

Starhill Global REIT (SGREIT SP)

A Firmer Core, U/G to HOLD

HOLD

[Prior:SELL]

Share Price SGD 0.69
 12m Price Target SGD 0.65 (-6%)
 Previous Price Target SGD 0.60

6.9% yield, stronger core business

SGREIT's Singapore core has been firmed up by a backfilling of office vacancies, and Australia yields should improve following completion of refurbishment at Plaza Arcade in Perth. SGREIT's shares have pulled back to yield 6.9%, now supported by an underlying sector recovery. Fundamentals are supported by its AUM concentration in niche prime locations, master and long-term leases, and proactive AEI profile. Accordingly, we upgrade from SELL to HOLD with 8% higher DDM-based TP of SGD0.65 (WACC: 8.0%, LTG: 0.5%). We prefer FCT (FCT SP, BUY, TP SGD2.55) for its suburban mall footprint and stronger DPU growth profile.

Lower office vacancies to lift Singapore core

Its Singapore revenue/NPI in 4Q18 fell 2.6% YoY/2.0% YoY, largely due to lower office occupancies and retail contribution at Wisma Atria, which saw a 12.7% YoY decline in tenant sales and 3.9% YoY slower shopper traffic, partly due to tenant renovations. Singapore's committed office occupancy jumped QoQ from 90.7% to 95.0% as at end-Jun 2018, as The Great Room, a hospitality-focused co-working operator, commenced operations at its 15,000 sf space at Ngee Ann City. Meanwhile, Wisma Atria vacancies were backfilled by Australia-based McCann Health.

Australia assets weak, Perth disruption ends

Its Australia revenue/NPI fell 9.9% YoY/13.4% YoY due to weaker contributions from the office portfolio, retail operations at Myer Centre Adelaide and income disruption from Plaza Arcade's asset redevelopment in Perth. Redevelopment work was recently completed with the premises handed over to new anchor tenant UNIQLO - its first store in the city is on track to open in 3Q18. Its Malaysia portfolio, which contributed 13.8% of total revenue, saw NPI rise 4.6% YoY due to MYR-SGD appreciation.

Portfolio valuation -0.6%, Singapore AUM stable

Its Singapore AUM (69% of total) was stable, while Starhill Gallery, Myer Centre Adelaide and its China property saw 3.7-6.9% YoY downward revaluations, exacerbated by negative AUD movements. Gearing was also stable at 35.5%; SGREIT has hedged 96% of its borrowings and refinanced its 2018 maturity to extend average debt maturity from 3.5 to 3.8 years.

| FYE Jun (SGD m) | FY17A | FY18A | FY19E | FY20E | FY21E |
|-----------------------|-------|-------|-------|-------|-------|
| Revenue | 216 | 209 | 220 | 221 | 223 |
| Net property income | 167 | 162 | 166 | 167 | 168 |
| Core net profit | 110 | 103 | 108 | 108 | 109 |
| Core EPU (cts) | 5.1 | 4.7 | 4.9 | 4.9 | 5.0 |
| Core EPU growth (%) | (5.2) | (6.6) | 4.7 | (0.3) | 1.0 |
| DPU (cts) | 4.9 | 4.6 | 4.8 | 4.7 | 4.8 |
| DPU growth (%) | (5.0) | (7.5) | 4.7 | (0.3) | 1.0 |
| P/NTA (x) | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 |
| DPU yield (%) | 6.4 | 6.1 | 7.0 | 6.9 | 7.0 |
| ROAE (%) | 5.0 | 4.2 | 12.2 | 5.8 | 6.5 |
| ROAA (%) | 3.4 | 3.2 | 3.3 | 3.2 | 3.2 |
| Debt/Assets (x) | 0.35 | 0.35 | 0.34 | 0.34 | 0.34 |
| Consensus DPU | - | - | 4.8 | 4.9 | na |
| MKE vs. Consensus (%) | - | - | (0.8) | (3.2) | na |

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Company Description

SGREIT is a real estate investment trust, which engages in investing in real estate used for retail and office purposes.

