

Sector updates

Singapore REITs – Weathering inflationary concerns

Research Team

Singapore | Real Estate

Inflation, Deflation
or Stagflation?

Investment summary

Higher inflationary pressures have raised concerns on the impact of margins on the S-REITs sector. We believe mitigating factors include i) S-REITs engaging in bulk purchase of electricity, especially for those REITs which have larger sponsors, ii) passthrough of higher utility costs to tenants in the form of higher service charges, iii) tighter cost controls and use of automation and technology to reduce manpower costs such as security contracts, iv) lease structures which have annual rental escalations, direct CPI-linked indexation and/or periodic market rent reviews which would help to buffer the increase in cost inflation. From 2005 to 2021, there was a meaningful positive correlation between the YoY change in the Singapore CPI and corresponding YoY changes in both the Singapore property price and rental indices. Our findings show that the residential and industrial sub-sectors have the highest correlation between CPI changes and growth in their respective capital values and rents, while the retail sub-sector has the lowest correlation.

Given persistent inflationary pressures, interest rates are poised to increase further as major central banks are likely to raise their benchmark rates this year. Although this could result in higher borrowing costs ahead, we believe the S-REITs under our coverage have continued to be prudent on their capital management. The average gearing ratio stood at 37.4%, as at 31 Dec 2021, while 74.4% of their borrowings are fixed/hedged, which would mitigate the expected increase in borrowing costs ahead.

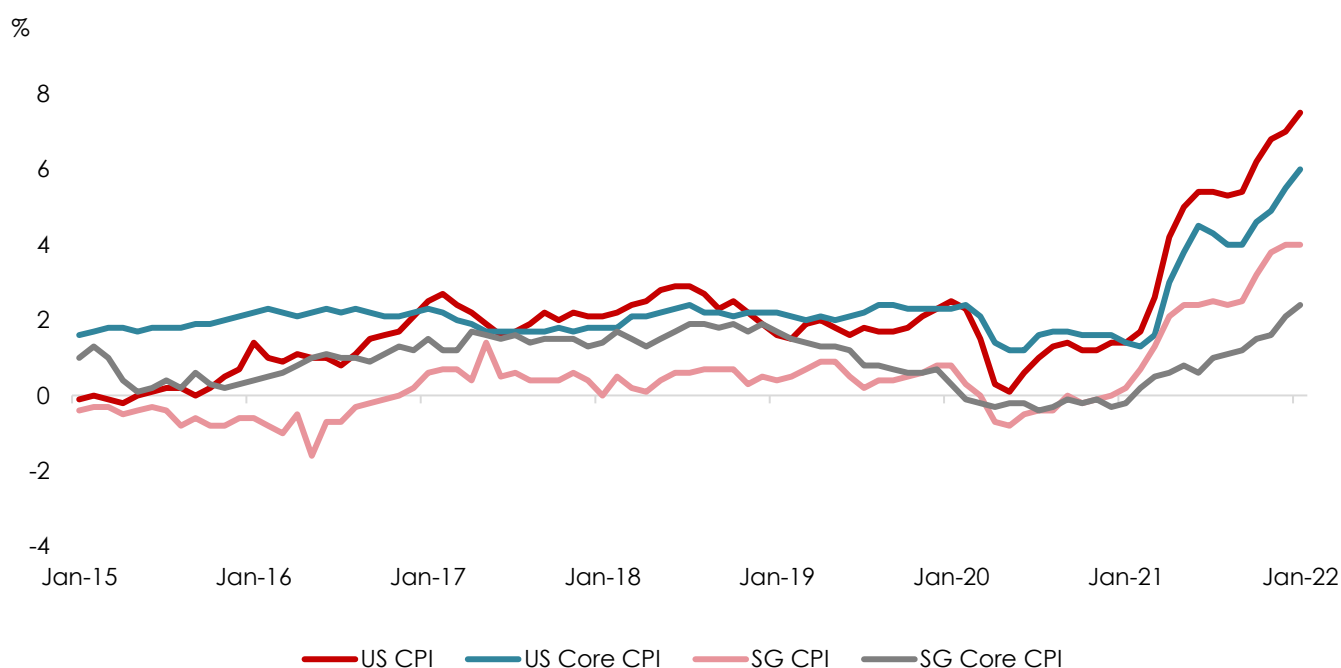
During the major rate hike cycles from 2004 to 2006 and 2015 to 2018, we note that the S-REITs sector delivered positive share price return from the start of the first hike to the start of the first rate cut, although there was volatility seen, especially in 2018. The FTSE Straits Times REIT Index is trading at a forward yield spread of 389 bps (as at 28 Feb 2022). This is 0.4 standard deviations below the 10-year average of 411 bps, but in-line with the 5-year mean (389 bps). Current yield spread is higher as compared to the start of 2020 (pre-pandemic), and also the period from the start of 2018 to mid-Oct 2018. We continue to recommend a barbell strategy in terms of sector positioning, focusing on the higher quality large cap names with strong sponsor support amid an uncertain macroeconomic and geopolitical environment. Our preferred picks for our basket of reopening/recovery plays comprise **Ascott Residence Trust (ART) [BUY; FV: SGD1.22]** and **Capitaland Integrated Commercial Trust (CICT SP) [BUY; FV: SGD2.44]**. On the other hand, S-REITs we like with exposure to new economy assets which we believe are more resilient and defensive over the longer run are **Ascendas REIT (AREIT SP) [BUY; FV: SGD3.63]**, **Fraser's Logistics & Commercial Trust (FLT SP) [FV: SGD1.66]** and **Mapletree Industrial Trust (MINT SP) [FV: SGD3.30]**.

