

## Singapore

**ADD** (no change)

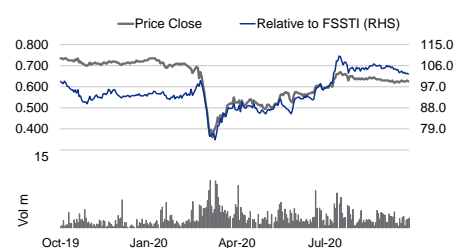
Consensus ratings\*: Buy 4 Hold 1 Sell 0

Current price:	S\$0.625
Target price:	S\$0.713
Previous target:	S\$0.713
Up/downside:	14.1%
CGS-CIMB / Consensus:	-2.7%
Reuters:	ARAT.SI
Bloomberg:	ALLT SP
Market cap:	US\$501.1m
	S\$680.7m
Average daily turnover:	US\$1.00m
	S\$1.37m
Current shares o/s:	1,073m
Free float:	89.4%

\*Source: Bloomberg

**Key changes in this note**

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.6	2.5	-15.6
Relative (%)	-4.5	5	2.6

Major shareholders	% held
Lim Hwee Chiang	11.2
LOGOS China INV LTD	11.0
Prudential PLC	4.9

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# ARA LOGOS Logistics Trust

## Committed to grow

- ALOG is committed to growing its portfolio likely in Australia and Singapore, as well as in the same asset class which is seeing strong demand.
- LOGOS would further beef up ALOG's capability in asset management while providing cross-selling opportunities and a large acquisition pipeline.
- Reiterate Add. The stock is trading at an attractive 7.6% yield.

**Visits to ALOG's assets**

We recently visited three of ALOG's assets, namely DHL Supply Chain Advanced Regional Centre (DHL Centre), Changi DistriCentre 1 (CD1) and Commodity Hub (CH). DHL Centre is DHL's first innovation centre outside of Germany. It is a state-of-the-art property awarded with Leed Gold Certification and equipped with an automation system. Compared to a traditional warehouse, the centre is built with unique specifications that include higher floor-to-ceiling height of 13.6m with compatible floor loading and sprinkle system. It also has a cold room and clean rooms to cater to different industry needs. CH has a ramp adjoining two buildings, large floor plates and multiple loading bays, creating greater efficiency for its tenants. CD1 is a 6-level ramp-up property which is mainly tenanted by international logistics specialists due to its location near major expressways. We also saw the cold rooms built by ALOG for its tenants to enhance tenant stickiness. The ability to customise assets based on tenant requirements demonstrates ALOG's strength as a logistic/warehouse real estate landlord. We believe with LOGOS onboard, ALOG could duplicate its success in this area. It was also encouraging to hear directly from the tenants we visited that they are seeing good demand and looking for expansion.

**Focused on growing the portfolio; improving sector outlook**

Expansion will likely be focused in Singapore and Australia where ALOG already has a presence. We understand that half of LOGOS's assets in Singapore and most of the assets in Australia have achieved income stability. Instead of divesting assets, the REIT will focus on growing the portfolio within the same asset class. Based on our analysis, to make an accretive acquisition, ALOG could fund a S\$300m deal at a 5.5-6% acquisition yield with 55% debt funding which would give a 1-3% DPU accretion in 2021F. The management continues to see strong demand for warehouse/logistic real estate driven by solid growth in ecommerce and tapering supply, particularly in Australia due to the country's larger population base.

**Reiterate Add with an unchanged DDM-based target price**

Management believes that it has retained more than sufficient income for potential impact from Covid-19. The stock is trading at ~1.1x P/BV and ~7.6% dividend yield versus industry's P/BV and dividend yield of 1.7x P/BV and 5.5% respectively. We believe the successful acquisition of accretive asset without straining the balance sheet would help to reiterate the stock. Downside risks include larger-than-expected impact from Covid-19 and weaker occupancy at Schenker Megahub if tenant chooses not to renew.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Property Revenue (S\$m)	121.5	113.6	113.2	114.2	115.0
Net Property Income (S\$m)	90.92	85.84	86.06	86.80	87.39
Net Profit (S\$m)	32.03	(10.98)	46.70	47.26	47.68
Distributable Profit (S\$m)	63.41	59.77	52.17	55.24	55.67
Core EPS (S\$)	0.049	0.043	0.043	0.043	0.043
Core EPS Growth	(11.5%)	(12.3%)	(0.0%)	0.3%	(0.0%)
FD Core P/E (x)	12.81	14.59	14.60	14.56	14.57
DPS (S\$)	0.059	0.055	0.048	0.050	0.050
Dividend Yield	9.44%	8.84%	7.65%	7.99%	8.01%
Asset Leverage	35.9%	37.5%	37.5%	37.4%	37.4%
BVPS (S\$)	0.66	0.59	0.59	0.59	0.58
P/BV (x)	0.94	1.06	1.06	1.07	1.07
Recurring ROE	7.09%	6.85%	7.27%	7.30%	7.33%
% Change In DPS Estimates			0%	0%	0%
CGS-CIMB/Consensus DPS (x)			0.98	0.98	0.98

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Visits to ALOG's assets ►

We recently visited three of ALOG's 10 properties in Singapore, namely DHL Supply Chain Advanced Regional Centre, Changi DistriCentre 1 and Commodity Hub. These assets are ALOG's larger multi-tenanted ramp-up logistics warehouses. To recap, it has 8 ramp-up assets and 2 cargo lift assets in Singapore. Compared to cargo lift warehouses, ramp-up warehouses provide direct vehicular access to all levels and offer greater efficiency in the movement of the cargo as well as lower operating and maintenance costs.

