Singapore Industry Focus
Property / REITs

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DBS Group Research . Equity

7 May 2018

The time is now

- The tide has turned for S-REITs to expand overseas
- Boosting growth not the only consideration, protection against capital dilution is also critical
- Scale and presence of sponsor in overseas markets key criteria for success
- Acceleration of DPU growth enhances the attractiveness of S-REITs

Market becoming receptive to overseas expansion. Many investors have frowned upon S-REITs expanding overseas and moving away from a pure single country or Singapore focus, given concerns over FX risks but also unfamiliarity with an overseas market. However, that view is changing after our analysis of recent overseas ventures. This change of view among investors comes from a greater understanding that S-REITs' overseas expansion mandates have generally resulted in more sustainable DPU growth and in our view, builds resiliency across business cycles.

Re-visiting the benefits of remaining a pure-play in Singapore. While the conversation surrounding expanding overseas sometimes devolves into investors' preference to have the ability to pick and choose their country allocation, we believe this has the unintended consequence of leaving S-REITs and other longer-term investors vulnerable. In particular, we believe that it opens the REIT to a risk of a Singapore downturn or in any particular sector. This is especially in the industrial sector where capital values will be under pressure due to the relatively short land lease of 30 years. If industrial S-REITs are not proactive in expanding overseas, the risk is that NAV might be diluted over time.

Delivering a well-calibrated overseas strategy a key success factor; ability to tap sponsor a further positive. A successful overseas expansion strategy will hinge on the S-REIT manager delivering a well-calibrated strategy that focuses on value creation on a risk-adjusted basis. We believe S-REITs with the support from a sponsor or local partners, offering scale and deeper market knowledge of an overseas market, will be better received by investors. Furthermore, a tighter focus on several countries rather than a scatter gun approach is key, in our view. Selective Singapore-focused S-REITs which we believe could potentially expand their mandate in the medium term include CCT, CMT, FCT, SPHREIT, SBREIT, FEHT and OUEHT.

Expansion will support S-REITs' performance. We believe with more S-REITs expanding overseas, the boost to DPU growth is supportive of the overall S-REIT sector's performance and our view that yield spread should compress throughout the year towards the 3% level. The lack of growth has been a key concern and we believe that a well-thought overseas expansion strategy with a focus on delivering positive risk-adjusted returns will benefit and help REITs negotiate past operational hurdles going forward.

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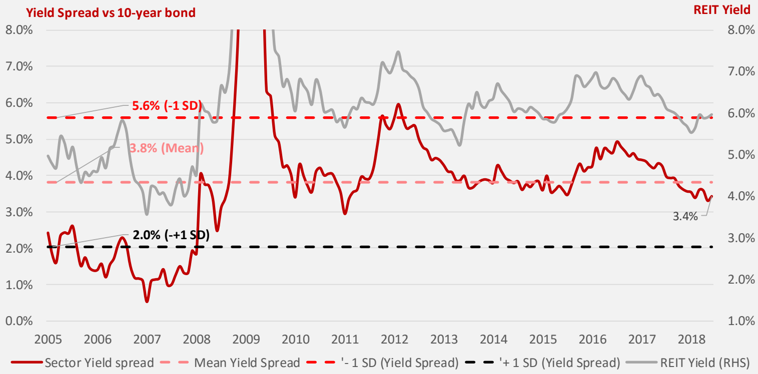
STOCKS

	Price	Mkt Cap	12-mth Target Price	Performance (%)		Rating
	S$	US$m	S$	3 mth	12 mth	
Ascendas REIT	2.67	5,858	3.00	(1.5)	4.3	BUY
CapitaLand	1.80	4,871	2.10	1.1	13.8	BUY
CDL Hospitality	1.73	1,555	2.00	0.0	17.5	BUY
Frasers Centrepoint Trust	2.22	1,540	2.45	(0.5)	7.3	BUY
Suntec REIT	1.94	3,868	2.30	(4.0)	10.5	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 4 May 2018

Yield Spread



Source: Bloomberg Finance L.P., DBS Bank

Should S-REITs expand overseas?