- Real estate offers some form of inflation hedge; prudent capital management to mitigate interest rate increases
- S-REITs sector delivered positive returns during last two rate hike cycles in 2004-2006 and 2015-2018, though volatility was seen
- Preferred picks: ART SP, CICT SP, AREIT SP, FLT SP and MINT SP

Rising inflation a valid concern, but some mitigating factors

Singapore's consumer price index (CPI) rose 4.0% YoY in Dec 2021, while core CPI increased 2.1% YoY. This led the Monetary Authority of Singapore (MAS) to carry out a pre-emptive adjustment in its monetary policy by slightly increasing the rate of appreciation of its monetary policy band. The higher inflationary environment persisted in Jan 2022, with headline CPI and core CPI increasing by 4.0% and 2.4% YoY, respectively. One of the main drivers behind the increase was Electricity & Gas, which accelerated to 17.2% YoY, versus +10.7% in Dec 2021. The steeper increase in electricity and gas tariffs suggests higher utility costs ahead for the S-REITs sector. This could be further exacerbated by the Russia and Ukraine situation, which has resulted in a spike in oil prices. Given the stronger-than-expected inflation print, MAS is projecting core inflation to come in at 2-3% for 2022 and for CPI-All Items inflation to fall within the 2.5-3.5% range. Core inflation could pick up pace to reach 3% by the middle of the year before easing in 2H22 as external inflation recedes, according to MAS. In the US, the high headline inflation numbers have caused jitters in the financial markets, with last reported Jan 2022 CPI growth coming in at 7.5% on a YoY basis. US core CPI jumped 6.0% YoY for the same period.

Exhibit 1: CPI and core CPI trend in Singapore and the US (% YoY change)



Source: Refinitiv, SingStats

Given this backdrop, it was not surprising that there were several questions on inflationary pressures and the impact of margins being posted to the management teams of S-REITs during the earnings season. In general, while higher cost inflation is likely to exert pressure on margins, we believe there are some mitigating factors. These include i) S-REITs engaging in bulk purchase of electricity, especially for those REITs which have larger sponsors, ii) passthrough of higher utility costs to tenants in the form of higher service charges, iii) tighter cost controls and use of automation and technology to reduce manpower costs such as security contracts, iv) lease structures which have annual rental escalations, direct CPI-linked indexation and/or periodic market rent reviews which would help to buffer the increase in cost inflation.

We also highlight commentary on this topic by some of the S-REITs we cover:

Industrial:

Ascendas REIT highlighted during its FY21 analyst briefing that it expects its electricity costs to increase by 50-70% from 2021 average. Utilities accounted for 19% of its total property operating expenses in FY20. While the increase is significant, management said it might be able to recover a portion of the increase via higher service charges in Singapore. For its overseas assets, majority of the increase in utility expenses can be

recovered from tenants, with the exception of vacant spaces. As for rental escalations which would help to buffer cost inflationary pressures, its Singapore single-tenanted buildings and longer leases typically come with ~2% annual rental escalations. For the US, majority of the leases have annual escalations of between 2.5% to 4%, and for Australia, average rent escalation is around 3% per annum. For leases in the UK, rents are adjusted up to market rates, pegged to index inflation or increased at a predetermined rate every five years.

Mapletree Industrial Trust said that in light of rising utility costs, it will accelerate the installation of solar panels at more properties in Singapore (for example it completed such installations at its Serangoon North Cluster properties). It will install more energy efficient fit-outs such as the use of motion sensors at staircase landings, corridors and toilets, and will make use of technology to reduce reliance on manpower. As for rental escalations which can help to buffer rising cost pressures, its built-to-suit Hi-Tech buildings and data centre properties in Singapore have annual rental step-ups of 1.5-2% per annum. In North America, more than 90% of its data centre leases have annual rental escalations of 2-3%.

We believe warehouse as an asset class in generally has lower intensity of energy and water usage. Typically only 10-20% of total warehouse energy costs relates to common area which is borne by the landlord, while tenants have to bear the remaining 80-90%. From our understanding, **Mapletree Logistics Trust's** utility costs account for less than 5% of its property expenses. It aims to mitigate inflationary pressures by increasing adoption of technology such as deployment of more surveillance systems which should help to reduce security contracted costs over time. There are also built-in rental escalations for ~80% of its portfolio revenue, most of which are on fixed rates and minority is CPI-linked. The fixed annual rental step-ups range from 1-4%, and are higher for its assets in China, Vietnam, Australia, Hong Kong and India.

According to **Frasers Logistics & Commercial Trust's (FLCT)** annual report for FY21, it mentioned that the REIT Manager typically strives to include step-up rental structures which would provide organic rental growth through periodic fixed increments, inflation-linked adjustments or market reviews. To illustrate, FLCT's Australian logistics and industrial properties generally have fixed increments averaging 3.1% per annum, while most of its European assets have CPI-linked indexation embedded in their leases. As for FLCT's commercial portfolio, its leases in Singapore and the UK are generally marked-to-market on lease renewals, while commercial leases in Australia generally have fixed annual increments averaging 3.3%.

