

Singapore

ADD (no change)

Consensus ratings*: Buy 5 Hold 2 Sell 0

| | |
|-----------------------|----------|
| Current price: | S\$0.44 |
| Target price: | S\$0.501 |
| Previous target: | S\$0.538 |
| Up/downside: | 13.8% |
| CGS-CIMB / Consensus: | -4.1% |

| | |
|-------------------------|------------|
| Reuters: | ESRR.SI |
| Bloomberg: | EREIT.SP |
| Market cap: | US\$1,311m |
| | S\$1,773m |
| Average daily turnover: | US\$2.21m |
| | S\$3.00m |
| Current shares o/s: | 3,169m |
| Free float: | 61.2% |

*Source: Bloomberg

Key changes in this note

➤ FY22-23F DPU adjusted by -1.3% to +0.7%.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-------|------|------|
| Absolute (%) | -7.4 | -8.3 | 10 |
| Relative (%) | -12.4 | -9.6 | -0.2 |

| Major shareholders | % held |
|-------------------------|--------|
| Tong Jinquan | 30.8 |
| e-shang Infinity Cayman | 7.7 |
| Vanguard | 2.2 |

Analyst(s)

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ESR-REIT

Stable income, attractive yield

- EREIT's FY21 DPU of 2.987 (+6.7% yoy) was in line at 101% of our forecast.
- Positive rental reversion from high-specs, logistics and general industrial partially offset the negative reversion from business park.
- Reiterate Add; EREIT is trading at an attractive 6-7% DPU yield.

Absence of rental rebates and acquisition boost FY21 performance

ESR-REIT's (EREIT) FY21 DPU of 2.987 Scts (+6.7% yoy) was in line, at 101% of our FY21F DPU of 2.96 Scts. FY21 revenue/NPI rose 4.9%/5.5% yoy on (i) the absence of provision for Covid-19 rental rebates to tenants in FY21 (S\$7.4m in FY20), (ii) contribution from 46A Tanjong Penjuru which was acquired on 29 Jun 2021, as well as (iii) the leasing out of certain properties in FY21. Amount available for distribution was higher by 15.4% yoy due to higher NPI, lower finance cost and contribution from 10% interest in ESR Australia Logistics Partnership. However, the stronger growth was partially offset by the larger share base due to equity fund raising, leading to a slower yoy DPU growth.

Healthy reversion from high-specs, logistics and general industrial

Portfolio occupancy rate improved from 91.2% in 3Q21 to 92% in 4Q21 and stayed above industry average of 91.4%. Rental reversion in FY21 was -1.7% vs -0.6% in FY20, primarily due to renewals of certain large tenants in the business park segment. Rental reversion for 4QFY21 was encouraging at +3% with high specs, logistics and general industrial sectors registering positive rental reversions. General industrial saw strong demand recently with the pick-up in the economy. The business park segment remained relatively weak with rental reversion at -4.9% in FY21. 26.5% of leases are expiring in FY22 of which c.11.5% are in advanced negotiations to secure early renewal commitments. The majority of the leasing interest were from media production, semiconductor manufacturing, e-commerce, food storage, furniture showroom, e-gaming and general warehousing sectors.

Active capital recycling and AEIs to boost portfolio yield

In FY21, EREIT acquired 2 assets at 6-7% yield, divested 3 assets at c.5% exit yield and completed 2 AEIs with yield on cost of c.7%. 19 Tai Seng's AEI was completed in 4Q21 and has started generating income. It is now 76% committed and continues to see good demand. AEI at 7000 AMK will be completing in 3Q23 with good yield on cost of 9%. The asset is seeing strong demand from data centre operators. The REIT will be calling for tender for the AEI at 16 Tai Seng to create an additional 29k sf of floor space.