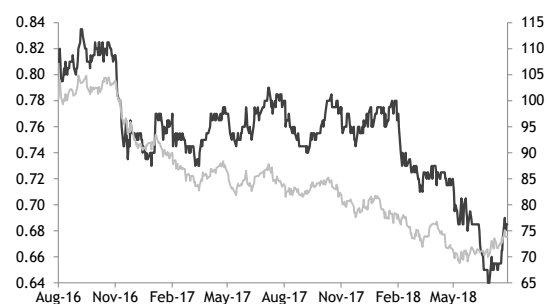
Statistics

| | |
|------------------------|--------------------|
| 52w high/low (SGD) | 0.79/0.64 |
| 3m avg turnover (USDm) | 1.2 |
| Free float (%) | 62.6 |
| Issued shares (m) | 2,181 |
| Market capitalisation | SGD1.5B USD1.1B |

Major shareholders:

| | |
|--------------------------|-------|
| YTL Corp Bhd. | 35.8% |
| AIA Singapore Pte Ltd. | 7.4% |
| The Vanguard Group, Inc. | 1.7% |

Price Performance



| | | | |
|-----------------------|-----|-----|------|
| | -1M | -3M | -12M |
| Absolute (%) | 7 | (4) | (13) |
| Relative to index (%) | 5 | 3 | (12) |

Source: FactSet

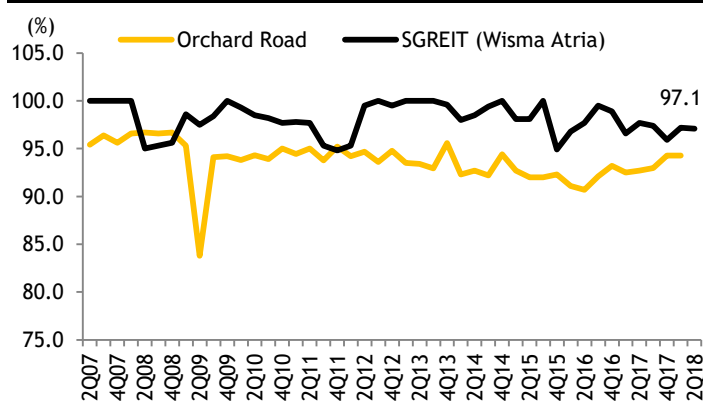
Fig 1: Summary financials 4Q/FY18A comparison

| FYE 31 Mar | 4Q17 (SGD m) | 3Q18 (SGD m) | 4Q18 (SGD m) | Change (% YoY) | Change (% QoQ) | YTD18 (SGD m) | % of FYE | FY18E (SGD m) |
|-------------------------------------|-----------------|-----------------|-----------------|-------------------|-------------------|------------------|--------------|------------------|
| Gross revenue | 53.7 | 51.7 | 51.6 | (3.9) | (0.2) | 208.8 | 97.8 | 213.6 |
| Property expenses | (12.3) | (11.5) | (11.6) | (5.9) | 1.1 | (46.6) | 89.4 | (52.2) |
| Net property income | 41.4 | 40.3 | 40.0 | (3.3) | (0.6) | 162.2 | 100.5 | 161.4 |
| Borrowing costs | (9.5) | (9.1) | (9.3) | (2.9) | 1.4 | (38.3) | 96.8 | (39.5) |
| Distributable income to unitholders | 26.4 | 23.8 | 25.3 | (3.9) | 6.6 | 101.5 | 97.6 | 104.0 |
| Distribution per unit (SGD cts) | 1.18 | 1.09 | 1.1 | (7.6) | 0.0 | 4.6 | 98.2 | 4.63 |
| Chg. to % values in bps | | | | | | | | |
| NAV per unit (SGD) | 0.92 | 0.92 | 0.91 | (1) | (1) | | | |
| Aggregate leverage (%)^ | 35.3 | 35.3 | 35.5 | 20 | 20 | | | |
| All-in financing cost (%)^ | 3.16 | 3.14 | 3.13 | (3) | (1) | | | |
| Occupancy (%)^ | 95.5 | 94.3 | 94.2 | (130) | (10) | | | |
| NPI margin (%)^ | 77.1 | 77.9 | 77.6 | 49 | (30) | | | |

^Change in basis points

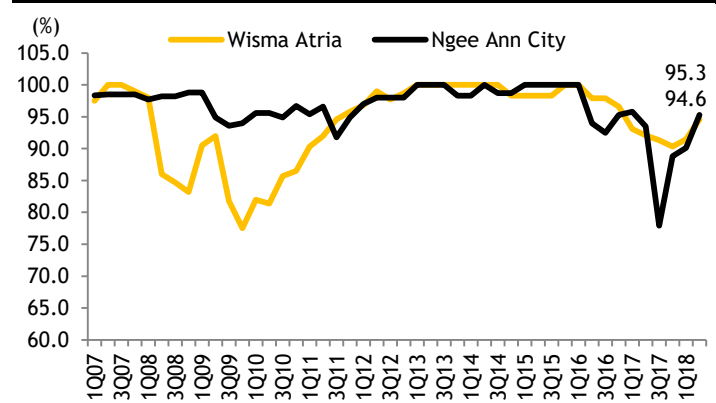
Source: Company data, Maybank Kim Eng

Fig 2: Retail occupancy (1Q07 to 2Q18) (calendarised)