Commercial:

CapitaLand Integrated Commercial Trust (CICT) highlighted during its results briefing that energy consumption should increase in correspondence to more people returning to the workplace as compared to 2021, coupled with higher tariff rates. Utilities constituted 9.2% of CICT's FY21 property operating expenses, and utility costs has fluctuated higher by 35-50%. CICT also highlighted to us that as part of the CapitaLand Group, it is able to optimise cost via bulk purchases and also leverage on technology to execute some property management functions such as robotic cleaning. While only some of CICT's leases have step-up rentals, its gross turnover rents now constitute 4-10% of its retail gross rental income. This suggests that if retailers raise their prices due to higher inflation, CICT would be able to benefit in the form of higher gross turnover rents.

Mapletree North Asia Commercial Trust highlighted to us that it will continue to control tightly its operating costs and continuously seek to improve cost efficiencies across its properties. Approximately 97% of leases at Festival Walk (including both retail and office leases), 24% of leases at Gateway Plaza, 11% of leases at Sandhill Plaza, 3% of leases at the Japan Properties and 94% of leases at The Pinnacle Gangnam have step-up structures in the base rent, as of 31 Mar 2021.

Utilities formed only 2.9% of **Suntec REIT's** total property operating expenses in FY20. Its Singapore leases do not typically come up annual rental step-ups, but for Australia, there are annual rental escalations of between 3% to 3.5%. In the UK, there are market rent reviews every five years, with adjustments based on the higher of existing or market rents.

Hospitality:

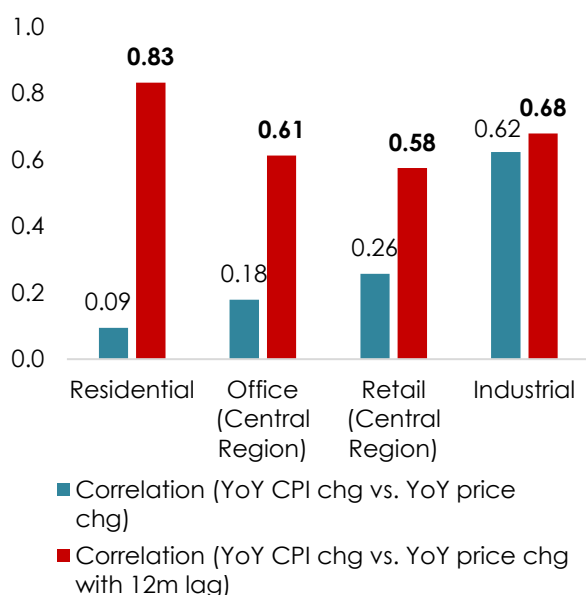
For the hospitality sector, we believe there are manpower shortages in some regions, and this could result in upward wage pressures and hence a margin squeeze on operators. Furthermore, RevPARs in general have not yet recovered back to pre-pandemic levels, and thus it might not be easy for hospitality players to raise

their room rates (when occupancy rates are at sub-optimal levels) as a means of passing through the higher costs to consumers. That said, for hospitality assets which have seen a firmer rebound in occupancy rates to above 80%, we believe it would be easier for the operator to increase the room rates. **Ascott Residence Trust** said that it has streamlined its cost structure since the pandemic, such as reducing its headcount, making better outsourcing arrangements and getting consumers to book directly via its website instead of online travel agencies (OTA). Most of its master leases in Australia and Germany are pegged to inflation-linked indices. It has also penetrated into the student accommodation sector, where leases are typically renewed every year prior to the academic year and hence room rates can be adjusted upwards to factor in higher costs given improving industry demand and supply dynamics.

Capital values and rental growth of real estate have historically been positively correlated with CPI changes

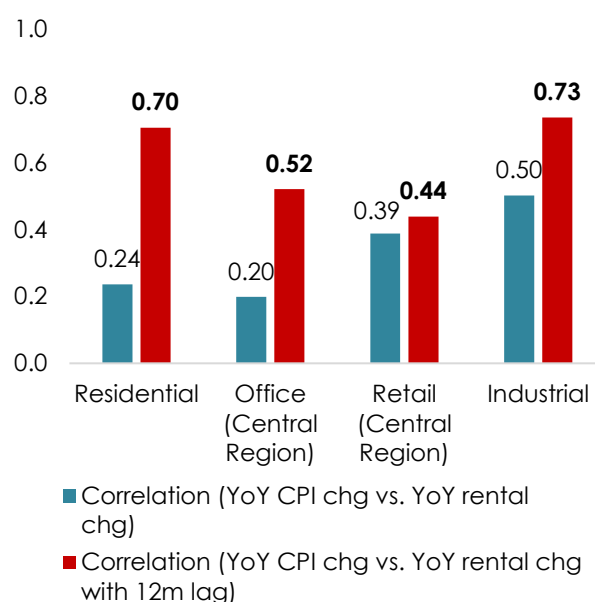
Given continued concerns over inflationary pressures, we update our analysis on the correlation between Singapore's CPI changes and growth in capital values and rental rates of the various sub-sectors, based on the latest data released for 2021. From 2005 to 2021, there was a meaningful positive correlation between the YoY change in the Singapore CPI and corresponding YoY changes in both the price and rental indices based on URA (residential, office and retail) and JTC (industrial) statistics, after applying a 12-month lag to the latter, given that it takes time for landlords to pass on the higher costs to tenants. Our findings show that the residential and industrial sub-sectors have the highest correlation between CPI changes and growth in their respective capital values and rents, while the retail sub-sector has the lowest correlation.

