

## Market Indicators

	3-Oct	4-Oct	5-Oct
Mkt. T/O (S\$ mil)	984.0	980.1	943.3
Stock Advances	206	238	261
Stock Declines	234	182	155

## Major Indices

	3-Oct	4-Oct	5-Oct
DJ Ind Avg	22,641.7	22,661.6	22,775.4
S & P 500	2,534.6	2,537.7	2,552.1
Nasdaq Comp	6,531.7	6,534.6	6,585.4
Hang Seng	28,173.2	28,379.2	Closed

**STI Index** 3,261.84 (+0.78%)



Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,269.18	-0.74%
Oil (NYMEX CWT1) US\$ / bbl	50.74	1.06%
Baltic Dry Index	1320	0.92%

## Exchange Rates



USD : SGD 1.3643 / MYR : SGD 3.1046

Source: Bloomberg

## Interest Rates

3-mth Sibor	1.124%
SGS (10 yr)	2.099%

KGI Securities Research Team

## Market Colour

U.S. lawmakers have taken a step closer towards major tax reform as Congress passed a \$4.1 trillion budget resolution that would allow Republicans to pass tax cuts with a simple majority of 51 votes in the Senate. The U.S. stock markets posted a day of solid gains and edged up to fresh record highs with the S&P 500 logging an eight-day streak. The dollar also gained after comments from Fed officials bolstered confidence that the economy is strong enough to withstand higher interest rates. Asian equities are headed for a positive start in early trading.

## Company Update

➤ **First Real Estate Investment Trust (FIRT SP; Not Rated):** Stable yield buoyed by rising healthcare demand in Indonesia - Page 2

## News

**United Food Holdings:** Acquiring an 80% stake each in three China companies that develop and sell animal feed and animal feed-related products. The total consideration for the acquisitions will be 120 million yuan (\$24.5 million). The acquisitions will allow United Food to expand and strengthen its foothold in China, and gain the target companies' expertise and products, the company said.

**Yongnam Holdings:** Placing out S\$12.1 million of shares at 25.5 Singapore cents apiece to raise working capital. The placement price is 6 per cent below the stock's volume weighted average price of 27.13 Singapore cents on Thursday, and 5.6 per cent below Thursday's closing price of 27 Singapore cents.

**Pan United Corp:** Shareholders in Pan United Corp will get one Xinghua Port Group share for each Pan United share they hold. The proposed demerger will create two listed "pure play" companies with distinct and separate core businesses, enabling for more focused management. Pan United, which holds the core business, will continue to list on the Singapore Exchange while Xinghua Port Group will be listed on the Stock Exchange of Hong Kong (SEHK).

**Soilbuild Construction Group:** Announced on Wednesday that it has been awarded a S\$50 million contract by SB (Waterfront) Investment. The contract is for a seven-storey general industrial factory development at No 171 Kallang Way. The project is to be completed in the third quarter of 2019.

**ABR Holdings:** Acquiring its second land plot in Kuala Lumpur, Malaysia, for about RM4.95 million (\$1.59 million). The location of the land is adjacent to the group's first land plot acquired on Sept 20 for about RM3.56 million. The land has a leasehold interest of 99 years expiring on June 30, 2068 and has an area of around 1,533.5 sqm.

**Ezion Holdings:** Is convening a second informal meeting on Oct 19 at 4pm for holders of its S\$120 million Series 009 notes. The meeting, which relates to Ezion's 3.65% committed funding backed notes due 2020, will provide its securityholders with an update on developments.

**Croesus Retail Trust:** Croesus, which is being taken private by Blackstone, will be suspended from Oct 11 onwards, and is expected to be delisted on Oct 27.

*Business Times / Bloomberg / Straits Times / The Edge Markets / SGX*

## Commentaries From The Trading Desk

21/9	<a href="#">3 stories that may come in-play along with Oil price latest move</a>
21/9	<a href="#">Beginnings of Normalisation</a>
15/9	<a href="#">SET continues onto 24 year high!</a>

Note: The comments and views in this section are those of the Trading Desk team and do not necessarily coincide with the views of the Fundamental Equities Research team.



