

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 5 Hold 3 Sell 0

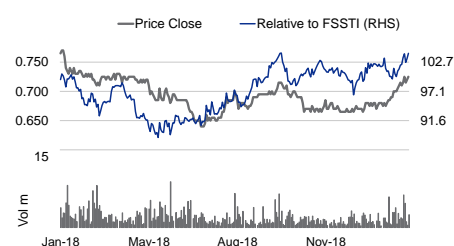
Current price:	S\$0.73
Target price:	S\$0.75
Previous target:	S\$0.74
Up/downside:	3.5%
CGS-CIMB / Consensus:	-0.1%

Reuters:	STHL.SI
Bloomberg:	SGREIT SP
Market cap:	US\$1,169m
	S\$1,581m
Average daily turnover:	US\$0.85m
	S\$1.15m
Current shares o/s:	2,181m
Free float:	65.3%

\*Source: Bloomberg

### Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.6	8.2	-7.1
Relative (%)	2.2	1.3	3.8

Major shareholders	% held
YTL Corp Bhd	33.4
AIA	7.6
Vanguard	1.9

### Analyst(s)



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# Starhill Global REIT

## Weaker performance

- 1HFY6/19 DPU of 2.28 Scts was in line at 49% of our full-year forecast.
- Singapore office segment saw recovery while retail segment remained weak.
- Maintain Add, with a slightly higher TP of S\$0.75.

### 1HFY6/19 DPU in line with expectations

SGREIT posted 1HFY19 DPU of 2.28 Scts (-3.4% yoy), in line with our full-year forecast of 4.66 Scts (49% of our full-year forecast). 1HFY19 group revenue declined 2.3% yoy to S\$103.1m, impacted by the decline in retail revenue from Wisma Atria and weaker A\$ against S\$. In tandem with the weaker revenue, NPI declined at the same rate.

### Wisma Atria in Singapore: retail still weak but office saw recovery

Wisma Atria reported a revenue decline of 9.5% yoy in 1HFY19F on the back of lower occupancy and average rental rate. We understand that its rental rate remained higher vs. other malls at Orchard Road. Meanwhile, the retail performance of Ngee Ann City was largely stable with Toshin as its master lessee. In line with the office recovery in Singapore, SGREIT's overall Singapore office revenue increased 10% yoy in 1HFY19.

### Australian operation impacted by weaker A\$ vs. S\$

SGREIT's Australian operation saw weakness in 1HFY19 revenue (-3.2% yoy), mainly due to the depreciation of A\$ against the S\$. Occupancy rate for its retail segment remained relatively high at 95.8% during the quarter. Myer Adelaide's office occupancy rate increased from 31% at end-Jun 2018 to 75% at end-Dec 2018. David Jones's and Myer's long-term leases accounted for 22.7% and 33.6% of SGREIT's Australian gross rent in 1HFY19, respectively. This, coupled with the opening of Uniqlo in Plaza Arcade in 2018, should support SGREIT's income from Australia.

### Starhill Gallery (SG) to undergo AEI?

SGREIT's Malaysian revenue rose 1.8% yoy in 1HFY19. The Malaysia master lease agreement will be up for renewal in June 2019. We understand that negotiations are ongoing and SGREIT indicated that the current renewal proposal includes an AEI at Starhill Gallery to enhance the income of the mall. Should Starhill Gallery indeed undergo a major AEI and if there is an income vacuum during the AEI period, it will pose downside risk to our DPU forecasts. Starhill Gallery contributed ~10% of the total NPI in FY18.

### Maintain Add

Given the in-line results, we maintain our FY19-21 DPU estimates. However, our DDM-based TP rises to S\$0.75 as we roll our valuation a year forward. We maintain Add on the stock given the attractive dividend yields of ~7%. Upside risk could come from higher-than-expected rental reversions, while downside risk could come from larger-than-expected negative rental reversion from Wisma Atria and SG undergoing major AEI.

### Financial Summary

	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
Gross Property Revenue (S\$m)	216.4	208.8	212.7	218.5	219.3
Net Property Income (S\$m)	166.9	162.2	163.6	168.8	169.4
Net Profit (S\$m)	99.5	83.4	101.9	106.7	106.5
Distributable Profit (S\$m)	107.3	96.3	104.9	109.7	109.5
Core EPS (S\$)	0.051	0.046	0.047	0.049	0.049
Core EPS Growth	(4.20%)	(8.86%)	1.13%	4.70%	(0.16%)
FD Core P/E (x)	14.30	15.69	15.52	14.82	14.84
DPS (S\$)	0.049	0.044	0.047	0.049	0.049
Dividend Yield	6.79%	6.09%	6.43%	6.73%	6.72%
Asset Leverage	35.2%	35.4%	35.4%	35.4%	35.8%
BVPS (S\$)	0.92	0.91	0.91	0.91	0.91
P/BV (x)	0.79	0.79	0.79	0.79	0.79
Recurring ROE	5.49%	5.04%	5.12%	5.36%	5.35%
% Change In DPS Estimates			0%	0%	0%
CIMB/consensus DPS (x)			0.97	1.00	0.99

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Jun (S\$ m)	2Q FY19	2Q FY18	yoy % chg	qoq % chg	2QFY19 cum	2QFY18 cum	yoy % chg	Prev. FY19F	Comments
Revenue	51.0	52.5	(2.7)	(1.9)	103.1	105.4	(2.3)	212.7	In line. Weaker revenue due to weaker performance from Wisma Atria retail and weaker A\$ against S\$.
Property operating expenses	(11.5)	(12.0)	(3.7)	(0.5)	(23.1)	(23.6)	(2.0)	(49.1)	
<b>NPI</b>	<b>39.5</b>	<b>40.5</b>	<b>(2.4)</b>	<b>(2.3)</b>	<b>79.9</b>	<b>81.9</b>	<b>(2.3)</b>	<b>163.6</b>	
<i>NPI margin (%)</i>	<i>77.4</i>	<i>77.2</i>			<i>77.6</i>	<i>77.6</i>		<i>76.9</i>	
Interest expense	(9.8)	(9.3)	5.2	3.2	(19.3)	(19.8)	(2.8)	(38.3)	
Interest & invt inc	0.2	0.2	(2.1)	8.4	0.4	0.5	nm	0.8	
Manager & trustee fees	(5.0)	(4.9)	2.1	0.2	(10.0)	(9.9)	1.2	(16.1)	
Associates' contrib	-	-	na	na	-	-	na	-	
Other trust expenses	0.3	(0.0)			(0.1)	81.6		(3.8)	
Exceptionals & revaln	(5.6)	0.9	na	na	(5.8)	2.0	(383.6)	-	
<b>Pretax profit</b>	<b>19.7</b>	<b>27.4</b>	<b>(28.0)</b>	<b>(23.0)</b>	<b>45.304</b>	<b>54.457</b>	<b>(16.8)</b>	<b>106.2</b>	
Tax	(0.9)	(0.8)	na	na	1.7	(1.7)	na	(4.2)	
Tax rate (%)	4.4	3.0			(3.8)	3.2		4.0	
Minority interests	-	-	na	na	-	-	na	-	
<b>Net profit</b>	<b>18.9</b>	<b>26.6</b>	<b>(29.0)</b>	<b>(23.7)</b>	<b>47.0</b>	<b>52.7</b>	<b>(10.8)</b>	<b>101.9</b>	
Distr profit	24.6	25.5	(3.4)	(1.7)	49.7	51.7	(3.8)	101.7	In line. 1H19 formed 49% of our full year forecast
<b>DPU (S cts)</b>	<b>1.13</b>	<b>1.17</b>	<b>(3.4)</b>	<b>(1.7)</b>	<b>2.28</b>	<b>2.37</b>	<b>(3.8)</b>	<b>4.66</b>	<b>In line. 1H19 formed 49% of our full year forecast</b>

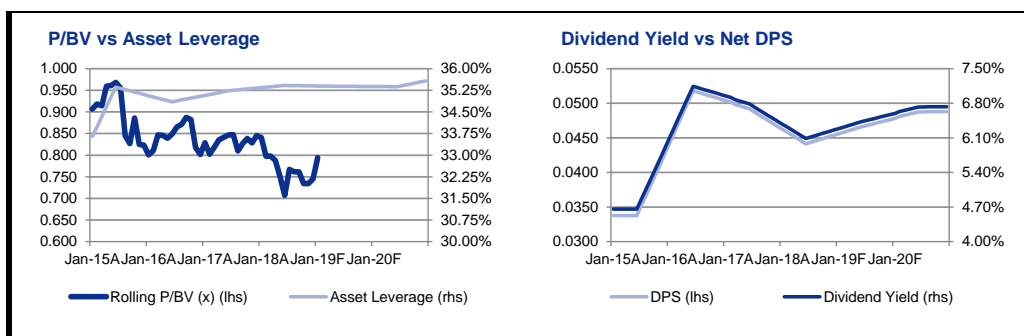
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Sector comparison table**

SREIT	Bloomberg Ticker	Price as at 29 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	\$1.19	\$1,905	36.4%	1.20	0.99	\$1.13	H	5.6%	5.7%	5.8%
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	\$1.60	\$1,426	33.8%	1.49	1.07	\$1.64	A	5.8%	5.9%	6.1%
Far East Hospitality Trust	FEHT SP	\$0.63	\$872	40.4%	0.87	0.73	\$0.68	A	6.5%	6.8%	6.9%
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	\$0.70	\$937	38.7%	0.76	0.91	\$0.85	A	7.2%	7.4%	7.6%
<b>Simple Average</b>				<b>35.8%</b>		<b>0.91</b>			<b>6.7%</b>	<b>6.8%</b>	<b>7.0%</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	\$2.76	\$6,349	33.2%	2.06	1.34	\$2.84	A	5.8%	6.0%	6.3%
Cache Logistics Trust	CACHE SP	\$0.73	\$577	36.2%	0.66	1.10	\$0.74	H	8.1%	7.9%	7.9%
ESR-REIT	EREIT SP	\$0.52	\$1,219	41.9%	0.47	1.11	\$0.62	A	4.5%	8.3%	8.5%
Frasers Logistics & Industrial Trust	FLT SP	\$1.08	\$1,615	35.6%	0.91	1.19	\$1.19	A	6.2%	6.3%	6.4%
Keppel DC REIT	KDCREIT SP	\$1.45	\$1,449	30.8%	1.07	1.36	\$1.51	A	5.2%	5.7%	5.9%
Mapletree Industrial Trust	MINT SP	\$2.02	\$2,837	34.7%	1.48	1.36	\$2.13	A	5.8%	6.0%	6.5%
Mapletree Logistics Trust	MLT SP	\$1.37	\$3,637	38.8%	1.13	1.21	\$1.44	A	5.6%	5.5%	5.8%
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>36.6%</b>		<b>1.31</b>			<b>6.4%</b>	<b>6.9%</b>	<b>7.1%</b>
<b>Office</b>											
CapitaLand Commercial Trust	CCT SP	\$1.91	\$5,289	34.9%	1.84	1.04	\$1.94	A	4.6%	4.8%	4.8%
Frasers Commercial Trust	FCOT SP	\$1.47	\$976	28.4%	1.56	0.94	\$1.50	H	6.5%	6.6%	6.6%
Keppel REIT	KREIT SP	\$1.16	\$2,911	36.3%	1.40	0.83	\$1.34	A	4.8%	5.0%	5.2%
OUE Commercial REIT	OUECT SP	\$0.49	\$1,034	41.4%	0.70	0.70	\$0.57	H	7.5%	7.0%	7.0%
Suntec REIT	SUN SP	\$1.95	\$3,865	38.1%	2.10	0.93	\$2.06	A	5.1%	5.2%	5.3%
<b>Simple Average</b>				<b>35.8%</b>		<b>0.89</b>			<b>5.7%</b>	<b>5.7%</b>	<b>5.8%</b>
<b>Retail</b>											
CapitaLand Mall Trust	CT SP	\$2.40	\$6,543	34.2%	2.00	1.20	\$2.29	H	4.6%	4.9%	5.2%
Frasers Centrepoint Trust	FCT SP	\$2.27	\$1,558	28.6%	2.08	1.09	\$2.35	A	5.3%	5.3%	5.5%
Mapletree Commercial Trust	MCT SP	\$1.79	\$2,472	34.8%	1.49	1.20	\$1.79	A	5.1%	5.1%	5.2%
SPH REIT	SPHREIT SP	\$1.02	\$1,949	26.3%	0.95	1.07	\$1.02	H	5.4%	5.6%	5.8%
Starhill Global REIT	SGREIT SP	\$0.73	\$1,169	35.4%	0.90	0.81	\$0.75	A	6.1%	6.4%	6.7%
<b>Simple Average</b>				<b>31.9%</b>		<b>1.07</b>			<b>5.3%</b>	<b>5.5%</b>	<b>5.7%</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	\$0.24	\$497	36.0%	0.30	0.79	\$0.27	H	10.1%	10.1%	10.4%
Mapletree North Asia Commercial Trust	MAGIC SP	\$1.24	\$2,904	39.0%	1.32	0.94	\$1.32	A	6.0%	6.2%	6.4%
<b>Simple Average</b>				<b>35.7%</b>		<b>0.90</b>			<b>7.5%</b>	<b>7.7%</b>	<b>7.9%</b>
<b>Healthcare</b>											
First REIT	FIRT SP	\$1.08	\$631	35.0%	1.02	1.06	\$1.20	A	8.0%	8.2%	8.2%
Parkway Life REIT	PREIT SP	\$2.80	\$1,253	36.1%	1.85	1.51	\$3.05	H	4.6%	4.6%	4.7%
<b>Simple Average</b>				<b>32.2%</b>		<b>0.87</b>			<b>6.3%</b>	<b>6.4%</b>	<b>6.5%</b>
<b>Simple average for SIN</b>				<b>35.1%</b>		<b>1.00</b>			<b>6.3%</b>	<b>6.5%</b>	<b>6.7%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(\$m)	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
Rental Revenues	216.4	208.8	212.7	218.5	219.3
Other Revenues	0.0	0.0	0.0	0.0	0.0
<b>Gross Property Revenue</b>	<b>216.4</b>	<b>208.8</b>	<b>212.7</b>	<b>218.5</b>	<b>219.3</b>
Total Property Expenses	(49.5)	(46.6)	(49.1)	(49.8)	(49.9)
<b>Net Property Income</b>	<b>166.9</b>	<b>162.2</b>	<b>163.6</b>	<b>168.8</b>	<b>169.4</b>
General And Admin. Expenses	0.0	0.0	0.0	0.0	0.0
Management Fees	(16.2)	(16.1)	(16.1)	(16.2)	(16.2)
Trustee's Fees	(3.5)	(3.8)	(3.8)	(3.8)	(3.8)
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>147.2</b>	<b>142.3</b>	<b>143.7</b>	<b>148.8</b>	<b>149.4</b>
Depreciation And Amortisation	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>147.2</b>	<b>142.3</b>	<b>143.7</b>	<b>148.8</b>	<b>149.4</b>
Net Interest Income	(37.8)	(37.4)	(37.5)	(37.6)	(38.4)
Associates' Profit	0.0	0.0	0.0	0.0	0.0
Other Income/(Expenses)	0.0	0.0	0.0	0.0	0.0
Exceptional Items	(11.1)	(18.1)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>98.2</b>	<b>86.9</b>	<b>106.2</b>	<b>111.2</b>	<b>111.0</b>
Taxation	1.3	(3.4)	(4.2)	(4.4)	(4.4)
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>99.5</b>	<b>83.4</b>	<b>101.9</b>	<b>106.7</b>	<b>106.5</b>
<b>Distributable Profit</b>	<b>107.3</b>	<b>96.3</b>	<b>104.9</b>	<b>109.7</b>	<b>109.5</b>

### Cash Flow

(\$m)	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
<b>Pre-tax Profit</b>	<b>98.2</b>	<b>86.9</b>	<b>106.2</b>	<b>111.2</b>	<b>111.0</b>
Depreciation And Non-cash Adj.	37.8	37.4	37.5	37.6	38.4
Change In Working Capital	(4.1)	(2.0)	1.2	0.7	0.1
Tax Paid	(2.4)	(4.4)	(4.2)	(4.4)	(4.4)
Others	11.5	18.1	0.0	0.0	0.0
<b>Cashflow From Operations</b>	<b>141.1</b>	<b>135.9</b>	<b>140.6</b>	<b>145.1</b>	<b>145.1</b>
Capex	0.0	0.0	(10.0)	(10.0)	(10.0)
Net Investments And Sale Of FA	(9.1)	(13.7)	0.0	0.0	0.0
Other Investing Cashflow	6.0	7.1	0.8	0.7	0.5
<b>Cash Flow From Investing</b>	<b>(3.1)</b>	<b>(6.6)</b>	<b>(9.2)</b>	<b>(9.3)</b>	<b>(9.5)</b>
Debt Raised/(repaid)	7.9	1.2	0.0	0.0	20.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(109.7)	(101.2)	(101.7)	(106.4)	(106.2)
Cash Interest And Others	(36.1)	(39.1)	(38.3)	(38.3)	(38.9)
<b>Cash Flow From Financing</b>	<b>(137.9)</b>	<b>(139.1)</b>	<b>(140.0)</b>	<b>(144.6)</b>	<b>(125.1)</b>
Total Cash Generated	0.1	(9.8)	(8.6)	(8.9)	10.5
Free Cashflow To Firm	139.2	130.2	131.4	135.7	135.6
Free Cashflow To Equity	110.9	92.3	93.1	97.5	116.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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

(S\$m)	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
Total Investments	3,136	3,118	3,128	3,138	3,148
Intangible Assets	0	0	0	0	0
Other Long-term Assets	0	2	2	2	2
Total Non-current Assets	3,136	3,120	3,130	3,140	3,150
Total Cash And Equivalents	77	67	58	49	60
Inventories	0	0	0	0	0
Trade Debtors	6	4	5	5	5
Other Current Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>83</b>	<b>71</b>	<b>64</b>	<b>55</b>	<b>65</b>
Trade Creditors	39	39	39	39	39
Short-term Debt	406	63	63	63	63
Other Current Liabilities	4	2	2	2	2
<b>Total Current Liabilities</b>	<b>449</b>	<b>104</b>	<b>104</b>	<b>105</b>	<b>105</b>
Long-term Borrowings	728	1,067	1,067	1,067	1,087
Other Long-term Liabilities	33	30	32	33	33
Total Non-current Liabilities	761	1,097	1,099	1,099	1,120
Shareholders' Equity	2,009	1,990	1,991	1,991	1,991
Minority Interests	0	0	0	0	0
Preferred Shareholders Funds					
<b>Total Equity</b>	<b>2,009</b>	<b>1,990</b>	<b>1,991</b>	<b>1,991</b>	<b>1,991</b>

**Key Ratios**

	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
Gross Property Revenue Growth	(1.51%)	(3.49%)	1.85%	2.75%	0.36%
NPI Growth	(2.02%)	(2.82%)	0.87%	3.16%	0.40%
Net Property Income Margin	77.1%	77.7%	76.9%	77.2%	77.3%
DPS Growth	(5.0%)	(10.3%)	5.7%	4.6%	(0.1%)
Gross Interest Cover	3.78	3.72	3.75	3.89	3.84
Effective Tax Rate	0.00%	3.97%	4.00%	4.00%	4.00%
Net Dividend Payout Ratio	108%	115%	100%	100%	100%
Current Ratio	0.19	0.68	0.61	0.52	0.62
Quick Ratio	0.19	0.68	0.61	0.52	0.62
Cash Ratio	0.17	0.64	0.56	0.47	0.57
Return On Average Assets	3.09%	2.60%	3.19%	3.34%	3.32%

**Key Drivers**

	Jun-17A	Jun-18A	Jun-19F	Jun-20F	Jun-21F
Rental Rate Psf Pm (S\$)	8.2	7.9	8.0	8.2	8.3
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)	2,209	2,210	2,212	2,212	2,212
Occupancy (%)	93.9%	92.7%	92.8%	92.9%	93.0%
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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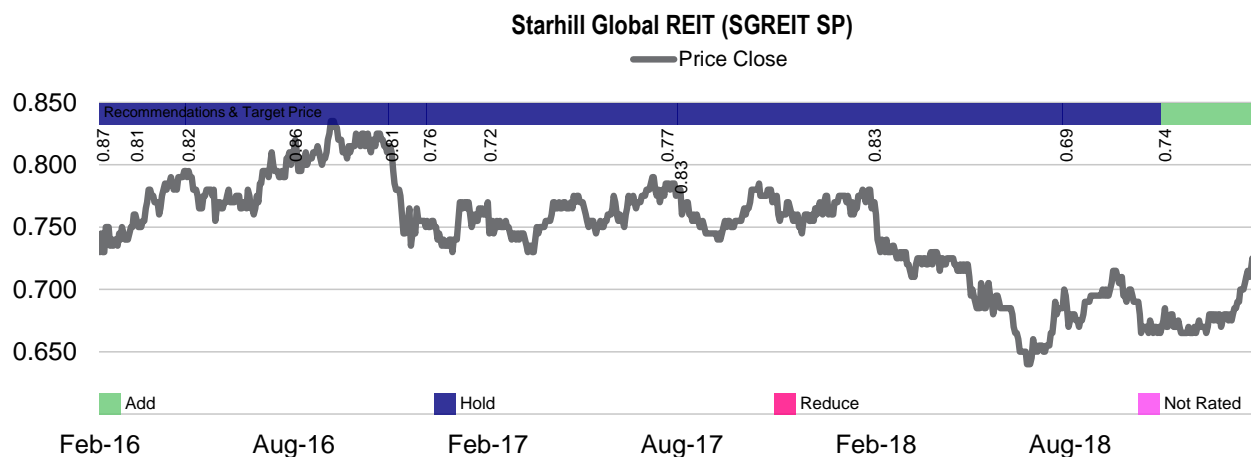
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

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 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, **BCP** - Excellent, Certified, **BCPG** – 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, **CENDEL** – 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:

- 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.

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