Exhibit 2: Correlation between YoY CPI change and sub-sector price indices



Source: URA, JTC, Internal estimates
Note: Annual data from 2005 to 2021

Exhibit 3: Correlation between YoY CPI change and sub-sector rental indices



Source: URA, JTC, Internal estimates

Prudent capital management to mitigate higher interest rates ahead

Given persistent inflationary pressures, interest rates are poised to increase further as major central banks are likely to raise their benchmark rates this year. Although this could result in higher borrowing costs ahead, we believe the S-REITs under our coverage have continued to be prudent on their capital management. The average gearing ratio stood at 37.4%, as at 31 Dec 2021, providing sufficient buffer from the regulatory limit of 50% imposed by the Monetary Authority of Singapore. Meanwhile, 74.4% of their borrowings are

fixed/hedged, which would mitigate the expected increase in borrowing costs ahead. That said, we are cognisant that hedging costs have also increased, which means that REITs rolling over their interest rate swaps would likely have to pay a higher hedging cost in the future. Other balance sheet metrics for the S-REITs under our coverage include an average debt to maturity tenure of 3.0 years, average debt cost of 2.3% and interest coverage ratio of 4.8x. Based on our sensitivity analysis, for every 100 bps increase in borrowing costs, the average impact to our DPU forecasts would be -3.3%, with the largest impact coming from Suntec REIT, CDL Hospitality Trusts and Far East Hospitality Trust.

Exhibit 4: Debt profile and statistics of S-REITs under coverage (as at 31 Dec 2021)

	Aggregate leverage	Debt duration	Debt cost	Interest coverage	Proportion of debt fixed/hedged	Impact of 100 bps increase in borrowing costs on FY-1 DPU
	(%)	(years)	(%)	(x)	(%)	(%)
OFFICE						
Manulife US REIT	42.8	2.4	2.8	3.4	86.5	-1.4
OUE Commercial REIT	38.7	3.0	3.2	2.8	72.4	-3.8
Suntec REIT	43.7	2.9	2.4	2.6	53.0	-8.8
Average:	41.7	2.8	2.8	2.9	70.6	-4.7
RETAIL						
CapitaLand Int. Comm. Trust	37.2	3.9	2.3	4.1	83.0	-2.0
CapitaLand China Trust	37.7	3.4	2.6	4.9	77.0	-3.4
Fraser's Centrepont Trust	34.5	2.3	2.2	5.8	54.0	-3.9
Mapletree Commercial Trust	34.1	3.5	2.4	4.8	75.3	-2.4
Mapletree NAC Trust	42.1	2.8	1.8	4.2	82.0	-2.6
SPH REIT ⁽¹⁾	30.3	2.7	1.7	n.d.	76.0	-2.0
Starhill Global REIT	36.1	3.5	3.0	3.1	90.0	-1.4
Average:	36.0	3.1	2.3	4.5	76.8	-2.5
INDUSTRIAL						
Ascendas REIT	35.9	3.5	2.2	5.7	79.4	-1.9
ESR-REIT ⁽²⁾	40.0	2.4	3.3	3.5	92.1	-0.8
Fraser's Logistics & Comm Trust	34.3	3.1	1.6	8.4	71.6	-1.9
Mapletree Industrial Trust	39.9	3.5	2.3	6.4	79.7	-1.8
Mapletree Logistics Trust	34.7	3.5	2.2	5.1	79.0	-2.9
Average:	37.0	3.2	2.3	5.8	80.4	-1.9
HOSPITALITY						
Ascott Residence Trust	37.1	2.7	1.6	3.7	74.0	-4.8
CDL Hospitality Trusts	39.1	2.1	2.0	3.3	61.3	-8.3
Far East Hospitality Trust	38.3	2.7	1.9	3.4	52.7	-7.2
Average:	38.2	2.5	1.8	3.5	62.7	-6.8
DATA CENTRE						
Keppel DC REIT	34.6	3.9	1.6	10.8	74.0	-2.1
Average:	34.6	3.9	1.6	10.8	74.0	-2.1
Average:	37.4	3.0	2.3	4.8	74.4	-3.3