Less investment opportunities in Singapore

Given the reduced amount of investment opportunities in Singapore, both managers and investors in pure-play S-REITs have been grappling with the question of whether these S-REITs should expand their mandate and acquire assets overseas. For a variety of reasons several S-REITs such as KREIT, Suntec, AREIT, Cache, MINT have already expanded their mandate. The question over the expansion of an investment mandate is also relevant for other single-country-focused REITs and REITs which decide to add additional countries or regions.

List of pure-play Singapore S-REITs

Office	**Commercial**
CapitaLand Commercial Trust	Mapletree Commercial Trust
Retail	**Industrial**
CapitaLand Mall Trust	ESR REIT
Frasers Centrepoint Trust	Soilbuild Business Space REIT
SPH REIT	
	Hospitality
	Far East Hospitality Trust
	OUE Hospitality Trust

Source: DBS Bank

List of single-country / overseas-market-focused S-REITs

Office	**Industrial**
Keppel-KBS US Office REIT (US)	Ascendas India Trust (India) Frasers Logistics & Industrial Trust (Australia and Europe)
Retail	**Commercial**
CapitaLand Retail China Trust (China)	IIREIT Global REIT (Germany)
BHG Retail REIT (China)	Cromwell European REIT (Europe)
Dasin Retail Trust (China)	
EC World REIT (China)	**Healthcare**
Sasseur REIT (China)	Religare Health Trust (India)
Lippo Malls Retail Trust (Indonesia)	First REIT (Indonesia, Korea)

Source: DBS Bank

Rationale for expansion overseas or investment mandate

Beyond the usual investment rationale for an acquisition being DPU accretion, a common theme for expanding a REIT's investment mandate and into a new country is income and geographical and income diversification. In addition, it is often argued by REITs that a change in strategy will provide exposure to an attractive and growing market as well as accelerating the earnings/DPU growth outlook. Furthermore, a key reason for an expansion is gaining access to freehold properties as most of the properties available in Singapore are typically on 30- to 99-year leasehold land.

Why S-REITs should not expand overseas

However, some investors are against S-REITs expanding outside Singapore or moving beyond a single asset class or geographic region, given the lack of expertise, knowledge and insufficient scale to add value in a new country or region. Furthermore, some investors prefer to make their own asset class and country allocation, by having a selection of single-asset-class or single-country REITs to choose from. In addition, investors have pushed back due to the increased risk profile arising from potential volatility in earnings arising from foreign exchange rate movements, as well as investors' lack of familiarity with overseas markets.

Market reaction to expansion overseas thus far

Based on the REITs which have announced a change in mandate or expansion overseas, there is typically a short-term negative market reaction as investors are fearful of a new market they are unfamiliar with, believe there is a change in risk profile and potential equity raising to fund this growth. The first day reaction can include up to a 3% fall in share price and on rarer occasions up to a 2% increase in share price. However, in recent times, the initial market's reaction to S-REITs such as MINT and MAGIC expanding their investment mandate has been positive. Over a 1, 3, 6 and 12-month period the market reaction is mixed, with no clear sign of whether the market is 100% for or against the expansion overseas. The share price weakness over 1 and 3 month seen for some REITs is also influenced more by fears over a potential equity raising rather than a pure reaction to a change in investment mandate

Announcement by various S-REITs on change in mandate or maiden overseas acquisition