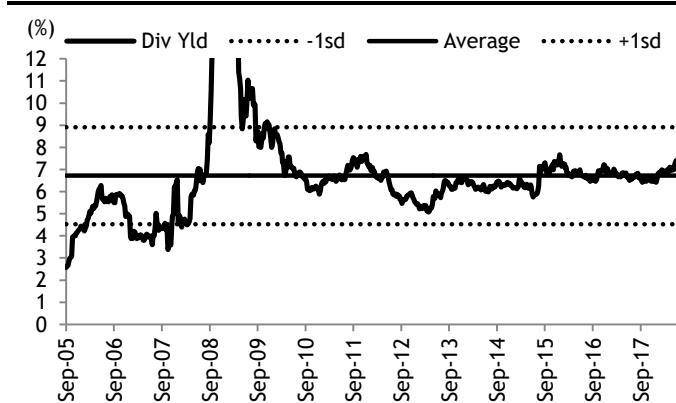
Source: Company data, CBRE

Fig 3: Office occupancy (1Q07 to 2Q18) (calendarised)



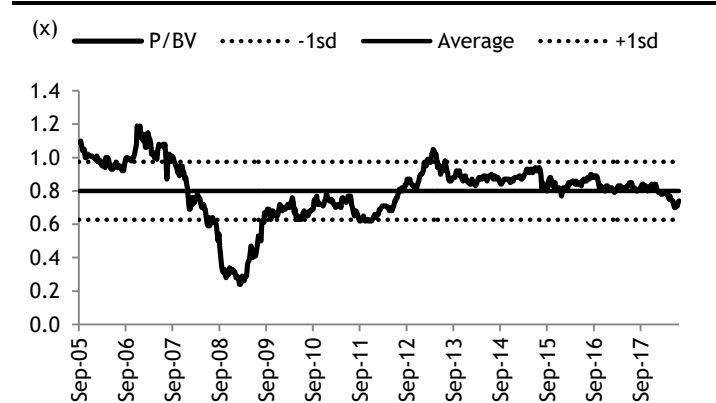
Source: Company data, CBRE

Fig 4: DPU yield at its 12-year historical average



Source: Bloomberg

Fig 5: P/B off 2013 high on weaker Singapore performance



Source: Bloomberg

Fig 6: Forecast changes

| | FY19E (old) | FY20E (old) | FY19E | FY20E | FY19E (% change) | FY20E (% change) |
|----------------|-------------|-------------|-------|-------|------------------|------------------|
| Revenue (SGDm) | 216.5 | 217.7 | 219.6 | 220.8 | 1.4 | 1.4 |
| NPI (SGDm) | 163.7 | 164.5 | 165.9 | 166.7 | 1.4 | 1.4 |
| DPU (SGD) | 4.64 | 4.63 | 4.76 | 4.75 | 2.7 | 2.6 |

