

Market Indicators

	15-Feb	19-Feb	20-Feb
Mkt. T/O (S\$ mil)	1,031.4	1,101.7	1,292.9
Stock Advances	273	348	176
Stock Declines	123	109	285

Major Indices

	16-Feb	19-Feb	20-Feb
DJ Ind Avg	25,219.4	Closed	24,964.8
S & P 500	2,732.2	Closed	2,716.3
Nasdaq Comp	7,239.5	Closed	7,234.3
Hang Seng	Closed	Closed	30,873.6

STI Index 3,476.53 (-0.33%)

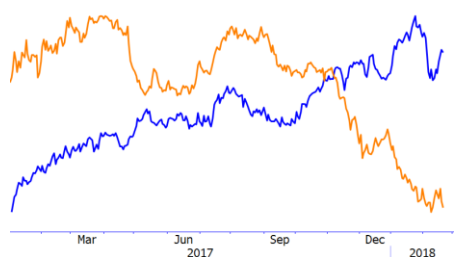


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,330.21	-0.57%
Oil (NYMEX CWT1) US\$ / bbl	61.65	-0.98%
Baltic Dry Index	1087	0.28%

Exchange Rates



USD : SGD 1.3194 / MYR : SGD 2.9591

Source: Bloomberg

Interest Rates

3-mth Sibor	1.130%
SGS (10 yr)	2.357%

KGI Securities Research Team

Market Colour

Overnight, US markets (S&P 500 -0.6%, Dow Jones -1.0%) snapped a 6-day rally on disappointing results from Walmart as treasury yields moved higher after a massive debt issuance from the US treasury. The US treasury sold US\$178bn of securities, sending yields on 2 year treasury notes to 2.26%, the highest level since September 2008.

In Singapore, the STI declined 0.3% to 3,476.53, led by declines from developers (UOL -3.3%, City Development -3.0%) after the Singapore Budget hiked stamp duties in the real estate sector. Consumer stocks rose higher, led by Genting Singapore (+3.2%) after the Singapore Budget delayed GST hikes to 2021 and beyond. Genting Singapore will announce its earnings on Friday (After Market Hours).

Initiation Report

➤ **Manulife US REIT (MUST SP; BUY; US\$ 1.008):** Pure-play US REIT looking to double AUM in two years - Page 2

News

Posh Offshore Services Holdings: Posh announced 4Q17 net loss of US\$ 193mn, narrowing from US\$ 345mn a year ago. For FY17, net loss narrowed to US\$ 230.3mn from US\$371.4mn a year ago. **The firm is expecting offshore oil production activities to remain subdued and day rates to remain under pressure due to an oversupply of vessels even though the OSV market has shown signs of recovery.**

TalkMed: TalkMed's 4Q17 earnings declined 19.3% YoY to SG\$8.2mn due to a decline in revenue, which was caused by a decrease in the number of patient visits. For FY17, earnings declined 14.3% YoY to \$32mn. For FY17, TalkMed announced a dividend of 1.37cents. **The firm is expecting revenue pressure to continue due to competition from lower medical cost centres in neighbouring countries.**

Recent In-depth Regional Reports

20/2	TH Economic: 4Q17 GDP: Slowed to 4.0% YoY
20/2	TH Transportation Sector (Neutral): Growing tourist numbers
20/2	TH Commodities Update: US dollar at three-year low
20/2	TH BTS Grp Hldgs (BTS TB; Outperform; TP: Bt 10.60): Goes bigger
20/2	TH Electricity Generating (EGCO TB; Outperform; TP: Bt 260.00): 4Q17 earnings review: Lower than expected
20/2	TH IRPC (IRPC TB; Outperform; TP: Bt 8.00): Travelling to MARS
20/2	TH Krungthai Card (KTC TB; Neutral; TP: Bt 245.00): Share price moved beyond fundamental improvement
20/2	TH Major Cineplex Group (MAJOR TB; Under Review; TP: NA): 4Q17 earnings review: Weak result
20/2	TH Minor International (MINT TB; Outperform; TP: Bt 47.50): 4Q17 earnings review: Thailand operation performed well
20/2	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 24.80): 4Q17 earnings review: In line with our forecast
20/2	TH PTT Global Chemical (PTTGC TB; Neutral; TP: Bt 91.00): 4Q17 earnings review: Still good even with impairment
20/2	TH TICON Industrial Connection PCL (TICON TB; Outperform; TP: Bt 19.30): 4Q17 earnings review: Beat our forecast

