

# REIT Sector

## A bumper year for S-REITs

### Report type: Update

#### Sector Overview

The Real Estate Investment Trust (REIT) Sector in our Singapore coverage consists of 25 REITs listed on Singapore exchange with a market capitalization of USD48 billion.

- Majority of S-REITs registered positive DPU compared to a year and a quarter ago
- Proactive capital management and ample liquidity kept refinancing risks at bay
- S-REIT may offer at least 8% price return in 2013 based on another 30 basis points of yield compression given our estimates

#### Earnings Surprise?

With the exception of four underperforming REITs, majority of the REITs listed on Singapore bourse had turned in positive results by registering better DPU compared to previous year and quarter in CY3Q12. Frasers Centrepoint Trust (FCT) reported one of the best results in terms of y-y and q-q DPU in CY3Q12. The DPU increase was mainly attributable to higher revenue after completion of substantial portion of asset enhancement initiative (AEI) at Causeway Point and full quarter contribution from Bedok Point which was absent in last year.

#### Capital management outlook

- Liquidity is expected to remain high thanks to Singapore status of being a safe haven and strong Sing-dollar appreciation
- Financial position of S-REITs is in the pink, with comfortable gearing and longer weighted average debt to maturity

#### Recommendation

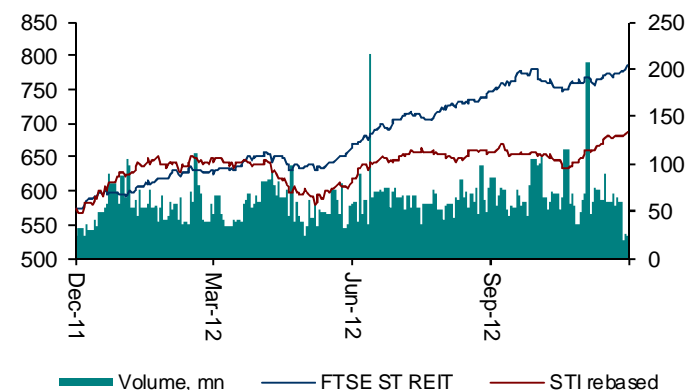
We cannot accentuate any further that investors have to be selective in REIT picking as they are no longer "cheap" anymore. S-REIT may offer at least 8% price return in 2013 based on another 30 basis points of yield compression. Including the dividend, investors may look forward to a double-digit total return next year.

In our last update report, we mentioned about Suntec REIT and it has since captured a price return of 15.2% based on the last closing price on 28-Dec-12. At this juncture, we still think that Suntec REIT valuation is undemanding even though Mapletree Commercial Trust (MCT) is related to Temasek Holdings with strong pipeline of properties to be acquired from Mapletree Investment Pte Ltd. Suntec REIT is currently trading at a discount of 15.5% to its NAVPS while MCT is trading at a premium of 28.2%. Not to mention, Suntec REIT offers an attractive yield of 5.6% at current price.

#### REIT Sector

Company	Rating	Price (\$)	TP (\$)	Upside (%)	M.Cap. (US\$m)
<b>REIT</b>					
CDLH Trust	Neutral	1.910	1.97	3.1%	1,513
Parkway Life REIT	Accumulate	2.150	2.33	8.4%	1,063
Sabana REIT	Neutral	1.135	1.15	1.3%	594

Source: Bloomberg, PSR



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## Results summary

With the exception of four underperforming REITs, majority of the REITs listed on Singapore bourse had turned in positive results by registering better DPU compared to previous year and quarter in CY3Q12. Frasers Centrepoint Trust (FCT) reported one of the best results in terms of y-y and q-q DPU in CY3Q12. The DPU increase was mainly attributable to higher revenue after completion of substantial portion of asset enhancement initiative (AEI) at Causeway Point and full quarter contribution from Bedok Point which was absent in last year.

Of the four underperforming REITs, Lippo Malls Indonesia Retail Trust (LMIRT) delivered the largest dip in y-y and q-q DPU. This was due to the rights issuance in 4Q11, currency translation loss, as well as service charge and utilities recovery from the malls operational activities in 3Q11.

Fig 1: Earnings growth trends (YoY % and QoQ %)

REIT	Revenue		NPI		DPU	
	YoY %	QoQ%	YoY %	QoQ%	YoY %	QoQ%
<b>Industrial</b>						
AIMS AMP CAPITAL	0.5	3.0	-4.9	-1.4	0.0	0.0
ASCENDAS REAL ES	17.7	1.0	13.6	1.8	4.4	0.0
CACHE LOGISTICS	14.1	8.8	12.9	8.0	2.3	8.2
CAMBRIDGE REIT	8.5	4.5	8.8	4.3	11.3	2.0
MAPLETREE INDUST	14.8	2.0	16.6	0.1	11.7	1.3
MAPLETREE LOG TR	13.4	0.5	14.6	-0.1	1.2	0.6
SABANA SHARIAH	16.7	-0.2	15.5	0.2	9.3	3.1
<b>Residential</b>						
SAIZEN REIT	10.6	3.3	19.6	8.7	N.A.	N.A.
<b>Hospitality</b>						
ASCENDAS HOSPITA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
ASCOTT RESIDENCE	6.1	-1.9	1.9	-4.6	0.4	-5.9
CDL REIT	-0.8	-1.3	-1.1	-1.4	-1.8	-6.8
<b>Healthcare</b>						
FIRST REIT	3.7	1.1	5.2	2.0	-12.5	-13.0
PARKWAYLIFE REIT	8.5	2.2	9.5	2.9	7.5	4.0
<b>Office</b>						
CAPITACOMMERCIAL	7.0	-0.2	8.6	-0.1	11.5	-1.0
FRASERS COMMERC	17.1	-0.5	8.8	-0.6	15.1	2.9
KEPPEL REIT	116.0	2.3	118.9	2.6	0.0	1.0
<b>Retail</b>						
CAPITAMALL TRUST	5.1	1.0	4.3	0.1	-1.7	0.0
CAPITARETAIL	14.2	1.3	16.1	1.0	14.2	0.4
FORTUNE REIT	22.6	2.4	22.9	0.8	22.2	1.5
FRASERS CENTREPO	14.3	9.8	13.7	16.5	15.3	4.2
LIPPO MALLS	-8.2	-33.3	31.3	-4.0	-31.1	-7.6
<b>Mixed Commercial</b>						
MAPLETREE COMMER	15.0	1.4	14.9	1.8	16.0	0.6
STARHILL GLOBAL	5.0	-0.2	5.7	-2.0	11.0	2.8
SUNTEC REIT	-7.8	-11.8	-19.5	-15.4	-7.2	-0.5

\*The percentage change for Saizen's DPU is computed on half-yearly basis.