Reiterate Add

Our FY22-23F DPU is adjusted by -1.3% to +0.7% after updating for the full year numbers. We reduce our DDM-based TP to S\$0.501 as we raise our COE assumption to reflect the rising interest rate environment. Its diversified portfolio would provide stable income. A successful merger with ALOG will help to accelerate inorganic growth. Upside/downside risks are accretive acquisitions/weaker rental reversions.


| Financial Summary | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|-------------------------------|---------|---------|---------|---------|---------|
| Gross Property Revenue (S\$m) | 229.9 | 241.3 | 251.4 | 255.4 | 262.8 |
| Net Property Income (S\$m) | 164.2 | 173.3 | 186.0 | 189.0 | 194.5 |
| Net Profit (S\$m) | 2.8 | 80.6 | 111.4 | 113.2 | 117.9 |
| Distributable Profit (S\$m) | 99.1 | 114.4 | 126.6 | 128.5 | 130.3 |
| Core EPS (S\$) | 0.022 | 0.015 | 0.027 | 0.028 | 0.029 |
| Core EPS Growth | (25.3%) | (32.7%) | 86.9% | 1.3% | 3.9% |
| FD Core P/E (x) | 20.16 | 28.97 | 15.57 | 15.80 | 15.22 |
| DPS (S\$) | 0.028 | 0.030 | 0.031 | 0.032 | 0.032 |
| Dividend Yield | 6.30% | 6.79% | 7.09% | 7.17% | 7.25% |
| Asset Leverage | 37.0% | 35.8% | 36.8% | 37.3% | 37.8% |
| BVPS (S\$) | 0.40 | 0.42 | 0.39 | 0.38 | 0.38 |
| P/BV (x) | 1.09 | 1.05 | 1.13 | 1.14 | 1.16 |
| Recurring ROE | 5.22% | 3.69% | 7.01% | 7.19% | 7.55% |
| % Change In DPS Estimates | | | 0.67% | (1.26%) | |
| CGS-CIMB/Consensus DPS (x) | | | 1.01 | 0.96 | 0.89 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

| FYE Dec 31 (\$\$ m) | 2H | 2H | yoy % | hoh % | FY21 | FY20 | yoy % | Prev. | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--|
| | FY21 | FY20 | chg | chg | Cum | Cum | chg | FY21F | Comments |
| Revenue | 121.4 | 116.2 | 4.5 | 1.3 | 241.3 | 229.9 | 4.9 | 245.1 | FY21 revenue improved yoy due to contributions from the acquisition of 46A Tanjong Penjuru and the absence of provision for Covid-19 rental rebates. |
| Property operating expenses | (35.2) | (32.2) | (9.2) | 6.9 | (68.0) | (65.7) | 3.5 | (67.396) | |
| NPI | 86.3 | 84.0 | 2.8 | (0.8) | 173.3 | 164.2 | 5.5 | 177.7 | |
| <i>NPI margin (%)</i> | <i>71.1</i> | <i>72.3</i> | | | <i>71.8</i> | <i>71.4</i> | | <i>72.5</i> | |
| Interest expense | (22.2) | (21.8) | 1.8 | (19.3) | (43.9) | (45.2) | 3.0 | (43.6) | |
| Interest & invt inc | 0.0 | 0.0 | 42.9 | - | 0.0 | 0.0 | 17.6 | 0.1 | |
| Mgmt fees | (7.6) | (7.3) | (4.4) | 5.9 | (14.8) | (14.6) | 1.4 | (18.7) | |
| Share of results of JV | 4.5 | 2.2 | (105.9) | 39.0 | 7.7 | 3.0 | na | - | |
| Other trust expenses | 8.9 | (13.0) | 168.8 | (339.4) | (0.6) | (20.2) | na | (5.7) | |
| Exceptionals & revaln | (26.0) | (5.8) | (350.3) | (313.9) | (13.9) | (74.4) | 81.4 | - | |
| Pretax profit | 43.8 | 38.3 | (14.5) | (31.4) | 107.8 | 12.7 | 745.6 | 109.8 | |
| Tax | (2.2) | (0.0) | na | na | (2.2) | (0.0) | na | - | |
| <i>Tax rate (%)</i> | <i>5.1</i> | <i>0.0</i> | | | <i>2.0</i> | <i>0.1</i> | | <i>-</i> | |
| Minority interests | (2.1) | (2.0) | 8.0 | 7.6 | (4.1) | (3.0) | na | (3.0) | |
| Perpetual securities | (3.5) | (3.5) | - | 1.6 | (6.9) | (6.9) | na | 111.2 | |
| Net profit | 41.6 | 38.3 | (8.7) | (34.9) | 105.6 | 12.7 | 729.4 | 217.9 | |
| Distr profit | 57.6 | 51.3 | 12.3 | 1.5 | 114.4 | 99.1 | 15.4 | 111.2 | |
| DPU (\$ cts) | 1.43 | 1.44 | (0.6) | (7.8) | 2.99 | 2.80 | 6.7 | 2.96 | FY21 DPU came in line at 101% of our FY21 forecast. |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

