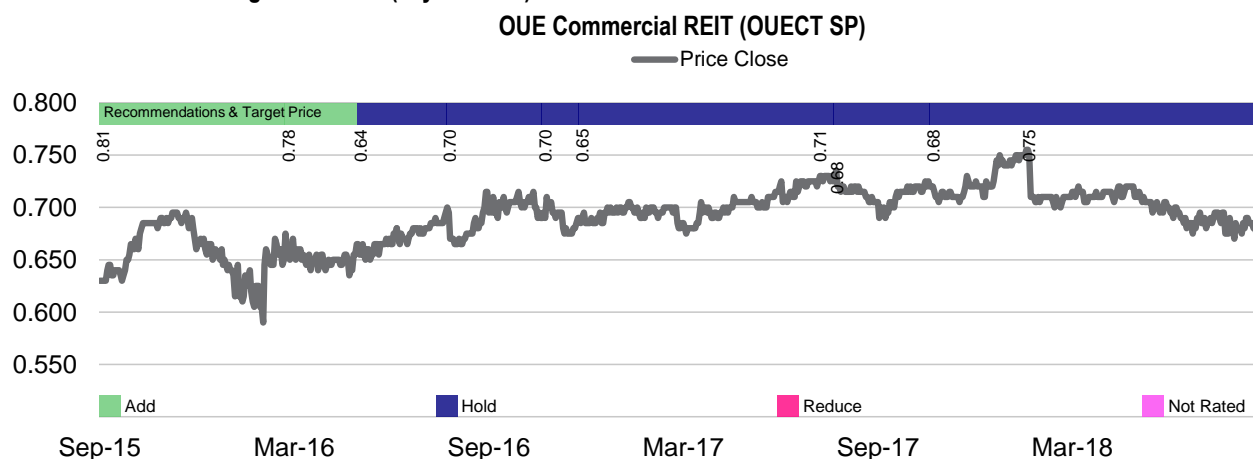
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BCP** - Excellent, Certified, **BCPG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** - Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified,

LH - Very Good, n/a, LPN – Excellent, Certified, M – Very Good, n/a, MACO – Very Good, n/a, MAJOR – Very Good, n/a, MAKRO – Very Good, Declared, MALEE – Very Good, n/a, MBKET – Very Good, Certified, MC – Very Good, Declared, MCOT – Excellent, Certified, MEGA – Very Good, n/a, MINT - Excellent, Certified, MTLN – Very Good, Declared, NYT – Excellent, n/a, OISHI – Very Good, n/a, PLANB – Excellent, Declared, PLAT – Very Good, Certified, PSH – Excellent, Certified, PSL - Excellent, Certified, PTT - Excellent, Certified, PTTEP - Excellent, Certified, PTTGC - Excellent, Certified, QH – Excellent, Certified, RATCH – Excellent, Certified, ROBINS – Excellent, Certified, RS – Very Good, n/a, SMART - Excellent, n/a, SAPPE - Good, n/a, SAT – Excellent, Certified, SAWAD – Very Good, n/a, SC – Excellent, Declared, SCB - Excellent, Certified, SCBLIF – not available, n/a, SCC – Excellent, Certified, SCN – Very Good, Declared, SCCC - Excellent, Declared, SIM - Excellent, n/a, SIRI – Very Good, Declared, SPA - Good, n/a, SPALI - Excellent, n/a, SPRC – Excellent, Declared, STA – Very Good, Declared, STEC – Excellent, n/a, SVI – Excellent, Certified, TASCO – Very Good, n/a, TCAP – Excellent, Certified, THAI – Very Good, n/a, THANI – Very Good, Certified, THCOM – Excellent, Certified, THRE – Very Good, Certified, THREL – Excellent, Certified, TICON – Very Good, Declared, TIPCO – Very Good, Certified, TISCO - Excellent, Certified, TK – Very Good, n/a, TKN – Very Good, Declared, TMB - Excellent, Certified, TNR – Good, n/a, TOP - Excellent, Certified, TPCH – Good, n/a, TPIPP – not available, n/a, TRUE – Excellent, Declared, TTW – Very Good, n/a, TU – Excellent, Declared, TVO – Excellent, Declared, UNIQ – not available, Declared, VGI – Excellent, Declared, WHA – not available, Declared, WHART – not available, n/a, WORK – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.