REIT	Date of Announcement	Country	Remarks	Initial Overseas Exposure* (%)	Current Overseas Exposure* (%)
Office					
KREIT	31-Jan-10	Australia	Acquisition of 50% stake in 275 George Street, Brisbane – AS$166m (S$208.6m)	10%	13%
Suntec	15-Nov-13	Australia	Acquisition of 177 Pacific Highway, North Sydney - A$413.19m	6%	9%
FCOT	14-Dec-17	UK/Europe	Expansion of investment mandate to include UK/Europe with initial purchase of Farnborough Business Park in the UK with its sponsor for GBP174.6m (S$314.8m)	42%	46%
Retail					
SGREIT	10-Apr-07	Japan	Acquisition of 7 properties in Tokyo for JPY14,427m (S$182.5m)	12%	32%
MAGIC	16-Jan-18	Japan	Expansion of investment mandate to include Japanese commercial properties		
MAGIC	28-Mar-18	Japan	Acquisition of effective 98.47% stake in 6 office properties in Greater Tokyo area for JPY60,926 (S$753.4m)	11%	11%
Industrial					
AREIT	11-Feb-11	China	Acquisition of business space in Shanghai for RMB587.9m (S$117.6m)	2%	16%
AREIT	06-Aug-15	Australia / Germany	Expansion of investment mandate to include Australia and Germany		
AREIT	18-Sep-15	Australia	Acquisition of 26 logistics properties located in Brisbane, Sydney, Melbourne and Perth for A$1,013m (S$1,013m)	14%	16%
Cache	01-Jun-11	China	Purchase of chemical warehouse in Shanghai for RMB71m (S$13.5m)	2%	18%
Cache	09-Feb-15	Australia	Purchase of 3 distribution warehouses for A$70m (S$73.4m)	7%	18%
MINT	26-Sep-17	Global data centre	Expansion of mandate to include data centres globally	0%	0%
MINT	24-Oct-17	US	Acquisition of 14 data centres for US$300m (S$408m)	10%	10%
Hospitality					
CDREIT	19-Dec-06	New Zealand	Acquisition of Rendezvous Hotel Auckland for NZ$113m (S$120m)	11%	36%
Healthcare					
Parkway Life	16-Apr-08	Japan	Acquisition of pharmaceutical products distributing facility for JPY2.59bn (S$35m)	5%	38%

Source: DBS Bank, Company

Share price performance post announcement of change in mandate or maiden overseas acquisition

Date	REIT	Event	Individual stock performance					Relative performance against S-REIT index				
			1 day reaction	1 month return	3 month return	6 month return	12 month return	1 day reaction	1 month return	3 month return	6 month return	12 month return
19-Dec-06	CDREIT	Expands into New Zealand	-0.7%	14.8%	36.6%	60.6%	67.6%	0.4%	4.8%	23.3%	31.4%	66.7%
10-Apr-07	SGREIT	Expansion to Japan	1.7%	-19.6%	5.8%	-0.8%	5.0%	1.6%	3.7%	-3.5%	0.5%	25.8%
16-Apr-08	Plife	Expansion to Japan	-1.7%	4.1%	-8.3%	-25.2%	-37.6%	-2.4%	-3.3%	3.2%	18.3%	15.7%
31-Jan-10	KREIT	Expansion to Australia	1.9%	1.9%	5.7%	11.3%	33.0%	2.0%	1.3%	-1.6%	-0.7%	14.9%
11-Feb-11	AREIT	Expansion to China	-1.9%	-5.7%	-4.8%	-6.7%	-7.6%	-0.7%	-3.6%	-2.6%	1.3%	3.2%
01-Jun-11	Cache	Expansion to China	-1.5%	-1.0%	2.9%	-1.0%	-0.5%	1.6%	5.5%	9.3%	15.4%	17.3%
15-Nov-13	Suntec	Expansion to Australia	1.3%	-4.2%	14.4%	21.1%	18.2%	1.1%	0.7%	0.3%	-0.6%	13.3%
09-Feb-15	Cache	Expansion to China	-2.0%	0.0%	-2.0%	-4.0%	-4.7%	1.1%	1.0%	2.0%	-2.2%	-13.8%
06-Aug-15	AREIT	Change in mandate to also include countries such as Australia and Germany	-4.6%	-10.0%	-4.6%	-0.7%	2.6%	-2.8%	-1.5%	0.2%	6.3%	2.2%
18-Sep-15	AREIT	Acquisition of Australian portfolio	-0.4%	9.4%	0.4%	8.1%	6.8%	-1.0%	4.0%	0.3%	3.0%	-2.5%
26-Sep-17	MINT	Expands mandate to include data centres	0.5%	7.1%	11.4%	8.7%	n/a	0.3%	4.0%	5.4%	7.6%	n/a
24-Oct-17	MINT	Acquisition of US data centre portfolio	0.5%	0.0%	5.6%	3.1%	n/a	0.5%	0.3%	0.7%	3.5%	n/a
14-Dec-17	FCOT	Expansion to UK	-1.4%	3.5%	-0.7%	n/a	n/a	-1.7%	0.2%	2.2%	n/a	n/a