Source: Trusts, PSR

For REITs under our coverage, CDL Hospitality Trust (CDL HT) results were below our expectation where the 9-month DPU formed 73% of our FY12 estimates. The decline in DPU was due to the slowing global economies which weighed on the financial and operational performances of Singapore hotel portfolio.

Parkway Life REIT (PLife REIT) and Sabana REIT reported another set of credible results and were above our expectation. The 9-month DPU constituted 77% and 79% of our FY12 estimates respectively. We think that Sabana REIT has less scope for further yield compression with the yield spread trending at -2 STD level and therefore we downgraded from Accumulate to Neutral on valuation ground.

As most of the S-REITs have already hit high valuation, investors will tend to be more selective in REIT picking. We believe defensible REIT with resilient earnings during the downturn will stand out among the pack. PLife REIT's defensive business model in terms of downside revenue protection and long weighted average lease term to expiry will be well-liked by investors who prefer sustainable and predictable distribution amid global economic uncertainties. In this regard, we upgraded PLife REIT from Neutral to Accumulate.

## Industrial REIT

Industrial sector outshined other property sectors this year and came out as the top performer. For the first three quarters, the URA industrial rent index gained 6.0% to 127.9 and industrial price index grew 26.7% to 183.3. In this regard, industrial REITs are anticipated to gain from both positive rental reversion and revaluation surplus.

The two proxies for industrial REITs with the bulk of Singapore industrial property assets, Ascendas REIT (A-REIT) and Mapletree Industrial Trust (MINT) continued to achieve positive rental reversion of 12.8% and between 8.4% and 23.4% for FY2Q12/13 respectively.

After Cambridge Industrial Trust (CIT) and AIMS AMP Capital Industrial REIT (AIMS) introduced the distribution reinvestment plan early this year, Mapletree Logistics Trust (MLT) is also doing so to increase capital base and allow unitholders to reinvest the distribution without incurring any transaction costs.

Most of the industrial REITs have several on-going asset enhancement works in hand and some of them are expected to come into fruition soon by the end of 2012. Asset enhancement initiatives (AEI) carried out by CIT at 30 Toh Guan Road and 4 & 6 Clementi Loop are expected to complete in the last quarter of 2012. Furthermore, the development projects at 43 Tuas View Circuit and 70 Seletar Aerospace View are also expected to be completed by the end of the year. Hence, we expect DPU to rise in the first quarter of 2013 after the rent-free period for fitting out the lettable space is over.

AIMS had obtained temporary occupation permit for phase one at 20 Gul Way and phase two is expected to be completed by Dec-13. The first rental payment from CWT Limited for phase one will commence at the end of Dec-12. Hence, full quarter contribution shall begin from first quarter of 2013. On the other hand, A-REIT undertook two new

asset enhancement works at 1 Changi Business Park Ave 1 and 31 Ubi Road.

On the acquisition front, CIT have acquired a total of 8 properties year-to-date. 3 Tuas South Avenue 4 was the latest addition to its portfolio for S\$15mn through a 60/40 partnership with Oxley Global Limited. Apart from that, MLT bought Mapletree Wuxi Logistics Park in China for a purchase consideration of c.S\$22.8mn, with attractive net property income yield of 8%.

Recently, two industrial REITs failed to dispose off their proposed properties to recycle their capital. The divestment of 6 Pioneer Walk by A-REIT did not go through as the condition precedent set out in the put and call option agreement was not satisfied. On the other hand, the divestment of 30 Woodlands Loop in Singapore by MLT will not be completed as well because the evaluation criteria are not met.

### Hospitality REIT

Approximately 7.1 million visitors came to Singapore in the first half of 2012, which was 11.4% higher than the corresponding period a year before. Although this was above the Singapore Tourism Board (STB)'s conservative forecast of 2.5%-10.1% growth based on the estimates of 13.5-14.5 million visitors this year, the hospitality sector seemed to be shaken given more hospitality data points being released. RevPAR growth is likely to peak as signified by Sep-12 (0.1% y-y) and Oct-12 (0.8% y-y) figures.

The lacklustre hospitality sector has taken a toll on CDL HT's financial and operational performance of its Singapore hotel portfolio. The prolonged slowdown in global economic conditions has caused corporate to cut down their accommodation budget. Bookings for corporate function like meetings and conference business were also affected.

Ascott Residence Trust (ART) bought Madison Hamburg, Germany for a consideration of S\$59.4mn. The purchase is yield-accretive with attractive EBITDA yield of 7%. The new acquisition will provide income stability as the property is under master lease arrangement with fixed component amounting to circa 80% of total annual rent.

Ascendas Hospitality Trust (AHT) reported their first results in 3Q12. The top- and bottom-lines are better than the forecasts based on the prospectus pro-rated in a straight line basis. Rebranding and ongoing refurbishment of AHT's Australia hotel portfolio are underway. These hotels are at various stages of completion and are slated to complete by Aug-2013. Following these initiatives, we expect uplift in RevPAR for its Australia hotel portfolio.

