

## Singapore

**HOLD** (no change)

Consensus ratings\*: Buy 2 Hold 4 Sell 1

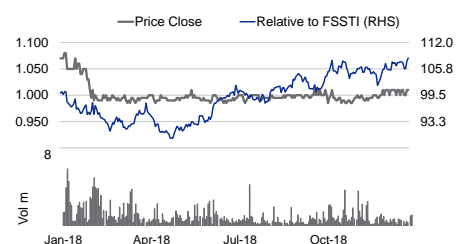
Current price:	S\$1.01
Target price:	S\$1.02
Previous target:	S\$1.02
Up/downside:	0.9%
CGS-CIMB / Consensus:	-1.4%

Reuters:	SPHR.SI
Bloomberg:	SPHREIT SP
Market cap:	US\$1,909m
	S\$2,608m
Average daily turnover:	US\$0.66m
	S\$0.91m
Current shares o/s:	2,439m
Free float:	26.6%

\*Source: Bloomberg

**Key changes in this note**

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.5	0	-5.6
Relative (%)	7.1	7.8	7.4

Major shareholders	% held
Singapore Press Holdings	68.1
National Trade Union Congress	5.2
SPH REIT Management	1.4

# SPH REIT

## Good turnaround from Paragon

- 1QFY8/19 results were in line, with DPU forming 23.3% of our FY19 forecast.
- Improvement in rental reversion as well as contribution from the Rail Mall and Figtree are expected to be the main growth drivers in FY19-20.
- The share lacks major catalysts. Maintain Hold with a target price of S\$1.02.

### 1QFY19 results highlights

SPHREIT posted a set of in-line 1QFY19 results. Revenue improved 0.6% yoy to S\$53.8m due to the contribution from The Rail Mall (acquisition completed in Jun 2018) and higher revenue from Clementi Mall. Net property income however fell 1% yoy due to higher marketing expenses. 1QFY19 DPU was 1.34 Scts, same quantum as the previous year, making up 23.3% of our full-year forecast. We expect income in the next three quarters to be higher due to the contribution from Figtree Grove Shopping Centre in Australia (acquisition completed in Dec 2018). SPHREIT's balance sheet remains robust with gearing of 26.3% and stable funding cost of 2.80% as at end-1QFY19.

### Paragon finally registered positive rental reversion

Paragon has finally turned around with a positive rental reversion of +10.1% on the renewal of 8.4% of the mall's total NLA. We understand that luxury sector sales performance picked up significantly. Clementi Mall reported +4.5% rental reversion while The Rail Mall registered +7.9% rental reversion on 6.8% of the total NLA. These translated into a strong portfolio rental reversion of +9.7%. Overall tenant sales continued to register growth, while its portfolio was close to full occupancy at 99.2%.

### Expect rental reversion to improve going forward

In FY19, SPHREIT has 8.4% of NLA due for renewal in Paragon, 9.1% in Clementi Mall and 30.1% in The Rail Mall. With improved retail sales sentiment, we anticipate rental reversions to continue to improve in FY19. The high renewal rate at Clementi in FY20 will give the REIT an opportunity for reconfiguration and possibly improving rental rates.

### Enhancing returns

The new retail zone of about 16,000 sf at Level 3 of Paragon was launched at end-2018. Nonetheless, it is not expected to generate immediate returns but it will help to draw crowds, especially the younger set. As for the Rail Mall, the REIT has been running its marketing activities. We understand that there is good demand for the retail space at The Rail Mall. The Rail Mall's current occupancy rate is about 95%.

### Maintain Hold

We maintain our FY19-21 DPU forecasts with a DDM-based TP of S\$1.02. We like the niche position of its malls but it lacks major rerating catalysts. Large accretive acquisitions could serve as an upside risk while slower-than-expected rental reversion from its malls could be a downside risk.