Source: Maybank Kim Eng

Fig 7: S-REITs' valuation comparison

| Company | Rating | Price (SGD) | TP (SGD) | Upside (%) | Yield (%) | Total return (%) | MC (SGD b) | ADTV (SGD m) | Free Float (%) | BVPS (SGD) | P/BV (x) | Dividend yield (%) | | | | Gearing (D/A) (%) |
|--------------------------------------|--------|----------------|-------------|---------------|--------------|------------------------|---------------|-----------------|----------------------|---------------|-------------|--------------------|------------|------------|------------|-------------------------|
| | | | | | | | | | | | | 17 | 18E | 19E | 20E | |
| Retail | | | | | | | 13.7 | 29.2 | | | 1.00 | 5.8 | 5.8 | 5.9 | 6.0 | 31 |
| CapitaLand Mall (CMT) | Hold | 2.13 | 2.15 | 0.9 | 5.4 | 6.3 | 7.6 | 24.4 | 66 | 2.01 | 1.06 | 5.3 | 5.4 | 5.4 | 5.6 | 34 |
| Frasers Ctr Trust (FCT) | Buy | 2.26 | 2.55 | 12.8 | 5.5 | 18.3 | 2.1 | 2.2 | 58 | 2.02 | 1.12 | 5.2 | 5.5 | 5.7 | 5.8 | 29 |
| Starhill Global REIT | Hold | 0.69 | 0.65 | (5.1) | 6.6 | 1.5 | 1.5 | 1.7 | 63 | 0.92 | 0.74 | 7.2 | 6.6 | 6.9 | 6.9 | 35 |
| SPH REIT | Hold | 1.00 | 1.00 | 0.0 | 5.5 | 5.5 | 2.6 | 0.9 | 25 | 0.94 | 1.06 | 5.5 | 5.5 | 5.6 | 5.6 | 25 |
| Retail & Office | | | | | | | 9.7 | 24.8 | | | 0.99 | 5.4 | 5.5 | 5.5 | 5.7 | 36 |
| Suntec REIT | Hold | 1.85 | 1.94 | 4.9 | 5.5 | 10.4 | 4.9 | 17.0 | 80 | 2.10 | 0.88 | 5.4 | 5.5 | 5.5 | 5.7 | 37 |
| Mapletree Comm. (MCT) | Hold | 1.64 | 1.50 | (8.5) | 5.5 | (3.0) | 4.7 | 7.8 | 66 | 1.49 | 1.10 | 5.4 | 5.5 | 5.5 | 5.7 | 35 |
| Office | | | | | | | 12.8 | 29.0 | | | 0.86 | 5.9 | 6.0 | 6.0 | 6.1 | 38 |
| CapitaLand Comm. (CCT) | Hold | 1.74 | 1.80 | 3.4 | 5.1 | 8.6 | 6.5 | 20.2 | 70 | 1.84 | 0.95 | 5.0 | 5.1 | 5.2 | 5.2 | 38 |
| Keppel REIT | Hold | 1.15 | 1.19 | 3.5 | 5.4 | 8.9 | 3.9 | 6.3 | 54 | 1.41 | 0.81 | 5.0 | 5.4 | 5.6 | 5.7 | 39 |
| Frasers Comm. (FCOT) | NR | 1.43 | | | | | 1.3 | 2.3 | 75 | 1.53 | 0.94 | 6.9 | 6.8 | 6.8 | 6.8 | 35 |
| OUE Comm. (OUECT) | NR | 0.69 | | | | | 1.1 | 0.1 | 17 | 0.90 | 0.76 | 6.8 | 6.6 | 6.6 | 6.5 | 41 |
| Industrial | | | | | | | 22.4 | 44.3 | | | 1.10 | 7.0 | 7.1 | 7.2 | 7.5 | 36 |
| Ascendas REIT | Buy | 2.73 | 3.05 | 11.7 | 6.3 | 18.1 | 8.0 | 20.4 | 80 | 2.11 | 1.29 | 6.1 | 6.3 | 6.6 | 6.3 | 34 |
| Mapletree Ind. (MIT) | Buy | 2.02 | 2.25 | 11.4 | 6.4 | 17.8 | 3.8 | 6.2 | 68 | 1.48 | 1.37 | 5.8 | 6.4 | 6.7 | 6.9 | 33 |
| Mapletree Log. (MLT) | Hold | 1.27 | 1.30 | 2.4 | 6.2 | 8.6 | 4.1 | 9.1 | 66 | 1.12 | 1.13 | 6.0 | 6.2 | 6.3 | n.a. | 38 |
| Cache Logistics Trust | Buy | 0.78 | 0.95 | 22.6 | 8.1 | 30.7 | 0.8 | 1.2 | 100 | 0.70 | 1.10 | 8.5 | 8.1 | 8.4 | 8.7 | 36 |
| Viva Industrial Trust | Hold | 0.89 | 0.96 | 7.9 | 7.8 | 15.7 | 0.9 | 0.6 | 42 | 0.76 | 1.17 | 8.4 | 7.8 | 8.0 | 8.4 | 41 |
| AIMS AMP | Buy | 1.40 | 1.50 | 7.1 | 7.5 | 14.7 | 1.0 | 0.7 | 87 | 1.37 | 1.02 | 7.0 | 7.5 | 7.6 | 7.6 | 34 |
| Keppel DC REIT | NR | 1.40 | | | | | 1.9 | 4.5 | 71 | 1.01 | 1.39 | 5.1 | 5.5 | 5.7 | 6.0 | 37 |