Positive market reaction

Source: Various S-REITs, Bloomberg Finance L.P., DBS Bank

Our thoughts – growth should not be the only consideration but mitigating downside risks is also important

While acknowledging the potential increased risk with expanding overseas arising from potential forex volatility and different country risk factors, we believe in general there are merits for S-REITs to expand overseas to accelerate their medium-term growth. In addition, we believe overseas expansion should also be pursued to mitigate the downside risks for a REIT. These include:

1. Management and protection of net asset value (NAV) – Investors have traditionally focused solely on DPU with scant consideration for NAV erosion arising from the running down of a land lease. Thus, on a holistic basis, we believe managers of S-REITs should have the flexibility to recycle capital from properties with short leasehold tenure into longer leasehold or freehold properties, thereby protecting the downside of NAVs for unitholders over the medium term.

2. Flexibility in managing property cycle – The rationale for expanding overseas usually results in immediate DPU accretion and/or acceleration in the REIT's medium-term growth profile. However, in our view a strong rationale for REITs expanding overseas is the ability to manage downside risk to DPU during a property downturn in Singapore/REIT's original country as property cycles across countries are typically different. While many institutional investors would not ascribe to this view as they have the ability to sell ahead of a downturn and switch into another asset class or country, we believe tying management's hands opens the REITs to greater volatility in earnings/DPU and goes counter to the REITs' main aim of providing sustainable DPU's and steady capital appreciation.

Criteria for market acceptance and successful expansion

While we appreciate the merits for S-REITs moving overseas, we believe there are also several criteria that S-REITs should consider beforehand. These include:

1. Expansion into countries with similar country risks – In our view when an S-REIT expands into another geographic region, in general it should move into a country with a similar country risk profile to Singapore or its original geographic exposure. This is to ensure that cost of capital does not materially change after the acquisition and the investment thesis remains clear to investors. Thus, a Singapore-focused S-REIT expanding overseas should stick to developed markets such as Australia, Europe/UK, US, Japan and Tier 1 cities of China such as Beijing and Shanghai. Conversely, REITs which predominantly have emerging market exposure should likewise stay within the same country risk profile. Without this discipline there may be a risk that the market starts attributing a higher yield of a REIT which has expanded from a developed country into an emerging country, which then over time forces the REIT to acquire higher yield but "riskier" properties to achieve DPU accretion.

2. Focus on the same asset class – Generally we would prefer S-REITs to stay with the same asset class, be that office, retail, industrial or hotel, unless the S-REIT already has a blend of different assets at its starting point. In our view, a combination of different assets classes would make it more difficult for investors to blend the different risk profiles and derive an appropriate target yield or P/Bk.

3. Backing from sponsor with scale in the respective countries – Ideally a REIT expanding into new geography should also be in conjunction with a market where a REIT's sponsor has scale and already has an established presence or in the worst-case, intentions to build significant capability, and its management team has experience managing assets in foreign jurisdictions. This would not only alleviate potential investor concerns over the lack of market knowledge in a new geography but more importantly ensure that the REIT has the right support and relationships with prospective tenants and partners to maximise value.