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Financial Summary	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Gross Property Revenue (S\$m)	212.8	211.8	224.2	232.4	237.0
Net Property Income (S\$m)	168.1	166.0	175.7	182.6	186.2
Net Profit (S\$m)	157.2	137.9	127.9	131.4	134.8
Distributable Profit (S\$m)	141.2	142.3	149.1	153.0	157.5
Core EPS (S\$)	0.048	0.048	0.050	0.051	0.052
Core EPS Growth	1.52%	0.19%	3.28%	1.99%	1.87%
FD Core P/E (x)	21.08	21.04	20.37	19.98	19.61
DPS (S\$)	0.055	0.055	0.058	0.059	0.060
Dividend Yield	5.47%	5.48%	5.70%	5.81%	5.94%
Asset Leverage	25.3%	26.2%	30.2%	30.8%	30.9%
BVPS (S\$)	0.95	0.95	0.94	0.93	0.92
P/BV (x)	1.07	1.07	1.07	1.08	1.09
Recurring ROE	5.08%	5.07%	5.25%	5.40%	5.55%
% Change In DPS Estimates			0%	0%	0%
CIMB/consensus DPS (x)			1.01	1.01	1.03

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Aug (\$\$m)	1Q FY19	1Q FY18	yoy % chg	4Q FY18	qoq % chg	Prev FY19F	Comments
Revenue	53.8	53.5	0.6	53.0	1.6	224.2	Improved due to the contribution from The Rail Mall (acquisition completed in June 2018) and higher revenue from Clementi Mall.
Property operating expenses	(12.0)	(11.3)	6.5	(12.0)	0.3	(48.5)	
<b>Net property income</b>	<b>41.8</b>	<b>42.2</b>	<b>(1.0)</b>	<b>41.0</b>	<b>2.0</b>	<b>175.7</b>	<b>Decline due to higher marketing expenses.</b>
<i>NPI margin (%)</i>	77.7%	78.9%		77.4%		78.4%	
Manager's management fees	(4.2)	(4.2)	0.7	(4.2)	0.4	(17.4)	
Trust expenses	(0.4)	(0.4)		(0.4)		(1.7)	
Interest expense	(6.3)	(6.0)	4.1	(6.5)	(2.9)	(28.8)	
Interest & invt inc	0.2	0.2	(11.5)	0.2	(1.7)	0.2	
Others	0.0	0.0	-	(0.9)	-	-	
Total return before exceptiona	31.0	31.8	(2.3)	29.2	6.3	128.0	
Exceptionals & revaln	-	-	na	14.8	-	-	
<b>Total return before tax</b>	<b>31.0</b>	<b>31.8</b>	<b>(2.3)</b>	<b>44.0</b>	<b>(29.4)</b>	<b>128.0</b>	
Tax	-	-	na	-	-	(0.1)	
Tax rate (%)	0.0%	0.0%		0.0%		-0.1%	
Minority interests	-	-	na	-	na	(0.1)	
<b>Total return after tax</b>	<b>31.0</b>	<b>31.8</b>	<b>(2.3)</b>	<b>44.0</b>	<b>(29.4)</b>	<b>127.8</b>	
Distr profit*	34.6	34.4	0.6	36.8	(5.9)	149.1	
Core net profit	31.0	31.8	(2.3)	29.2	6.3	127.8	
DPU (cts)	1.34	1.34	-	1.43	(6.3)	5.76	In line. 1QFY19 DPU represented 23.3% of our full year forecast.

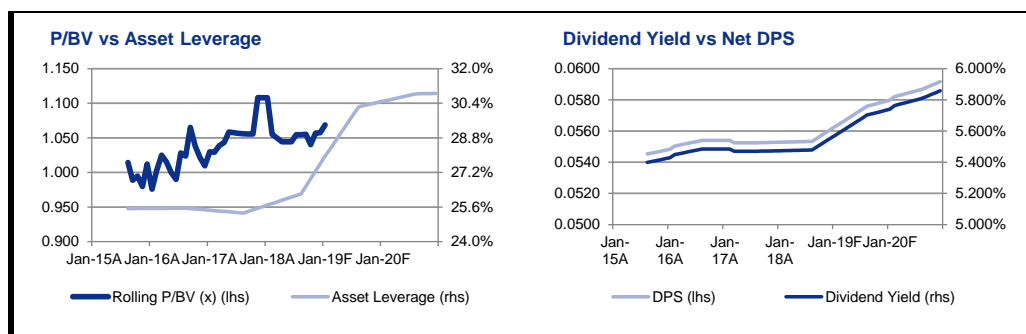
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Sector comparison**