Source: REIT Managers, internal estimates

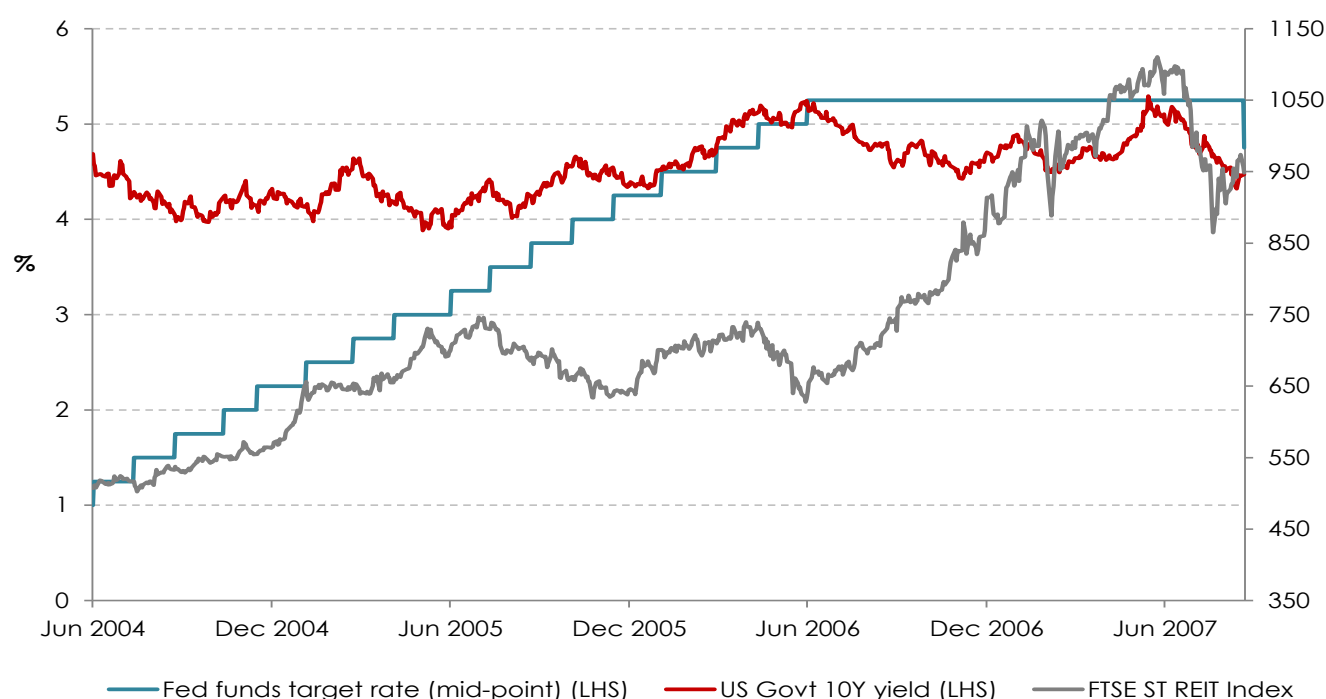
(1) Figures as at 30 Nov 2021

A lookback at the performance of the S-REITs sector during the last two rate hike cycles

During the major rate hike cycle from 2004 to 2006, the Federal Reserve raised the fed funds rate several times from 1.25% in Jun 2004 to 5.25% in Jun 2006, before keeping it constant and subsequently reversed course by cutting rates by 50 bps to 4.75% in Sep 2007. During the period from Jun 2004 to Sep 2007, the FTSE ST REIT Index (FSTREI) appreciated 85.6%, or 21.2% on an annualised basis. US/Singapore real GDP growth was high during that period, expanding at 9.8/3.9%, 7.4/3.5%, 9.0/2.8% and 9.0/2.0% in 2004, 2005, 2006 and 2007, respectively.

The next leg saw the Fed funds rate being lowered from 4.75% in Sep 2007 and kept near zero until it was increased again in Dec 2015 by 25 bps to 0.375% at the mid-point. During this period, the FSTREI fell 27.7%, or -3.9% on an annualised basis.

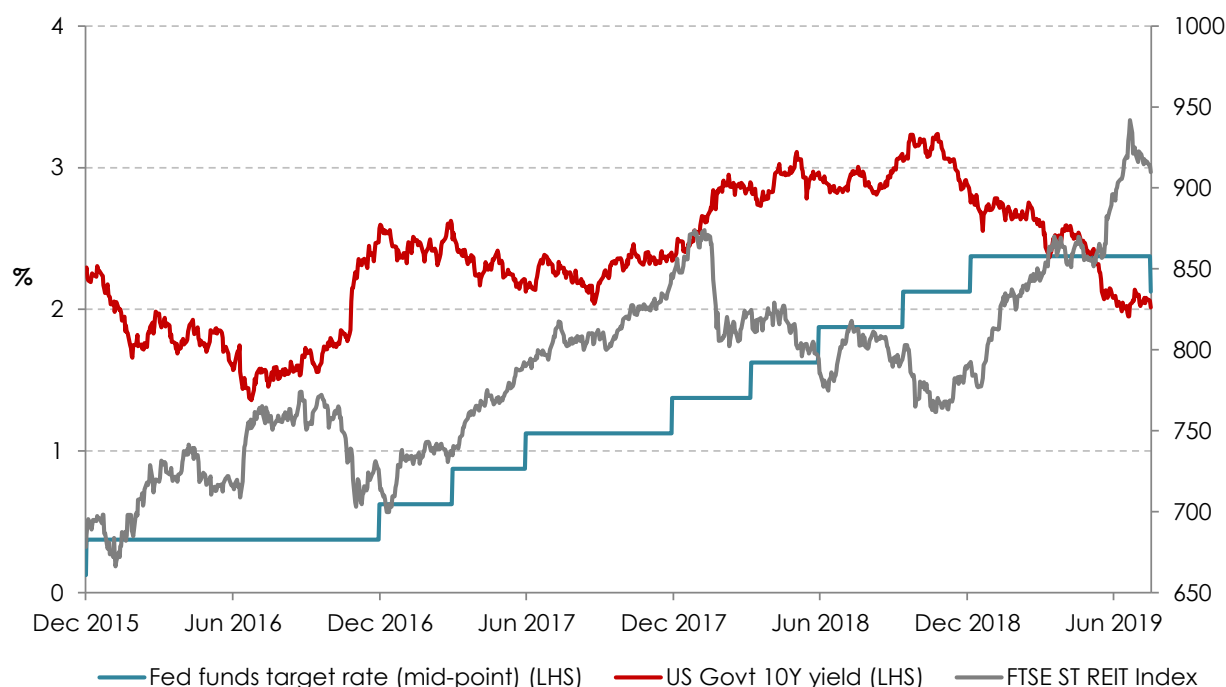
Exhibit 5: Trend of S-REITs sector, US 10-year Treasury yield and fed funds rate (mid-point) from Jun 2004 to Sep 2007