**Figure 1: Commodity Hub**

Valuation	S\$277.4m
Valuation date	31-Dec-19
Acquisition date	12-Apr-10
Property type	Ramp-up logistics warehouse
Leasehold title expiry	29 years from 19 August 2006
Land area	918,407 sf
Gross floor area	2,295,927 sf
Net lettable area	2,195,076 sf
Maximum plot ratio	2.5
Current plot ratio	2.5
Lease type	Multi-tenant
Occupancy	93%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: ALOG Changi DistriCentre 1**

Valuation	S\$93.6m
Valuation date	31-Dec-19
Acquisition date	12-Apr-10
Property type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold title expiry	30+30 years from 16 Aug 2005
Land area	145,745 sf
Gross floor area	364,361 sf
Net lettable area	347,194 sf
Maximum plot ratio	2.5
Current plot ratio	2.5
Lease type	Multi-tenant
Occupancy	99%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: DHL Supply Chain Advanced Regional Centre**

Valuation	S\$149.2m
Valuation date	31-Dec-19
Completion date	08-Jul-15
Property type	Ramp-up logistics warehouse with ancillary office facilities
Leasehold title expiry	30 years from 16 Jun 2014
Land area	638,424 sf
Gross floor area	989,260 sf
Net lettable area	928,108 sf
Maximum plot ratio	1.55
Current plot ratio	1.55
Lease type	Multi-tenant
Occupancy	100%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**DHL Supply Chain Advanced Regional Centre** – The property is a built-to-suit development project for DHL completed in 2015. It is DHL's first innovation centre outside of Germany and a modern state-of-the-art logistics warehouse with a NLA of 928,108sf. The property was awarded Leed Gold Certification (Leadership in Energy and Environmental Design) under the LEED-New Construction System, a globally recognised symbol of sustainability achievement. As part of the built-to-suit agreement, DHL is leasing the property for 10 years that includes the option to renew until the end of the land lease tenure. Compared to an average warehouse, DHL Centre has more unique specifications, as it comes with a higher floor-to-ceiling height of 13.6m (vs. the usual warehouse height of 9-12m) and compatible floor loading and sprinkle system. As an advanced regional centre, the warehouse has an automation system which features advanced robotics and offers bespoke solutions to cater to specific industry needs. For instance, it has clean rooms for life science and healthcare businesses, specialised infrastructure for aerospace operations and customised storage solutions for managing service parts for technology customers.

**Figure 4: DHL Supply Chain Advanced Regional Centre**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: DHL's automation system**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: DHL's air-conditioned room**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Changi DistriCentre 1** – This property is one of ALOG’s IPO assets and comprises a six-storey ramp-up warehouse with ancillary office space and 53 loading/unloading bays with dock levelers. It is one of the few ramp-up warehouses in Changi South and is currently fully occupied. Because of its location near major expressways, it is ideal for international logistics specialists and hence, the property is mainly tenanted by ecommerce and logistics players. Due to the high demand for online shopping and last mile delivery, we understand that one of the tenants is looking to expand, which should benefit ALOG.

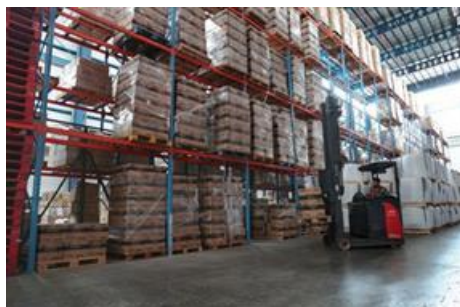
**Commodity Hub** – This property is one of the largest warehouses in Singapore and Southeast Asia, with a 2.2m sf NLA. In addition to its large size, the asset is also unique for (i) its central vehicular ramp which connects the two buildings of the asset, (ii) its large average floor plate of about 450k sf, and (iii) its multiple loading bays. These allow greater efficiencies in the movement and storage of goods. The property commands a high occupancy rate of almost 100% and tenanted mainly by third-party logistics. One of the tenants is seeing strong demand for warehousing, especially cold room, which the tenant had asked ALOG to build.

Figure 7: Commodity Hub



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: A typical warehouse



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: A typical cold room



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Focus on growing presence in same asset class and markets



While ALOG’s sponsor LOGOS has assets across Australia, China, Singapore, Indonesia, Malaysia, Vietnam, India and New Zealand worth US\$9.5bn (exclude ALOG’s AUM of S\$1.26bn), ALOG plans to firstly focus its expansion on its traditional markets of Singapore and Australia. We understand that half of LOGOS’s assets in Singapore and most of the assets in Australia have achieved income stability. The aim of the REIT currently is to acquire long term, sustainable assets and be diversified in a few countries. Instead of divesting its assets, the REIT intends to focus on growing the portfolio within the same asset class.

Based on our analysis, to make an accretive acquisition, ALOG could fund a S\$300m deal at a 5.5-6% acquisition yield, with 55% debt funding, which would give a 1-3% DPU accretion in 2021F. At 55% debt, we estimate gearing would increase from 40.4% to ~43%. Management remains comfortable with 45% gearing.