SREIT	Bloomberg Ticker	Price as at 03 Jan 19	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
<b>Hospitality</b>											
Ascott Residence Trust	ART SP	\$1.09	\$1,727	36.4%	1.20	0.91	\$1.13	H	6.1%	6.3%	6.4%
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	\$1.47	\$1,297	33.8%	1.49	0.99	\$1.63	A	5.9%	6.3%	6.6%
Far East Hospitality Trust	FEHT SP	\$0.61	\$836	40.4%	0.87	0.70	\$0.68	A	6.7%	7.0%	7.2%
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	\$0.67	\$894	38.7%	0.76	0.88	\$0.85	A	7.4%	7.7%	7.9%
	<b>Simple Average</b>			<b>35.8%</b>		<b>0.87</b>			<b>6.8%</b>	<b>7.1%</b>	<b>7.2%</b>
<b>Industrial</b>											
AIMS AMP	AAREIT SP	\$1.39	\$709	33.6%	1.37	1.01	NA	NR	7.4%	7.9%	7.9%
Ascendas REIT	AREIT SP	\$2.63	\$5,988	33.2%	2.06	1.28	\$2.84	A	6.1%	6.3%	6.6%
Cache Logistics Trust	CACHE SP	\$0.70	\$546	35.6%	0.70	1.00	\$0.78	H	8.6%	8.6%	8.7%
ESR-REIT	EREIT SP	\$0.51	\$1,183	30.3%	0.58	0.88	\$0.62	A	7.0%	7.9%	8.1%
Frasers Logistics & Industrial Trust	FLT SP	\$1.02	\$1,510	36.3%	0.91	1.12	\$1.19	A	6.5%	6.9%	7.0%
Keppel DC REIT	KDCREIT SP	\$1.37	\$1,355	32.0%	1.02	1.34	\$1.51	A	5.7%	6.0%	6.2%
Mapletree Industrial Trust	MINT SP	\$1.95	\$2,710	35.1%	1.48	1.32	\$2.08	A	6.0%	6.2%	6.5%
Mapletree Logistics Trust	MLT SP	\$1.30	\$3,416	38.1%	1.11	1.17	\$1.44	A	5.9%	5.8%	6.1%
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%
	<b>Simple Average</b>			<b>35.6%</b>		<b>1.26</b>			<b>6.9%</b>	<b>7.1%</b>	<b>7.3%</b>
<b>Office</b>											
CapitaLand Commercial Trust	CCT SP	\$1.80	\$4,933	35.3%	1.81	0.99	\$1.89	A	4.9%	4.9%	5.0%
Frasers Commercial Trust	FCOT SP	\$1.37	\$898	28.3%	1.59	0.86	\$1.50	H	7.0%	7.0%	7.0%
Keppel REIT	KREIT SP	\$1.15	\$2,856	39.1%	1.39	0.83	\$1.34	A	5.0%	5.2%	5.4%
OUE Commercial REIT	OUECT SP	\$0.46	\$950	41.4%	0.70	0.65	\$0.57	H	8.0%	7.6%	7.6%
Suntec REIT	SUN SP	\$1.81	\$3,538	36.8%	2.06	0.88	\$2.06	A	5.5%	5.6%	5.6%
	<b>Simple Average</b>			<b>36.2%</b>		<b>0.84</b>			<b>6.1%</b>	<b>6.1%</b>	<b>6.1%</b>
<b>Retail</b>											
CapitaLand Mall Trust	CT SP	\$2.30	\$6,206	31.7%	2.00	1.15	\$2.29	A	4.8%	5.1%	5.4%
Frasers Centrepoint Trust	FCT SP	\$2.18	\$1,480	28.6%	2.08	1.05	\$2.35	A	5.5%	5.6%	5.7%
Mapletree Commercial Trust	MCT SP	\$1.70	\$2,472	34.8%	1.49	1.14	\$1.67	A	5.3%	5.3%	5.4%
SPH REIT	SPHREIT SP	\$1.01	\$1,909	26.3%	0.95	1.06	\$1.02	H	5.5%	5.7%	5.8%
Starhill Global REIT	SGREIT SP	\$0.68	\$1,078	35.4%	0.90	0.75	\$0.74	A	6.5%	6.9%	7.2%
	<b>Simple Average</b>			<b>31.4%</b>		<b>1.03</b>			<b>5.5%</b>	<b>5.7%</b>	<b>5.9%</b>
<b>Retail Ex-Sin</b>											
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	\$0.19	\$400	36.0%	0.30	0.64	\$0.27	H	12.4%	12.4%	12.8%
Mapletree North Asia Commercial Trust	MAGIC SP	\$1.15	\$2,665	39.0%	1.33	0.87	\$1.28	A	6.5%	6.6%	6.9%
	<b>Simple Average</b>			<b>35.7%</b>		<b>0.82</b>			<b>8.5%</b>	<b>8.6%</b>	<b>8.9%</b>
<b>Healthcare</b>											
First REIT	FIRT SP	\$0.99	\$568	34.9%	1.01	0.98	\$1.36	A	8.9%	9.2%	9.3%
Parkway Life REIT	PREIT SP	\$2.63	\$1,165	37.7%	1.73	1.52	\$3.05	H	4.7%	4.8%	4.9%
	<b>Simple Average</b>			<b>32.7%</b>		<b>1.12</b>			<b>6.8%</b>	<b>7.0%</b>	<b>7.1%</b>
	<b>Simple average for SIN</b>			<b>34.8%</b>		<b>0.98</b>			<b>6.7%</b>	<b>6.8%</b>	<b>7.0%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Rental Revenues	212.8	211.8	224.2	232.4	237.0
Other Revenues					
<b>Gross Property Revenue</b>	<b>212.8</b>	<b>211.8</b>	<b>224.2</b>	<b>232.4</b>	<b>237.0</b>
Total Property Expenses	(44.7)	(45.8)	(48.5)	(49.8)	(50.8)
<b>Net Property Income</b>	<b>168.1</b>	<b>166.0</b>	<b>175.7</b>	<b>182.6</b>	<b>186.2</b>
General And Admin. Expenses					
Management Fees	(16.7)	(16.7)	(17.4)	(17.8)	(17.9)
Trustee's Fees	(1.6)	(1.6)	(1.7)	(1.7)	(1.7)
Other Operating Expenses	(4.3)	(0.9)	0.0	0.0	0.0
<b>EBITDA</b>	<b>145.5</b>	<b>146.8</b>	<b>156.6</b>	<b>163.1</b>	<b>166.6</b>
Depreciation And Amortisation					
<b>EBIT</b>	<b>145.5</b>	<b>146.8</b>	<b>156.6</b>	<b>163.1</b>	<b>166.6</b>
Net Interest Income	(23.2)	(23.7)	(28.6)	(31.5)	(31.7)
Associates' Profit					
Other Income/(Expenses)					
Exceptional Items	34.9	14.8	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>157.2</b>	<b>137.9</b>	<b>128.0</b>	<b>131.6</b>	<b>135.0</b>
Taxation	0.0	0.0	(0.1)	(0.2)	(0.2)
Minority Interests					
Preferred Dividends					
<b>Net Profit</b>	<b>157.2</b>	<b>137.9</b>	<b>127.9</b>	<b>131.4</b>	<b>134.8</b>
<b>Distributable Profit</b>	<b>141.2</b>	<b>142.3</b>	<b>149.1</b>	<b>153.0</b>	<b>157.5</b>