|  Refinitiv ESG Scores | |
|--|--|
| | |
| <p>ESG in a nutshell</p> <p>EREIT scored a C+ in its combined ESG score — Environmental: B+, Social: C, and Governance: C-; it scored A+ in controversies. According to Refinitiv, EREIT’s Social and Governance scores were weighed down by lack of disclosures. In 2020, EREIT was conferred the Best Industrial REIT- Gold at the 7th Edition REITS Asia Pacific & The Best of The Breeds REIT Awards 2020 and was awarded Best Payments & Collection Solution at The Asset Triple A Treasury, Trade, Supply Chain and Risk Management Awards 2020. In recognition of its sustainability efforts, the REIT was awarded in the Titanium category of The Asset Benchmark Research ESG Corporate Awards 2020. Eight of EREIT’s properties are certified with Green Mark and LEED certifications.</p> | |
| <p>Keep your eye on</p> <p>EREIT’s combined ESG score was weighed down by its social and governance pillars.</p> | <p>Implications</p> <p>We think the delay in implementing responsible practices or disclosures poses a drag on the stock. Our current valuations have not ascribed a premium/discount to this pillar.</p> |
| <p>ESG highlights</p> <p>Based on Refinitiv’s score, EREIT ranked 53 out of 96 companies in Singapore and 17 out of 27 REITs in Singapore.</p> <p>EREIT has clear ESG targets.</p> <p>Environmental: i) Achieve a 5% reduction in total energy consumption for multi-tenanted buildings (MTB) from 2019 to 2023; ii) reduce energy intensity for MTBs by 1% per year; iii) achieve Green Mark Certification for all buildings that undergo AEI from 2019 onwards (where economically feasible and viable); iv) reduce water intensity for MTBs by 2% per year; and v) achieve new Water Efficiency Building certifications for 10% of the MTBs per year.</p> <p>Social: i) Maintain fair employment practices and be a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices; ii) maintain employee satisfaction level at 75% or more each, year with a response rate of >75%; and (iii) maintain an average of 16 training hours per employee per year.</p> <p>Governance: i) Zero lapses in corporate governance or corruption; and ii) zero material incidents of noncompliance with socio-economic laws and regulations.</p> | <p>Implications</p> <p>EREIT has demonstrated its commitment towards ESG by setting out clear targets for each of the pillars. Stronger focus, faster implementation and better disclosures would help in improving its ESG scores, which would help to draw attention from investors, in our view.</p> |
| <p>Trends</p> <p>EREIT’s governance score weakened from C in 2019 to C- in 2020.</p> | <p>Implications</p> <p>Lack of disclosures/weak governance will pose a drag on its valuation.</p> |