Source: Bloomberg, internal estimates

The next round of rate hike cycle began in Dec 2015 as mentioned earlier (25 bps to 0.375%). There was a short pause before rates were hiked another 25 bps in Dec 2016. This subsequently gathered pace, with three rate hikes in 2017 and a further four in 2018, such that the mid-point of the fed funds rate ended up at 2.375% in Dec 2018. This remained unchanged for seven months, before a 25 bps rate cut took place in Jul 2019. During the period from the first rate hike in Dec 2015 to the end (cumulatively nine rate hikes in all) and subsequently the first cut in Jul 2019, the FSTREI rose 14.4%, or 3.8% on an annualised basis. If we break down the data into annual performance, the FSTREI recorded price changes of -10.7%, 1.9%, 20.6%, -9.2% and 18.8% in 2015, 2016, 2017, 2018 and 2019, respectively. If we include dividends, total returns for FSTREI would have been -4.9%, 8.6%, 28.4%, -3.7% and 25.6% in 2015, 2016, 2017, 2018 and 2019, respectively. We note that there was significant volatility from early Jan 2018 to early Nov 2018, when the FSTREI saw a decline of 12.8%. During this period, average DPU growth for our coverage universe was negative, while valuations (based on distribution yield spread) were at relatively tight levels.

Exhibit 6: Trend of S-REITs sector, US 10-year Treasury yield and fed funds rate (mid-point) from Dec 2015 to Jul 2019



Source: Bloomberg, internal estimates

Looking at today's context, the main difference between the current environment versus 2018 is that inflation hovers at a much higher level today. This makes it more difficult for the Fed to reverse course even if financial markets see a material correction, in our view. Furthermore, the Fed did not start reducing its balance sheet until several hikes down the pike in Oct 2017, and even then the balance sheet runoff was gradual, with securities allowed to mature without replacement. As it stands, it remains unclear how quickly and aggressively the balance sheet runoff would be against an environment of high inflation. This suggests that investors should brace for potential volatility ahead, and the situation might well turn out to be very different from simply "watching paint dry" as described by then Fed Chairperson Janet Yellen.

Encouraging 4Q/2H CY2021 earnings season

The recently concluded 4Q/2H CY2021 earnings season showed more signs of operational improvements across the various sub-sectors, although recovery in hospitality was pegged back by the Omicron variant. For the 14 S-REITs under our coverage which reported DPU figures (some only provided operational updates or financial data on gross revenue and net property income), two beat, eight delivered in-line results and four missed our expectations. YoY interim DPU growth for these 14 S-REITs came in at 4.2% on average and 2.6% on a median basis.

Retail: According to data from CBRE, Singapore's suburban retail rents grew 0.5% QoQ in 4Q21 and 2.0% for the full-year 2021. Orchard Road retail rents fell 3.9% in 2021, but was flat QoQ in 4Q21, an encouraging sign considering seven consecutive quarters of QoQ decline from 1Q20 to 3Q21. Continued improvement was seen in retail REITs' footfall and tenants' sales, with the latter for some suburban malls already returning to close to or even above pre-pandemic levels. There was significantly reduced rental concessions which the retail REITs gave to their tenants, which helped to support their continued recovery.

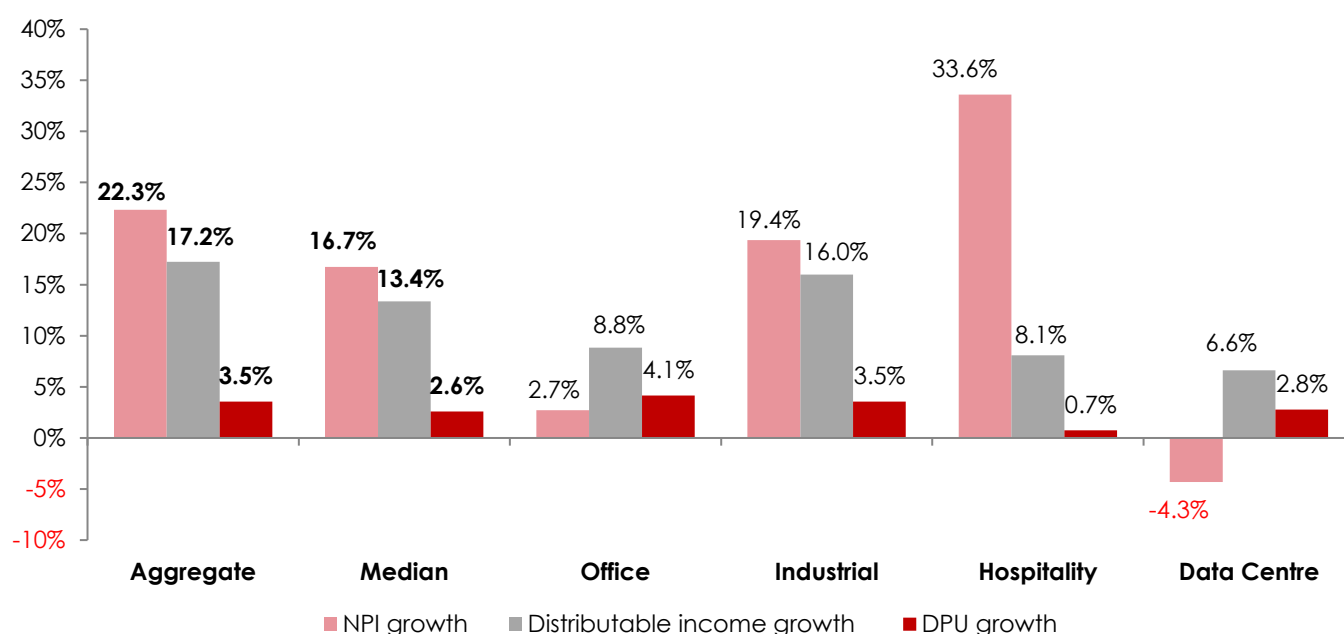
Industrial: JTC statistics revealed further strength for Singapore's industrial sub-sector in 4Q21, with continued QoQ growth in capital values and rents. The only exception was Business Park rental, which declined 0.5% QoQ in 4Q21. Overall JTC Price Index and Rental Index of all industrial space rose 1.4% and 0.2% QoQ in 4Q21, respectively. We saw continued positive rental reversions for Mapletree Logistics Trust and Ascendas REIT,

