

# Singapore Daily Newsletter

## MARKET SHAPING NEWS

**POSITIVE.** Singtel has signed an agreement with KKR, under which KKR will commit up to SGD1.1b for a 20% stake in Singtel's regional data centre (RDC) business. This deal puts the enterprise value of Singtel's RDC business at SGD5.5b which is at a significant premium to the ~8x multiple that telcos are trading at. KKR will have the option to increase its stake to 25% by 2027 at the pre-agreed valuation. The funds will be used to accelerate the expansion of its data centre's business across Southeast Asian markets, including Singapore, Indonesia and Thailand, SingTel. This partnership aligns with the Group's strategic reset of unlocking the latent value of our vast portfolio of quality assets, as well as scaling growth engines to more than 20% of Group EBITDA in the next few years.

**POSITIVE.** First Sponsor has acquired a 33% stake in the capital of Rotali B.V along with Cobb Netherlands, Maleny Netherlands, Robinvale Netherlands. The group's pro rata portion was EUR5.2m or SGD7.6m. The building, which has a leasehold tenure of 99 years ending on 22 Dec 2087, has a three-storey basement, ground floor, 21 upper floors and 207 indoor parking spaces. Its total lettable floor area measures 19,607 sqm. Currently, the property is fully leased to Allianz Nederland Groep. The acquisition presents a good opportunity for the group to acquire a Grade A office building in Rotterdam's CBD. The move will help expand the recurrent income base for its property holding and property financing business segments. The transaction was funded by existing cash resources and committed credit facilities.

**POSITIVE.** CapitaLand Investment Limited's (CLI) regional core-plus fund, CapitaLand Open End Real Estate Fund (COREF), has acquired a newly completed, Grade A logistics property in South Korea for SGD112m. The acquisition will bring COREF's funds under management to over SGD1b. The high specifications logistics property, Anseong Seongeun Logistics Centre, comprises two four-storey buildings with basement floors totalling 60,407 sqm of net leasable area. The group sees potential in this asset as it has a prime location in the north-western region of Anseong that has attracted major logistics companies to set up base. This complements COREF's existing portfolio of 10 office and multifamily assets across Japan, Singapore and Australia and diversifies the portfolio to the resilient South Korean logistics sector.

**NEUTRAL.** Singapore Land has submitted an application to the URA to rezone a portion of its Marina Square site from "hotel" to "residential with commercial at first storey". Marina Square is a mixed-use development that has three hotels, a shopping mall and an office. The development sits on 99-year leasehold land that started from 9 Sep 1980. The site area measures 92,197 sqm with a total gross floor area of 315,046 sqm. The proposed rezoning for residential use spans some 3,700 sqm and will include a part of the swimming pool at Parkroyal Collection Marina Bay and a part of the shopping mall.

## UPCOMING EVENTS

25/09/2023	Inflation Rate	Economics
26/09/2023	Industrial Production	Economics
29/09/2023	Bank Lending	Economics
29/09/2023	PPI	Economics
03/10/2023	URA Property Index	Economics
03/10/2023	Manufacturing PMI	Economics
05/10/2023	Retail Sales	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,624	6	0.0%
S&P500	4,454	3	0.1%
Nasdaq	13,710	2	0.0%
Nikkei 225	33,533	0	0.0%
HSI	17,931	-252	-1.4%
SH Comp	3,126	8	0.3%
Kospi	2,575	-27	-1.0%
TWSE	16,698	-223	-1.3%
STI	3,263	-17	-0.5%
KLCI	1,458	-1	-0.1%
JKSE	6,936	-47	-0.7%
SET	1,528	-14	-0.9%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3633	-0.0003	0.0%
GBPSGD	1.6883	-0.0001	0.0%
EURSGD	1.4578	0.0049	0.3%
CHFSGD	1.5197	0.0009	0.1%
AUDSGD	0.8776	0.0006	0.1%
NZDSGD	0.8067	0.0025	0.3%
JPYSGD	0.9236	0.0015	0.2%
SGDMYR	3.4372	0.0009	0.0%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.30	-0.03	-0.7%
SG10Y	3.32	0.04	1.4%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	94.4	0.5	0.5%
WTI	91.5	0.7	0.8%
Gold	1,934	10	0.5%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	26,775	328	1.2%
ETH/USD	1,638	20	1.2%

Source: Bloomberg

## TOP EQUITY IDEAS



### Frencken Group Ltd - [Accumulate for FY24E](#)

With key customers ASML and AMAT raising their revenue forecasts, we believe it's Singapore and Malaysia factory utilisation should benefit from a recovery in FY24E, especially when ASML is shifting some of its production from Europe to Malaysia. We think Frencken's performance likely bottomed in 1Q23. We are now more confident of a stronger FY24E, and maintain BUY with a higher TP of SGD1.27 (+31%), based on 11x from 9x FY24E PE. We also raise FY24E PATMI by 8.5% on better margins.



### Sea Ltd - [TikTok Shop ban threat positive for Sea](#)

TikTok Shop has been accused of unfair competition by local MSMEs through cheap imports. Indonesia is one of Shopee's largest markets and the platform has ~40% share of online sales. Regulatory action that restrains TikTok Shop should result in market-share shifts in favour of existing platforms including Shopee. Further, TikTok shop's relatively lower fee structure and aggressive investments in Indonesia have spurred SE to invest more heavily in subsidies and marketing to protect market share.

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