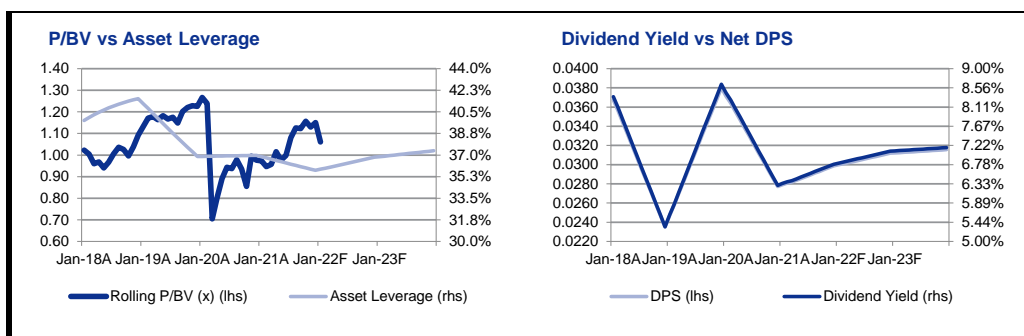
SOURCES: CGS-CIMB RESEARCH, REFINITIV

Figure 2: Sector comparison

| SREIT | Bloomberg Ticker | Rec. | Price (LC) | Target | Mkt Cap (US \$m) | Last reported asset leverage | Last stated NAV | Price / Stated NAV | FY21F Yield | FY22F Yield | FY23F Yield | |
|---------------------------------------|------------------|------|-----------------|------------------------|------------------|------------------------------|-----------------|--------------------|-------------|-------------|-------------|--|
| | | | as at 26 Jan 22 | Price (LC) (DDM-based) | | | | | | | | |
| Hospitality | | | | | | | | | | | | |
| Ascott Residence Trust | ART SP | Add | 1.03 | 1.22 | \$2,496 | 35.3% | 1.17 | 0.88 | 4.1% | 4.8% | 6.2% | |
| CDL Hospitality Trust | CDREIT SP | Add | 1.14 | 1.32 | \$1,037 | 40.1% | 1.29 | 0.88 | 3.6% | 4.3% | 5.9% | |
| Far East Hospitality Trust | FEHT SP | Add | 0.57 | 0.75 | \$832 | 41.6% | 0.79 | 0.72 | 4.4% | 4.5% | 5.7% | |
| Frasers Hospitality Trust | FHT SP | NR | 0.44 | NA | \$623 | 37.7% | 0.65 | 0.67 | 4.5% | 5.0% | 5.0% | |
| Simple Average | | | | | | 38.7% | | 0.79 | 4.1% | 4.6% | 5.7% | |
| Industrial | | | | | | | | | | | | |
| AIMS AMP | AAREIT SP | NR | 1.42 | NA | \$752 | 33.6% | 1.34 | 1.06 | 6.3% | 6.8% | 6.9% | |
| Ascendas REIT | AREIT SP | Add | 2.82 | 3.31 | \$8,755 | 37.6% | 2.25 | 1.25 | 5.5% | 6.0% | 6.2% | |
| ARA LOGOS Logistics Trust | ALLT SP | Add | 0.87 | 0.98 | \$935 | 39.5% | 0.67 | 1.30 | 5.8% | 5.8% | 5.9% | |
| ESR-REIT | EREIT SP | Add | 0.44 | 0.50 | \$1,311 | 40.0% | 0.40 | 1.11 | 6.8% | 7.1% | 7.2% | |
| Frasers Logistics & Commercial Trust | FLT SP | Add | 1.39 | 1.62 | \$3,789 | 33.7% | 1.24 | 1.12 | 5.5% | 6.0% | 6.0% | |
| Keppel DC REIT | KDCREIT SP | Add | 2.17 | 2.70 | \$2,753 | 34.6% | 1.34 | 1.62 | 4.6% | 4.9% | 4.9% | |
| Mapletree Industrial Trust | MINT SP | Add | 2.53 | 3.16 | \$4,978 | 39.9% | 1.80 | 1.41 | 5.0% | 5.2% | 5.6% | |
| Mapletree Logistics Trust | MLT SP | Hold | 1.72 | 2.11 | \$5,943 | 38.2% | 1.32 | 1.30 | 4.8% | 5.0% | 5.0% | |
| Sabana Shariah | SSREIT SP | NR | 0.45 | NA | \$358 | 33.4% | 0.51 | 0.88 | na | na | na | |
| Simple Average | | | | | | 36.7% | | 1.32 | 5.5% | 5.8% | 6.0% | |
| Office | | | | | | | | | | | | |
| Keppel REIT | KREIT SP | Add | 1.15 | 1.29 | \$3,143 | 38.4% | 1.29 | 0.89 | 5.1% | 5.0% | 5.2% | |
| OUE Commercial REIT | OUECT SP | Hold | 0.42 | 0.45 | \$1,670 | 38.0% | 0.58 | 0.72 | 7.0% | 6.7% | 6.8% | |
| Suntec REIT | SUN SP | Add | 1.55 | 1.79 | \$3,270 | 43.7% | 2.11 | 0.73 | 5.4% | 6.0% | 6.1% | |
| Simple Average | | | | | | 40.0% | | 0.78 | 5.8% | 5.9% | 6.0% | |
| Retail | | | | | | | | | | | | |
| CapitaLand Integrated Commercial | CICT SP | Add | 1.96 | 2.57 | \$9,579 | 40.9% | 2.05 | 0.96 | 5.3% | 5.7% | 5.8% | |
| Frasers Centrepoint Trust | FCT SP | Add | 2.28 | 2.73 | \$2,868 | 34.5% | 2.30 | 0.99 | 5.3% | 5.5% | 5.6% | |
| Lendlease Global Commercial REIT | LREIT SP | Add | 0.86 | 0.96 | \$753 | 34.3% | 0.81 | 1.06 | 5.5% | 5.5% | 6.2% | |
| Mapletree Commercial Trust | MCT SP | Add | 1.85 | 2.18 | \$4,545 | 34.2% | 1.72 | 1.08 | 5.1% | 5.1% | 5.3% | |
| SPH REIT | SPHREIT SP | Add | 0.97 | 1.03 | \$1,998 | 30.3% | 0.91 | 1.06 | 5.6% | 5.5% | 5.4% | |
| Starhill Global REIT | SGREIT SP | Add | 0.63 | 0.71 | \$1,030 | 36.1% | 0.80 | 0.78 | 6.3% | 6.7% | 6.9% | |
| Simple Average | | | | | | 35.1% | | 0.99 | 5.5% | 5.7% | 5.9% | |
| Overseas-centric | | | | | | | | | | | | |
| CapitaLand China Trust | CLCT SP | NR | 1.18 | NA | \$1,457 | 34.7% | 1.55 | 0.76 | 7.5% | 8.2% | 8.6% | |
| Elite Commercial REIT | ELITE SP | Add | 0.66 | 0.77 | \$420 | 42.1% | 0.63 | 1.05 | 8.3% | 7.7% | 8.3% | |
| Mapletree North Asia Commercial Trust | MAGIC SP | Add | 1.09 | 1.13 | \$2,844 | 41.4% | 1.27 | 0.86 | 5.6% | 6.3% | 7.3% | |
| Manulife US REIT | MUST SP | Add | 0.66 | 0.92 | \$1,149 | 42.0% | 0.71 | 0.92 | 8.4% | 8.8% | 9.3% | |
| Sasseur REIT | SASSR SP | Add | 0.81 | 1.03 | \$725 | 27.2% | 0.94 | 0.85 | 8.3% | 8.9% | 9.3% | |
| Simple Average | | | | | | 38.3% | | 0.89 | 0.08 | 0.08 | 0.09 | |
| Healthcare | | | | | | | | | | | | |
| Parkway Life REIT | PREIT SP | Add | 4.80 | 5.05 | \$2,148 | 37.0% | 1.95 | 2.46 | 2.9% | 3.1% | 3.1% | |
| Simple Average | | | | | | 36.0% | | 2.46 | 2.9% | 3.1% | 3.1% | |
| Simple average for SIN | | | | | | 37.2% | | 1.05 | 5.6% | 5.9% | 6.3% | |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