| ESR REIT | NR | 0.52 | | | | | 0.8 | 0.8 | 72 | 0.68 | 0.76 | 7.4 | 7.7 | 7.9 | 8.1 | 30 |
| Soilbuild BS REIT | NR | 0.64 | | | | | 0.7 | 0.4 | 64 | 0.63 | 1.00 | 9.0 | 8.0 | 8.0 | 8.1 | 40 |
| Sabana SC Ind. REIT | NR | 0.44 | | | | | 0.5 | 0.4 | 72 | 0.54 | 0.82 | n.a. | n.a. | n.a. | n.a. | 38 |
| Hospitality & Residential | | | | | | | 9.4 | 11.9 | | | 0.94 | 6.3 | 6.5 | 6.7 | 6.8 | 35 |
| Ascott Residence Trust | NR | 1.12 | | | | | 2.4 | 3.1 | 55 | 1.23 | 0.91 | 6.3 | 6.3 | 6.5 | 6.6 | 36 |
| CDL HT (CDLHT) | NR | 1.65 | | | | | 2.0 | 4.9 | 63 | 1.51 | 1.10 | 5.5 | 6.0 | 6.2 | 6.5 | 33 |
| OUE HT (OUEHT) | NR | 0.83 | | | | | 1.5 | 1.0 | 51 | 0.76 | 1.09 | 6.2 | 6.2 | 6.7 | 6.8 | 39 |
| Far East HT (FEHT) | NR | 0.68 | | | | | 1.3 | 1.0 | 41 | 0.87 | 0.78 | 5.8 | 6.2 | 6.5 | 7.1 | 35 |
| Frasers HT | NR | 0.70 | | | | | 1.3 | 0.7 | 39 | 0.80 | 0.88 | 7.1 | 7.2 | 7.3 | 7.1 | 33 |
| Ascendas HT | NR | 0.81 | | | | | 0.9 | 1.1 | 64 | 0.92 | 0.88 | 6.8 | 7.2 | 7.3 | n.a. | 31 |
| Offshore REITs | | | | | | | 16.4 | 19.0 | | | 0.97 | 7.4 | 6.9 | 7.0 | 7.1 | 33 |
| Sasseur REIT | Buy | 0.75 | 0.90 | 20.0 | 8.0 | 28.0 | 0.9 | n.a. | 22 | 0.91 | 0.82 | n.a. | 8.0 | 8.3 | 8.6 | 0 |
| Mapletree Greater China | NR | 1.15 | | | | | 3.6 | 7.8 | 69 | 1.38 | 0.84 | 6.5 | 6.7 | 6.8 | 7.0 | 36 |
| CapitaLand Retail China | NR | 1.57 | | | | | 1.5 | 1.5 | 63 | 1.67 | 0.94 | 6.4 | 6.6 | 6.8 | 7.1 | 33 |
| Fortune REIT (HKD) | NR | 9.53 | | | | | 3.2 | 0.6 | 72 | 14.05 | 0.68 | 5.3 | 5.5 | 5.6 | 5.9 | 27 |
| Lippo Malls Ind. RT | NR | 0.32 | | | | | 0.9 | 1.2 | 64 | 0.30 | 1.06 | 10.6 | 8.0 | 8.0 | 8.4 | 35 |
| Manulife REIT (USD) | NR | 0.86 | | | | | 1.5 | 1.2 | 93 | 0.82 | 1.04 | 7.0 | 7.5 | 7.7 | 7.4 | 34 |
| Keppel_KBS US REIT | NR | 0.84 | | | | | 0.7 | n.a. | 86 | 0.84 | 1.00 | n.a. | 7.1 | 7.4 | n.a. | 34 |
| IREIT Global | NR | 0.79 | | | | | 0.5 | 0.1 | 34 | 0.69 | 1.14 | n.a. | n.a. | n.a. | n.a. | 41 |
| BHG Retail REIT | NR | 0.73 | | | | | 0.4 | 0.0 | 35 | 0.84 | 0.86 | n.a. | n.a. | n.a. | n.a. | 34 |
| Frasers Log. & Ind. (FLT) | NR | 1.04 | | | | | 2.1 | 6.0 | 79 | 0.90 | 1.16 | 7.4 | 6.8 | 7.0 | 7.0 | 31 |
| EC World REIT | NR | 0.71 | | | | | 0.6 | 0.3 | 42 | 0.91 | 0.78 | 8.4 | n.a. | n.a. | n.a. | 29 |
| Cromwell REIT (EUR) | NR | 0.60 | | | | | 1.5 | 0.2 | 28 | 0.53 | 1.13 | n.a. | 6.9 | 7.0 | n.a. | 35 |
| Healthcare | | | | | | | 2.7 | 3.1 | | | 1.43 | 5.7 | 5.7 | 5.8 | 5.8 | 34 |
| Parkway Life REIT | NR | 2.77 | | | | | 1.7 | 2.0 | 54 | 1.75 | 1.58 | 4.8 | 4.6 | 4.7 | 4.6 | 34 |
| First REIT | NR | 1.30 | | | | | 1.0 | 1.1 | 67 | 1.01 | 1.29 | 6.6 | 6.8 | 6.9 | 7.0 | 34 |
| Total REITs | | | | | | | 87 | 161 | | | 1.02 | 6.5 | 6.5 | 6.6 | 6.7 | 35 |
| S-REIT yield spread | | | | | | | | | | | | | | | | 2.8 |
| FSTREI Index | | | | | | | | | | | | | | | | 5.2 |
| SGS 10Y bond yield | | | | | | | | | | | | | | | | 2.4 |