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com



CHINA
DEVELOPMENT
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Manulife US REIT

(MUST SP/MANU.SI)

BUY - INITIATION

Price as of 20 Feb 2018	0.915
12M target price (US\$)	1.008
Previous target price (US\$)	na
Upside, incl. div (%)	16.5

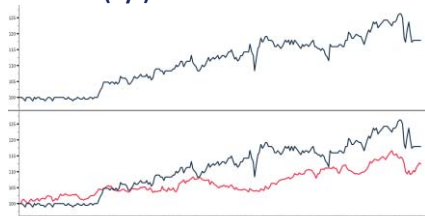
Trading data

Mkt Cap (S\$m) / (US\$m)	1,245 / 946
Issued Shares (m)	1,034
(3-Month) Vol / Val	2.9m / \$2.7m
52 week lo / hi	\$0.77 / \$0.99
Free Float	94.5%

Major Shareholders

Manulife Financial Corp	5.3%
DBS Group Holdings	4.0%

MUST SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

Pure-play US REIT looking to double AUM in two years

Event

As a pure-play US REIT, Manulife US REIT's (MUST) is expected to ride on the growing US economy and benefit from an uptick in rents, driven by favorable demand and supply dynamics in the Grade A office property market. With the management looking to grow its portfolio, we expect its acquisitions to be yield accretive and hence, provide a strong foundation for increasing its distribution.

Impact

Positive property markets picking up pace in key US cities and lending support to growth in rental revenues. Demand and supply dynamics in the key US cities, where MUST's properties are located, are generally on a positive trend, with higher demand for Grade A/Trophy office spaces. On the supply side, there is limited new construction of Grade A/Trophy office properties waiting to come on-stream in four out of the five areas that MUST's properties are in. We project rental revenues to grow by 21/15/13% in 2018/19/20F as tenants renew their leases.

Strong sponsor with robust pipeline of potential third-party acquisition opportunities to back ambitious plans to double AUM in two years. The "Manulife" and "John Hancock Real Estate" brand names allow for greater access to funding and US real estate investment opportunities. Additionally, MUST is able to leverage on its sponsor's robust pipeline of potential acquisition opportunities from third-party sellers.

Valuation & Action

We initiate coverage on MUST with a BUY recommendation in view of both its organic and inorganic growth prospects, which we expect to be well supported by favourable US market conditions. We assign MUST a target price of US\$1.01 based on a DDM valuation methodology, representing a 16.5% upside including a dividend yield of 6.3% for 2018F. MUST currently trades at a 2018F P/B of 1.1x, higher than the average of 0.9x for its Singapore listed peers, which we believe is justified by its higher growth potential in the US.

Risks

Main risks include a faster-than-expected rate hike in the US and foreign exchange risk, stemming from a weaker US dollar.

Financials & Key Operating Statistics

YE Dec USD mn	2016	2017	2018F	2019F	2020F
Gross revenue	47.5	92.0	111.7	128.4	144.9
Net property income	30.0	58.4	70.3	80.9	91.3
Distributable income	22.3	46.7	62.9	71.1	79.3
DPS (US cents)	3.6	5.8	5.8	6.6	7.3
DPS growth (%)	-	62.5	0.4	13.2	11.5
Div Yield (%)	4.7	6.4	6.4	7.2	8.1
NAV (USD)	87.0	82.0	111.1	112.9	115.0
Price / Book (x)	0.9	1.1	0.8	0.8	0.8
NPI Margin (%)	63.1	63.4	63.0	63.0	63.0
Net Margin (%)	108.8	63.0	37.1	38.0	38.7
Gearing (%)	33.6	33.5	33.2	32.8	32.4
ROE (%)	9.4	6.8	4.8	5.6	6.3

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 FY18 (%)	Div Yield FY19 (%)
FINANCIALS								
DBS SP	DBS	28.66	73,481	0.8%	15.3%	3.7%	4.0%	4.1%
OCBC SP	OCBC	12.83	53,703	(0.9%)	3.6%	2.1%	3.3%	3.5%
UOB SP	UOB	27.22	45,256	(0.3%)	2.9%	1.4%	3.4%	3.6%
SGX SP	SGX	7.54	8,073	(2.2%)	2.0%	3.3%	4.0%	4.2%
PROPERTIES								
AREIT SP	Ascendas REIT	2.61	7,537	(0.4%)	(4.0%)	0.8%	6.1%	6.4%
CAPL SP	CapitaLand	3.56	15,120	(1.9%)	0.8%	1.1%	3.3%	3.4%
CCT SP	CapitaLand Comm Trust	1.76	6,350	(1.1%)	(6.8%)	2.3%	5.0%	5.1%
CT SP	CapitaLand Mall Trust	2.00	7,093	0.0%	(4.8%)	1.5%	5.5%	5.6%
CIT SP	City Development	12.51	11,375	(3.0%)	0.2%	0.1%	1.2%	1.2%
HKL SP	Hongkong Land USD	7.00	21,723	(0.6%)	(0.6%)	1.4%	2.8%	2.9%
UOL SP	UOL	8.33	7,014	(3.3%)	(6.1%)	0.0%	1.8%	1.8%
TELECOMMUNICATIONS								
ST SP	SingTel	3.38	55,192	(1.5%)	(5.3%)	1.5%	6.0%	5.4%
STH SP	StarHub	2.58	4,462	(0.8%)	(9.5%)	(5.8%)	6.1%	6.0%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	37.90	14,979	(0.8%)	(6.8%)	1.2%	2.9%	3.2%
JM SP	Jardine Matheson USD	62.59	59,957	0.9%	3.0%	1.0%	2.5%	2.7%
JS SP	Jardine Strategic Holding	38.08	55,638	0.8%	(3.8%)	(1.5%)	0.8%	0.9%
GENS SP	Genting Singapore	1.29	15,531	3.2%	(1.5%)	5.7%	2.3%	2.4%
SPH SP	SPH	2.65	4,239	(1.1%)	0.0%	0.8%	5.2%	5.0%
THBEV SP	ThaiBev	0.84	20,968	(2.3%)	(7.2%)	(8.2%)	3.3%	3.6%
VMS SP	Venture Corp	23.93	6,837	1.7%	16.9%	7.2%	2.8%	2.7%
TRANSPORT								
SIA SP	Singapore Airlines	11.20	13,244	(1.4%)	5.0%	5.5%	2.7%	2.5%
CD SP	ComfortDelGro	2.04	4,413	0.0%	3.0%	1.5%	5.1%	5.2%
COMMODITIES								
GGR SP	Golden Agri	0.36	4,521	(1.4%)	(4.1%)	1.4%	1.9%	1.9%
WIL SP	Wilmar	3.05	19,294	(0.3%)	(1.3%)	1.3%	2.3%	2.9%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	8.09	14,654	(0.7%)	10.1%	3.3%	3.2%	3.4%
SCI SP	Sembcorp Industries	3.28	5,853	(0.6%)	8.3%	1.5%	2.3%	3.0%
YZJSGD SP	Yangzijiang SGD	1.45	5,755	(1.4%)	(1.4%)	7.4%	3.3%	3.2%
SATS SP	SATS	5.18	5,794	(0.4%)	(0.4%)	(1.3%)	3.4%	3.6%
STE SP	ST Engineering	3.36	10,469	0.3%	3.1%	3.4%	4.4%	4.6%
HPHT SP	HPH Trust USD	0.36	4,079	1.4%	(10.9%)	1.4%	7.5%	7.6%

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

Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2018

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.93	5,136	(2.0%)	(9.1%)	1.6%	5.1%	5.2%
MCT SP	Mapletree Commercial	1.58	4,551	0.6%	(1.1%)	1.9%	5.6%	5.6%
KREIT SP	Keppel REIT	1.21	4,098	(0.8%)	(2.9%)	2.5%	4.9%	4.9%
SMM SP	Semcorp Marine	2.63	5,491	(1.1%)	42.9%	5.6%	0.7%	0.9%