### Healthcare REIT

First REIT acquired an integrated hospital and hotel in Manado and a hospital in Makassar for an aggregate consideration of S\$143mn. The acquisitions were financed by a combination of a drawdown from the debt facility and

the net proceeds of S\$28.2mn from the private placement. In addition, the new extension at The Lentor is on schedule to complete in 4Q12.

### Commercial REIT

Having said that positive rental reversion for office sector is likely to kick in from 2H12 in our last report, it was evidenced from CapitaCommercial Trust (CCT) as they have registered the first increase in their average office portfolio rent per square foot after seven quarters of decline. There are signs of stabilization in office rent. Demand for office space was better-than-expected for the year-to-date. Legal services, natural resources, insurance and multi-media businesses continued to support the demand despite there are less leasing enquiries from financial institutions.

A flurry of activities took place among the commercial REITs compared to our last update in the previous quarter. A slew of acquisitions were made, with Mapletree Commercial Trust (MCT) having its maiden acquisition of Mapletree Anson at S\$680mn. The purchase is to be funded with an appropriate mix of equity and debt, and is expected to be DPU and NAV accretive without any income support from the seller.

Keppel REIT (K-REIT) acquired a 50% interest in the new office tower which will be developed on the site of the Old Treasury Building in Perth, Australia for approximately S\$212mn. The first payment of \$106mn will be funded by debt and the remainder will be determined later depending on prevailing market condition. The acquisition is said to be income-accretive with steady cash flows at a yield of 7% during the development period and 7.15% when the lease commences.

Lippo Malls Indonesia Retail Trust (LMIRT) acquired Pejaten Village and Binjai Supermall at S\$128.7mn. The purchase will be financed through the issuance of S\$750mn Euro medium term note programme.

Divestments and asset enhancement initiatives are also in the agenda to re-shape the portfolio among the commercial REITs by offloading the non-core property assets and using the sales proceeds to reduce their loan, unlock higher value and re-position their existing portfolio.

For instance, Fraser Commercial Trust (FCOT) had exited from Japan by selling away three properties, namely, Galleria Otemae, Azabu Aco and Ebara TechnoServe. The sales proceeds will be used to pare down the debts and is expected to lower the gearing from 36.8% to 33.7%. The divestment is in line with FCOT's strategy to re-shape its portfolio. We think that it makes sense for them to dispose off the Japan assets and re-focus on their prime assets in Singapore and Australia as the average occupancy of Japan assets were declining and were valued at an aggregate net liability of S\$4.9mn.

Back home, FCOT is to spend S\$7.7mn to enhance the office tower at China Square Central to create a more

contemporary and conducive working environment for its office tenants.

Suntec City Mall, the crown jewel of Suntec REIT, is on track to complete Phase 1 around 2Q13 with 71.2% of net lettable area already pre-committed.

Capitamall Trust (CMT) and CapitaCommercial Trust (CCT) announced S\$34.7mn asset enhancement for Raffles Tower and is expected to achieve a projected return on investment of 8.6%. The refurbishments will be confined to the common areas and thus office tenants can continue to operate in the building with minimal disruption. Occupancy will not be affected from the upgrading.

### Residential REIT

Saizen REIT purchased Rise Shinoe for a purchase consideration of S\$4.2mn, with a net operating income yield of around 6.8%. An S\$2mn loan had been secured from Kumamoto Shinkin Bank at an interest rate 3.175% for the acquisition.

### Capital Management

Singapore status of being a safe haven and strong Sing-dollar appreciation will continue to see smart money pouring into Singapore for investments and literally boost the liquidity. As a result, the majority of S-REITs have no difficulty to refinance their Singapore-denominated debts in advance at lower interest rate with minimal financial covenants.

The establishment of multi-currency medium term notes has given them the extra capacity to roll over their loans for overseas properties. Newly listed REIT like AHT is in the process of moving part of the offshore debt to onshore (Singapore) from 34% to 50% in the bid to achieve lower financing cost.

Cost of borrowing is expected to remain low for the next two and half years as Federal Reserve have pledged to extend the low interest rate from late-2014 to mid-2015.

As the prices for S-REITs have surge substantially for past one year, some REITs such as CMT and CapitaRetail China Trust (CRCT) are taking this opportunity to raise S\$250mn and S\$86.1mn through private placement respectively to lessen the dilution effect for the stipulated amount that they wished to raise. The equity placement would strengthen the balance sheet and enlarge the debt headroom for future growth opportunities.

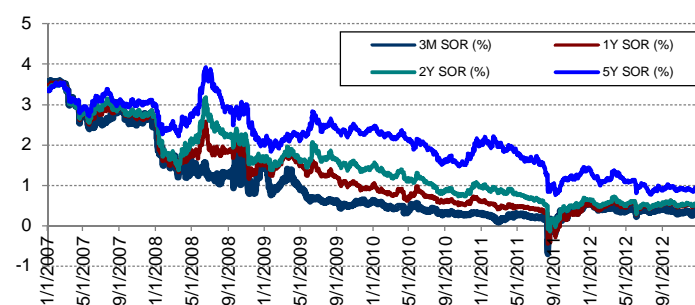
At this juncture, the financial position of S-REITs is in the pink, with comfortable gearing and longer weighted average debt to maturity. To highlight, Sabana REIT is the first company to introduced convertible Sukuk in Singapore and they managed to trim the average all-in financing costs from 4.4% to 4.3% in CY3Q12.