while Mapletree Industrial Trust registered a more stable quarter of rental reversions during the quarter (flat to positive). Industrial REITs reiterated their capital recycling plans, including redevelopment opportunities given increased competition for assets, especially within the logistics sub-sector.

Office: Office rents in Singapore maintained its firm momentum, with Grade A Core CBD rental increasing 1.4% QoQ in 4Q21, such that full-year 2021 rents rose 3.8%. While Grade B Core CBD rents continued to lag given the flight to quality, QoQ growth finally turned positive in 4Q21 (+0.6% versus flat in 3Q21), though 2021 rents were down slightly by 1.3%. CapitaLand Integrated Commercial Trust and Keppel REIT saw a slight decline in their office portfolio occupancy rates in 4Q21, but leasing interest appears to be picking up, including companies looking to relocate from Hong Kong.

Hospitality: Demand from both leisure and business travel returned in 2H21, driven by improved travellers' confidence, higher vaccination rates, easing travel restrictions and a pickup in business activity. There was sequential recovery in the RevPAR/RevPAU of the hospitality REITs under our coverage for most of their markets. Strong pent-up demand was observed during the year-end holiday period, notwithstanding some temporary restrictions imposed in response to the Omicron variant.

Exhibit 7: 4Q/2H CY2021 results performance of S-REITs under coverage by sub-sector (% YoY change)

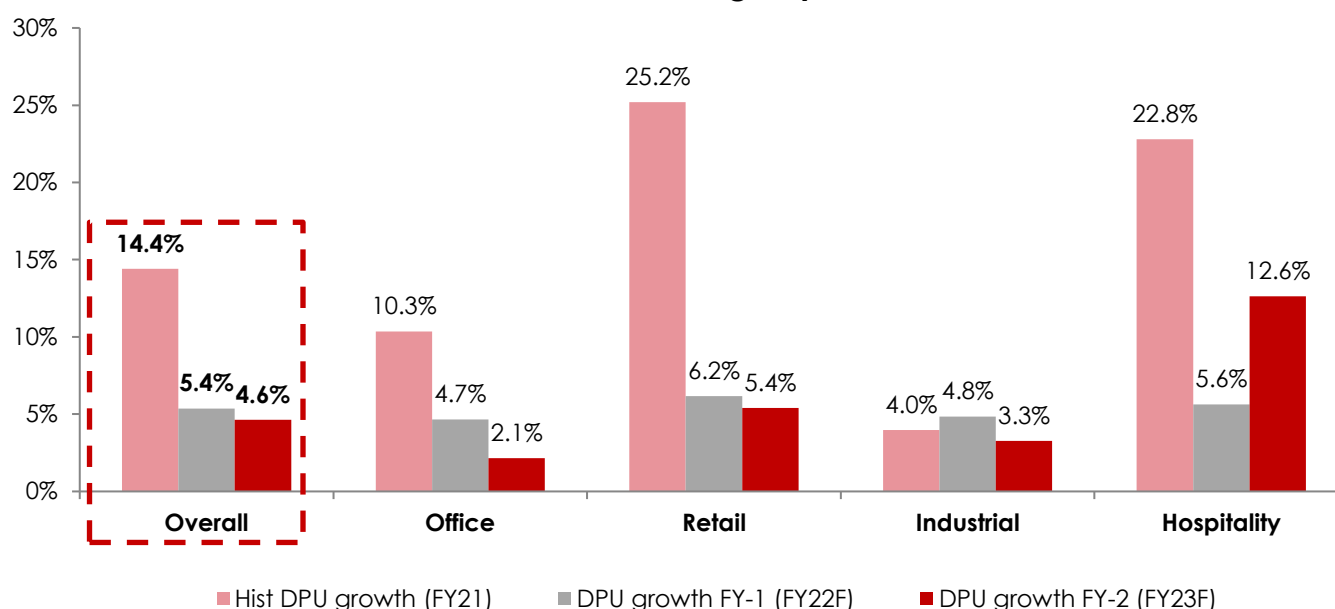


Source: REIT Managers, internal estimates

Projecting 5.4% growth in DPU for current financial year and 4.6% for next financial year

After incorporating the latest set of results and fine-tuning our assumptions, we are now forecasting the S-REITs under our coverage to record a market cap-weighted DPU growth of 5.4% for the current financial year (FY22F). This would be a moderation from the historical DPU growth (FY21) of 14.4% due to low base effects in 2020 from the pandemic.