| (\$m) | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Rental Revenues | 229.9 | 241.3 | 251.4 | 255.4 | 262.8 |
| Other Revenues | | | | | |
| Gross Property Revenue | 229.9 | 241.3 | 251.4 | 255.4 | 262.8 |
| Total Property Expenses | (65.7) | (68.0) | (65.4) | (66.4) | (68.3) |
| Net Property Income | 164.2 | 173.3 | 186.0 | 189.0 | 194.5 |
| General And Admin. Expenses | | | | | |
| Management Fees | (14.6) | (14.8) | (15.9) | (16.0) | (16.0) |
| Trustee's Fees | | | | | |
| Other Operating Expenses | (20.2) | (14.6) | (14.6) | (14.6) | (14.6) |
| EBITDA | 129.3 | 143.8 | 155.5 | 158.4 | 163.8 |
| Depreciation And Amortisation | | | | | |
| EBIT | 129.3 | 143.8 | 155.5 | 158.4 | 163.8 |
| Net Interest Income | (45.2) | (43.9) | (44.8) | (45.9) | (46.7) |
| Associates' Profit | 3.0 | 7.7 | 7.7 | 7.7 | 7.7 |
| Other Income/(Expenses) | 0.0 | (38.8) | 4.0 | 4.1 | 4.1 |
| Exceptional Items | (74.4) | 24.9 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 12.7 | 93.7 | 122.4 | 124.2 | 128.9 |
| Taxation | (0.0) | (2.2) | 0.0 | 0.0 | 0.0 |
| Minority Interests | (3.0) | (4.1) | (4.1) | (4.1) | (4.1) |
| Preferred Dividends | (6.9) | (6.9) | (6.9) | (6.9) | (6.9) |
| Net Profit | 2.8 | 80.6 | 111.4 | 113.2 | 117.9 |
| Distributable Profit | 99.1 | 114.4 | 126.6 | 128.5 | 130.3 |

Cash Flow

| (\$m) | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|---------------------------------|----------------|--------------|----------------|----------------|----------------|
| Pre-tax Profit | 12.7 | 93.7 | 122.4 | 124.2 | 128.9 |
| Depreciation And Non-cash Adj. | 42.2 | 76.5 | 37.1 | 38.2 | 39.0 |
| Change In Working Capital | 13.2 | 7.5 | (3.3) | 0.6 | 1.1 |
| Tax Paid | (0.0) | (0.7) | 0.0 | 0.0 | 0.0 |
| Others | 81.3 | 21.5 | 0.0 | 0.0 | 0.0 |
| Cashflow From Operations | 149.4 | 198.6 | 156.2 | 163.0 | 169.0 |
| Capex | (10.9) | (28.5) | (49.6) | (10.0) | (10.0) |
| Net Investments And Sale Of FA | 0.0 | 54.0 | 11.1 | 0.0 | 0.0 |
| Other Investing Cashflow | 4.8 | 5.0 | 7.7 | 7.7 | 7.7 |
| Cash Flow From Investing | (6.1) | 30.5 | (30.8) | (2.3) | (2.3) |
| Debt Raised/(repaid) | (14.0) | 16.6 | 43.5 | 19.6 | 20.0 |
| Equity Raised/(Repaid) | (0.4) | 145.9 | 0.0 | 0.0 | 0.0 |
| Dividends Paid | (73.0) | (115.4) | (126.6) | (128.5) | (130.3) |
| Cash Interest And Others | (55.5) | (54.1) | (55.7) | (56.9) | (57.6) |
| Cash Flow From Financing | (142.9) | (6.9) | (138.9) | (165.8) | (168.0) |
| Total Cash Generated | 0.4 | 222.2 | (13.5) | (5.1) | (1.3) |
| Free Cashflow To Firm | 143.3 | 229.1 | 125.5 | 160.8 | 166.8 |
| Free Cashflow To Equity | 84.6 | 201.5 | 124.1 | 134.4 | 140.0 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (S\$m) | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Investments | 2,927 | 3,253 | 3,292 | 3,302 | 3,312 |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 |
| Other Long-term Assets | 230 | 0 | 0 | 0 | 0 |
| Total Non-current Assets | 3,157 | 3,253 | 3,292 | 3,302 | 3,312 |
| Total Cash And Equivalents | 18 | 24 | 11 | 6 | 4 |
| Inventories | | | | | |
| Trade Debtors | 12 | 23 | 21 | 21 | 22 |
| Other Current Assets | 0 | 29 | 29 | 29 | 29 |
| Total Current Assets | 30 | 76 | 61 | 56 | 55 |
| Trade Creditors | 62 | 64 | 59 | 59 | 61 |
| Short-term Debt | 190 | 209 | 209 | 209 | 209 |
| Other Current Liabilities | 66 | 75 | 75 | 75 | 75 |
| Total Current Liabilities | 319 | 349 | 343 | 344 | 345 |
| Long-term Borrowings | 988 | 981 | 1,025 | 1,045 | 1,065 |
| Other Long-term Liabilities | 282 | 251 | 251 | 251 | 251 |
| Total Non-current Liabilities | 1,270 | 1,232 | 1,276 | 1,295 | 1,315 |
| Shareholders' Equity | 1,447 | 1,598 | 1,583 | 1,567 | 1,555 |
| Minority Interests | | | | | |
| Preferred Shareholders Funds | 151 | 151 | 151 | 151 | 151 |
| Total Equity | 1,598 | 1,749 | 1,734 | 1,719 | 1,706 |

Key Ratios

| | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|-------------------------------|---------|---------|---------|---------|---------|
| Gross Property Revenue Growth | (9.14%) | 4.94% | 4.20% | 1.57% | 2.90% |
| NPI Growth | (12.6%) | 5.5% | 7.4% | 1.6% | 2.9% |
| Net Property Income Margin | 71.4% | 71.8% | 74.0% | 74.0% | 74.0% |
| DPS Growth | (27.1%) | 7.8% | 4.4% | 1.2% | 1.1% |
| Gross Interest Cover | 2.86 | 3.28 | 3.47 | 3.44 | 3.50 |
| Effective Tax Rate | 0.09% | 2.31% | 0.00% | 0.00% | 0.00% |
| Net Dividend Payout Ratio | 3579% | 142% | 114% | 114% | 111% |
| Current Ratio | 0.09 | 0.22 | 0.18 | 0.16 | 0.16 |
| Quick Ratio | 0.09 | 0.22 | 0.18 | 0.16 | 0.16 |
| Cash Ratio | 0.057 | 0.069 | 0.031 | 0.016 | 0.012 |
| Return On Average Assets | 0.09% | 2.47% | 3.34% | 3.37% | 3.51% |