Fig 2: Debt information

REIT	Gearing (%)	Avg. Cost of Debt (%)	Interest Coverage to Maturity (X)	Avg. Debt (yrs)
<b>Industrial</b>	CY Sep-12	CY Sep-12	CY Sep-12	CY Sep-12
AIMS AMP CAPITAL	31.5%	2.75%	4.8	3.1
ASCENDAS REAL ES	32.5%	3.15%	4.9	4.2
CACHE LOGISTICS	32.6%	3.57%	7.9	-
CAMBRIDGE REIT	36.6%	4.10%	4.9	2.2
MAPLETREE INDUST	37.2%	2.30%	6.3	3.2
MAPLETREE LOG TR	37.0%	2.40%	6.3	4.3
SABANA SHARIAH	38.3%	4.30%	5.5	-
<b>Residential</b>				
SAIZEN REIT	31.4%	-	6.0	-
<b>Hospitality</b>				
ASCENDAS HOSPITA	31.7%	4.00%	3.7	2.6
ASCOTT RESIDENCE	40.6%	3.40%	3.9	3.2
CDL REIT	25.5%	-	9.4	1.6
<b>Healthcare</b>				
FIRST REIT	15.9%	-	11.8	-
PARKWAYLIFE REIT	36.4%	1.61%	8.6	2.7
<b>Office</b>				
CAPITACOMMERCIAL	30.9%	3.10%	4.4	3.1
FRASERS COMMERC	36.8%	3.50%	3.3	-
KEPPEL REIT	44.1%	2.00%	5.2	3.4
<b>Retail</b>				
CAPITAMALL TRUST	37.6%	3.30%	3.3	3.0
CAPITARETAIL	30.4%	2.61%	10.1	1.6
FORTUNE REIT	24.5%	2.77%	-	-
FRASERS CENTREPO	30.1%	2.71%	5.56	3.1
LIPPO MALLS	22.7%	-	-	-
<b>Mixed Commercial</b>				
MAPLETREE COMMER	37.7%	2.07%	5.5	2.9
STARHILL GLOBAL	31.2%	3.13%	4.9	1.5
SUNTEC REIT	37.8%	2.85%	3.9	2.2

Source: Trusts, PSR

Fig 3: Singapore swap offer rates



Source: Bloomberg, PSR



**Valuation and conclusion**

S-REIT yielded an eye-popping price return of 37.1% on 28-Dec-12 for the year, one day before the stock trading comes to an end in 2012. Confidently to say that S-REITs have beaten the benchmark index (20.6%) in 2012. Including the dividend, the total return summed up to 46.6%.

Within the 23 REITs (exclude Far East Hospitality Trust and AHT as both are listed this year and are not meaningful for comparison), 14 of them have outperformed the FSTREI index. The top five performing REITs are FCOT (+87.9%), Fortune REIT (+79.7%), AIMS (+73.3%), CCT (70.7%) and K-REIT (+66.4%), sorted by the highest total return.

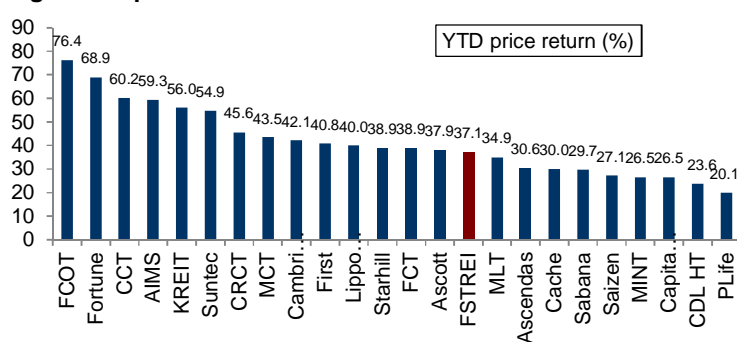
In November and December, FSSTI has returned higher price gains than the FSTREI. Not surprising at all as S-REITs have reached rich valuations. This is further affirmed by having more S-REITs trading at a premium to its net asset value per share (NAVPS). In our last update report, 13 REITs were trading at a premium. As of now, AIMS, K-REIT and CCT are joining the pool, taking number of S-REITs trading at premium to 16. ART could be the next-in-line which is about 0.4% shy from its NAVPS. PLife REIT has regained its pole position on NAV premium, followed by First REIT. This has shown that investors are willing to pay a premium for the earnings resilience and defensiveness of healthcare REITs.

**Fig 4: Relative monthly price performance between FSSTI and FSTREI**

	FSTREI Index	FSSTI Index
Jan-12	3.3%	9.8%
Feb-12	5.5%	3.0%
Mar-12	0.9%	0.5%
Apr-12	3.3%	-1.1%
May-12	-1.7%	-6.9%
Jun-12	4.5%	3.8%
Jul-12	5.6%	5.5%
Aug-12	2.7%	-0.4%
Sep-12	3.2%	1.2%
Oct-12	2.2%	-0.7%
Nov-12	0.2%	1.0%
<b>YTD</b>	<b>37.1%</b>	<b>20.6%</b>

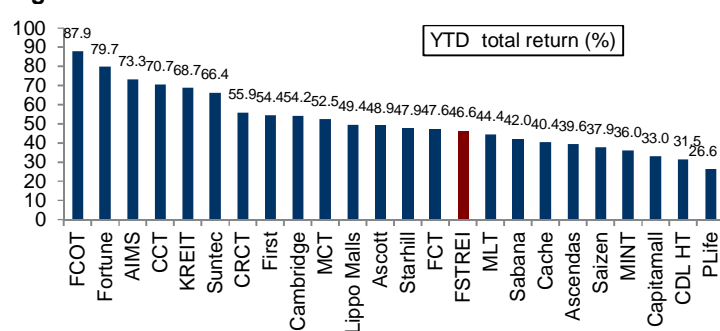
Source: Bloomberg, PSR

**Fig 5: YTD price return for S-REITs**



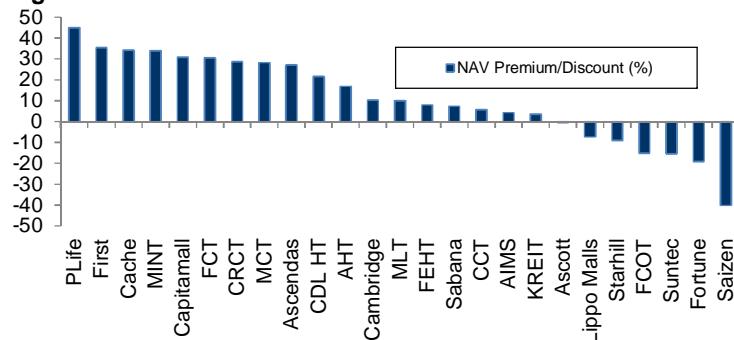
Source: Bloomberg, PSR

**Fig 6: YTD total return for S-REITs\***



\*Dividend return is reinvested  
Source: Bloomberg, PSR

**Fig 7: NAV Premium/Discount**



Source: Bloomberg, PSR

Following such a strong run-up, I believe most investors will be keen to know whether S-REIT still has the impetus to grind higher ground. Therefore, we have gone back to our drawing board to re-look at S-REIT potential for 2013.

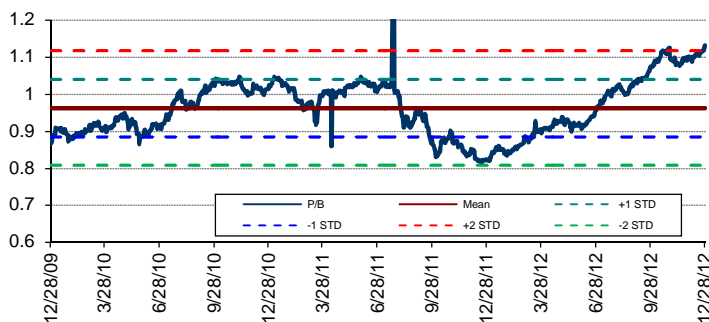
To begin, we have narrowed down our data points for the price-to-book (P/B) ratio to three years as compared to what was shown in the last quarter to better reflect the valuation after the Asian financial crisis. Market participants tend to react irrationally during a crisis (distressed valuation) and thus the 3-year data points will be more reflective for the market behavior in a rather relative "stable" market condition.

S-REIT's P/B ratio of 1.13 is trending around +2 STD above the mean level of 0.96. Certainly, +2 STD is likely to serve as a strong resistance for S-REITs to march to a higher level. From our viewpoint, it is going to be an uphill struggle to break above +2 STD. However, we are expecting revaluation gains across the board. Many of the S-REITs will be recognizing the gains from property valuation in the fourth quarter of 2012. By and large, there could be a re-rating catalyst for S-REIT when the revaluation surplus is accounted for.

From a yield spread perspective, it is not difficult to identify that the forward S-REIT dividend yield and 10yr bond yield had since widen apart during the Euro zone meltdown in August last year. Fast forward to January 2012, it seemed to be the turning point for S-REIT as the yield has started to tighten and accelerated in June but took a breather in November and continued to compress further in December.

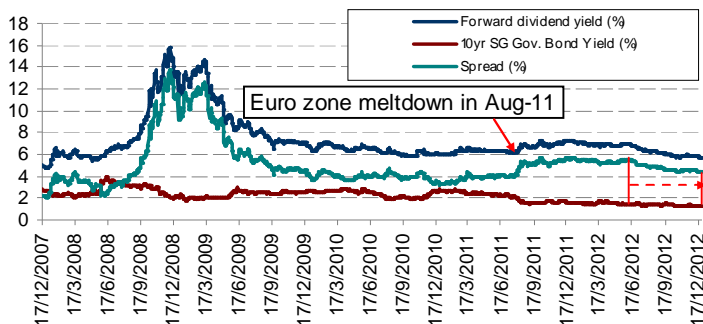
YTD, yield spread has compressed by ~130 basis points and translated to a price return of 37%. The tightening trend has a high propensity to retrace back to the yield spread level prior to August last year which suggests another ~30 basis points to go based on our estimation. This could mean there may be at least 8% price return for S-REIT in 2013. Higher price return is likely when the analysts roll over their forecasts to next year given potential positive rental reversion across Singapore property industries in 2013. A point to note is that the rate of yield compression is expected to slow down in 2013.

**Fig 8: FSREI Price-to-book ratio**



Source: Bloomberg, PSR

**Fig 9: Spread between forward S-REIT dividend yield and 10yr bond yield**



Source: Bloomberg, PSR

**Recommendation**

Dividend gain provides some form of certainty of what investors' needs against the backdrop of low interest rate and high inflation environment relative to the stock price appreciation given the expected slow growth in Singapore economy ahead. The strengthening of Sing-dollar may have investors to include high-yielding stocks like S-REITs in their watchlist.

We cannot accentuate any further that investors have to be selective in REIT picking as they are no longer "cheap" anymore. Having said that S-REIT may offer at least 8% price return next year, investors may look forward to a double-digit return including the dividend.

We maintain our recommendation in REIT picking. S-REITs such as PLife REIT, First REIT and Ascendas REIT with part of their lease structures pegged to the CPI, will benefit from the elevated inflation rate (4-5%).

Industrial REITs will continue to enjoy positive rental reversion from new leases and renewals as well as through acquisitions. Risk-takers may go for higher-yielding industrial REITs such as Sabana REIT, AIMS and CIT with consensus FY2 yield (Fiscal year 2013) at 8.4%, 7.5% and 7.4% respectively.

Although Suntec REIT has since captured a price return of 15.2% after our discussion on its favorable outlook in our last update report on 5-sep-12, we think there is still upside for investors who have missed the boat earlier.

What we like about Suntec REIT is that they are currently undergoing major makeover at Suntec City. The refurbishment is broken down into four phases, stretching from Jun-12 to 2014. For the first phase which is slated to complete by 2Q 2013, was already 71.2% pre-committed. Some of the newly committed tenants include H&M, Paradise Group, Sincere Watch and among others.

We believe they are on track to achieve its projected ROI of 10% and increase of 84% in capital value over Capex. No doubt, the rental income for Suntec City Mall will be affected from the asset enhancement works due to a drop in occupancy. However, the management will consider utilizing part of the proceeds from the sale of Chijmes to mitigate the temporary dip in DPU resulting from the AEI works, if necessary.

We think the remaking of Suntec City comes at the appropriate time to stay competitive and relevant. In another two to three years, we are seeing the formation of mini Orchard Road in the City Hall and Marina Centre area.