Looking at the next financial year (FY23F), DPU growth is projected to moderate further to 4.6%, with potential downside risks coming from inflationary cost pressures and a higher interest rate environment, while upside risks would stem from DPU accretive acquisitions.

Exhibit 8: DPU forecasts for S-REITs under coverage by sub-sector breakdown


Source: REIT Managers, internal estimates, as at 28 Feb 2022

Note: FY-1 denotes current financial year; FY-2 denotes next financial year. Figures are internal forecasts.

Forward distribution yield spread slightly below 10-year average but in-line with 5-year mean

The 10-year Singapore government bond yield has increased by 23 bps YTD to 1.90% (as at 28 Feb 2022), while the FSTREI has seen negative total returns of 3.2% during the same period, and is currently trading at a forward yield spread of 389 bps (based on forward distribution yield of 5.79%). This is 0.4 standard deviations below the 10-year average of 411 bps, but in-line with the 5-year mean (389 bps).

The current distribution yield spread is higher as compared to the start of 2020 (354 bps), which was before the Covid-19 pandemic hit and prior to the massive fiscal stimuli pumped in by major central banks. Looking back at 2018 when the S-REITs sector performed poorly as highlighted earlier, we note that the forward distribution yield spread ranged between 328 bps to 381 bps from start of 2018 to mid-Oct 2018, which was also at a tighter level as compared to today, before increasing above 400 bps in Dec 2018 as the 10-year Singapore government bond yield saw a steeper decline towards the end of 2018.

Exhibit 9: Yield spread between FSTREI and Singapore government 10Y bond yield


Source: Bloomberg, Internal estimates, as at 28 Feb 2022

We continue to recommend a barbell strategy in terms of sector positioning, focusing on the higher quality large cap names with strong sponsor support amid an uncertain macroeconomic and geopolitical environment. Our preferred picks for our basket of reopening/recovery plays comprise **Ascott Residence Trust (ART)** [BUY; FV: SGD1.22] and **CapitaLand Integrated Commercial Trust (CICT SP)** [BUY; FV: SGD2.44]. ART's ESG rating was upgraded one notch in Jan 2022 due mainly to an increase in its proportion of green certified properties and evidence of audits on ethical standards. On the other hand, S-REITs we like with exposure to new economy assets which we believe are more resilient and defensive over the longer run are **Ascendas REIT (AREIT SP)** [BUY; FV: SGD3.63], **Fraser's Logistics & Commercial Trust (FLT SP)** [FV: SGD1.66] and **Mapletree Industrial Trust (MINT SP)** [FV: SGD3.30].

Exhibit 10: Reopening/recovery basket preferred picks

REIT	Ticker	Last Close (SGD)	Fair Value (SGD)	Dist. Yield FY-1	Dist. Yield FY-2	P/B FY-1 (x)	P/B FY-2 (x)	Potential Total Returns	Rating
Ascott Residence Trust	ART SP	1.03	1.22	4.5%	5.0%	0.9	0.9	23%	BUY
CapitaLand Integrated Commercial Trust	CICT SP	2.11	2.44	5.5%	5.7%	1.0	1.0	21%	BUY

Source: Refinitiv, Internal estimates, as at 28 Feb 2022 closing prices

Note: FY-1 denotes current financial year; FY-2 denotes next financial year. Figures are internal forecasts.

Exhibit 11: Resilient/defensive basket preferred picks

REIT	Ticker	Last Close (SGD)	Fair Value (SGD)	Dist. Yield FY-1	Dist. Yield FY-2	P/B FY-1 (x)	P/B FY-2 (x)	Potential Total Returns	Rating
Ascendas REIT	AREIT SP	2.77	3.63	5.9%	6.0%	1.2	1.2	37%	BUY
Mapletree Industrial Trust	MINT SP	2.56	3.30	5.3%	5.6%	1.4	1.4	34%	BUY
Frasers Logistics & Commercial Trust	FLT SP	1.40	1.66	5.5%	5.5%	1.1	1.1	24%	BUY

Source: Refinitiv, Internal estimates, as at 28 Feb 2022 closing prices

Note: FY-1 denotes current financial year; FY-2 denotes next financial year. Figures are internal forecasts.

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For analysts' shareholding disclosure on individual companies, please refer to the latest reports of these companies.

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RATINGS AND RECOMMENDATIONS:

- OIR's technical comments and recommendations are short-term and trading oriented.
- OIR's fundamental views and ratings (Buy, Hold, Sell) are medium-term calls within a 12-month investment horizon.
- As a guide, OIR's BUY rating indicates total expected returns (excluding dividends) in excess of 10% based on the current price; a HOLD rating indicates total expected returns (excluding dividends) within +10% and -5%; a SELL rating indicates total expected returns (excluding dividends) less than -5%. For REITs and Business Trusts, total expected returns including dividends apply.
- For companies with market capitalisation of S\$150m and below, OIR's BUY rating indicates total expected returns (excluding dividends) in excess of 30%; a HOLD rating indicates total expected returns (excluding dividends) within a +/-30% range; a SELL rating indicates total expected returns (excluding dividends) less than -30%. For REITs and Business Trusts, total expected returns including dividends apply.