Frasers Centrepoint Trust

Version 15 | Bloomberg: FCT SP | Reuters: FCRT.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

13 Mar 2019

BUY

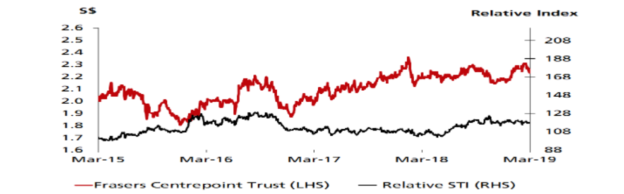
Last Traded Price (12 Mar 2019): S$2.26 (**STI :** 3,212.25)
Price Target 12-mth: S$2.60 (15% upside) (Prev S$2.40)

Analyst
Carmen Tay +65 6682 3719 carmentay@dbs.com
Derek TAN +65 6682 3716 derektan@dbs.com

What's New

- Contrary to market expectations, we see FCT delivering on not one, but two M&A transactions this year
- PGIM deal and Waterway Point combined could double FCT's FY18-20F DPU growth from 1.5% to 3.5% p.a.
- An equity fund raising will be well supported as it addresses current liquidity constraints
- TP raised to S$2.60, with further upside if a larger stake in Waterway Point is acquired; Maintain BUY!

Price Relative



Forecasts and Valuation

FY Sep (S$m)	2017A	2018A	2019F	2020F
Gross Revenue	182	193	196	204
Net Property Inc	130	137	143	148
Total Return	194	104	127	132
Distribution Inc	111	111	132	138
EPU (S cts)	10.8	11.2	11.9	12.3
EPU Gth (%)	4	4	6	4
DPU (S cts)	11.9	12.0	12.4	12.9
DPU Gth (%)	1	1	3	4
NAV per shr (S cts)	202	208	209	208
PE (X)	21.0	20.1	19.0	18.3
Distribution Yield (%)	5.3	5.3	5.5	5.7
P/NAV (x)	1.1	1.1	1.1	1.1
Aggregate Leverage (%)	29.0	28.6	35.2	35.3
ROAE (%)	5.5	5.5	6.1	5.9
Distn. Inc Chng (%):			17	20
Consensus DPU (S cts):			12.4	12.7
Other Broker Recs:		B: 10	S: 1	H: 6

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P

Time to catch them all

TP raised to S$2.60 as we see the dual acquisition of stakes in PGIM and Waterway Point revitalising growth. Contrary to market speculation, we believe that FCT has ample capacity to take on both the PGIM investment and its Sponsor's 33% stake in Waterway Point, and still maintain optimal gearing of c.35%.

Given the Punggol submarket's consistent outperformance and firm organic growth outlook, this would be a good time for FCT to acquire Waterway Point. Assuming a 60%/40% debt/equity funding mix for both transactions, we could see FCT's FY18-20F DPU growth jump from 1.5% to at least 3.5% p.a. – which would place FCT favourably among the fastest-growing REITs.

Our S$2.60 TP implies a target yield of 5%, with further upside if FCT is able to acquire a larger stake in Waterway Point.

Where we differ: We continue to like FCT for the defensive attributes of its suburban exposure. All of FCT's properties are suburban malls, which have proven to be resilient across market cycles. While we anticipate (i) higher interest rates, (ii) higher proportion of management fees paid in cash, and (iii) a more balanced rent outlook, we believe the merits of its resilient portfolio and low gearing should continue to draw interest in the stock, given volatile times.

Potential catalyst: A higher proportion of debt vs equity funding or acquisition of a larger-than-anticipated stake (up to 50%) in Waterway Point will further improve FCT's DPU growth profile.

Valuation:

BUY with a higher S$2.60 TP after imputing contributions from PGIM's AsiaRetail fund and Waterway Point, which we think could soon materialise. Total potential return is c.20% inclusive of share price upside and nearly c.6% forward yield.

Key Risks to Our View:

Interest rate risks. Exposure to floating interest rates could increase the REIT's finance cost, thereby pressuring DPU, should interest rates creep up unexpectedly.

At A Glance

Issued Capital (m shrs)	928
Mkt. Cap (Sm/USm)	2,097 / 1,546
Major Shareholders (%)	
TCC Assets Ltd	42.0
Schroders Plc	4.9
Free Float (%)	53.1
3m Avg. Daily Val (US$m)	1.9
ICB Industry : Financials / Real Estate Investment Trust	

Live more, Bank less

ed: TH/ sa:AS, CW, CS

WHAT'S NEW

Myriad of opportunities driving growth

FCT to invest in PGIM's retail-focused real estate fund. On 28 February, FCT proposed the acquisition of a 17.1% stake in PGIM Real Estate Asia Retail Fund Limited – the largest non-listed retail mall fund in Singapore, for approximately S$342.5m.