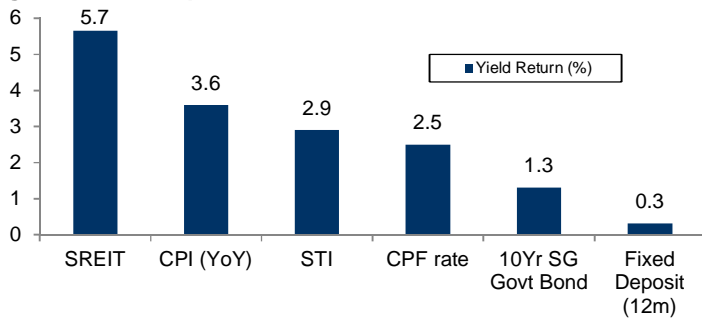
The two new mix-used developments, South Beach and the site where Capitol Theatre is standing will be completed in the next few years. These two new developments together with the existing shopping malls and links (i.e. Raffles City, Citylink Mall, Marina Square, Millenia Walk) will provide retail and lifestyle therapy to the office crowd and patrons in the area.

When it comes to valuation, we opine that MCT which owns the Vivo City is a good comparable for Suntec REIT due to the asset geographical location (where all their assets are in Singapore) and the type of property as both REITs own commercial properties (retail and office property assets).

Suntec REIT is currently trading at a discount of 15.5% to its NAVPS while MCT is trading at a premium of 28.2%. We think Suntec REIT valuation is undemanding even though MCT is related to Temasek Holdings with strong pipeline of properties to be acquired from Mapletree Investment Pte Ltd.

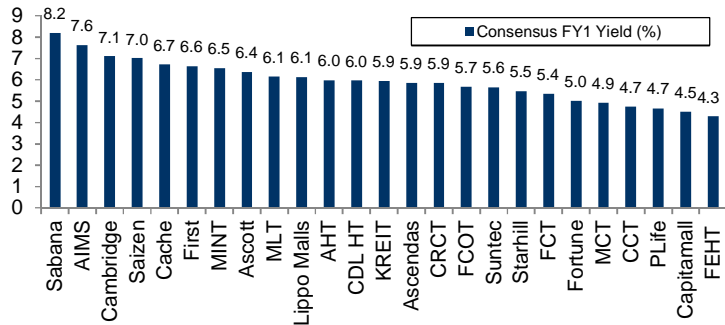
We strongly believe Suntec City will be well-positioned to capture higher traffic volumes and retail sales and eventually translate to higher rental income in the future. Thus, we prefer Suntec REIT for its undemanding valuation with an attractive yield of 5.6% at current price.

**Fig 10: Yield Comparison**



Source: Bloomberg, PSR

**Fig 11: Consensus yield estimates for FY1**



Source: Bloomberg, PSR

Fig 12: SREIT valuation and dividend information

REIT	Rating	Crcncy	Last Price	TP	Upside (%)	Mkt Cap. (US\$m)	Free Float (%)	Crcncy	Bvps	P/B	Dividend Frequency	Crcncy	Latest reported DPU (Cents)	T12M Div. Yield (%)	Consen. FY1 DPU (Cents)	Consen. FY2 DPU (Cents)	FY1 Yield (%)	FY2 Yield (%)	Gearing (%)
<b>Industrial (7)</b>																			
AIMS AMP CAPITAL	N.R.	SGD	1.505	-	-	551.8	92.6	SGD	1.44	1.04	Quarter	SGD	2.50	6.84	11.50	11.30	7.64	7.51	29.53
ASCENDAS REAL ES	N.R.	SGD	2.390	-	-	4374.3	77.2	SGD	1.88	1.27	Quarter	SGD	3.53	4.42	14.00	14.50	5.86	6.07	36.53
CACHE LOGISTICS	N.R.	SGD	1.235	-	-	709.1	87.6	SGD	0.92	1.34	Quarter	SGD	2.14	6.73	8.30	8.70	6.72	7.04	29.10
CAMBRIDGE REIT	N.R.	SGD	0.675	-	-	671.0	94.6	SGD	0.61	1.10	Quarter	SGD	1.20	6.92	4.80	5.00	7.11	7.41	32.20
MAPLETREE INDUST	N.R.	SGD	1.360	-	-	1812.2	69.4	SGD	1.02	1.34	Quarter	SGD	2.29	6.57	8.90	9.00	6.54	6.62	37.75
MAPLETREE LOG TR	N.R.	SGD	1.140	-	-	2262.2	58.7	SGD	1.04	1.10	Quarter	SGD	1.71	5.97	7.00	7.10	6.14	6.23	41.26
SABANA SHARIAH	Neutral	SGD	1.135	1.150	1.3	594.3	87.8	SGD	1.06	1.07	Quarter	SGD	2.34	7.96	9.30	9.50	8.19	8.37	38.30
<b>Total:</b>						<b>10974.8</b>	<b>Average:</b>		<b>1.14</b>	<b>1.18</b>			<b>Average:</b>	<b>6.49</b>	<b>Average:</b>		<b>6.89</b>	<b>7.03</b>	<b>34.95</b>
<b>Residential (1)</b>																			
SAIZEN REIT	N.R.	SGD	0.178	-	-	206.4	88.7	SGD	0.30	0.66	Semi-Anl	SGD	0.63	6.97	1.30	1.30	7.01	7.01	31.40
<b>Total:</b>						<b>206.4</b>	<b>Average:</b>		<b>0.30</b>	<b>0.66</b>			<b>Average:</b>	<b>6.97</b>	<b>Average:</b>		<b>7.01</b>	<b>7.01</b>	<b>31.40</b>
<b>Hospitality (4)</b>																			
ASCENDAS HOSPITA	N.R.	SGD	0.935	-	-	614.2	63.2	SGD	0.80	1.17	Irreg	SGD	1.26	1.35	5.60	7.20	5.99	7.70	31.70
ASCOTT RESIDENCE	N.R.	SGD	1.365	-	-	1275.2	51.0	SGD	1.37	1.00	Semi-Anl	SGD	4.52	6.29	8.70	9.10	6.37	6.67	40.00
CDL REIT	Neutral	SGD	1.910	1.970	3.1	1512.5	67.6	SGD	1.57	1.22	Semi-Anl	SGD	5.70	5.97	11.40	11.90	5.97	6.23	25.24
FAR EAST H TRUST	N.R.	SGD	1.005	-	-	1317.7	37.2	SGD	0.93	1.08	N.A.	N.A.	N.A.	N.A.	4.30	6.00	4.28	5.97	30.16
<b>Total:</b>						<b>4719.6</b>	<b>Average:</b>		<b>1.17</b>	<b>1.11</b>			<b>Average:</b>	<b>4.54</b>	<b>Average:</b>		<b>5.65</b>	<b>6.64</b>	<b>31.78</b>
<b>Healthcare (2)</b>																			
FIRST REIT	N.R.	SGD	1.070	-	-	581.6	70.7	SGD	0.79	1.35	Irreg	SGD	1.02	7.93	7.10	7.20	6.64	6.73	14.80
PARKWAYLIFE REIT	Accumulate	SGD	2.150	2.330	8.4	1063.3	57.3	SGD	1.48	1.45	Quarter	SGD	2.58	4.69	10.00	10.60	4.65	4.93	34.62
<b>Total:</b>						<b>1644.9</b>	<b>Average:</b>		<b>1.14</b>	<b>1.40</b>			<b>Average:</b>	<b>6.31</b>	<b>Average:</b>		<b>5.64</b>	<b>5.83</b>	<b>24.71</b>
<b>Office (3)</b>																			
CAPITACOMMERCIAL	N.R.	SGD	1.690	-	-	3927.6	67.4	SGD	1.60	1.06	Semi-Anl	SGD	3.96	4.56	8.00	8.00	4.73	4.73	30.83
FRASERS COMMERCIAL	N.R.	SGD	1.305	-	-	690.0	72.4	SGD	1.54	0.85	Semi-Anl	SGD	3.45	5.13	7.40	8.20	5.67	6.28	31.94
KEPPEL REIT	N.R.	SGD	1.295	-	-	2785.4	24.6	SGD	1.25	1.04	Quarter	SGD	1.96	6.05	7.70	7.70	5.95	5.95	36.98
<b>Total:</b>						<b>7402.9</b>	<b>Average:</b>		<b>1.46</b>	<b>0.98</b>			<b>Average:</b>	<b>5.25</b>	<b>Average:</b>		<b>5.45</b>	<b>5.65</b>	<b>33.25</b>
<b>Retail (5)</b>																			
CAPITAMALL TRUST	N.R.	SGD	2.150	-	-	6074.8	62.5	SGD	1.64	1.31	Quarter	SGD	1.55	4.02	9.70	10.40	4.51	4.84	37.33
CAPITARETAIL	N.R.	SGD	1.640	-	-	1004.0	60.3	SGD	1.28	1.29	Semi-Anl	SGD	3.22	7.60	9.60	9.50	5.85	5.79	28.16
FORTUNE REIT	N.R.	HKD	6.350	-	-	1390.8	66.1	HKD	7.85	0.81	Semi-Anl	HKD	15.82	4.62	31.90	34.50	5.02	5.43	18.56
FRASERS CENTREPO	N.R.	SGD	2.000	-	-	1346.4	58.9	SGD	1.53	1.30	Quarter	SGD	2.71	5.14	10.70	10.90	5.35	5.45	30.10
LIPPO MALLS	N.R.	SGD	0.490	-	-	877.9	55.1	SGD	0.53	0.93	Quarter	SGD	0.73	5.59	3.00	3.60	6.12	7.35	10.05
<b>Total:</b>						<b>10694.0</b>	<b>Average:</b>		<b>2.57</b>	<b>1.13</b>			<b>Average:</b>	<b>5.39</b>	<b>Average:</b>		<b>5.37</b>	<b>5.77</b>	<b>24.84</b>
<b>Mixed Commercial (3)</b>																			
MAPLETREE COMMERCIAL	N.R.	SGD	1.220	-	-	1866.0	57.4	SGD	0.95	1.28	Quarter	SGD	1.55	4.97	6.00	6.50	4.92	5.33	37.52
STARHILL GLOBAL	N.R.	SGD	0.785	-	-	1246.9	70.5	SGD	0.86	0.91	Quarter	SGD	1.11	5.44	4.30	4.60	5.48	5.86	30.51
SUNTEC REIT	N.R.	SGD	1.665	-	-	3059.5	89.8	SGD	1.97	0.85	Quarter	SGD	2.35	5.79	9.40	9.20	5.65	5.53	37.30
<b>Total:</b>						<b>6172.3</b>	<b>Average:</b>		<b>1.26</b>	<b>1.01</b>			<b>Average:</b>	<b>5.40</b>	<b>Average:</b>		<b>5.35</b>	<b>5.57</b>	<b>35.11</b>
<b>S-REIT Aggregate</b>																			
<b>25 REITs</b>						<b>41815.0</b>	<b>Average:</b>		<b>1.45</b>	<b>1.11</b>			<b>Average:</b>	<b>5.73</b>	<b>Average:</b>		<b>5.93</b>	<b>6.28</b>	<b>31.28</b>

Source: Bloomberg, PSR estimates

N.R.: Non-rated, N.A.: Not applicable



**Fig 13: S-REIT Price performance**

REIT	Market price as of: 28-Dec-12	Crcncy	Last Price	Mkt Cap. (US\$m)	Free Float (%)	52 Wk High	52Wk Low	WTD Return %	1M Return %	3M Return %	6M Return %	1Y Return %	YTD Return %	
<b>Industrial (7)</b>														
AIMS AMP CAPITAL		SGD	1.505	551.8	92.6	1.52	0.94	2.38	5.61	6.74	25.42	59.26	59.26	
ASCENDAS REAL ES		SGD	2.390	4374.3	77.2	2.51	1.82	2.14	0.84	-0.83	13.27	30.25	30.60	
CACHE LOGISTICS		SGD	1.235	709.1	87.6	1.27	0.95	0.82	3.78	-1.20	18.18	28.65	30.00	
CAMBRIDGE REIT		SGD	0.675	671.0	94.6	0.68	0.48	1.50	4.65	5.47	18.42	40.63	42.11	
MAPLETREE INDUST		SGD	1.360	1812.2	69.4	1.45	1.05	1.87	-1.09	-3.55	12.86	25.35	26.51	
MAPLETREE LOG TR		SGD	1.140	2262.2	58.7	1.18	0.84	1.79	4.11	1.33	16.92	31.79	34.91	
SABANA SHARIAH		SGD	1.135	594.3	87.8	1.15	0.87	1.34	2.25	-0.87	16.41	29.71	29.71	
<b>Total:</b>				<b>10974.8</b>				<b>Average:</b>	<b>1.69</b>	<b>2.88</b>	<b>1.01</b>	<b>17.36</b>	<b>35.09</b>	<b>36.16</b>
<b>Residential (1)</b>														
SAIZEN REIT		SGD	0.178	206.4	88.7	0.18	0.13	4.09	3.49	8.54	23.61	27.14	27.14	
<b>Total:</b>				<b>206.4</b>				<b>Average:</b>	<b>4.09</b>	<b>3.49</b>	<b>8.54</b>	<b>23.61</b>	<b>27.14</b>	<b>27.14</b>
<b>Hospitality (4)</b>														
ASCENDAS HOSPITA		SGD	0.935	614.2	63.2	0.94	0.86	1.63	3.89	2.75	N.A.	N.A.	N.A.	
ASCOTT RESIDENCE		SGD	1.365	1275.2	51.0	1.37	0.98	3.02	3.41	8.76	25.81	37.19	37.88	
CDL REIT		SGD	1.910	1512.5	67.6	2.12	1.54	1.06	0.26	-5.91	1.87	24.43	23.62	
FAR EAST H TRUST		SGD	1.005	1317.7	37.2	1.08	0.93	0.50	1.52	-2.90	N.A.	N.A.	N.A.	
<b>Total:</b>				<b>4719.6</b>				<b>Average:</b>	<b>1.55</b>	<b>2.27</b>	<b>0.68</b>	<b>13.84</b>	<b>30.81</b>	<b>30.75</b>
<b>Healthcare (2)</b>														
FIRST REIT		SGD	1.070	581.6	70.7	1.09	0.76	3.38	6.47	1.90	16.94	39.87	40.79	
PARKWAYLIFE REIT		SGD	2.150	1063.3	57.3	2.20	1.70	-0.46	0.00	8.31	17.17	21.13	20.11	
<b>Total:</b>				<b>1644.9</b>				<b>Average:</b>	<b>1.46</b>	<b>3.23</b>	<b>5.11</b>	<b>17.05</b>	<b>30.50</b>	<b>30.45</b>
<b>Office (3)</b>														
CAPITACOMMERCIAL		SGD	1.690	3927.6	67.4	1.69	1.04	1.50	6.29	13.04	34.13	60.95	60.19	
FRASERS COMMERCIAL		SGD	1.305	690.0	72.4	1.31	0.73	3.98	5.24	11.06	31.82	74.00	76.35	
KEPPEL REIT		SGD	1.295	2785.4	24.6	1.31	0.82	0.39	6.15	9.28	23.33	56.97	56.02	
<b>Total:</b>				<b>7402.9</b>				<b>Average:</b>	<b>1.96</b>	<b>5.89</b>	<b>11.13</b>	<b>29.76</b>	<b>63.97</b>	<b>64.19</b>
<b>Retail (5)</b>														
CAPITAMALL TRUST		SGD	2.150	6074.8	62.5	2.25	1.69	1.42	4.88	6.44	13.46	25.36	26.47	
CAPITARETAIL		SGD	1.640	1004.0	60.3	1.66	1.11	-0.61	6.49	14.26	28.76	47.48	45.56	
FORTUNE REIT		HKD	6.350	1390.8	66.1	6.85	3.64	-2.61	-4.65	7.45	39.87	69.79	68.88	
FRASERS CENTREPO		SGD	2.000	1346.4	58.9	2.04	1.43	2.30	1.01	10.50	20.12	38.89	38.89	
LIPPO MALLS		SGD	0.490	877.9	55.1	0.50	0.34	4.26	6.52	7.69	24.05	40.00	40.00	
<b>Total:</b>				<b>10694.0</b>				<b>Average:</b>	<b>0.95</b>	<b>2.85</b>	<b>9.27</b>	<b>25.25</b>	<b>44.30</b>	<b>43.96</b>
<b>Mixed Commercial (3)</b>														
MAPLETREE COMMERCIAL		SGD	1.220	1866.0	57.4	1.27	0.84	0.00	0.00	4.27	25.77	N.A.	43.53	
STARHILL GLOBAL		SGD	0.785	1246.9	70.5	0.80	0.57	2.61	3.97	2.61	18.94	37.72	38.94	
SUNTEC REIT		SGD	1.665	3059.5	89.8	1.69	1.08	1.22	5.05	12.12	24.25	53.46	54.88	
<b>Total:</b>				<b>6172.3</b>				<b>Average:</b>	<b>1.28</b>	<b>3.01</b>	<b>6.34</b>	<b>22.99</b>	<b>45.59</b>	<b>45.78</b>
<b>S-REIT Aggregate</b>														
<b>25 REITS</b>				<b>41815.0</b>				<b>Average:</b>	<b>1.58</b>	<b>3.21</b>	<b>5.09</b>	<b>21.36</b>	<b>40.91</b>	<b>41.41</b>

Source: Bloomberg, PSR estimates

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