Figure 10: Impact of funding option and acquisition yield on FY21F DPU

Acquisition yield	Total debt %						
	40%	45%	50%	55%	60%	65%	70%
5.0%	-5.7%	-4.4%	-3.0%	-1.6%	-0.1%	1.5%	3.1%
5.5%	-3.6%	-2.3%	-0.8%	0.6%	2.2%	3.8%	5.5%
6.0%	-1.5%	-0.1%	1.3%	2.9%	4.4%	6.1%	7.8%
6.5%	0.5%	2.0%	3.5%	5.1%	6.7%	8.4%	10.2%
7.0%	2.6%	4.1%	5.7%	7.3%	9.0%	10.7%	12.5%
7.5%	4.7%	6.3%	7.9%	9.5%	11.2%	13.0%	14.9%
8.0%	6.8%	8.4%	10.0%	11.7%	13.5%	15.3%	17.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### More AEI opportunities with LOGOS on board ➤

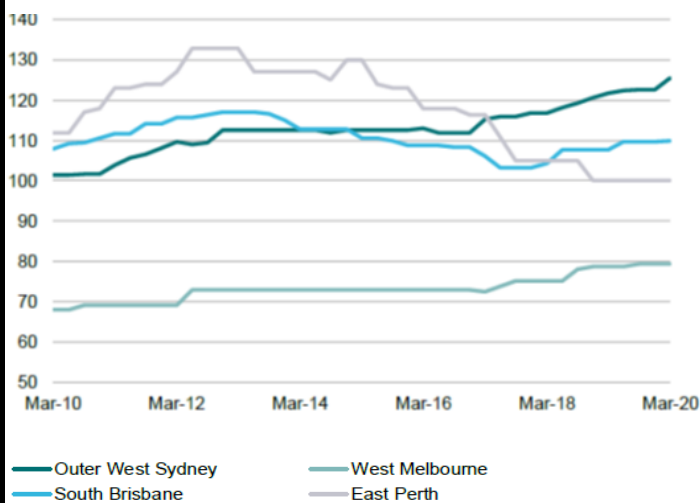
Acquisition opportunities aside, ALOG could ride on the expertise of LOGOS and further enhance its asset management/development skills and provide complete solutions to its customers. Building more cold rooms/centres is one way to go due to growing consumption and omnichannel distribution of groceries as well as healthcare demand. We visited few of ALOG’s tenants who have asked ALOG to build cold rooms for them. ALOG is currently reviewing each of its assets for potential AEIs.

ALOG has a cold centre in Singapore. It is the first ramp-up cold storage warehouse and one of the largest, multi-temperature controlled logistics facilities in Singapore. Given the higher demand and complexity of building a cold storage facility, the cold centre commands a higher rental rate of >S\$3/sf/month versus its other warehouses of S\$1.20 to S\$1.80/sf/month in Singapore in 2019.

### Improving sector outlook ➤

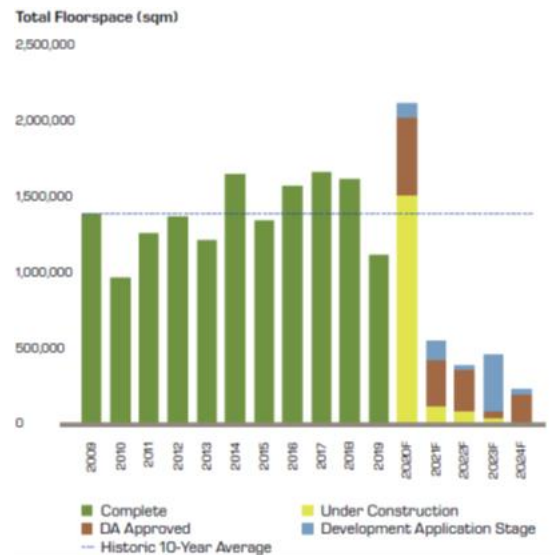
The management continues to see strong demand for warehouse/logistic real estate, particularly in Australia given the strong growth of ecommerce (Fig 16) and larger population. CBRE is forecasting increasing twenty-foot equivalent (TEU) volumes to meet the demand generated from online shopping (Fig 13). Meanwhile, JLL expects demand for industrial space to outstrip supply in Australia, backed by rising ecommerce and increasing demand for companies to implement supply-chain efficiencies. It also expects industrial yields to compress further as Australia’s yield spread to bonds remains attractive relative to other global markets. In Singapore, the increasing online sales penetration (Fig 17) and tapering supply (Fig 14) would help to support the rental rate, stabilizing rental reversion in the medium term (Fig 15).

Figure 11: Industrial prime rents in Australia



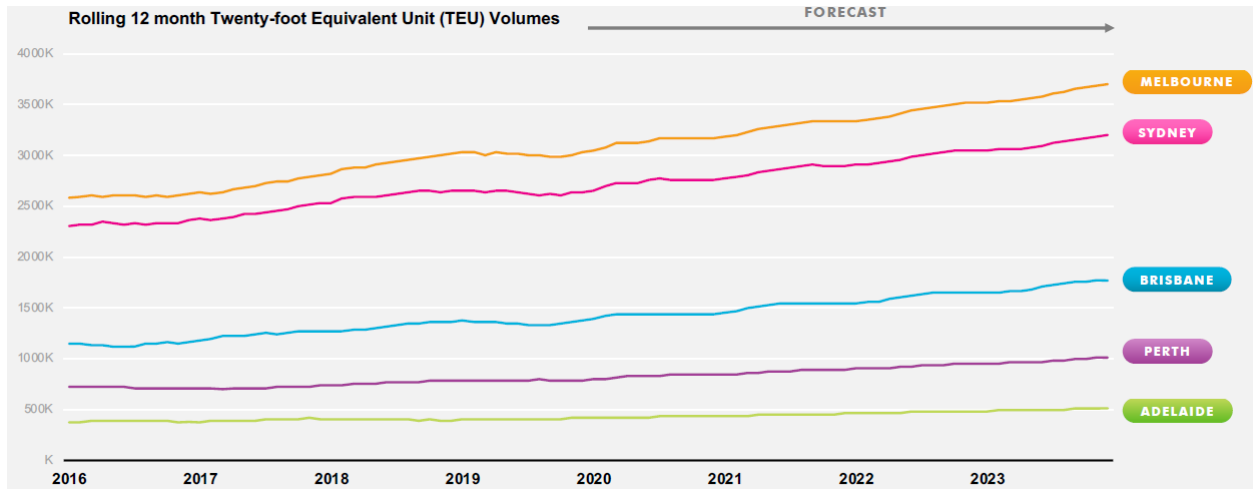
SOURCES: CGS-CIMB RESEARCH, DEXUS

Figure 12: National Industrial Development Supply Pipeline in Australia



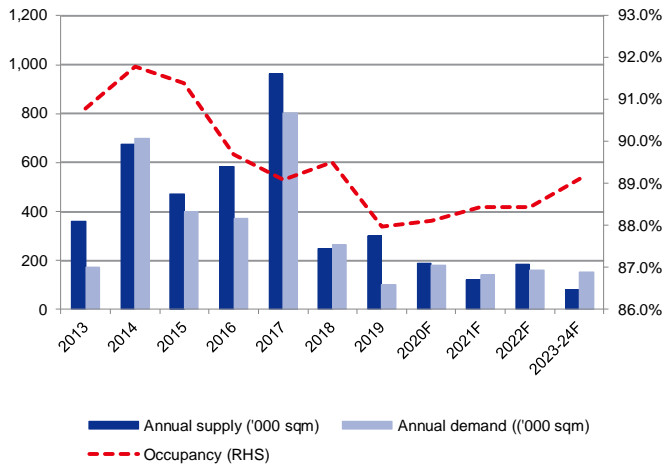
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 13: Twenty-foot equivalent unit (TEU) volumes in Australia are expected to increase to meet online shopping demand**



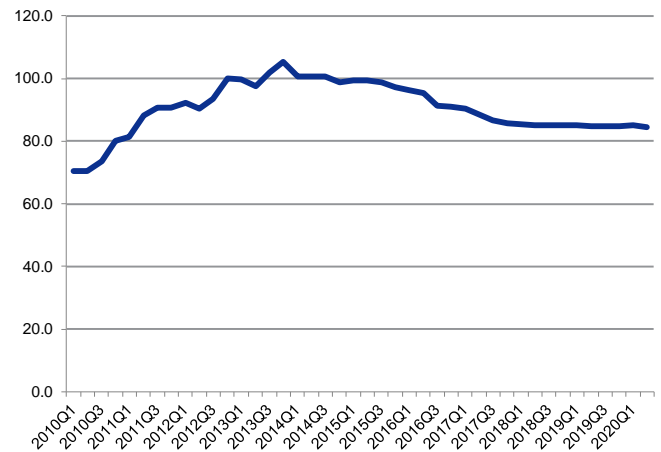
SOURCES: CGS-CIMB RESEARCH, CBRE

**Figure 14: Singapore warehouse supply, demand and occupancy rate (%)**



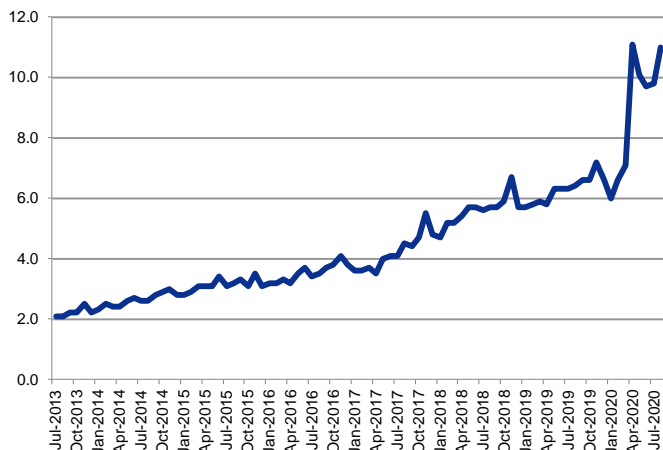
SOURCES: CGS-CIMB RESEARCH, JTC

**Figure 15: Singapore warehouse rental index**



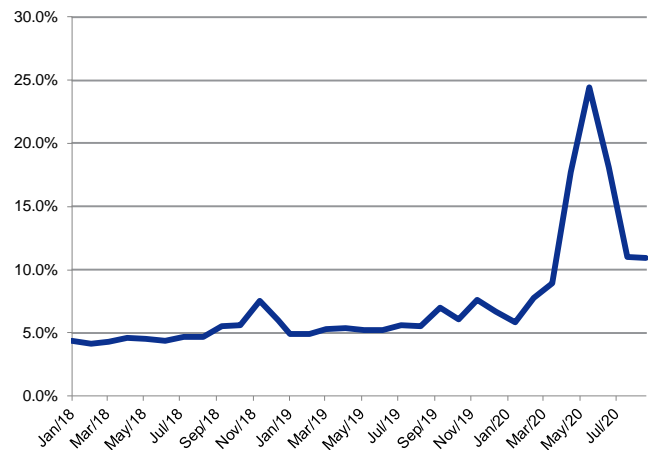
SOURCES: CGS-CIMB RESEARCH, JTC

**Figure 16: Australia online sales as a % to total retail sales**



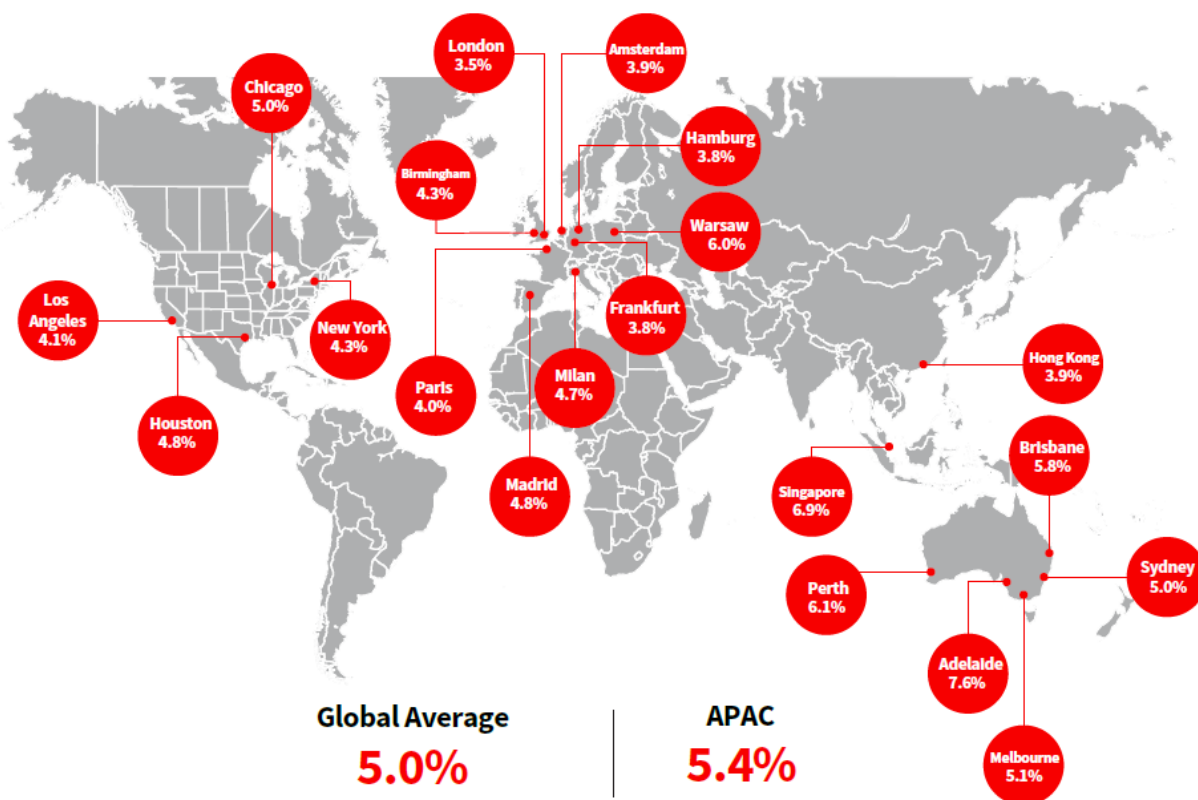
SOURCES: CGS-CIMB RESEARCH, AUSTRALIA BUREAU OF STATISTICS

**Figure 17: Singapore online sales as a % to total retail sales**



SOURCES: CGS-CIMB RESEARCH, SINGSTATS

Figure 18: Global prime industrial yields 2019



SOURCES: CGS-CIMB RESEARCH, CBRE

### Not too concerned on non-renewal of single-tenant leases ►

ALOG has two single-tenant leases in Singapore which are up for renewal in 2021F and 2022F. We understand that negotiations are still ongoing and management believes that any non-renewals will be buffered by the strong demand for warehouse properties, in particularly companies that now prefer a local presence after having experienced Covid-19.

Although the conversions of a single-tenant lease to multi-tenant lease have weighed on performance in the past, the REIT is still keen on single-tenant leases, but will be selective, as single-tenant leases usually provide income stability due to the long WALE.

### Retained income more than sufficient ►

While ALOG retained S\$2.5 worth of dividends in 1Q20, it released S\$0.5m back to the shareholders in 2Q20, indicating situation is better-than-expected. Management believes that it has retained more than sufficient income. So far, we understand that there is no major disruption in both countries with all tenants still operating despite Covid-19. It continues to see high demand for quality logistics space. On the mandatory rental waiver imposed by the Australian government, we understand that only two leases in Australia are eligible for rental assistance so far.

## Reiterate Add ➤

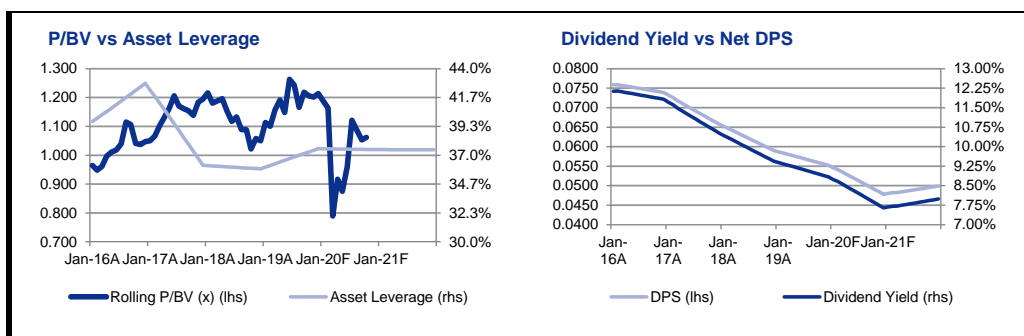
We reiterate Add on ALOG with an unchanged DDM-based target price of S\$0.71. It was encouraging to hear directly from the tenants we visited that they are seeing good demand and looking for expansion. With LOGOS onboard, we see ALOG duplicating its success in asset management/customisation and there will be more opportunities in product cross-selling. More importantly, LOGOS provides ALOG with a large acquisition pipeline. The stock is trading at about 1.1x P/BV and 7.6% dividend yield versus the industry's P/BV and dividend yield of 1.7x P/BV and 5.5%, respectively. We believe successful acquisitions of accretive assets without straining the balance sheet would help to re-rate the stock.

Figure 19: Sector comparison

SREIT	Bloomberg Ticker	Rec.	Price (LC) as at 14 Oct 20	Target Price (LC) (DDM-based)	Mkt Cap (US \$m)	Last reported asset leverage	Last stated NAV	Price / Stated NAV	FY20F Yield	FY21F Yield	FY22F Yield
<b>Hospitality</b>											
Ascott Residence Trust	ART SP	Add	0.91	1.05	\$2,068	35.4%	1.25	0.72	2.9%	4.3%	6.1%
CDL Hospitality Trust	CDREIT SP	Add	1.07	1.16	\$961	37.1%	1.47	0.73	3.3%	4.4%	5.6%
Far East Hospitality Trust	FEHT SP	Add	0.58	0.63	\$829	39.5%	0.85	0.68	4.4%	4.3%	4.3%
Frasers Hospitality Trust	FHT SP	NR	0.44	NA	\$616	35.5%	0.72	0.60	3.1%	3.4%	3.5%
<b>Simple Average</b>						<b>36.9%</b>		<b>0.68</b>	<b>3.4%</b>	<b>4.1%</b>	<b>4.9%</b>
<b>Industrial</b>											
AIMS AMP	AAREIT SP	NR	1.19	NA	\$619	35.2%	1.37	0.87	8.0%	7.3%	7.7%
Ascendas REIT	AREIT SP	Hold	3.25	3.12	\$8,661	35.1%	2.13	1.53	4.5%	4.8%	5.1%
ARA LOGOS Logistics Trust	ALLT SP	Add	0.63	0.71	\$501	40.8%	0.56	1.12	7.7%	8.0%	8.0%
ESR-REIT	EREIT SP	Add	0.39	0.49	\$1,004	41.8%	0.41	0.94	7.0%	7.2%	8.0%
Frasers Logistics & Commercial Trust	FLT SP	Add	1.38	1.43	\$3,468	37.4%	1.04	1.33	5.3%	5.6%	5.8%
Keppel DC REIT	KDCREIT SP	Hold	2.95	2.88	\$3,546	34.5%	1.17	2.52	3.2%	3.6%	3.6%
Mapletree Industrial Trust	MINT SP	Hold	3.25	2.87	\$5,623	38.8%	1.62	2.01	3.8%	3.8%	4.1%
Mapletree Logistics Trust	MLT SP	Hold	2.10	1.89	\$5,891	39.6%	1.21	1.74	3.9%	4.0%	4.0%
Sabana Shariah	SSREIT SP	NR	0.36	NA	\$275	33.7%	0.51	0.70	na	na	na
Soilbuild Business Space REIT	SBREIT SP	NR	0.50	NA	\$463	38.2%	0.59	0.84	6.1%	6.5%	7.1%
<b>Simple Average</b>						<b>37.5%</b>		<b>1.76</b>	<b>5.5%</b>	<b>5.6%</b>	<b>5.9%</b>
<b>Office</b>											
CapitaLand Commercial Trust	CCT SP	Add	1.65	1.98	\$4,691	35.5%	1.82	0.91	4.7%	4.8%	5.3%
Keppel REIT	KREIT SP	Add	1.09	1.25	\$2,727	36.3%	1.33	0.82	5.2%	5.3%	5.4%
OUE Commercial REIT	OUECT SP	Hold	0.34	0.48	\$1,355	40.2%	0.61	0.56	7.7%	8.5%	9.1%
Suntec REIT	SUN SP	#N/A	1.44	#N/A	\$2,990	41.3%	2.09	0.69	na	na	na
<b>Simple Average</b>						<b>38.3%</b>		<b>0.74</b>	<b>5.9%</b>	<b>6.2%</b>	<b>6.6%</b>
<b>Retail</b>											
CapitaLand Mall Trust	CT SP	Add	1.93	2.26	\$5,243	34.4%	2.01	0.96	4.7%	6.3%	6.5%
Frasers Centrepoint Trust	FCT SP	Add	2.33	2.83	\$2,340	37.4%	2.21	1.05	4.3%	5.6%	5.7%
Lendlease Global Commercial REIT	LREIT SP	Add	0.68	0.85	\$587	35.1%	0.85	0.80	4.5%	6.3%	6.6%
Mapletree Commercial Trust	MCT SP	Hold	1.93	1.88	\$4,708	33.3%	1.75	1.10	4.1%	4.6%	4.9%
SPH REIT	SPHREIT SP	Add	0.84	1.07	\$1,709	30.5%	0.91	0.92	3.1%	7.0%	6.5%
Starhill Global REIT	SGREIT SP	Add	0.45	0.71	\$719	36.3%	0.88	0.51	6.6%	9.3%	10.0%
<b>Simple Average</b>						<b>34.5%</b>		<b>0.89</b>	<b>4.6%</b>	<b>6.5%</b>	<b>6.7%</b>
<b>Overseas-centric</b>											
CapitaLand Retail China Trust	CRCT SP	NR	1.29	NA	\$1,171	36.7%	1.55	0.83	6.0%	7.2%	7.9%
Elite Commercial REIT	ELITE SP	Add	0.63	0.76	\$273	32.8%	0.60	1.05	7.7%	7.5%	7.5%
Lippo Malls Indonesia Retail Trust	LMRT SP	Hold	0.09	0.18	\$190	35.7%	0.28	0.32	12.2%	26.5%	26.2%
Mapletree North Asia Commercial Trust	MAGIC SP	Add	0.92	1.15	\$2,196	39.3%	1.41	0.65	7.4%	6.6%	8.0%
Manulife US REIT	MUST SP	Add	0.75	1.05	\$1,187	39.1%	0.76	0.99	8.2%	8.5%	8.7%
Sasseur REIT	SASSR SP	Add	0.79	0.84	\$696	28.1%	0.90	0.87	7.6%	8.3%	8.8%
<b>Simple Average</b>						<b>35.3%</b>		<b>0.78</b>	<b>8.2%</b>	<b>10.8%</b>	<b>11.2%</b>
<b>Healthcare</b>											
First REIT	FIRT SP	Add	0.45	0.96	\$264	34.9%	0.97	0.46	11.0%	18.5%	18.2%
Parkway Life REIT	PREIT SP	Hold	4.07	3.43	\$1,813	38.0%	1.84	2.21	3.3%	3.4%	3.4%
<b>Simple Average</b>						<b>36.5%</b>		<b>1.34</b>	<b>7.2%</b>	<b>11.0%</b>	<b>10.8%</b>
<b>Simple average for SIN</b>						<b>36.5%</b>		<b>1.00</b>	<b>5.7%</b>	<b>7.0%</b>	<b>7.4%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Rental Revenues	121.5	113.6	113.2	114.2	115.0
Other Revenues	0.0	0.0	0.0	0.0	0.0
<b>Gross Property Revenue</b>	<b>121.5</b>	<b>113.6</b>	<b>113.2</b>	<b>114.2</b>	<b>115.0</b>
Total Property Expenses	(30.6)	(27.7)	(27.2)	(27.4)	(27.6)
<b>Net Property Income</b>	<b>90.9</b>	<b>85.8</b>	<b>86.1</b>	<b>86.8</b>	<b>87.4</b>
General And Admin. Expenses	0.0	0.0	0.0	0.0	0.0
Management Fees	(8.1)	(7.8)	(8.0)	(8.0)	(8.0)
Trustee's Fees	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Other Operating Expenses	(2.4)	(2.2)	(2.2)	(2.2)	(2.2)
<b>EBITDA</b>	<b>79.8</b>	<b>75.3</b>	<b>75.4</b>	<b>76.1</b>	<b>76.7</b>
Depreciation And Amortisation	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>79.8</b>	<b>75.3</b>	<b>75.4</b>	<b>76.1</b>	<b>76.7</b>
Net Interest Income	(18.4)	(21.5)	(20.4)	(20.5)	(20.6)
Associates' Profit	0.0	0.0	0.0	0.0	0.0
Other Income/(Expenses)	0.0	0.0	0.0	0.0	0.0
Exceptional Items	(21.8)	(57.3)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>39.6</b>	<b>(3.5)</b>	<b>54.9</b>	<b>55.6</b>	<b>56.1</b>
Taxation	(2.5)	(2.0)	(2.7)	(2.8)	(2.9)
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends	(5.0)	(5.5)	(5.5)	(5.5)	(5.5)
<b>Net Profit</b>	<b>32.0</b>	<b>(11.0)</b>	<b>46.7</b>	<b>47.3</b>	<b>47.7</b>
<b>Distributable Profit</b>	<b>63.4</b>	<b>59.8</b>	<b>52.2</b>	<b>55.2</b>	<b>55.7</b>

### Cash Flow

(\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Pre-tax Profit</b>	<b>39.6</b>	<b>(3.5)</b>	<b>54.9</b>	<b>55.6</b>	<b>56.1</b>
Depreciation And Non-cash Adj.	18.4	21.5	20.4	20.5	20.6
Change In Working Capital	(2.7)	1.1	0.0	0.0	0.0
Tax Paid	(2.5)	(2.0)	(2.7)	(2.8)	(2.9)
Others	6.1	62.6	6.0	6.0	6.0
<b>Cashflow From Operations</b>	<b>58.9</b>	<b>79.7</b>	<b>78.6</b>	<b>79.2</b>	<b>79.8</b>
Capex	(5.1)	(8.4)	0.0	0.0	0.0
Net Investments And Sale Of FA	(121.1)	(39.5)	0.0	0.0	0.0
Other Investing Cashflow	15.9	0.1	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(110.2)</b>	<b>(47.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Debt Raised/(repaid)	35.6	38.9	2.0	2.0	2.0
Equity Raised/(Repaid)	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(64.3)	(61.0)	(52.2)	(55.2)	(55.7)
Cash Interest And Others	81.1	(29.2)	(20.4)	(20.5)	(20.6)
<b>Cash Flow From Financing</b>	<b>52.3</b>	<b>(51.3)</b>	<b>(70.6)</b>	<b>(73.7)</b>	<b>(74.3)</b>
Total Cash Generated	1.0	(19.4)	8.0	5.5	5.5
Free Cashflow To Firm	(66.1)	14.3	78.6	79.2	79.8
Free Cashflow To Equity	(34.7)	53.2	60.2	60.7	61.2

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



**BY THE NUMBERS... cont'd**
**Balance Sheet**

(S\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Investments	1,269	1,334	1,334	1,334	1,334
Intangible Assets	0	0	0	0	0
Other Long-term Assets	1	1	1	1	1
Total Non-current Assets	1,270	1,335	1,335	1,335	1,335
Total Cash And Equivalents	33	15	23	29	34
Inventories	0	0	0	0	0
Trade Debtors	6	8	8	8	8
Other Current Assets	0	0	0	0	0
<b>Total Current Assets</b>	<b>39</b>	<b>24</b>	<b>32</b>	<b>37</b>	<b>43</b>
Trade Creditors	15	18	18	18	18
Short-term Debt	28	113	113	113	113
Other Current Liabilities	1	3	3	3	3
<b>Total Current Liabilities</b>	<b>44</b>	<b>135</b>	<b>135</b>	<b>135</b>	<b>135</b>
Long-term Borrowings	442	397	399	401	403
Other Long-term Liabilities	9	86	86	86	86
Total Non-current Liabilities	451	483	485	487	489
Shareholders' Equity	713	639	645	649	652
Minority Interests	0	0	0	0	0
Preferred Shareholders Funds	102	102	102	102	102
<b>Total Equity</b>	<b>815</b>	<b>741</b>	<b>747</b>	<b>750</b>	<b>754</b>

**Key Ratios**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Gross Property Revenue Growth	8.56%	(6.57%)	(0.28%)	0.85%	0.69%
NPI Growth	4.16%	(5.59%)	0.25%	0.85%	0.69%
Net Property Income Margin	74.8%	75.6%	76.0%	76.0%	76.0%
DPS Growth	(10.3%)	(6.4%)	(13.4%)	4.4%	0.3%
Gross Interest Cover	4.33	3.51	3.69	3.71	3.72
Effective Tax Rate	6.40%	0.00%	5.00%	5.09%	5.20%
Net Dividend Payout Ratio	198%	NA	112%	117%	117%
Current Ratio	0.90	0.18	0.23	0.28	0.32
Quick Ratio	0.90	0.18	0.23	0.28	0.32
Cash Ratio	0.76	0.11	0.17	0.21	0.25
Return On Average Assets	2.52%	(0.82%)	3.43%	3.45%	3.47%

**Key Drivers**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Rental Rate Psf Pm (S\$)	1.2	1.3	1.0	1.0	1.0
Acq. (less development) (US\$m)	N/A	N/A	N/A	N/A	N/A
RevPAR (S\$)	N/A	N/A	N/A	N/A	N/A
Net Lettable Area (NLA) ('000 Sf)	N/A	N/A	N/A	N/A	N/A
Occupancy (%)	91.9%	93.9%	95.5%	95.4%	94.4%
Assets Under Management (m) (S\$)	N/A	N/A	N/A	N/A	N/A
Funds Under Management (m) (S\$)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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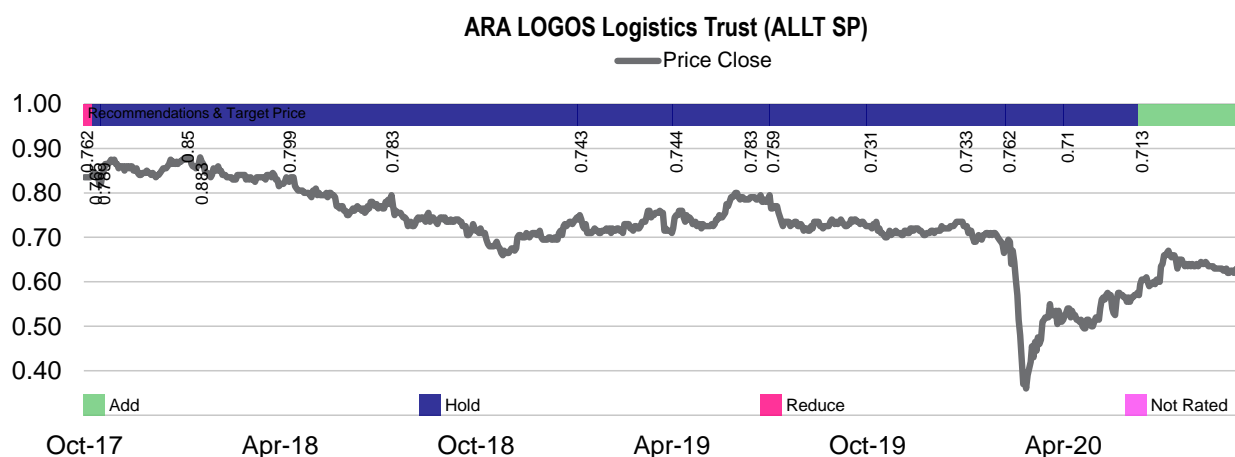
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2020		
795 companies under coverage for quarter ended on 30 September 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	63.0%	0.5%
Hold	25.2%	0.1%
Reduce	11.8%	0.3%

### 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 2019, Anti-Corruption 2019

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQU** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)  
SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

<b>Recommendation Framework</b>	
<b>Stock Ratings</b>	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>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.

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