The portfolio is largely suburban, comprising six retail malls – Tiong Bahru Plaza, White Sands, Hougang Mall, Century Square, Tampines 1 and Liang Court, and an office property (Central Plaza) in Singapore, and four retail assets in Malaysia.

The Manager plans to fund the acquisition via a combination of debt and equity. Depending on the mix, implies pro-forma DPU impact of +0.3% to +3.6%, according to the REIT as follows:

	FY18	Effects of Acquisition		
		60% debt	80% debt	100% debt
Total Return before Tax	$166.8m	$180.2m	$178.1m	$176.1m
Dist. Income	$111.3m	$119.6m	$117.5m	$115.5m
DPU (Scts)	12.015	12.052	12.242	12.443
Accretion (%):		0.3%	1.9%	3.6%

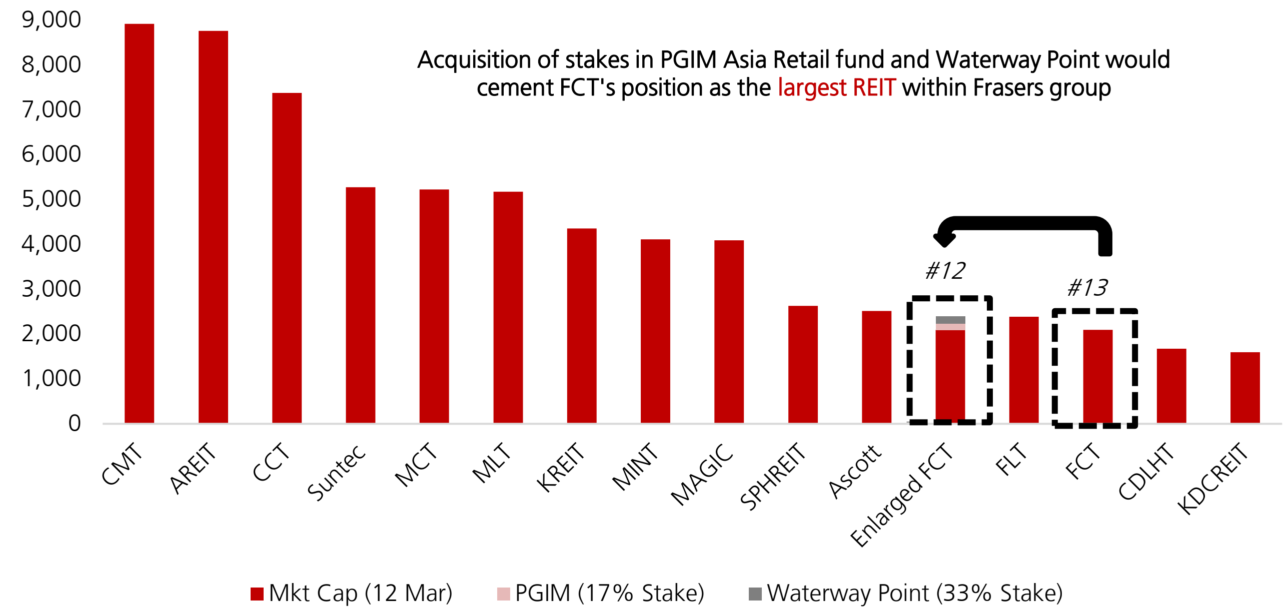
Source: FCT, DBS Bank

A divided street but we are positive on the strategic move, which does not preclude FCT from pursuing further M&A. Despite expectations of a respectable 0.3% to 3.6% DPU accretion (depending on the funding mix), investors' views have been mixed. Overall, given the lack of investible assets in Singapore, the move is slightly positive, with key concerns mainly centred on i) limitations from being a passive investor, and ii) implications for further M&A opportunities given higher gearing levels, which are short-term in nature.

Apart from concerns over the lack of immediate control and incremental fees under the fund-of-funds structure aside, we see potential for FCT to play a more active role ahead, given its combined 35% stake alongside the Sponsor and track record in turning around malls. The ability to accumulate a larger stake (or even 100%) in the fund will also be positive for FCT, in our opinion. Meanwhile, the prospect of immediate DPU accretion appears attractive.

Further, our analysis leads us to believe that the PGIM deal does not preclude FCT from acquiring Waterway Point from the Sponsor later on. If this materialises, assuming c.S$300m of equity funding, we could see FCT rising quickly to take its place as the largest S-REIT within the Frasers group, potentially overtaking CMT in terms of growth as FY18-20F DPU CAGR jumps from 1.5% to over 3.5% p.a.

Following in FLT's footsteps - possible index inclusion as FCT rises through the ranks?



Source of all data: Company, DBS Bank

Doubling down on Singapore's suburban retail scene

Rare opportunity, undemanding valuations. We see this as a significant opportunity for FCT to build an additional pipeline apart from the ROFR from its Sponsor (inclusive of Waterway Point, Northpoint South Wing). Notably, the underlying malls held under the fund have a similar DNA to FCT's anchor malls – dominant suburban retail spaces with a strong catchment allowing stable earnings through market cycles.

At first glance, net yield of 1.2% (based on 100% debt funding) may seem unattractive, but after adjusting for structural differences between fund-based vs physical asset transactions, this implies current NPI yield of at least 4.7%, which compares well against recent transactions in the physical market. On an NLA basis, valuations for PGIM's Singapore asset portfolio works out to S$2,067 psf, a steep 25% and c.40% discount to Westgate's and Jurong Point's S$2,746 psf and S$3,343 psf respectively, which appears conservative:

Market Transactions	NLA (sqft)	Consideration		NPI Yield
		(S$ bn)	(S$ psf)	(%)
Sembawang Shopping Centre	142,631	0.2	1,739	3%
Jurong Point	658,000	2.2	3,343	4.2%
West Gate (70% share)	288,130	0.8	2,746	4.3%
Rivervale Mall	81,193	0.2	2,833	c.4%

Proposed Transaction	NLA (sqft)	Asset Valuation		NPI Yield
		(S$ bn)	(S$ psf)	(%)
PGIM AsiaMalls Portfolio	2,751,091	3.4	1,236	4.7% to 5.1%
- PGIM AsiaMalls Singapore Assets	**1,451,091**	**3**	**2,067**	-
- PGIM AsiaMalls Malaysia Assets	1,300,000	0.4	307	-

Source: Companies, DBS Bank

In addition to FCT's proposed 17.1% stake, we note that the Sponsor also recently announced plans to acquire an additional c.17.8% stake in the fund, which we believe could be injected into the REIT over time, further bolstering returns.

Strong portfolio metrics... Complementary asset categories and submarket exposures are key investment attributes. A deeper look into AsiaMalls' Singapore portfolio assets further affirms its quality, with several value-unlocking opportunities in store.

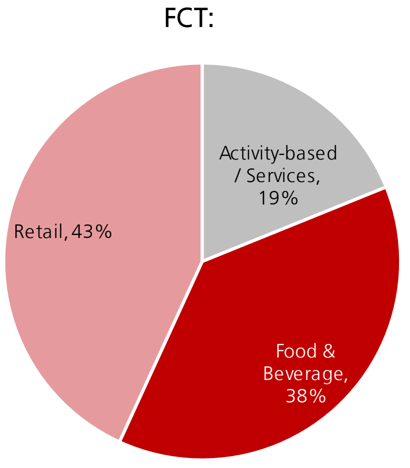
Zooming into the underlying asset fundamentals, we like the PGIM portfolio primarily for its exposure to the Tampines/Pasir Ris catchment area – one of the best-performing retail mall clusters historically, and inroads to the Tiong Bahru (Bukit Merah) catchment, which enjoys limited competing supply. According to AsiaMalls, Tiong Bahru Plaza alone attracts over 19m visitors annually vs Causeway Point's 25.5m for FY18.

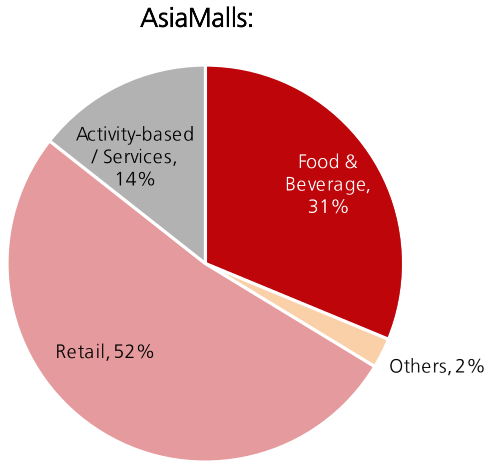
… with room for growth. Malls such as White Sands, Tiong Bahru Plaza and Century Square have successfully undergone major revamps in recent year - Hougang Mall and Liang Court could be next, though firm renovation plans have yet to be revealed. A complete redevelopment of Liang Court mall, together with the adjoining 403-room Novotel Clarke Quay Hotel and Somerset Liang Court Service Apartment, is also plausible and offers significant untapped potential.

Near-term, we believe that growth should primarily be driven by positive rent reversions at its refurbished properties, which are positioned to growing markets.

Additionally, while AsiaMalls's underlying tenant profiles are generally similar to FCT's, they leave room for further tenant portfolio-optimising opportunities ahead, given a slightly higher proportion of traditional retail vs experiential concepts currently (refer to charts on page 4).

Similar tenant profiles, with room for further optimisation ahead





Source: AsiaMalls, FCT, DBS Bank

FCT's Singapore retail mall exposure to effectively double post PGIM acquisition

Source: AsiaMalls, FCT, DBS Bank

FCT to grow double-quick time on acquisition tailwinds

Lacklustre share price performance reflects market concerns, which we believe will be addressed over time. Most recently, Moody's placement of FCT on review for a potential ratings downgrade from Baa1 further weighed on investor sentiment.

According to the ratings agency, a 60%/40% debt/equity funding mix for FCT's investment in the PGIM AsiaRetail fund will increase FCT's total borrowings by approximately S$205.5m and weaken adjusted net debt/EBITDA ratio from 6.4x to 7.2x – close to Moody's downgrade trigger level of 7.5x.

When opportunity beckons, we believe that slightly higher leverage levels in favour of sustainable, long-term income streams is comprehensible and are thus not overly concerned. A downgrade to Baa2 would still fall within investment grade and should not materially impact borrowing costs. Further, we note that S&P also has a similar BBB+ rating with larger headroom, as measured by FFO/debt and gearing (among others):

S&P Ratings Assessment Methodology (BBB+ to BBB)

Metrics	Review for Potential Downgrade if:
FFO/Debt, and	Falls below 9%
Gearing	Exceeds 35% over an extended period

Source: S&P, DBS Bank

Waterway Point a potential game changer for FCT. Contrary to market speculation, we believe that FCT has the capacity to take on both the PGIM investment and its Sponsor's 33% stake in Waterway Point – which could be on the horizon.

While constrained by the limited public information available on Waterway Point, our recent site visits to Punggol and several of FCT's malls in the North give us confidence that the asset could be a second Causeway Point, FCT's crown jewel. Waterway Point appears to enjoy similar (if not better) footfall and features a higher proportion of new-to-market tenants.

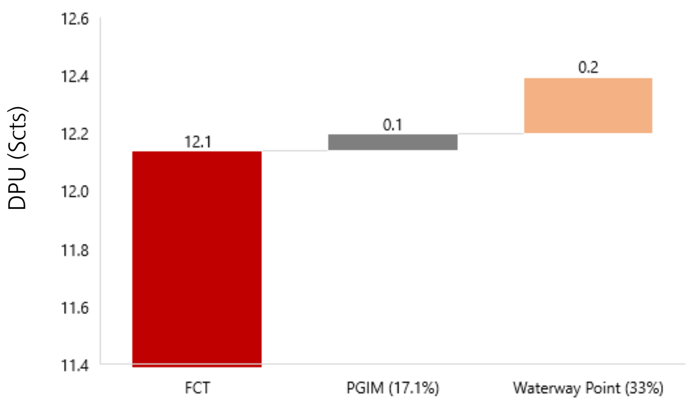
Still in its first rent reversionary cycle and despite a smaller NLA, Waterway Point's ability to command similar valuations is also telling on the asset's quality and potential. Median rents for the Punggol planning area have consistently ranked among the top 10 submarkets over the last few years, further validating our view.

A S$2.60 stock, or more, if both acquisitions materialise. Our base case assumes a 60%/40% debt/equity funding scenario for both the PGIM deal and 33% stake in Waterway Point – a lower hanging fruit in our opinion, which could go up to 50%. This translates into S$450m and S$300m to be raised via debt and equity respectively.

In this scenario, we see DPU growth of at least 3.5% CAGR over the next two years – the highest among retail REITs, which could be a re-rating catalyst. Assuming a target yield of 5%, this implies a fair value of S$2.60 for FCT, with further upside if it can acquire a larger-than-anticipated stake in Waterway Point.

Fund raising to facilitate the transaction should further improve the liquidity of the stock.

FY19F DPU growth could triple if acquisitions materialise



Source: AsiaMalls, FCT, DBS Bank

Sensitivity Analysis: Impact of Funding Mix on Gearing and DPU

Financing				Gearing		DPU (Scts)			DPU CAGR (FY18-20F)	
PGIM		Waterway Point		1Q19	FY19F	FY18	FY19F	FY20F	Pre	Post
Debt (%)	Equity (%)	Debt (%)	Equity (%)							
60%	40%	80%	20%	28.8%	37.7%	12.0	12.6	13.1	1.5%	4.4%
		70%	30%	28.8%	36.6%	12.0	12.5	13.0	1.5%	4.0%
		60%	**40%**	**28.8%**	**35.4%**	**12.0**	**12.4**	**12.9**	**1.5%**	**3.5%**
		50%	50%	28.8%	34.3%	12.0	12.3	12.8	1.5%	3.1%

Source: FCT, DBS Bank

CRITICAL DATA POINTS TO WATCH

Critical Factors

Dominant malls in the north. FCT derives close to 70% of its revenues from two key suburban malls - Causeway Point (CWP) and Northpoint City North Wing (NP), which are located in the densely populated regions in the northern part of Singapore. We believe both CWP and NP are dominant malls and focal points in their respective districts of Woodlands and Yishun. Supported by public transportation network (MRT), foot traffic through these malls are consistently high through the week, resulting in the properties delivering resilient cashflows through various market cycles. As such, rental portfolio reversions have generally stayed positive through market cycles supported by resilient tenant sales.