Key Drivers

| | Dec-20A | Dec-21A | Dec-22F | Dec-23F | Dec-24F |
|---|---------|---------|---------|---------|---------|
| Business park avg occ rate | 86.0 | 87.5 | 88.8 | 90.0 | 91.3 |
| High Specs Industrial avg occ rate | 73.9 | 83.6 | 89.0 | 87.8 | 86.3 |
| Logistics/warehouse avg occ rate | 95.2 | 95.6 | 97.4 | 97.4 | 97.4 |
| General Industrial avg occ rate | 84.7 | 86.1 | 86.9 | 86.9 | 86.8 |
| Business parks avg rental rate (S\$ psf) | 3.5 | 3.9 | 4.0 | 4.1 | 4.1 |
| High Specs Industrial avg rental rate (S\$ psf) | 2.7 | 2.4 | 2.3 | 2.5 | 2.5 |
| Logistics/warehouse avg rental rate (S\$ psf) | 1.5 | 1.4 | 1.5 | 1.5 | 1.5 |
| General Industrial avg rental rate (S\$ psf) | 1.1 | 1.3 | 1.3 | 1.3 | 1.3 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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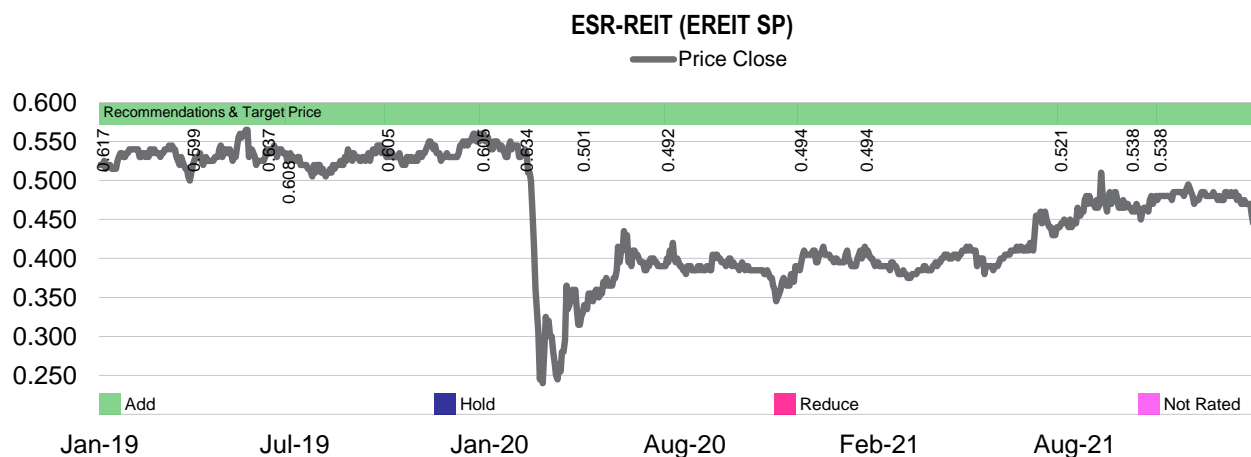
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| Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021 | | |
|--|-------------------------|--------------------------------|
| 619 companies under coverage for quarter ended on 31 December 2021 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 71.1% | 1.5% |
| Hold | 21.8% | 0.0% |
| Reduce | 7.1% | 0.0% |

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

| Recommendation Framework | |
|--|--|
| Stock Ratings | Definition: |
| Add | The stock's total return is expected to exceed 10% over the next 12 months. |
| Hold | The stock's total return is expected to be between 0% and positive 10% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below 0% or more over the next 12 months. |
| <i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i> | |
| Sector Ratings | Definition: |
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |
| Country Ratings | Definition: |
| Overweight | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark. |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |