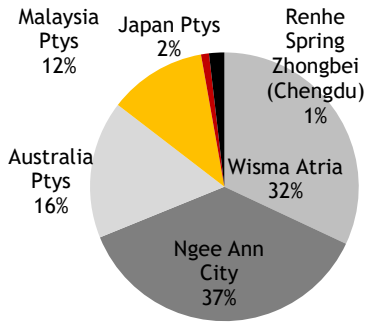
Prices as of 27 Jul 2018. NR = Not Rated.

Source: Bloomberg, Factset, Companies, Maybank Kim Eng

Value Proposition

- As of end-Jun 2018, SGREIT owned 10 mid- to high-end retail properties valued at SGD3.1b in Singapore (at 69% of AUM), Australia (16%), Malaysia (12%), Japan (2%), and China (1%).
- About 49% of its portfolio's gross rent is derived from long-term master leases, which offer stability and visibility.
- Orchard Road recovery should support rents at Wisma Atria and Ngee Ann City, given their positioning and connectivity.

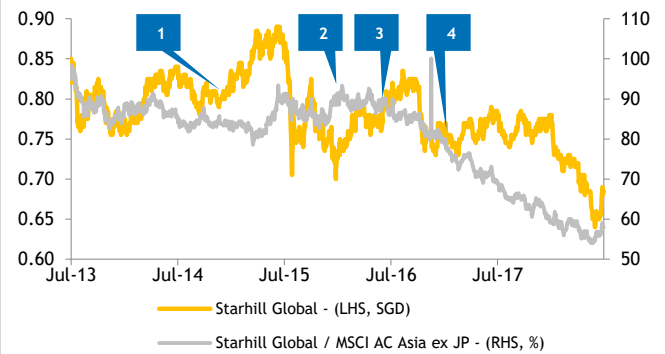
AUM breakdown (as of end-Jun 2018)



Source: Company

Price Drivers

Historical share price trend



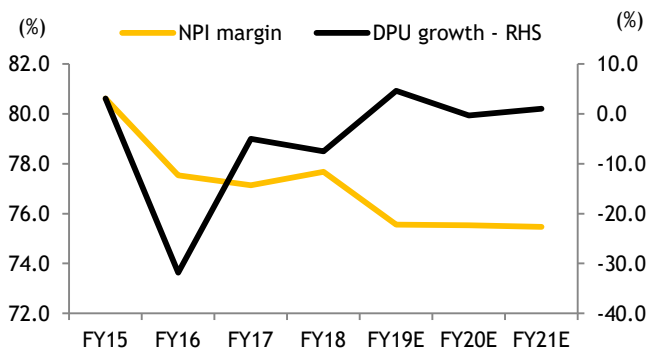
Source: Company, FactSet, Maybank Kim Eng

- Apr-15: Enters sale and purchase agreement to acquire Myer Centre Adelaide for AUD288.0m at 6.6% yield, with Australia's AUM contribution up from 7.1% to 16.3%.
- Mar-16: Extended tenancies for Malaysia properties for three years from 28 Jun 2016 at +6.67%.
- Jun-16: Secured +5.5% rent increase for the master lease with Toshin in Ngee Ann City, effective for three years commencing 8 Jun 2016.
- Sep-16: Commenced Lot 10 redevelopment, timed to completion of new MRT line.

Financial Metrics

- Revenue growth at 1-5% from rent increase due to master lease at Ngee Ann City. Rents at Wisma Atria to be lifted from earlier recovery in prime Orchard Road rents.
- DPU to recover in FY19 after earlier downtime at Plaza Arcade (Australia) and growth flattish over FY19-20E as retail occupancies improve, but weakness expected for its office properties.

DPU growth and NPI margin



Source: Company, Maybank Kim Eng

Swing Factors

Upside

- Earlier-than-expected pick-up in leasing demand for retail, office space driving improvement in occupancy.
- Better-than-anticipated rental reversions.
- Accretive acquisitions or redevelopment projects.

Downside

- Prolonged slowdown in economic activity could reduce demand for retail and office space, resulting in lower occupancy and rental rates.
- Termination of long-term leases contributing to weaker portfolio tenant retention rate.
- Sharper-than-expected rise in interest rates could increase cost of debt and negatively impact earnings, with higher cost of capital lowering valuations.

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| FYE 30 Jun | FY17A | FY18A | FY19E | FY20E | FY21E |
|--|----------------|----------------|----------------|----------------|----------------|
| Key Metrics | | | | | |
| Price/DPU(x) | 15.7 | 16.3 | 14.4 | 14.4 | 14.3 |
| P/BV (x) | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 |
| P/NTA (x) | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 |
| DPU yield (%) | 6.4 | 6.1 | 7.0 | 6.9 | 7.0 |
| FCF yield (%) | 8.3 | 8.4 | 9.6 | 9.8 | 9.9 |
| INCOME STATEMENT (SGD m) | | | | | |
| Revenue | 216.4 | 208.8 | 219.6 | 220.8 | 223.0 |
| Net property income | 166.9 | 162.2 | 165.9 | 166.7 | 168.3 |
| Management and trustee fees | (19.7) | (19.9) | (19.9) | (20.0) | (20.2) |
| Net financing costs | (38.9) | (38.3) | (38.6) | (39.7) | (40.0) |
| Associates & JV | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | (10.3) | (16.9) | 142.7 | 17.6 | 32.9 |
| Other pretax income/expenses | 1.1 | 0.9 | 0.9 | 0.9 | 0.9 |
| Pretax profit | 99.0 | 87.7 | 250.7 | 125.1 | 141.5 |
| Income tax | 1.3 | (3.4) | 0.0 | 0.0 | 0.0 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total return avail to unitholders | 100.3 | 84.2 | 250.7 | 125.1 | 141.5 |
| Preferred Dividends | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Distributable inc to unitholders | 107.3 | 99.2 | 103.9 | 103.5 | 104.5 |
| BALANCE SHEET (SGD m) | | | | | |
| Cash & Short Term Investments | 76.6 | 66.7 | 78.3 | 92.3 | 106.4 |
| Accounts receivable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, Plant & Equip (net) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment properties | 3,136.3 | 3,118.3 | 3,261.0 | 3,278.6 | 3,311.4 |
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Investment in Associates & JVs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other assets | 6.5 | 6.4 | 6.4 | 6.4 | 6.4 |
| Total assets | 3,219.4 | 3,191.5 | 3,345.7 | 3,377.4 | 3,424.3 |
| ST interest bearing debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | 38.8 | 38.6 | 38.6 | 38.6 | 38.6 |
| LT interest bearing debt | 1,134.3 | 1,130.3 | 1,140.3 | 1,150.3 | 1,160.3 |
| Other liabilities | 37.1 | 32.3 | 32.3 | 32.3 | 32.3 |
| Total Liabilities | 1,210.1 | 1,201.2 | 1,211.2 | 1,221.2 | 1,231.2 |
| Shareholders Equity | 2,009.3 | 1,990.3 | 2,134.5 | 2,156.1 | 2,193.1 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total shareholder equity | 2,009.3 | 1,990.3 | 2,134.5 | 2,156.1 | 2,193.1 |
| Total liabilities and equity | 3,219.4 | 3,191.5 | 3,345.7 | 3,377.4 | 3,424.3 |
| CASH FLOW (SGD m) | | | | | |
| Cash flow from operations | 141.1 | 135.9 | 143.1 | 146.4 | 147.8 |
| Capex | (0.1) | (0.0) | (0.0) | (0.0) | (0.0) |
| Acquisitions & investments | (4.1) | (7.5) | 0.0 | 0.0 | 0.0 |
| Disposal of FA & investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend income from associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investing cash flow | 1.1 | 0.9 | 0.9 | 0.9 | 0.9 |
| CF from investing activities | (3.1) | (6.6) | 0.9 | 0.9 | 0.9 |
| Dividends paid | (109.7) | (101.2) | (103.9) | (103.5) | (104.5) |
| Interest expense | (36.1) | (39.1) | (38.6) | (39.7) | (40.0) |
| Change in debt | 7.9 | 1.2 | 10.0 | 10.0 | 10.0 |
| Equity raised / (purchased) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial activities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CF from financing activities | (137.9) | (139.1) | (132.5) | (133.2) | (134.6) |
| Effect of exchange rate changes | (0.5) | (0.1) | 0.0 | 0.0 | 0.0 |
| Net cash flow | (0.4) | (9.9) | 11.5 | 14.1 | 14.1 |

| FYE 30 Jun | FY17A | FY18A | FY19E | FY20E | FY21E |
|--|---------|---------|---------|---------|---------|
| Key Ratios | | | | | |
| Growth ratios (%) | | | | | |
| Revenue growth | (1.5) | (3.5) | 5.2 | 0.5 | 1.0 |
| Net property income growth | (2.0) | (2.8) | 2.3 | 0.5 | 1.0 |
| Core net profit growth | (5.2) | (6.6) | 4.7 | (0.3) | 1.0 |
| Distributable income growth | (5.0) | (7.5) | 4.7 | (0.3) | 1.0 |
| Profitability ratios (%) | | | | | |
| Net property income margin | 77.1 | 77.7 | 75.6 | 75.5 | 75.5 |
| Core net profit margin | 51.0 | 49.4 | 49.2 | 48.7 | 48.7 |
| Payout ratio | 97.2 | 96.2 | 96.2 | 96.2 | 96.2 |
| DuPont analysis | | | | | |
| Total return margin (%) | 46.3 | 40.3 | nm | 56.7 | 63.5 |
| Gross revenue/Assets (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Assets/Equity (x) | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| ROAE (%) | 5.0 | 4.2 | 12.2 | 5.8 | 6.5 |
| ROAA (%) | 3.4 | 3.2 | 3.3 | 3.2 | 3.2 |
| Leverage & Expense Analysis | | | | | |
| Asset/Liability (x) | 2.7 | 2.7 | 2.8 | 2.8 | 2.8 |
| Net gearing (%) (excl. perps) | 52.6 | 53.4 | 49.8 | 49.1 | 48.1 |
| Net interest cover (x) | 3.8 | 3.7 | 3.8 | 3.7 | 3.7 |
| Debt/EBITDA (x) | 7.7 | 8.0 | 7.8 | 7.9 | 7.9 |
| Capex/revenue (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt/ (net cash) | 1,057.7 | 1,063.6 | 1,062.1 | 1,058.0 | 1,053.9 |
| Debt/Assets (x) | 0.35 | 0.35 | 0.34 | 0.34 | 0.34 |

Source: Company; Maybank

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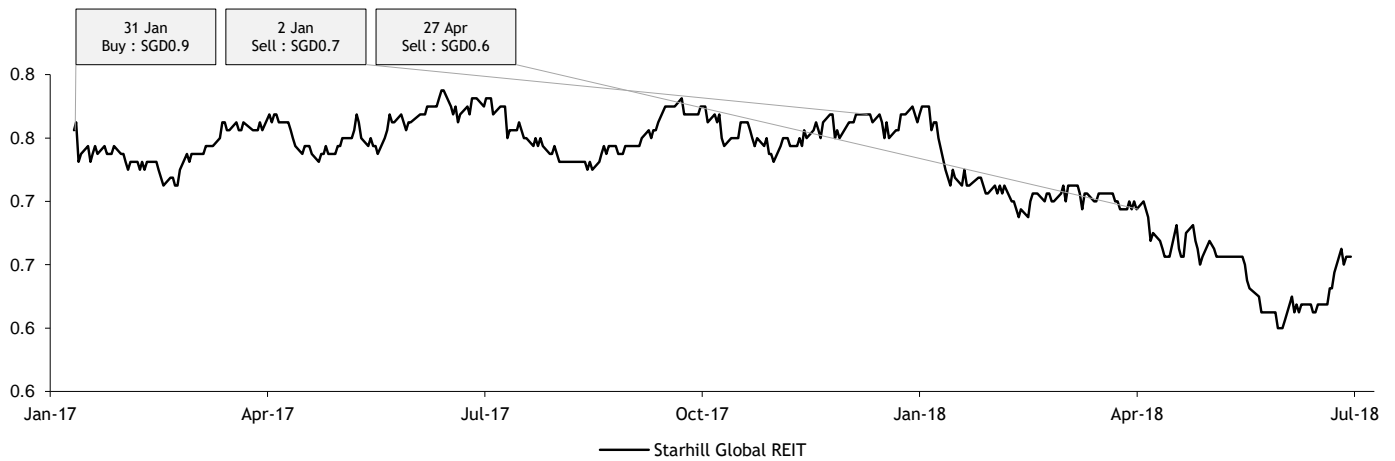
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