# FIRST REIT

## (FIRT SP/FRET.SI)

### Not Rated

Price as of 4 Oct 2017	1.360
12M target price (S\$)	na
Previous target price (S\$)	na
Upside, incl. div (%)	na

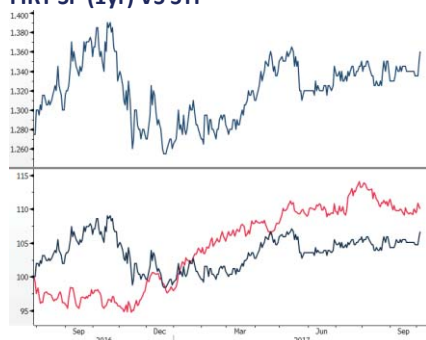
### Trading data

Mkt Cap (S\$m) / (US\$m)	1,058 / 779
Issued Shares (m)	778
Ave Daily Traded (3-Month) Vol / Val	0.5m / \$0.7m
52 week lo / hi	\$1.25 / \$1.39
Free Float	67.5%

### Major Shareholders

Bowsprit Capital Corp	27.7%
PT Menara Tirta Indah	3.1%

### FIRT SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

## Stable yield buoyed by rising healthcare demand in Indonesia

### Event

Management recently hosted us on a site visit to four of First REIT's hospital assets in Indonesia last week. First REIT currently offers an attractive 6.6% yield – higher than Parkway Life REIT's 5.0% yield and sustained by rising private healthcare demand in Indonesia that is buoyed by the Healthcare and Social Security Agency (BPJS) scheme.

### Impact

**Nationwide insurance scheme boosted patient volume.** Siloam Hospitals Group (SHG) – the operator for First REIT's Indonesian hospital assets – reported near 20% double-digit growth in both inpatient and outpatient admissions with rising bed occupancy rate in 2016, with patients on the BPJS scheme contributed 20% of SHG's total gross revenue. SHG is one of the few private healthcare players in Indonesia that participates in the BPJS programme, which has fuelled patient volume growth since the nationwide scheme's rollout.

**Well-positioned in rising healthcare sector in the region.** With the growing availability of quality and affordable healthcare services in Indonesia, Singapore could see less medical tourists from Indonesia seeking treatment. Thus First REIT offers a steady return that is sheltered from downside risks relating to weakening medical tourism revenue, in contrast to other healthcare stocks that have significant exposure to Singapore's hospital assets.

**Strong growth pipeline and potential for AEs.** With strong backing from its sponsor, Lippo Karawaci (LK), First REIT has Right of First Refusal to LK's healthcare properties which amounts to more than 40 in the pipeline. First REIT has also lined up an asset swap for its Siloam Hospitals Surabaya and potential AEs for two of its assets - Siloam Hospital Kebon Jeruk and Imperial Aryaduta Hotel & Country Club – in its pipeline which are expected to boost DPU ahead.

### Valuation & Action

We have a DCF-derived fair value of S\$1.38 (WACC: 6.2%; terminal growth: 0.9%), implying a dividend yield of 6.1%.

### Risks

Regulatory risks mainly in Indonesia; rising cost of debt; slowdown in Singapore inflationary growth as base rents is pegged to two times Singapore CPI growth.

### Financials & Key Operating Statistics

YE Dec SGD mn	2015	2016	2017F	2018F	2019F
Gross Revenue	101	107	116	117	119
Net Property Income	99	106	114	116	118
Distributable Income	62	65	66	67	68
DPU (SGD cents)	8.30	8.47	8.44	8.54	8.64
DPU growth (%)	3.1	2.0	(0.4)	1.2	1.2
Div Yield (%)	6.2	6.3	6.3	6.4	6.5
Total Borrowings	443	414	414	414	414
BVPS (SGD)	1.06	1.09	1.08	1.08	1.07
NPI Margin (%)	98.6	98.9	98.9	98.9	98.9
Gearing (%)	35.9	33.0	33.0	33.0	32.9
Price / Book (x)	1.3	1.2	1.2	1.2	1.2