4. Focus country lists – Another key criterion to ensure success when expanding overseas is for the S-REIT to be focused on a few key countries to ensure that its resources are not spread too thinly and management gives sufficient time for each country.

Beyond the above qualifications for overseas expansion within each asset class, we believe the following issues should also be given due consideration given the unique attributes for each asset class:

Retail: Value to remain a pure-play

We believe with the Singapore retail market being relatively more defensive in nature as consumers are not as "adventurous" and due to the nature of where the malls are located, e-commerce while growing remains a smallish share of the market. Consequently, retail S-REITs should avoid repositioning their portfolio into countries where the threat of e-commerce is larger and should not target stabilised retail assets but rather malls which provide significant upside through AEI's or are under-rented.

Hotels: Go forth and multiply!

In our view there is greater imperative for hospitality REITs to expand overseas to counter the seasonality in the hospitality industry in Singapore. Furthermore, due to the volatile nature of the hospitality industry, we believe to ensure a more stable and sustainable DPU profile, expansion into overseas markets should be subject to the right price. In addition, the hospitality industry is unique in the sense that hotels are typically managed by global hotel chains which already have presence and expertise in the various overseas markets.

Industrial: Overseas expansion a "necessary evil"

Similar to the hotels, the industrial sector is also a volatile one which would benefit from repositioning the portfolio into another country/countries to provide an offset should the core Singapore market undergo a downturn. More accutely for the industrial sector is the fact that land tenure for new industrial land in Singapore is short at 30 years which, over time, will erode NAV per unit for REITs.

Office: Merits as overseas market typically improves earnings visibility. In contrast to the industrial sector, commercial land in Singapore has a land tenure of up to 99 years. Thus, the pressure to protect NAV dilution over time is not as severe. However, we believe there is some merits to providing a counter weight should there be a downturn in the Singapore office market.

Sponsor's presence overseas

Sponsor	REITs	Australia	China	Japan	Europe/UK	US
ARA Asset Management	Cache Suntec	Yes	Yes	Yes	n/a	n/a
Ascendas-Singbridge	ASCHT AIT AREIT	Yes	Yes	n/a	n/a	n/a
CapitaLand	ART CCT CMT CRCT	Yes	Yes	Yes	Yes	Yes
Frasers Property Limited	FCOT FCT FHT FLT	Yes	Yes	Yes	Yes	n/a
Keppel Corporation	KREIT KDCREIT KORE	Yes	Yes	Yes	Yes	Yes
Mapletree	MAGIC MCT MLT MINT	Yes	Yes	Yes	Yes	Yes
SPH	SPH REIT	n/a	n/a	n/a	n/a	n/a
Soilbuild	SBREIT	n/a	n/a	n/a	n/a	n/a
OUE Limited	OUECT OUEHT	n/a	Yes	n/a	n/a	Yes
YTL	SGREIT	Yes	Yes	Yes	n/a	n/a

Source: Various REITs, DBS Bank

S-REITs' average land lease, exposure to freehold/999-year leasehold and spread to return of capital

REIT	By value 99 year for freehold / 999 yr leasehold (years)	By value excluding freehold / 999 yr leasehold (years)	By NLA 99 year for freehold / 999 yr leasehold (years)	By NLA excluding freehold / 999 yr leasehold (years)	By value % of portfolio freehold / 999 yr leasehold	By NLA % of portfolio freehold / 999 yr leasehold	Annual capital return on portfolio basis	DPU Yield FY18/19F	Spread to capital return
Office									
CCT	76.6	58.9	73.7	69.7	18%	14%	1.4%	4.8%	3.4%
FCOT	89.8	83.6	92.3	86.1	40%	48%	0.7%	6.9%	6.2%
KREIT	88.5	87.7	90.1	87.5	7%	22%	1.1%	4.7%	3.6%
OUECT	83.4	83.4	90.6	90.6	0%	0%	1.2%	6.6%	5.4%
Suntec	78.4	75.5	82.4	74.9	12%	31%	1.2%	5.1%	4.0%
Retail									
CRCT	32.8	32.8	28.9	28.9	0%	0%	3.1%	6.9%	3.8%
CMT	74.4	69.5	68.8	63.4	14%	11%	1.2%	5.4%	4.1%
FCT	73.3	76.3	71.8	76.9	4%	7%	1.3%	5.6%	4.3%
SPH REIT	94.4	94.4	94.3	94.3	0%	0%	1.1%	5.6%	4.5%
MCT	79.6	79.6	79.4	79.4	0%	0%	1.3%	5.7%	4.5%
MAGIC*	38.9	31.4	95.3	89.5	11%	11%	2.8%	6.5%**	3.7%**
SGREIT	62.5	49.5	77.1	49.4	26%	56%	1.5%	7.1%	5.6%
Industrial									
a-itrust	98.5	86.8	98.2	86.8	96%	93%	0.0%	6.2%	6.2%
A-REIT	53.9	45.5	54.1	40.5	16%	23%	1.9%	6.0%	4.2%
Cache	49.6	30.8	52.9	27.7	28%	35%	2.3%	7.4%	5.1%
EREIT	33.8	33.8	32.2	32.2	0%	0%	3.0%	7.4%	4.4%
MINT	47.3	41.8	44.5	41.2	10%	6%	2.2%	6.0%	3.8%
SBREIT	43.0	43.0	40.1	40.1	0%	0%	2.3%	7.7%	5.3%
Hospitality									
ASCHT	96.7	87.6	n/a	n/a	80%	n/a	0.2%	7.2%	7.0%
ART	82.1	62.8	n/a	n/a	53%	n/a	0.7%	6.4%	5.6%
CDREIT	64.8	67.5	n/a	n/a	19%	n/a	1.2%	5.9%	4.7%
FEHT	66.9	66.9	n/a	n/a	0%	n/a	1.5%	6.5%	5.0%
FHT	79.3	71.4	n/a	n/a	28%	n/a	1.0%	6.7%	5.7%
OUEHT	44.6	44.6	n/a	n/a	0%	n/a	2.2%	6.3%	4.1%
Healthcare									
P-Life	74.3	59.7	84.0	60.7	37%	61%	1.1%	4.6%	3.5%
US Office									
KORE	99.0	0.0	99.0	0.0	100%	100%	0.0%	6.7%	6.7%
European Commercial									
CERT	94.9	69.7	97.4	64.4	88%	97%	0.2%	7.0%	6.9%
IREIT	99.0	0.0	99.0	0.0	100%	100%	0.0%	7.4%	7.4%

**Assumes land in HK reverts back to China and leasehold ends.*
*** Based on consensus estimates*
Source: Various REITs, DBS Bank