### Cash Flow

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
<b>Pre-tax Profit</b>	<b>157.2</b>	<b>137.9</b>	<b>128.0</b>	<b>131.6</b>	<b>135.0</b>
Depreciation And Non-cash Adj.	23.2	23.7	28.6	31.5	31.7
Change In Working Capital	(0.3)	(0.1)	(0.4)	1.1	0.6
Tax Paid	0.0	0.0	(0.1)	(0.2)	(0.2)
Others	(14.9)	3.4	17.5	17.8	17.9
<b>Cashflow From Operations</b>	<b>165.2</b>	<b>164.8</b>	<b>173.6</b>	<b>181.8</b>	<b>184.9</b>
Capex	(7.0)	(6.9)	(216.0)	(10.0)	(10.0)
Net Investments And Sale Of FA	0.0	(65.8)	0.0	0.0	0.0
Other Investing Cashflow	0.8	0.8	0.1	0.4	0.1
<b>Cash Flow From Investing</b>	<b>(6.3)</b>	<b>(71.9)</b>	<b>(215.9)</b>	<b>(9.6)</b>	<b>(9.9)</b>
Debt Raised/(repaid)	0.0	44.1	195.7	30.0	0.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(140.8)	(141.8)	(149.1)	(153.0)	(157.5)
Cash Interest And Others	(22.5)	(22.9)	(28.8)	(32.0)	(32.0)
<b>Cash Flow From Financing</b>	<b>(163.3)</b>	<b>(120.7)</b>	<b>17.8</b>	<b>(155.0)</b>	<b>(189.5)</b>
Total Cash Generated	(4.4)	(27.8)	(24.5)	17.2	(14.5)
Free Cashflow To Firm	159.7	93.7	(42.0)	172.6	175.3
Free Cashflow To Equity	135.7	113.3	124.9	170.6	143.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(S\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Total Investments	3,278	3,368	3,584	3,594	3,604
Intangible Assets	0	0	0	0	0
Other Long-term Assets	1	1	1	0	1
Total Non-current Assets	3,279	3,369	3,585	3,595	3,605
Total Cash And Equivalents	63	36	11	28	14
Inventories					
Trade Debtors					
Other Current Assets	5	3	4	5	5
<b>Total Current Assets</b>	<b>68</b>	<b>39</b>	<b>15</b>	<b>33</b>	<b>19</b>
Trade Creditors	40	41	34	35	36
Short-term Debt	319	210	210	210	210
Other Current Liabilities	1	0	0	0	0
<b>Total Current Liabilities</b>	<b>360</b>	<b>250</b>	<b>243</b>	<b>245</b>	<b>245</b>
Long-term Borrowings	528	683	879	909	909
Other Long-term Liabilities	38	35	36	38	38
Total Non-current Liabilities	566	719	915	947	947
Shareholders' Equity	2,421	2,439	2,435	2,431	2,426
Minority Interests					
Preferred Shareholders Funds					
<b>Total Equity</b>	<b>2,421</b>	<b>2,439</b>	<b>2,435</b>	<b>2,431</b>	<b>2,426</b>

**Key Ratios**

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Gross Property Revenue Growth	1.51%	(0.45%)	5.87%	3.66%	1.97%
NPI Growth	4.46%	(1.24%)	5.85%	3.92%	1.99%
Net Property Income Margin	79.0%	78.4%	78.4%	78.6%	78.6%
DPS Growth	(0.26%)	0.15%	4.08%	1.88%	2.25%
Gross Interest Cover	6.07	5.99	5.44	5.10	5.21
Effective Tax Rate	0.000%	0.000%	0.075%	0.127%	0.142%
Net Dividend Payout Ratio	90%	103%	117%	116%	117%
Current Ratio	0.19	0.16	0.06	0.13	0.08
Quick Ratio	0.19	0.16	0.06	0.13	0.08
Cash Ratio	0.17	0.14	0.04	0.12	0.06
Return On Average Assets	4.72%	4.08%	3.65%	3.64%	3.72%

**Key Drivers**

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Rental Rate Psf Pm (S\$)	19.5	18.6	16.7	16.2	16.5
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)	910	960	1,118	1,197	1,197
Occupancy (%)	100.0%	100.0%	100.0%	100.0%	100.0%
Assets Under Management (m) (S\$)	N/A	N/A	N/A	N/A	N/A
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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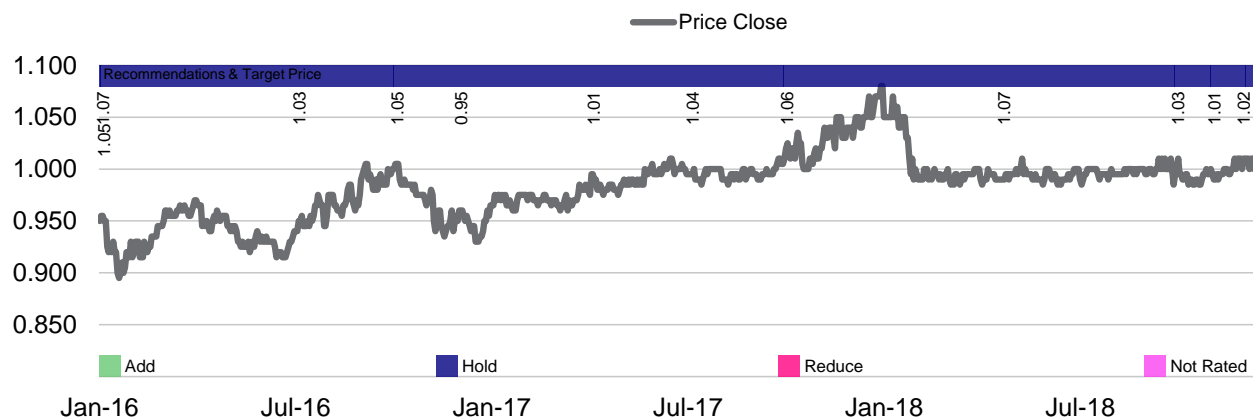
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Reduce	13.7%	0.4%

**Spitzer Chart for stock being researched ( 2 year data )**

**SPH REIT (SPHREIT SP)**



### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

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

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

#### Recommendation Framework

##### Stock Ratings

Definition:	
<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:	
<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

##### Country Ratings

Definition:	
<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	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.

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