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 20 Feb 18	Yield (%)
No Signboard Holdings - Special	14-Feb-18	1Q18	SGD	0.0031	21-Feb-18	23-Feb-18	5-Mar-18	SGD 0.205	1.5
Silverlake Axis	13-Feb-18	2Q18	SGD	0.0030	21-Feb-18	23-Feb-18	8-Mar-18	SGD 0.580	0.5
Silverlake Axis	13-Feb-18	2Q18	SGD	0.0080	21-Feb-18	23-Feb-18	8-Mar-18	SGD 0.580	1.4
Far East Hospitality Trust	15-Feb-18	FY17	SGD	0.009700	22-Feb-18	26-Feb-18	26-Mar-18	SGD 0.725	1.3
Lum Chang Holdings Ltd	9-Feb-18	2Q18	SGD	0.00300	22-Feb-18	26-Feb-18	12-Mar-18	SGD 0.370	0.8
Karin Technology Hldgs	12-Feb-18	1H18	HKD	0.0680	1-Mar-18	5-Mar-18	15-Mar-18	SGD 0.325	1.1
Ireit Global	15-Feb-18	FY17	SGD	0.0288	5-Mar-18	7-Mar-18	15-Mar-18	SGD 0.790	3.6
Tai Sin Electric	9-Feb-18	2Q18	SGD	0.0075	7-Mar-18	9-Mar-18	16-Mar-18	SGD 0.405	1.9

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
SingHaiyi Group Ltd	1 Rts Share @ S\$0.100 for each Rts Share for every 2 existing ord shares	13-Feb-18	15-Feb-18	21-Feb-18	1-Mar-18
Vashion Grp	10 Rights Shares @ S\$0.005 for each Rights Share for every 1 existing Share held, 1 Warrant (exercise price S\$0.005) for every 2 Rights Shares subscribed	9-Feb-18	13-Feb-18	19-Feb-18	27-Feb-18

Source: SGX Announcement

Vashion Grp: Expected date for commencement of trading of warrants: 9.00 a.m., Wednesday, 14 March 2018

Company	Offer Price	Closing Date	Offeror
CWG Int'l	SGD 0.195 Cash	5.30 p.m. on 5 Mar 2018	Elidom Investment Co., Ltd

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday		Tuesday		Wednesday		Thursday		Friday	
19-Feb		20-Feb		21-Feb		22-Feb		23-Feb	
SG: 2018 Budget @ 3.30 p.m.		Q4: Global Invt		Q4: Sembcorp Marine		Q4: Amara Hldgs / BreadTalk Grp / Frencken Grp / Kingsmen Creative / Megachem / Utd Engineers		SG: 4Q17 GDP (Not later than 23 Feb) SG (Jan 2018): CPI Overall index and sub-indices Q4: BHG Retail REIT / CSE Global / Genting Spore PLC / IFS Capital / Sembcorp Industries / Spore Technologies Engrg / TeleChoice Int'l / UIC	
26-Feb		27-Feb		28-Feb		1-Mar-18		2-Mar	
SG (Jan 2018): Index of Industrial Production Q4: AP Oil Int'l / Asian Pay Television Trust / Aspiat Corp / Best World Int'l / Halcyon Agri / Haw Par Corp / Maxi-Cash Financial Services / Pharmesis Int'l / Raffles Medical Grp		Q4: Fragrance Grp / Htl Royal / mDR / Thakral Corp / UOL Grp		Q2: Serrano Q4: China Aviation Oil Spore / China Everbright Water / China SunSine Chemical / City Developments / EC World REIT / Emerging Towns & Cities / Hiap Hoe / Ho Bee Land / LHT Hldgs / Mewah Int'l Inc / Spore Reinsurance Corp / Straco Corp		STI Review Q4: COSCO Shipping Int'l / Elec & Eltek Int'l / KrisEnergy / Vard Hldgs			
5-Mar		6-Mar		7-Mar		8-Mar		9-Mar	
12-Mar		13-Mar		14-Mar		15-Mar		16-Mar	
19-Mar		20-Mar		21-Mar		22-Mar		23-Mar	
								SG (Feb 2018): CPI Overall index and sub-indices	

* Tentative

Source: Bloomberg

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