S-REIT peer comp as at 3 May 2018

REIT	FYE	Last Price (S$)	Rec	Target Price (S$)	Mkt Cap S$'m	Total Return (%)	Yield FY17/18F	Yield FY18F/19F	Yield FY19/20F	P/NAV FY17/18F	P/NAV FY18F/19F	P/NAV FY19/20F
Office												
CCT	Dec	1.800	BUY	2.10	6,501	22%	4.8%	4.8%	4.8%	1.01	1.01	1.01
FCOT	Sep	1.390	BUY	1.65	1,226	26%	7.1%	6.9%	6.9%	0.87	0.90	0.92
KREIT	Dec	1.200	BUY	1.41	4,078	22%	4.8%	4.7%	4.7%	0.85	0.86	0.88
OUECT	Dec	0.710	HOLD	0.73	1,096	9%	6.6%	6.6%	6.6%	0.78	0.79	0.79
Suntec	Dec	1.950	BUY	2.30	5,195	23%	5.1%	5.1%	5.1%	0.92	0.93	0.94
Retail							5.1%	5.1%	5.1%	0.93	0.93	0.94
CRCT	Dec	1.560	BUY	1.80	1,513	22%	6.5%	6.9%	7.0%	0.97	0.96	0.99
CMT	Dec	2.100	BUY	2.19	7,451	10%	5.3%	5.4%	5.5%	1.07	1.07	1.07
FCT	Sep	2.220	BUY	2.45	2,056	16%	5.4%	5.6%	5.7%	1.10	1.09	1.10
SPH REIT	Aug	0.990	BUY	1.07	2,544	14%	5.6%	5.6%	6.0%	1.05	1.05	1.06
MCT	Mar	1.610	BUY	1.80	4,637	18%	5.6%	5.7%	5.9%	1.08	1.09	1.09
MAGIC*	Mar	1.160	NR	N/A	3,278	27%	6.4%	6.5%	6.5%	0.90	0.91	0.92
SGREIT	Dec	0.695	BUY	0.82	1,516	25%	7.1%	7.1%	7.2%	0.75	0.75	0.75
Industrial							5.8%	5.9%	6.0%	1.02	1.02	1.03
a-itrust	Mar	1.050	BUY	1.22	1,085	22%	5.8%	6.2%	6.5%	1.16	1.16	1.16
A-REIT	Mar	2.670	BUY	3.00	7,819	18%	6.0%	6.0%	6.1%	1.26	1.27	1.27
Cache	Dec	0.810	HOLD	0.88	868	16%	8.1%	7.4%	7.8%	1.13	1.13	1.14
EREIT	Dec	0.530	BUY	0.63	839	26%	7.3%	7.4%	7.6%	0.89	0.93	0.94
MINT	Mar	1.990	BUY	2.22	3,752	17%	5.9%	6.0%	6.1%	1.30	1.35	1.35
SBREIT	Dec	0.660	HOLD	0.62	696	2%	8.7%	7.7%	7.7%	1.04	1.04	1.04
Hospitality							6.3%	6.3%	6.5%	1.18	1.21	1.21
ASCHT	Mar	0.800	BUY	0.97	904	28%	6.9%	7.2%	7.3%	0.86	0.78	0.78
ART	Dec	1.120	BUY	1.30	2,419	23%	6.3%	6.4%	6.5%	0.90	0.91	0.92
CDREIT	Dec	1.730	BUY	2.00	2,082	21%	5.3%	5.9%	6.1%	1.13	1.13	1.13
FEHT	Dec	0.675	BUY	0.76	1,260	19%	5.8%	6.5%	6.6%	0.77	0.78	0.80
FHT	Sep	0.725	BUY	0.83	1,355	21%	7.0%	6.7%	7.2%	0.88	0.89	0.90
OUEHT	Dec	0.810	BUY	0.93	1,473	21%	6.3%	6.3%	6.7%	1.07	1.07	1.08
Healthcare							6.2%	6.4%	6.6%	0.95	0.95	0.96
P-Life	Dec	2.780	BUY	3.15	1,682	18%	4.8%	4.6%	4.7%	1.58	1.58	1.57
RHT	Mar	0.800	HOLD	0.85	648	13%	7.4%	6.4%	6.7%	0.94	0.96	0.98
US Office												
KORE	Dec	0.885	BUY	0.95	753	14%		6.7%	7.1%	1.06	1.06	1.07
European Commercial												
CERT	Dec	0.610	BUY	0.63	1,532	10%	0.0%	7.0%	7.2%	1.15	1.16	1.16
IREIT	Dec	0.780	HOLD	0.75	490	4%	7.4%	7.4%	7.4%	1.14	1.13	1.13
Sector Average							5.6%	5.9%	6.0%	1.03	1.07	1.07

** Based on consensus estimates*

Source: Bloomberg Finance L.P., DBS Bank

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return i.e. > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

Completed Date: 7 May 2018 14:21:58 (SGT)
Dissemination Date: 7 May 2018 16:59:52 (SGT)

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