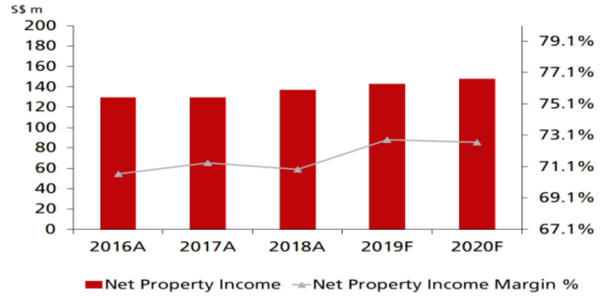
Looking ahead, with tenant sales bottoming out supported by a stable macro environment, we believe that FCT can continue to deliver an organic DPU growth profile of 1-3%. The completion of the asset enhancement at Causeway Point, which is poised for completion at end-FY19, will also be a key driver for positive reversions.

Retail sales recovery to support higher prices. FCT's historical share price performance is tightly correlated with Singapore's retail sales index (ex-motor vehicles). As most of its trade sectors in the malls are in the necessity shopping sub-sectors such as restaurants, supermarkets and F&B tenants, we believe that the recent recovery in macro performance from these retail sub-segments augurs well for the REIT as stronger tenant sales could translate into higher reversions when leases come due. FCT typically renews 25-30% of its income annually, which is an opportunity for the REIT to mark-to-market rents when leases come due.

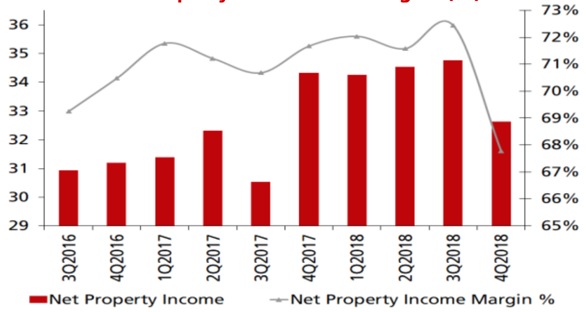
Acquisitions to drive distributions higher; well anticipated by investors. FCT benefits from having a visible pipeline of acquisition prospects from its Sponsor. Given the tightly held retail mall landscape in Singapore, we see this as a valuable trait. We have observed that FCT's share price typically reacted positively during periods when the REIT announced an acquisition, and look forward to the potential injection of either Waterway Point (Sponsor has a 33% stake) or Northpoint City South Wing.

Weak correlation with interest rates. Contrary to common perception, interest rate movements have a weak correlation with FCT's share price or yield. We conclude that interest rate is not a critical factor for FCT's share price performance. However, given its low interest rate hedge at present, unexpected rate hikes could put pressure on its DPU and price.

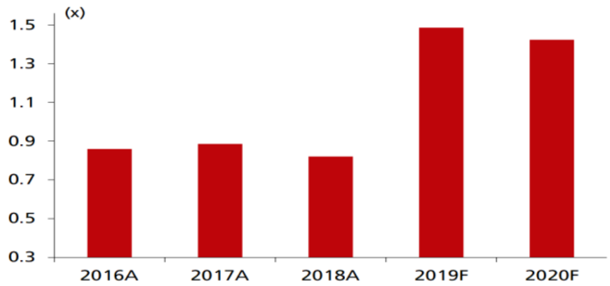
Net Property Income and Margins (%)



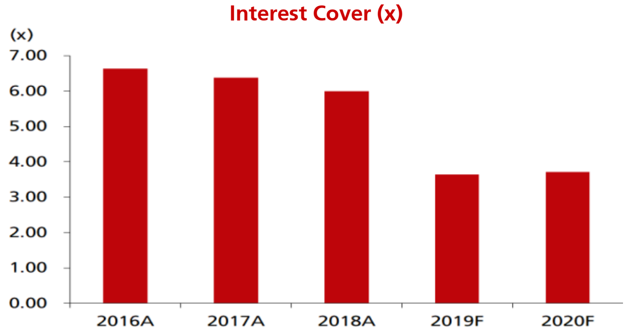
Net Property Income and Margins (%)



Distribution Paid / Net Operating CF



Interest Cover (x)



Source: Company, DBS Bank

Balance Sheet:

Healthy balance sheet. FCT's gearing is under 30%, one of the lowest in the S-REIT universe and well below the Manager's comfortable level of 35%.

Higher floating rate exposure vs peers. Percentage of borrowings on fixed rates had been raised from c.50-55% historically to 64% as at end-FY18, which remains at the lower end vs peers. While this enables the REIT to benefit from lower cost of debt (its average cost of borrowings of c.2.6% is among the lowest across retail S-REITs), unexpected interest rate hikes could add pressure to its DPU and price.