Source: Company Data, KGI Research

**STI Components and Key Metrics**

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
<b>FINANCIALS</b>								
DBS SP	DBS	21.33	54,554	1.2%	26.8%	2.0%	3.1%	3.3%
OCBC SP	OCBC	11.25	47,128	0.8%	30.4%	0.3%	3.3%	3.5%
UOB SP	UOB	24.01	39,920	1.7%	21.3%	1.5%	3.0%	3.2%
SGX SP	SGX	7.49	8,023	0.7%	7.9%	0.1%	4.1%	4.3%
<b>PROPERTIES</b>								
AREIT SP	Ascendas REIT	2.67	7,705	0.4%	21.4%	0.0%	6.0%	6.1%
CAPL SP	CapitaLand	3.70	15,714	2.8%	25.8%	4.2%	2.8%	2.9%
CCT SP	CapitaLand Comm Trust	1.66	5,269	0.3%	21.9%	0.9%	5.3%	5.3%
CT SP	CapitaLand Mall Trust	2.03	7,198	1.0%	12.3%	1.0%	5.5%	5.5%
CIT SP	City Development	11.41	10,375	(0.1%)	39.8%	2.0%	1.4%	1.3%
GLP SP	Global Logistic	3.31	15,548	0.0%	53.2%	0.3%	1.9%	2.0%
HKL SP	Hongkong Land USD	7.30	23,405	0.4%	18.4%	0.7%	2.7%	2.8%
UOL SP	UOL	8.20	6,896	1.0%	39.8%	1.0%	1.8%	1.8%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.68	60,091	(0.3%)	3.6%	0.3%	5.4%	5.0%
STH SP	StarHub	2.63	4,547	0.0%	(1.9%)	0.8%	6.1%	5.9%
<b>CONSUMER SERVICES AND GOODS</b>								
JCNC SP	Jardine C&C	40.47	15,995	1.7%	0.5%	3.7%	2.7%	3.0%
JM SP	Jardine Matheson USD	64.19	63,249	0.2%	18.9%	1.0%	2.4%	2.6%
GENS SP	Genting Singapore	1.21	14,490	(0.8%)	36.7%	3.9%	2.5%	2.6%
SPH SP	SPH	2.68	4,284	(1.1%)	(22.7%)	(1.8%)	6.1%	5.9%
THBEV SP	ThaiBev	0.92	22,976	2.2%	10.7%	1.1%	3.2%	3.4%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	10.19	12,050	0.7%	6.5%	0.9%	2.4%	2.3%
CD SP	ComfortDelGro	1.99	4,294	(0.8%)	(16.2%)	(2.7%)	5.3%	5.5%
<b>COMMODITIES</b>								
GGR SP	Golden Agri	0.38	4,839	0.0%	(10.1%)	0.0%	1.8%	2.5%
WIL SP	Wilmar	3.29	20,809	1.9%	(6.4%)	2.8%	2.3%	2.9%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	6.59	11,947	1.1%	17.3%	1.7%	3.1%	3.7%
SCI SP	Sembcorp Industries	2.98	5,318	0.7%	7.0%	0.3%	2.6%	3.3%
YZJSGD SP	Yangzijiang SGD	1.46	5,795	(0.3%)	85.1%	3.9%	3.1%	3.0%
SATS SP	SATS	4.64	5,193	0.9%	(2.2%)	(0.2%)	3.8%	4.0%
SIE SP	SIA Engineering	3.22	3,603	0.3%	(1.0%)	(6.4%)	4.3%	4.3%
STE SP	ST Engineering	3.40	10,593	0.6%	9.6%	(2.3%)	4.4%	4.6%
HPHT SP	HPH Trust USD	0.44	5,164	1.2%	8.4%	(1.1%)	6.3%	6.5%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.  
Source: Bloomberg

**STI Reserve List (by market cap) - STI next review date: 30 November 2017**

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
SUN SP	Suntec REIT	1.88	4,981	0.5%	18.8%	1.3%	5.3%	5.2%
MCT SP	Mapletree Commercial	1.54	4,431	0.7%	15.3%	2.0%	5.8%	5.8%
VMS SP	Venture Corp	18.60	5,270	2.3%	95.7%	6.9%	2.9%	2.9%
SIE SP	SIA Engineering	3.22	3,603	0.3%	(1.0%)	(6.4%)	4.3%	4.3%
KREIT SP	Keppel REIT	1.18	3,942	0.9%	19.9%	(0.4%)	5.1%	5.1%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.  
Source: Bloomberg

**Appendix 1: Corporate Action**

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 5-Oct-17	Yield (%)
New Toyo International Holdings Ltd	10-Aug-17	2Q17	SGD 0.0060	<b>6-Oct-17</b>	10-Oct-17	19-Oct-17	SGD 0.275	2.2
United Overseas Australia	29-Aug-17	1H17	<b>AUD</b> 0.0050	<b>10-Oct-17</b>	11-Oct-17	6-Nov-17	SGD 0.660	0.8
Cordlife Group	29-Aug-17	FY17	SGD 0.0050	<b>24-Oct-17</b>	26-Oct-17	10-Nov-17	SGD 0.840	0.6
Karin Technology Hldgs	25-Aug-17	FY17	<b>HKD</b> 0.0980	<b>24-Oct-17</b>	26-Oct-17	16-Nov-17	SGD 0.320	1.7
Ryobi Kiso Hldgs	23-Aug-17	FY17	SGD 0.0040	<b>24-Oct-17</b>	26-Oct-17	8-Nov-17	SGD 0.190	2.1
k1 Ventures Ltd	1-Aug-17	FY17	SGD 0.0650	<b>25-Oct-17</b>	27-Oct-17	8-Nov-17	SGD 0.820	7.9
Ellipsiz	21-Aug-17	FY17	SGD 0.0200	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.830	2.4
Ellipsiz - Special	21-Aug-17	FY17	SGD 0.0450	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.830	5.4
GL	25-Aug-17	FY17	SGD 0.0220	<b>26-Oct-17</b>	30-Oct-17	20-Nov-17	SGD 0.870	2.5
GuocoLand	27-Aug-17	FY17	SGD 0.0700	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 2.280	3.1
Sin Ghee Huat Corp Ltd	18-Aug-17	FY17	SGD 0.0020	<b>26-Oct-17</b>	30-Oct-17	15-Nov-17	SGD 0.205	1.0
PCI	28-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.680	4.4
PCI - Special	28-Aug-17	FY17	SGD 0.0050	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.680	0.7
Spindex Industries	21-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	16-Nov-17	SGD 1.100	2.7

**Latest Rights Issue Announcement**

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
China Medical (Int'l) Grp	3 Rts Shares @ S\$0.001 for each Rights Share for every 1 existing ord share held, 1 free detachable warrant (exercise price S\$0.001) for 1 Rights shares subscribed	29-Sep-17	3-Oct-17	<b>6-Oct-17</b>	<b>16-Oct-17</b>
Z-Obee Holdings	2 offer shares @ US\$0.16 (equivalent to approximately HK\$1.248) per offer share for every 5 consolidated shares held		27-Oct-17 at 5.00 p.m.	<b>Delisting from SGX: 28-Nov-17</b>	

Source: SGX Announcement

China Medical (Int'l) Grp: Expected date for the listing and commencement of trading of Warrants: 1 November 2017 from 9.00 a.m.

**Latest Listing Issue Announcement**

Company	Offer Price	Closing Date	Offeror
Blumont Group	SGD 0.000182 Cash	5.30 p.m. on 12 Oct 2017	Ultimate Horizon Pte. Ltd.
BRC Asia	SGD 0.925 Cash	5.30 p.m. on 30 Oct 2017	Estee Enterprise Pte. Ltd.
CWT	SGD 2.33 Cash	5.30 p.m. on 2 Nov 2017	HNA Belt and Road Invts (Spore) Pte. Ltd.
Lafe Corporation Ltd	SGD 0.90 Cash	5.30 p.m. on 16 Oct 2017	Sino Capital Resources Ltd
Mary Chia Holdings Ltd	SGD 0.111 Cash	5.30 p.m. on 6 Oct 2017	Suki Sushi Pte. Ltd.

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
2-Oct-17	3-Oct	4-Oct	5-Oct	6-Oct
Q4: SPH REIT	10-Oct	Q4: Spore Press Hldgs	12-Oct	13-Oct SG: 3Q17 Advance GDP Estimates (Not later than 13 Oct) Q3: Soilbuild Business Space REIT
Q3: Keppel DC REIT / Keppel Infrastructure Trust / M1	17-Oct Q3: Keppel REIT / Keppel Telecoms & Tpt / Qian Hu Corp	18-Oct	Q3: Keppel Corp	20-Oct Q2: Mapletree Greater China Commercial Trust Q3: Utd Overseas Insurance Q4: EMAS Offshore / Frasers Commercial Trust
23-Oct SG (Sep 2017): CPI	24-Oct Q2: Mapletree Industrial Trust Q3: Cache Logistics Trust	25-Oct Q1: Spore Exchange Q2: Mapletree Commercial Trust Q4: Frasers Centrepoint Trust *Q4: Frasers Centrepoint	26-Oct SG (3Q17): Industrial Properties Q3: OCBC (Before mkt open)	27-Oct SG (Sep 2017): Unemployment Rate & Employment SG: 3Q17 Qtly Property Mkt Updates Q3: CDL Hospitality Trusts Q4: Frasers Hospitality Trust *Q3: Tuan Sing Hldgs *Q4: Falcon Energy (Release on Sun, 29-Oct)
30-Oct	31-Oct Q3: Sembcorp Marine Q4: Yorkshire Hldgs	1-Nov	2-Nov Q3: China Aviation Oil / Sembcorp Industries Q4: Frasers Logistics & Industrial Trust	3-Nov-17 Q3: Genting Spore PLC / UOB (Before mkt open) *Q3: Venture Corp

\* Tentative

Source: Bloomberg

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