Share Price Drivers:

Rental reversions at key assets and acquisition pipelines. Higher-than-expected rental reversions from Causeway Point and Northpoint, FCT's largest assets (c.76% of FY18 NPI), will likely re-rate the stock.

Acquisitions. We have priced in the potential acquisition of a 33% stake in Waterway Point from its Sponsor. Waterway Point was completed in January 2016 and given a few years of stabilisation, a realistic timeline for this acquisition would be around 2019-2020. An acquisition value of c.S$400m would allow FCT to grow its portfolio considerably, with upside if the REIT is able to successfully acquire a larger stake.

Management has also expressed interest in considering third-party assets. However, we believe that with the differential between equity market valuation and physical market prices, it would be challenging to acquire a yield-accretive retail asset in Singapore under the current environment.

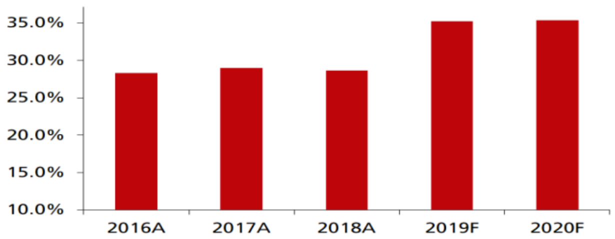
Key Risks:

Interest rate risks. If expectations of rate hikes increase, the relatively high exposure to floating interest rates will amplify the increase in the REIT's cost of debt, putting pressure on valuation.

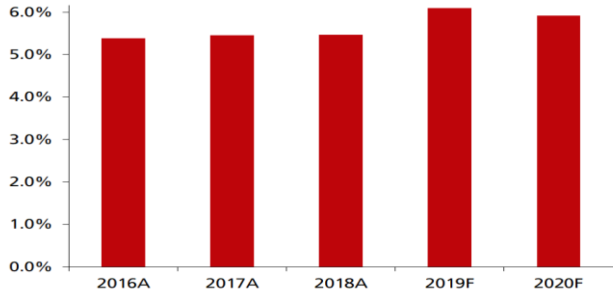
Company Background

Frasers Centrepoint Trust (FCT) is a retail real estate investment trust (REIT) with a portfolio of shopping malls located in suburban areas in Singapore. Its two largest assets are Causeway Point and Northpoint.

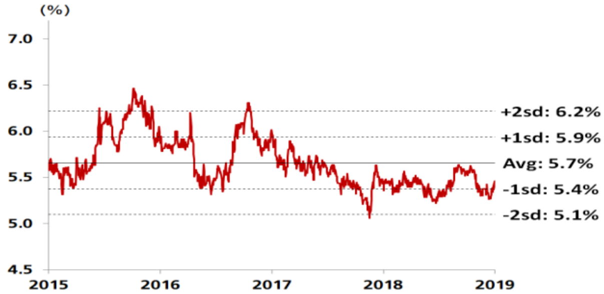
Aggregate Leverage (%)



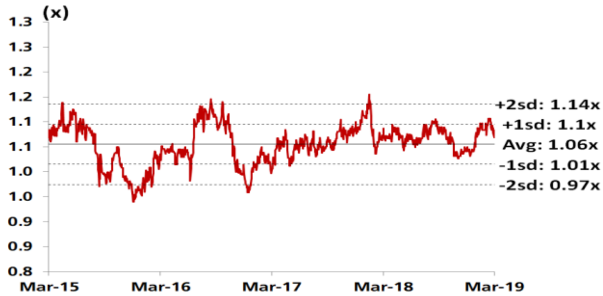
ROE (%)



Distribution Yield (%)



PB Band (x)



Source: Company, DBS Bank

Income Statement (S$m)

FY Sep	2016A	2017A	2018A	2019F	2020F
Gross revenue	184	182	193	196	204
Property expenses	(54.0)	(52.0)	(56.2)	(53.3)	(55.7)
Net Property Income	130	130	137	143	148
Other Operating expenses	(15.9)	(17.1)	(17.2)	(19.7)	(20.0)
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(17.2)	(17.6)	(20.0)	(33.8)	(34.5)
Exceptional Gain/(Loss)	(1.9)	0.28	0.37	0.0	0.0
Net Income	95.0	99.5	104	127	132
Tax	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Income After Tax	95.0	99.5	104	127	132
Total Return	123	194	104	127	132
Non-tax deductible Items	(12.9)	(6.7)	(3.5)	5.37	5.77
Net Inc available for Dist.	108	111	111	132	138
Growth & Ratio					
Revenue Gth (%)	(2.9)	(1.2)	6.5	1.5	3.8
N Property Inc Gth (%)	(0.9)	(0.2)	5.9	4.1	3.6
Net Inc Gth (%)	(11.5)	4.7	4.6	21.9	3.9
Dist. Payout Ratio (%)	100.0	99.3	100.0	100.0	100.0
Net Prop Inc Margins (%)	70.6	71.3	71.0	72.8	72.7
Net Income Margins (%)	51.7	54.8	53.8	64.7	64.7
Dist to revenue (%)	58.8	60.9	57.6	67.4	67.5
Managers & Trustee’s fees	8.6	9.4	8.9	10.0	9.8
ROAE (%)	5.4	5.5	5.5	6.1	5.9
ROA (%)	3.7	3.7	3.7	4.0	3.7
ROCE (%)	4.5	4.3	4.4	3.9	3.6
Int. Cover (x)	6.6	6.4	6.0	3.6	3.7

Source: Company, DBS Bank

Quarterly / Interim Income Statement (S$m)

FY Sep	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018
Gross revenue	48.3	47.9	48.6	48.3	48.5
Property expenses	(13.7)	(13.4)	(13.8)	(13.3)	(15.6)
Net Property Income	34.6	34.5	34.8	35.0	32.9
Other Operating expenses	(4.4)	(4.2)	(4.2)	(4.7)	(4.1)
Other Non Opg (Exp)/Inc	0.16	0.17	0.07	0.14	0.0
Net Interest (Exp)/Inc	(4.7)	(4.9)	(4.8)	(5.0)	(5.3)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Net Income	**26.7**	**26.0**	**27.0**	**26.6**	**24.4**
Tax	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Income after Tax	**26.7**	**26.0**	**27.0**	**26.6**	**24.4**
Total Return	52.4	25.1	25.0	22.7	121
Non-tax deductible Items	(92.9)	1.93	3.51	1.70	1.08
Net Inc available for Dist.	28.2	28.0	29.3	28.3	25.5
Growth & Ratio					
Revenue Gth (%)	11	(1)	1	(1)	0
N Property Inc Gth (%)	12	0	1	1	(6)
Net Inc Gth (%)	17	(2)	4	(2)	(8)
Net Prop Inc Margin (%)	71.7	72.0	71.6	72.4	67.8
Dist. Payout Ratio (%)	97.5	99.3	98.1	100.0	104.1

Balance Sheet (S$m)

FY Sep	2016A	2017A	2018A	2019F	2020F
Investment Properties	2,509	2,668	2,749	2,752	2,756
Other LT Assets	60.0	65.0	66.5	812	812
Cash & ST Invts	18.7	13.6	21.9	16.2	13.5
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	6.80	4.26	3.00	3.00	3.00
Other Current Assets	0.0	0.0	0.06	0.06	0.06
Total Assets	**2,594**	**2,751**	**2,840**	**3,583**	**3,584**
ST Debt	218	152	217	217	217
Creditor	40.0	32.7	46.2	43.0	44.6
Other Current Liab	20.8	17.3	16.3	16.3	16.3
LT Debt	516	646	596	1,046	1,049
Other LT Liabilities	24.0	31.1	31.5	31.5	31.5
Unit holders' funds	1,776	1,872	1,934	2,229	2,225
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Funds & Liabilities	**2,594**	**2,751**	**2,840**	**3,583**	**3,584**
Non-Cash Wkg. Capital	(54.0)	(45.8)	(59.5)	(56.2)	(57.8)
Net Cash/(Debt)	(715)	(784)	(791)	(1,246)	(1,253)
Ratio					
Current Ratio (x)	0.1	0.1	0.1	0.1	0.1
Quick Ratio (x)	0.1	0.1	0.1	0.1	0.1
Aggregate Leverage (%)	28.3	29.0	28.6	35.2	35.3
Z-Score (X)	1.5	1.5	1.5	1.5	1.5

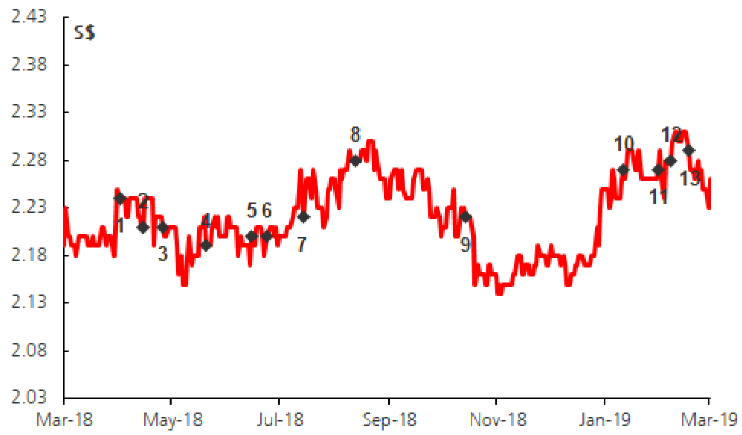
Source: Company, DBS Bank

Cash Flow Statement (S$m)

FY Sep	2016A	2017A	2018A	2019F	2020F
Pre-Tax Income	95.0	99.5	104	127	132
Dep. & Amort.	(0.5)	0.05	0.03	0.0	0.0
Tax Paid	0.0	0.0	0.0	0.0	0.0
Associates &JV Inc/(Loss)	(0.1)	(4.4)	(3.8)	(37.5)	(38.3)
Chg in Wkg.Cap.	7.17	2.01	11.8	(3.3)	1.64
Other Operating CF	24.4	25.0	24.8	2.93	1.49
Net Operating CF	**126**	**122**	**137**	**89.0**	**96.6**
Net Invt in Properties	(17.5)	(66.1)	(15.6)	(2.9)	(3.7)
Other Invts (net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	(6.8)	0.0	(745)	0.0
Div from Assoc. & JVs	4.38	4.74	3.99	37.5	38.3
Other Investing CF	0.0	0.0	0.0	0.0	0.0
Net Investing CF	**(13.2)**	**(68.2)**	**(11.6)**	**(710)**	**34.6**
Distribution Paid	(108)	(108)	(112)	(132)	(138)
Chg in Gross Debt	16.0	64.0	15.0	450	3.70
New units issued	0.0	0.0	0.0	298	0.0
Other Financing CF	(17.9)	(14.9)	(19.8)	0.0	0.0
Net Financing CF	**(110)**	**(59.2)**	**(117)**	**616**	**(134)**
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	2.51	(5.2)	8.32	(5.7)	(2.6)
Operating CFPS (S cts)	12.9	13.0	13.5	8.65	8.89
Free CFPS (S cts)	11.8	6.08	13.1	8.08	8.70

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	13 Apr 18	2.24	2.48	BUY
2:	26 Apr 18	2.21	2.45	BUY
3:	07 May 18	2.21	2.45	BUY
4:	31 May 18	2.19	2.45	BUY
5:	26 Jun 18	2.20	2.45	BUY
6:	05 Jul 18	2.20	2.45	BUY
7:	25 Jul 18	2.22	2.45	BUY
8:	24 Aug 18	2.28	2.45	BUY
9:	25 Oct 18	2.22	2.35	BUY
10:	22 Jan 19	2.27	2.40	BUY
11:	11 Feb 19	2.27	2.40	BUY
12:	18 Feb 19	2.28	2.40	BUY
13:	28 Feb 19	2.29	2.40	BUY

***Note**: Share price and Target price are adjusted for corporate actions.*

Source: DBS Bank
Analyst: Carmen Tay
Derek TAN

DBS Bank recommendations are based an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return i.e. > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

Completed Date: 13 Mar 2019 16:12:59 (SGT)
Dissemination Date: 13 Mar 2019 18:01:41 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "**DBS Group**") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

(a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
(b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate[1] does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests[2] in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd (''DBSVS'') or their subsidiaries and/or other affiliates have a proprietary position in Frasers Centrepoint Trust, CapitaLand Mall Trust, Ascendas REIT, CapitaLand Commercial Trust, Suntec REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, Keppel REIT, Mapletree Industrial Trust, SPH REIT, Ascott Residence Trust, Frasers Logistics & Industrial Trust, CDL Hospitality Trusts, recommended in this report as of 28 Feb 2019

2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in Frasers Centrepoint Trust, Ascendas REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, Mapletree Industrial Trust, SPH REIT, Ascott Residence Trust, Frasers Logistics & Industrial Trust, CDL Hospitality Trusts, recommended in this report as of 28 Feb 2019

4. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA or their subsidiaries and/or other affiliates beneficially own a total of 1% of any class of common equity securities of Mapletree Industrial Trust, Ascott Residence Trust, Frasers Logistics & Industrial Trust, CDL Hospitality Trusts as of 28 Feb 2018

Compensation for investment banking services:

5. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from CapitaLand Mall Trust, Ascendas REIT, CapitaLand Commercial Trust, Suntec REIT, Mapletree Logistics Trust, Mapletree Industrial Trust, Frasers Logistics & Industrial Trust, as of 28 Feb 2019.

6. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for CapitaLand Mall Trust, Ascendas REIT, CapitaLand Commercial Trust, Suntec REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, Mapletree Industrial Trust, Frasers Logistics & Industrial Trust, in the past 12 months, as of 28 Feb 2018

7. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

[1] An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Disclosure of previous investment recommendation produced:

8. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd (''DBSVS''), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd (''DBSVS''), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946. DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies. Wong Ming Tek, Executive Director, ADBSR
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.

United Kingdom	This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore. This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG
DBS (Hong Kong) Ltd
Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

MALAYSIA
AllianceDBS Research Sdn Bhd
Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

SINGAPORE
DBS Bank Ltd
Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: research@id.dbsvickers.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand