

# Thailand REITs

# NEUTRAL

[Unchanged]

## Fears of rising rates still loom in 2H22

### NEUTRAL; BUY WHART, HOLD FTREIT & CPNREIT

The Thai property fund/REIT index has fallen by 10% YTD. Industrial REITs WHART and FTREIT have declined by 20% and 18% since early-22 due to rising inflation and interest rates. CPNREIT has outperformed the index, possibly on expectation of a sharp recovery in performance post-pandemic. We adjust our TPs again to reflect rapid rises in interest rates/inflation. Among industrial REITs, we prefer WHART over FTREIT. U/G WHART to BUY from HOLD with of new TP of THB11.40 from THB12.12. Also, we D/G CPNREIT to HOLD and switch to CPN, Thailand's largest retail mall operator who is one of the prime beneficiaries of full economic re-opening.

### Prefer WHART over FTREIT

The value of new asset acquisitions for FTREIT worth THB1.7b is 50% below its 3-year average while WHART's THB4b worth of new assets is 24% below its 3-year mean. This will drive WHART's asset value to exceed FTREIT's by 13% by end-FY22, from only 1% at end-FY22. Rental reversion is 1.0-1.5% for WHART, higher than FTREIT's 0.5%. Between the two, we forecast WHART to show a meaningful +40% earnings growth YoY for the upcoming quarter ending Jun-22 vs tiny growth for FTREIT of 5%. For FY22E, WHART's earnings should grow by double-digits vs a single-digit growth for FTREIT.

### Expect CPNREIT's earning to rebound sharply

CPNREIT's turned profitable in 4Q21 from a net loss of THB74m during the lockdown in 3Q21. 1Q22 earnings picked up another 64% QoQ to THB269m, attributable to a decline in the rental discount rate from 27% in 4Q21 to 17% in 1Q22. We estimate CPNREIT's quarterly earnings to continue improving QoQ and FY22E earnings to recover 300% YoY to THB1.5b. Nonetheless, we D/G CPNREIT as it's highly sensitive to interest rate upturn. Moreover, we are waiting for clear funding solutions for: i) a new round of asset acquisitions; and ii) additional cost to renew a leasehold contract for the Pinklao mall after its expiry at end-25.

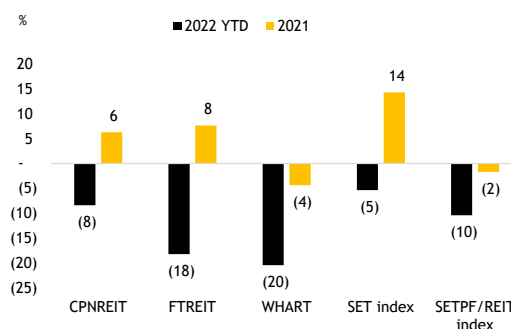
### Valuations

As the 20-year Thai bond yield (risk-free rate) continues to rise, we revisit our assumptions and apply a more aggressive risk-free rate of 7.25% (+350bps from the current 3.75%) for WHART, FTREIT and CPNREIT. We therefore arrive at a higher discount rate and lower TPs for all three REITs. WHART, a leading logistics REIT, looks attractive with double-digit earnings growth forecast and compelling valuations; 7.4% FY22E dividend yield and 0.85x PB. FTREIT has low earnings visibility with a dividend yield of 7.1% and is trading at around 0.9x FY22E PB. CPNREIT is likely to see a sharp turnaround in its performance but its valuations, 6.4% DPU yield and 1.5x FY22E PB, are the weakest among the three REITs.

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### Share price performance



Source: Setsmart

### Stock mentioned in this note

Central Pattana (CPN, CP:THB60, Buy, TP:THB70)

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	P/E (x)		P/B (x)		Div yld (%)	
							22E	23E	22E	23E	22E	23E
CPN REIT	CPNREIT TB	1,153	Hold	18.50	19.40	5	31.2	26.2	1.5	1.5	6.4	7.2
FTREIT	FTREIT TB	889	Hold	10.30	11.20	9	12.6	12.0	0.9	0.9	7.1	7.5
WHA Premium	WHART TB	872	Buy	10.10	11.40	13	15.9	14.0	0.9	0.9	7.4	7.6

## Investment highlights

We downgraded the Thai property fund/REIT sector to NEUTRAL at end-21. The Thai property fund/REIT index has fallen by 10% YTD. Industrial REITs WHART and FTREIT have declined by 20% and 18% since early-22 due to rising inflation and interest rates. CPNREIT has outperformed the index, possibly on expectation of a sharp recovery in performance post-pandemic.

**Fig 1: Share price performance of 3 REITs under our coverage over the past 3 years**



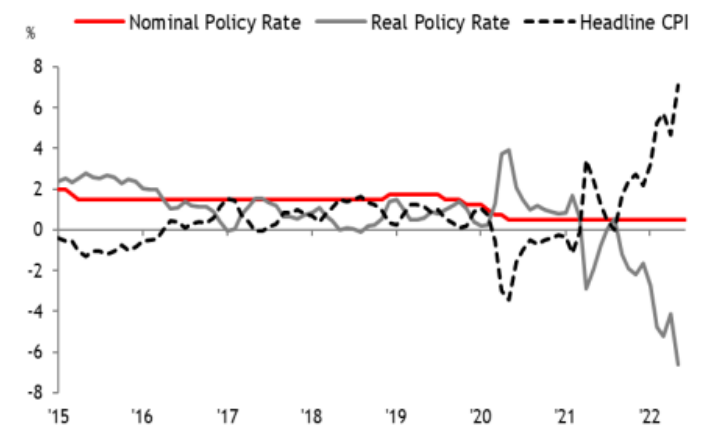
Source: Setsmart

**Fig 2: 20-year Thai government bond yield**



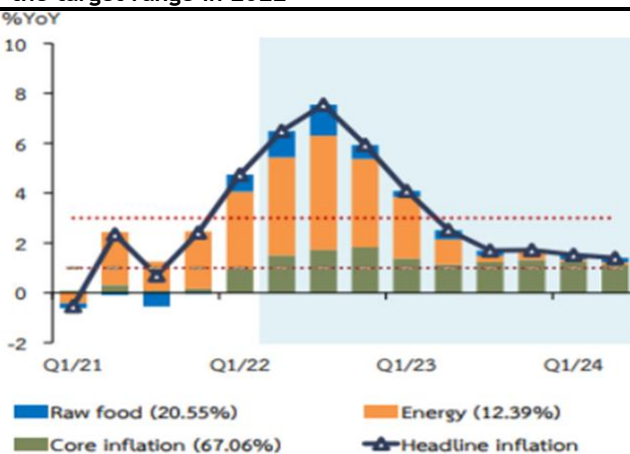
Source: www.worldgovernmentbonds.com

**Fig 3: Inflation surged to 7.1% in May, but the BoT has kept the policy rate at 0.5%**



Source: CEIC

**Fig 4: The BoT forecasts CPI to breach the upper end of the target range in 2022**



Source: BoT, Ministry of Commerce

In early-22, Maybank's economist said it expects the Bank of Thailand (BoT) to maintain its policy rate at a record low of 0.5% for 2022. But given the surge in inflation (Fig 3-4), the BoT raised its headline inflation forecast to +6.2% (from +4.9% in March) for 2022 and to +2.5% (from +1.7%) for 2023. The BoT raised its core inflation forecast slightly to +2.2% (from +2%) for 2022 and to +2.0% (from +1.7%) for 2023. The BoT expects headline CPI to exceed the upper bound of its target range until 1Q23, peaking at close to +8% in 3Q22.

Hence, Maybank's economist, Lee Ju Ye, recently forecast the BoT to raise the policy rate twice this year to 1.0% by year-end - with the first hike at the next meeting on 10 Aug and the second likely in 4Q22 - given the significantly higher inflation projections.

The Thai government's 20-year bond yield has already surged to around 3.75%, from 2.85% in early-22. (Fig 2) We therefore re-visit our assumptions and apply a more aggressive risk-free rate of 7.25% (+350bps over 20-year bond yield), leading to a high discount rate of 9.0% for FTREIT, 8.6% for WHART and 9.3% for CPNREIT (Fig 5-6).

We D/G CPNREIT to HOLD. Despite our forecast of a sharp recovery in FY22E earnings from the record low level in FY21, the new discount rate results in a lower TP of THB19.4 from THB23. Moreover, we are waiting for clear solutions for upcoming investments for: i) a new round of asset acquisitions; and ii) additional cost to renew a leasehold contract for Pinklao mall after its expiry at end-24. We prefer CPN, Thailand's largest retail mall operator, as a beneficiary of the full re-opening of the country.

Between the two industrial REITs, we prefer WHART and U/G it to BUY with potential upside to our TP of 13% plus dividend yield of 7.4%. Aside from compelling valuations (trading at a 15-20% discount to PB and NAV), WHART now ranks No.1 among industrial REITs in terms of asset value and we expect double-digit earnings growth for FY22E-23E. We keep FTREIT as HOLD as it offers only 9% upside potential. FTREIT's valuations are less attractive compared to WHART with estimated single-digit earnings growth, PB of around 0.9x, and dividend yield of 7.1%.

**Fig 5: Summary of discount rates**

	WHART	FTREIT	CPNREIT
Risk free rate=+350bp to 20-year			
Thai bond yield of 3.75%	7.25%	7.25%	7.25%
Beta (Bloomberg)	0.50	0.65	0.72
Risk premium	10%	10%	7%
Cost of equity	8.6%	9.0%	9.3%
DDM-Based TP	11.4	11.2	19.4

Source: MST

**Fig 6: Summary of changes in TPs and ratings**

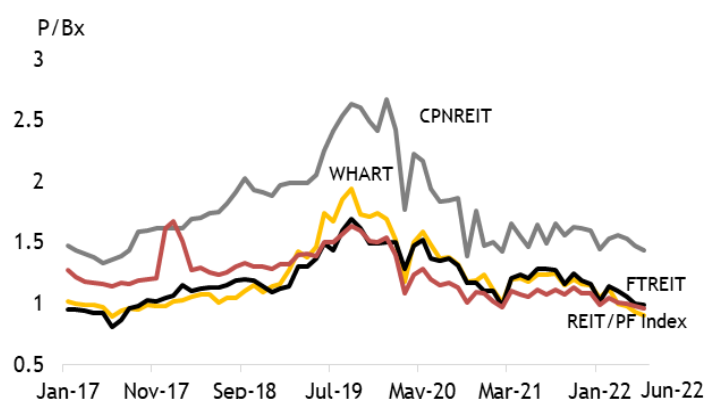
	WHART	FTREIT	CPNREIT
TP-previous	12.12	12.30	23.0
TP-current	11.4	11.2	19.4
% Chg	-6%	-9%	-16%
Previous rating	Hold	Hold	Buy
Current rating	Buy	Hold	Hold

Source: MST

#### Earnings trend for quarter ended Jun-22

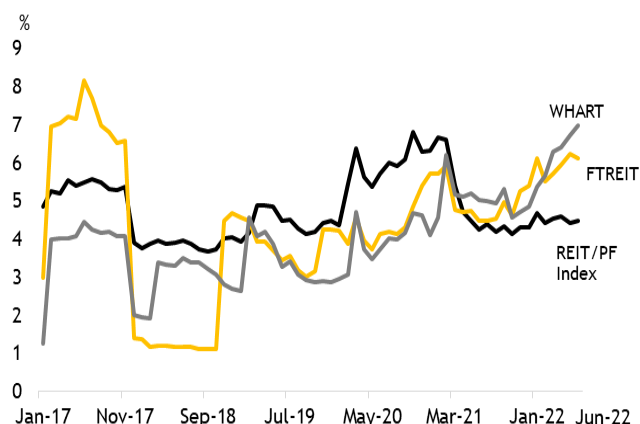
For 2Q22 earnings, we forecast WHART to report a meaningful +40% recovery YoY from a low base in 2Q21, compared to a single digit YoY growth for FTREIT. Nonetheless, the QoQ earnings growth of industrial REITs may not be as strong as CPNREIT (commercial REIT), which is a prime beneficiary of the full re-opening of the country. We expect CPN to achieve decent earnings growth QoQ every quarter from now till end-FY22E, after full-re-opening of the country which helps to improve customer traffic and reduce discounts. Valuations wise, PB has already fallen close to 1x, but WHART's dividend yield should surge to a record high of >7%, above the average dividend yield of the sector of 4.5%.

Fig 7: P/Bx over the past 5 years



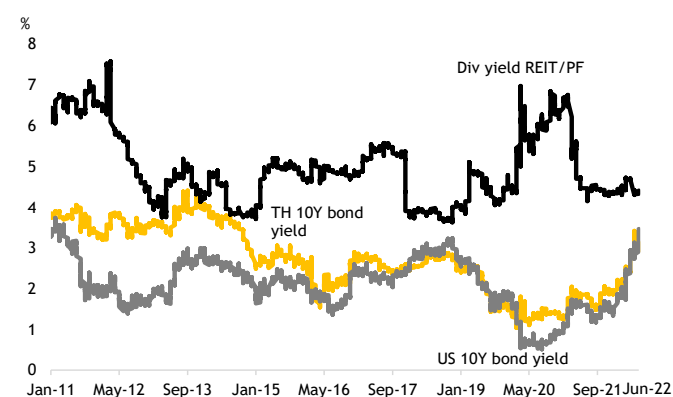
Source: SETSMART, MST

Fig 8: DPU yield over the past 5 years



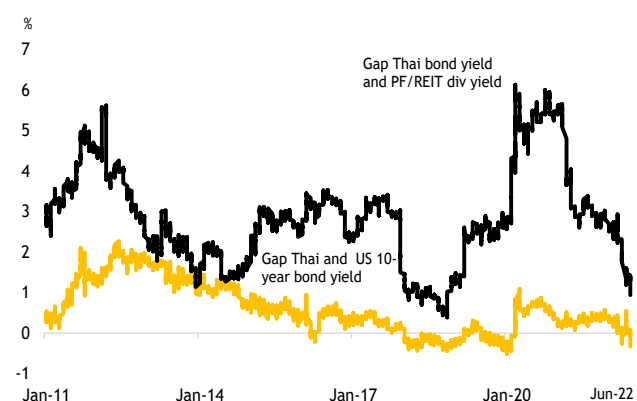
Source: SETSMART, MST

Fig 9: Thai/US 10-year bond yield vs dividend yield of PF/REIT sector



Source: Bloomberg, MST

Fig 10: Gap Thai/US 10-year bond yield vs gap Thai bond yield and PF/REIT sector



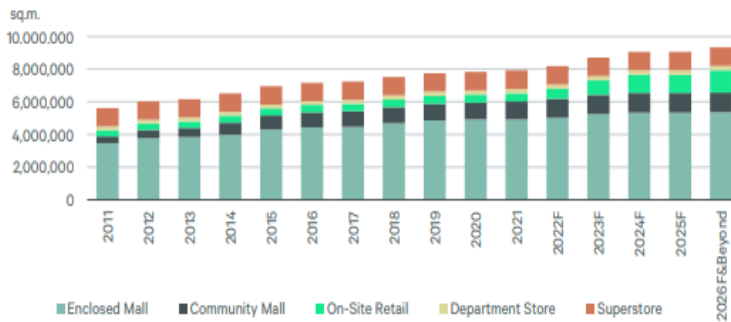
Source: Bloomberg, MST

## Retail space - 2022 outlook

According to CBRE Thailand, 0.7m sqm of net lettable retail area is under construction and 0.2m sqm of retail space is expected to be completed in 2022-early 2023, such as The EmSphere, Terminal 21 Harbour (Rama III), Bangkok World (Siam Park Site) and ICONSIAM (Phase 2). Occupancy rate has fallen below 95% given the pandemic over the past 2 years while new supply keeps coming onto the market.

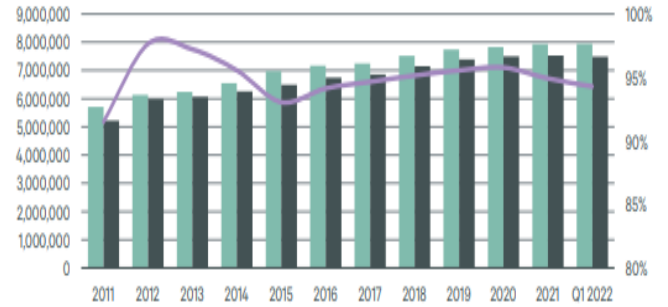
CBRE believes large retail groups like CPN will be able to navigate the crisis. But this should be another tough year for small to medium-sized retailers. Note that retail sales and Private Consumption Index (PCI) already picked up, but Consumer Confidence Index (CCI) continues to be sluggish amid the surge in inflation, which has severely increased the cost of living and weakened purchasing power.

Fig 11: Bangkok existing and future retail supply by format



Source: CBRE Thailand

Fig 12: Bangkok retail supply, take-up, occupancy rates



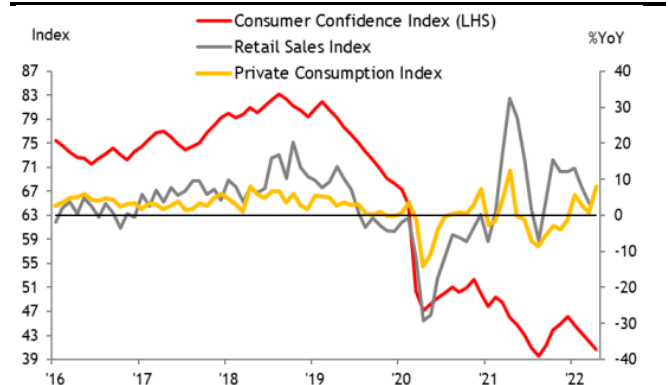
Source: CBRE Thailand

Fig 13: Total supply, demand and vacancy rate at 1Q22

	Total Market	Downtown	Midtown	Suburbs
Total Supply	7.9 million	1.8 million	2.1 million	4.0 million
Total Take-up	7.5 million	1.7 million	1.9 million	3.9 million
Total Vacancy	0.5 million	0.2 million	0.2 million	0.1 million
% Vacant	5.7%	8.3%	8.1%	3.3%

Source: CBRE Thailand

Fig 14: Sluggish CCI despite improvement in retail sales and private consumption index



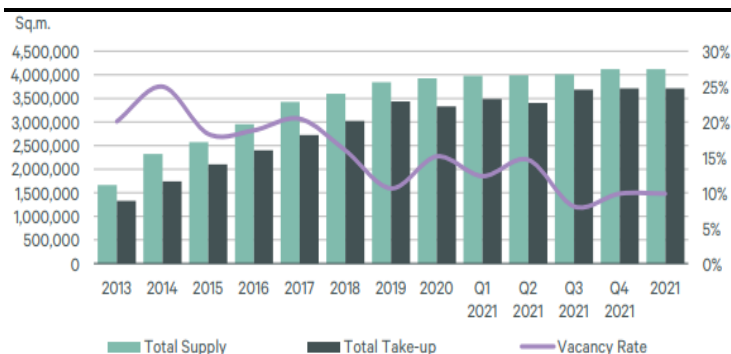
Source: CEIC

## Industrial properties - FY22 outlook

According to CBRE Thailand, the total supply of rental warehouse was 4.1m sqm at end-21, up from 3.9m sqm at end-20. The vacancy rate of logistics properties decreased to 9.9% at end-21 from 15.1% in 2020. The total amount of leased space was at 3.7m sqm, increasing from 3.3m sqm at end-20.

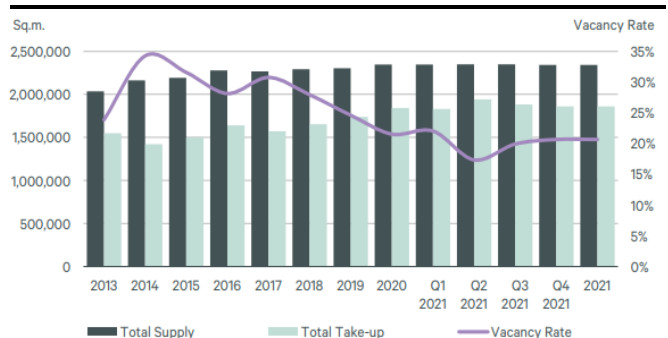
The total supply of ready built factories dipped slightly to 2.34m sqm at end-21 from 2.35m at end-20. Vacancy rate has increased to 20.7% in 4Q21 from 21.5% in 4Q20.

Fig 15: Supply, demand and vacancy rates of rental warehouses



Source: CBRE Thailand

Fig 16: Supply, demand and vacancy rate of ready built factories



Source: CBRE Thailand

FTREIT and WHART's occupancy rate stayed at 87% and 92% at end Mar-22 from 87% and 90% at end Dec 21. But the increase in rental rates remained tepid at 0.5% on average for FTREIT and around 1-1.5% for WHART (Fig 17).

For FY22E, FTREIT plans to acquire new assets valued at about THB1.7b, 50% below its 3-year average (2019-21) and also lower than its original plan of THB2.0-2.5b. WHART, on the other hand, will purchase new assets worth THB4b, 24% below its 3-year mean. After these asset acquisitions at end-FY22F, WHART's asset value will surge to THB52b, 13% higher than FTREIT's.

**Fig 17: Comparison between FTREIT and WHART**

As at end Mar-22	FTREIT	WHART
Total leasable area (sqm)	2,062,481	1,583,407
Total asset value (THBm)	44,529	48,086
Asset value per sqm(THB)	21,590	30,369
Occupancy rate	87.0%	92%
Type of Property: Factory/Warehouse	42% /58%	11% /89%
Building type: Ready built/Built to suit	approx 70% /30%	44% /56%
Freehold/Leasehold	72%/28%	56%/44%
WALE (years)	1.9	
Tenant mix: Top three by nationality	Japanese (40%), EU (23%), Asia non Japan (19%), Thai (13%)	Thai (32%), Asian non Japan (23%), EU (19%), Japan (17%)
Tenant mix: Top three by industry	31% logistics, 20% auto, 25% electronics	56% logistics/e-commerce, 23% fast-moving consumer goods, 10% manufacturer
Location breakdown	Northern Bangkok (23%), Eastern Bangkok (18%) and EEC (59%)	Northern Bangkok (20%), Bangna Trad/Eastern Bangkok (59%) and EEC (21%)
Total net borrowings (THBm)	10,879	9,748
Cost of borrowings (THBm)	3.15%	2.50%
IBD to total asset value (LTV)	24.0	25.4
NAV (THB)	10.7618	11.1483
Discount to NAV %	-4.3%	-9.4%

Source: Company

# Frasers Property REIT (FTREIT TB)

## Unexciting outlook

### Maintain HOLD new TP THB11.20, Prefer WHART

FTREIT's share price has dropped 18% YTD amid concerns of an interest rate upturn. At its current share price, FTREIT's annual dividend yield ranges from 7.1% to 7.7% for FY22-24F, vs P/BV of 0.9x. We trim our DDM based TP to THB11.20 (cost of equity 9.0%, terminal growth 2%). Earnings growth is also unexciting at a single digit rate pa. We prefer WHART, Thailand's largest industrial REIT mainly in logistic & warehouse assets, which offers more attractive upside and better earnings visibility.

### Plans to acquire new assets at end FY9/22

FTREIT announced the acquisition of rental assets with combined space of 78,615 sqm (42% factory, 58% warehouse) or +4% from existing NLA of 2.1m sqm. Value of such investment is estimated at around THB1.72b (+2% of total asset value). Note that additional space and its value for this fiscal year is significantly below its 3-year historical average (2019-21) of 165.5k sqm worth THB3.6b (2018-21).

### Debt financing for new asset acquisition

FTREIT plans to use borrowing as well as internal cashflow to finance a new round of asset acquisition. Later FTREIT should be able to issue new debentures at lower financial cost to replace bank loans. FTREIT's weighted average cost of borrowing is 3.1% pa. Note that FTREIT's TRIS credit rating is A (stable outlook).

### Low earnings visibility

Earnings grew at double-digit rate YoY pa for FY9/20-21. But we expect slower earnings growth momentum of around 5% pa for FY22F-23F given few additional assets and tiny rental rate reversion of 0.5% ytd. Note that 51% of FY9/22F earnings of THB2.5b was achieved in the first half of FY9/22.

FYE Sep (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	2,884	3,239	3,464	3,618	3,710
Net property income	2,290	2,601	2,764	2,883	2,956
Core net profit	2,099	2,371	2,504	2,631	2,704
Core EPU (THB)	0.77	0.77	0.82	0.86	0.88
Core EPU growth (%)	15.1	0.0	5.6	5.1	2.8
DPU (THB)	0.67	0.67	0.74	0.77	0.79
DPU growth (%)	0.1	0.6	9.3	5.1	2.8
P/NTA (x)	1.3	1.1	0.9	0.9	0.9
DPU yield (%)	4.7	5.4	7.1	7.5	7.7
ROAA (%)	5.2	5.3	5.4	5.5	5.7
Debt/Assets (x)	0.27	0.25	0.26	0.25	0.25
Consensus DPU	-	-	0.72	0.73	na
MKE vs. Consensus (%)	-	-	2.9	6.4	na

## HOLD

Share Price	THB 10.30
12m Price Target	THB 11.20 (+9%)
Previous Price Target	THB 12.30

### Company Description

FTREIT invests in the freehold and leasehold right of warehouses and factories of Frasers Property Thailand.

### Statistics

52w high/low (THB)	13.90/10.20
3m avg turnover (USDm)	0.2
Free float (%)	59.7
Issued shares (m)	3,063
Market capitalisation	THB31.6B
	USD889M

### Major shareholders:

Frasers Property Thailand (International)	21.5%
Social Security Office	11.1%
Bangkok Life Assurance	5.5%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(5)	(13)	(24)
Relative to index (%)	(1)	(7)	(23)

Source: FactSet

### Stocks mentioned in the note

WHA Premium (WHART, CP: THB10.1, BUY, TP THB11.40)



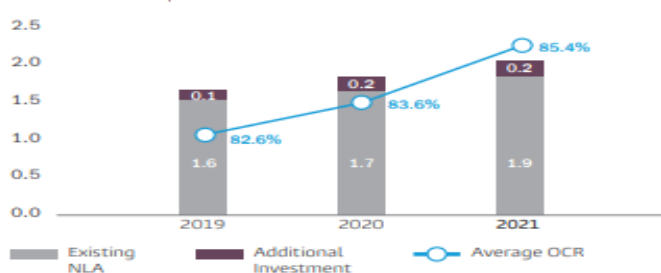
## Value Proposition

- FTREIT, previously known as TREIT, was established in Dec-14 and listed in Jan-15.
- Investment portfolio worth THB44.76b as at end-Sep 21 comprising 642 rental factories (42%) and warehouses (58%) with a combined rental space of 2m sq.m.
- Assets located in Thailand's key industrial areas in northern Bangkok (23%), eastern Bangkok (18%) and the Eastern Economic Corridor (EEC) (59%).
- Multi-national tenants from Japan (39.5%), the EU (22.5%), Asia-non Japan (20%), the US (4%) and Thai (14%).
- Top three tenants are in the logistics (30%), automotive (22%) and electronics (26%) industries.

### Net leasable area (NLA) and occupancy rate

#### Growth in NLA and Occupancy Rate

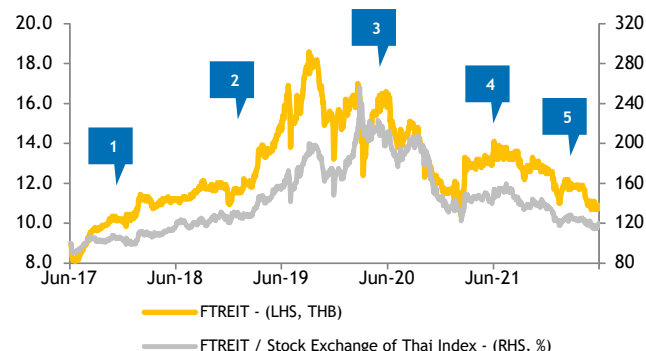
Unit : million sq. m.



Source: Company

## Price Drivers

### Historical share price trend



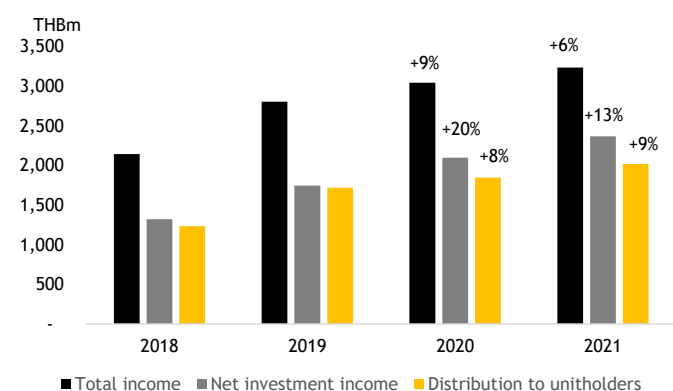
Source: Company, MST

1. Conversion of three property funds TFUND, TLOGIS and TGROWTH into TREIT in Dec-17
2. Changed name to FTREIT from TREIT in Jan-19.
3. Briefly hit by the full lockdown in 2Q20.
4. FTREIT acquired rental assets worth THB3.6b in FY21.
5. Interest rate upturn hit asset price.

## Financial Metrics

- Despite the pandemic, FTREIT was able to increase total income and distribution income by 8-9% YoY for FY9/20 and by another 9-10% for 1HFY9/21.
- Net-interest-bearing debts to total assets declined to 25.1% as at end Sep-21 from 26.8% as at end Sep-20.
- Four distributions of returns per year, implying consistent DPU yield of >6% pa.

### Total / net investment income, distribution to unitholders



Source: Company

## Swing Factors

### Upside

- Recovery of macro outlook and investors' confidence should help to spur demand and boost market sentiment.
- Asset acquisition from FPT and third-parties.
- Better-than-expected rental revision.

### Downside

- Political instability.
- Regulatory changes.
- Rising interest rate.



Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- All property projects need to secure environment impact assessment (EIA) and health environmental impact assessment (HEIA) from the Office of Natural Resources and Environmental Policy and Planning, under the Ministry of Natural Resources and Environment before they can be launched. This helps to ensure the impact on the environment and nearby communities is properly addressed.
- Its property projects focus on using energy saving and environmentally friendly construction processes as well as on building designs that emphasize on safety and high health standards.
- FTREIT has been included in the ESG 100 index provided by the Thaipat Institute since 2019.

## Material E issues

- Industrial estates in Thailand need to conduct EIA and HEIA to secure operating licence to reduce environmental impact.
- FPT's factories and warehouses are accredited with LEED (Leadership in Energy and Environmental Design) certification by the US Green Building Council.
- Focuses on preserving the environment around its factories and warehouses so that people who live nearby are not affected.
- FPT designs and develops utility systems, such as wastewater treatment, in all large projects to reduce environmental impact.

## Material S issues

- FTREIT has adopted the Sustainable Development Goals in accordance with the United Nations' framework as a guideline and objectives for sustainable development.
- Assisting tenants by reducing rental and extending rent-due dates on a case-by-case basis based on the impact on each particular tenant to help them overcome the pandemic and economic crisis.
- Conduct business with fairness to all stake holders, respect for human rights, fair treatment of employees, and responsibilities to consumers.

## Key G metrics and issues

- FTREIT is managed by FIRM (Fraser's Property Industrial REIT Management), which is wholly-owned by FPT. Property managers are FPT and FPIT (Fraser's Property Industrial Thailand).
- The six-member board of directors (BOD) are all males. Of the total, two are independent and 4 are executives.
- Fees for the REIT manager include management fee (0.25% p.a. of total assets), performance fee (3% p.a. of net income), incentive fee (5% of net operating income) and commission fee (not more than 3% of the value of buying / selling / transferring leasehold / receiving leasehold). For FY9/2021, FTREIT paid THB395.5m (+5.5% YoY) to the manager.
- Its policy states two distributions of returns per year to unitholders at a rate of not less than 90% of adjusted net profit. But FTREIT generally makes four distributions of returns per year.
- No legal case involving anti-competitive behaviour, anti-trust or monopoly legislation.
- Auditor is KPMG Phoomchai Audit. For FY9/21, the audit fee was THB1.96m, up from THB1.77m in FY9/20.
- No member of the BOD or the executive team has committed a criminal act or faced bankrupt or receivership.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Valuations

Fig 1: FTREIT's DDM valuations vs DPU yield, P/B

THBm	2022F	2023F	2024F	2025F	2026F
DPU	2,254	2,368	2,465	2,566	2,671
Terminal value	-	-	-	-	36,583
Total	2,254	2,368	2,465	2,566	39,253
COE=9.0%	DDM	34,313			
Terminal growth=2%	Per share	11.20			

**TP:THB11.2 is equivalent to:**

THB	2022F	THB	2022F
DPU per share	0.74	BV per share	10.9
DPU Yield (around +1.5SD above 5-year mean)	6.6%	P/B (-1SD to 5-year mean)	1x

Source: Company, MST

Fig 2: TP Revision

DDM method	Previous TP	New TP
20-year Thai bond yield	2.85%	3.75%
Assumed risk free rate (+350 bp)	6.35%	7.25%
Beta (Bloomberg)	0.52	0.65
Risk premium	10.0%	10%
Cost of equity	8.25%	9.0%
DDM-Based TP THB	12.3	11.20

Source: Company, MST

Fig 3: 20-year Thai government bond yield



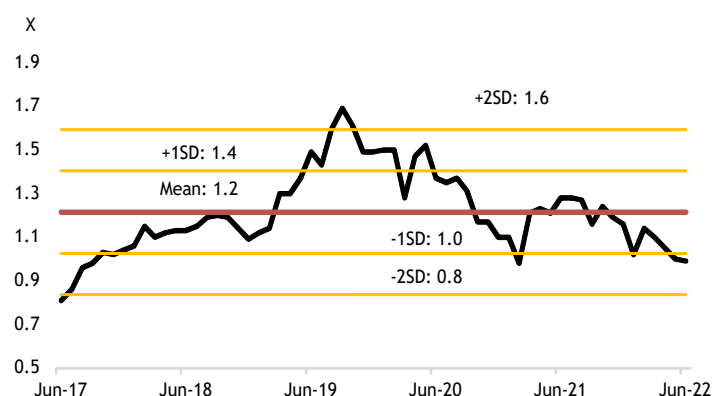
Source: [www.worldgovernmentbonds.com](http://www.worldgovernmentbonds.com)

Thai government 20-year bond yield already surged to around 3.75% from 2.85% at our previous forecast in Feb-22. We therefore re-visit our assumptions and apply a more aggressive risk free rate of 7.25% (+350bp over 20-year bond yield), leading to a high discount rate of 9.0%. Our new DCF-based TP, hence, declines to THB11.2, implying a dividend yield of 6.6% while P/B of 1x. (Fig 1)

We note that our risk free rate is more aggressive than the forecast of [www.worldgovernmentbonds.com](http://www.worldgovernmentbonds.com) of 6.0-6.40% in Jun-23.

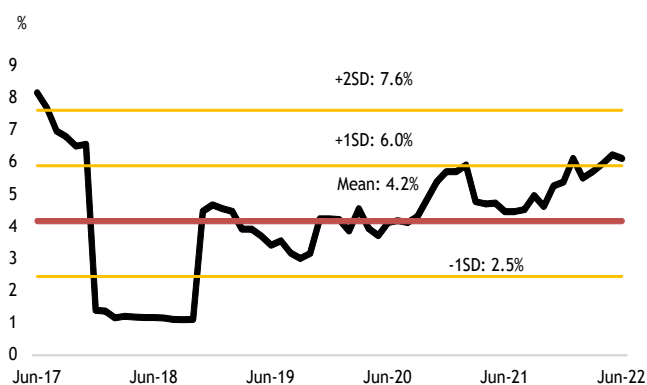
For every 1ppt increase in risk free rate, discount rate will rise by 40bp and DCF-based TP will decline further by approximately 7% from our base case. At the current price, FTREIT's dividend yield is around 7.1-7.7% for FY22-24 (around +1.5SD to 5-year mean), vs 0.92-0.94x PB (-1.5SD to 5-year mean). We note that WHART offers more attractive valuations; WHART's dividend yield is around 7.4-7.8% for FY22-24 (near +3D to 5-year mean), vs 0.85-0.90x PB (around -1.5SD to 5-year mean).

Fig 4: FTREIT: P/BV and SD



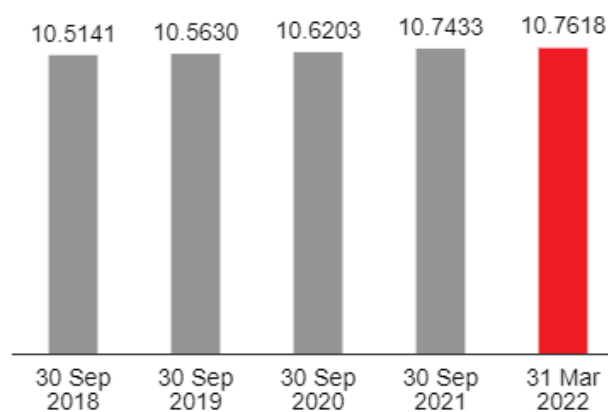
Source: Setsmart, MST

Fig 5: FTREIT: Dividend yield and SD



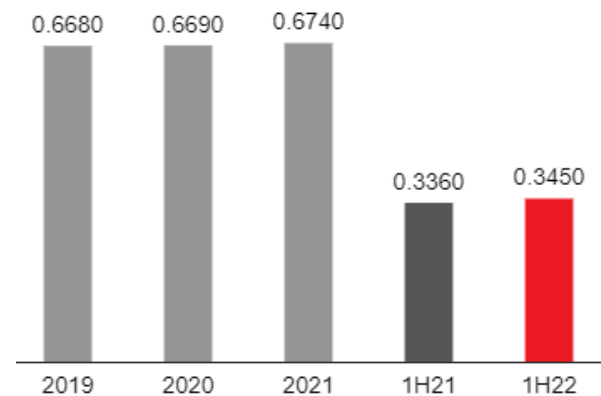
Source: Setsmart, MST

Fig 6: FTREIT's NAV per unit (THB)



Source: Company

Fig 7: FTREIT's DPU per unit (THB)



Source: Company

## Earnings estimates

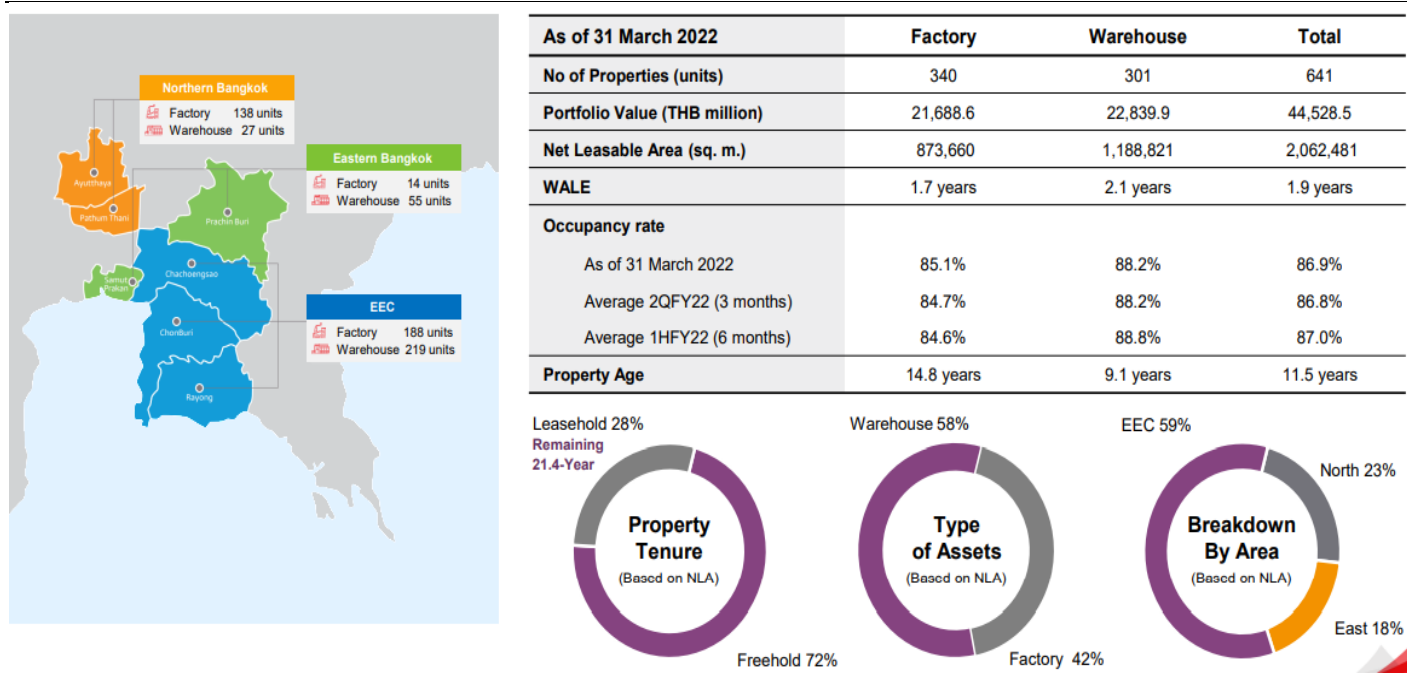
Fig 8: Assumptions

		2020	2021	2022F	2023F	2024F
Leasable area-factories	sq.m.	847,235	873,660	881,951	906,825	906,825
Leasable area-warehouses	sq.m.	1,023,777	1,188,821	1,200,184	1,211,961	1,211,961
Occupancy rate-factories	average	83.2%	84.3%	85.9%	86.8%	87.7%
Occupancy rate-warehouses	average	83.9%	85.0%	86.7%	88.0%	89.3%
Average rental rate-factories	THB/sq.m./mth	172	175	179	181	183
Average rental rate-warehouses	THB/sq.m./mth	140	144	147	149	152
Property income	THBm	2,884	3,290	3,464	3,618	3,710
Earnings	THBm	2,099	2,371	2,504	2,631	2,739
Earnings growth	%	20.0	13.0	5.6	5.1	2.8
Net margins %		73%	72%	72%	73%	74%
EPU (Weighted average)	THB	0.74	0.77	0.82	0.86	0.88
DPU	THB	0.67	0.67	0.74	0.77	0.79

Source: Company, MST

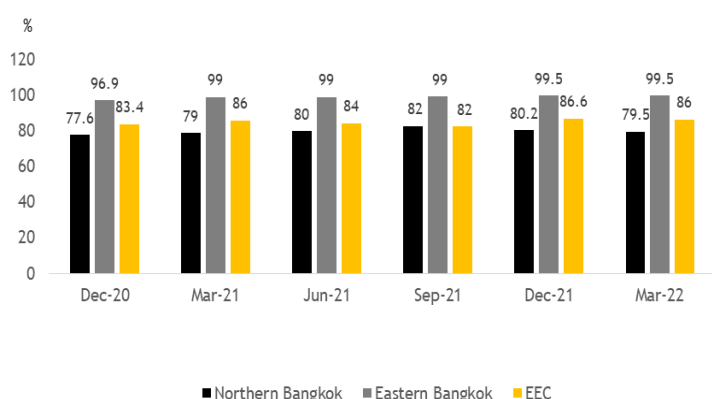
## Company profile

Fig 9: Overview of FTREIT



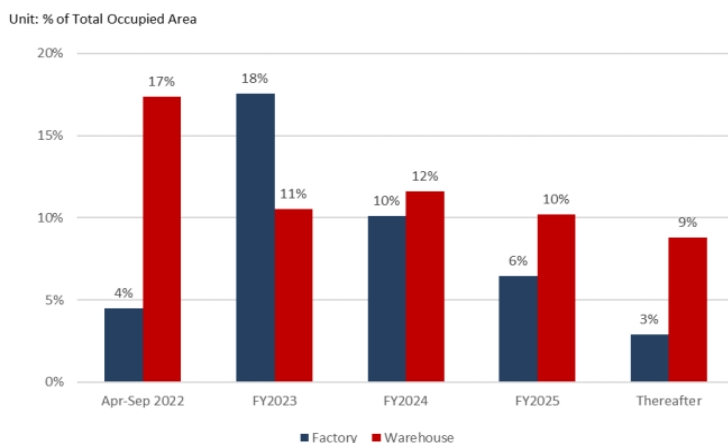
Source: Company

Fig 10: FTREIT's occupancy rates by locations



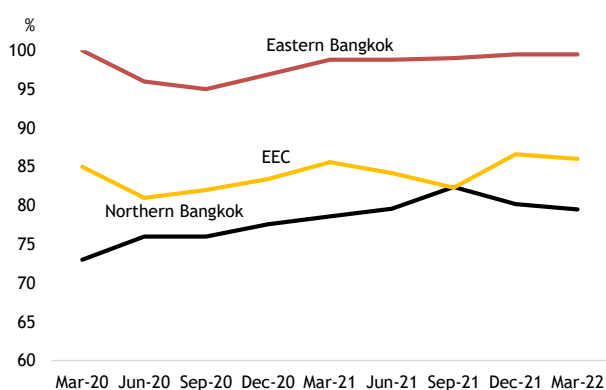
Source: Company

Fig 11: FTREIT's lease expiry



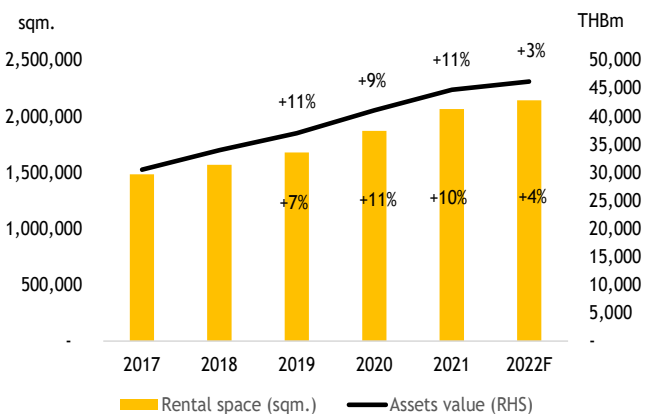
Source: Company

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







Source: Company

Fig 12: Asset enhancement

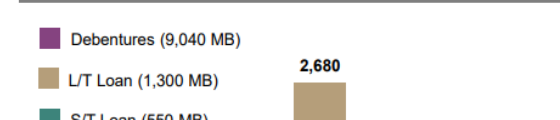


Source: Company

Key Credit Metrics		31 Mar 2022
	IBD to Total Asset Value (LTV%)	24.0%
	Total Gross Borrowings (THB million)	10,890
	Total Net Borrowings (THB million)	10,879
	Weighted Average Cost of Borrowings	3.1% p.a.
	Weighted Average Debt Maturity	3.9 years
	Portion of Fixed Rate Debt	83%
	Interest Coverage Ratio <sup>(1)</sup>	8.25 times
	Credit Rating <sup>(2)</sup>	A (Stable Outlook)

### Debt Maturity Profile

Unit : THB Million



Fiscal Year	S/T Loan (550 MB)	L/T Loan (1,300 MB)	Debentures (9,040 MB)	Total	% of total IBD
FY2022	550	300	850	1,650	7.8%
FY2023	0	0	500	500	4.6%
FY2024	0	0	1,850	1,850	17.0%
FY2025	0	1,300	1,380	2,680	24.6%
FY2026	0	0	1,200	1,200	11.0%
FY2027	0	0	450	450	4.1%
FY2028	0	0	1,960	1,960	18.0%
FY2029	0	0	600	600	5.0%
FY2030	0	0	550	550	5.1%
FY2031	0	0	250	250	4.9%

(2) Official announcement rating by TRIS on 31 May 2021.

Year	Acquisition value (THBm)	Space sqm ('000 sqm)
2019	THB26.5m /sqm	~120,000
2020	THB25.5m /sqm	~180,000
2021	THB18.5m /sqm	~180,000
2022F	THB21.8m /sqm	~80,000

June 27, 2022

FYE 30 Sep	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
Price/DPU(x)	21.4	18.4	14.0	13.3	13.0
P/BV (x)	1.3	1.1	0.9	0.9	0.9
P/NTA (x)	1.3	1.1	0.9	0.9	0.9
DPU yield (%)	4.7	5.4	7.1	7.5	7.7
FCF yield (%)	18.5	15.5	12.7	9.5	9.7
<b>INCOME STATEMENT (THB m)</b>					
Revenue	2,883.8	3,239.4	3,464.2	3,617.8	3,709.8
<b>Net property income</b>	<b>2,290.2</b>	<b>2,600.6</b>	<b>2,764.1</b>	<b>2,883.1</b>	<b>2,956.4</b>
Management and trustee fees	0.0	0.0	0.0	0.0	0.0
Net financing costs	(314.7)	(370.7)	(399.4)	(392.7)	(395.7)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income/expenses	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>2,099.0</b>	<b>2,371.0</b>	<b>2,504.0</b>	<b>2,631.4</b>	<b>2,704.3</b>
Income tax	0.0	0.0	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
<b>Total return avail to unitholders</b>	<b>2,099.0</b>	<b>2,371.0</b>	<b>2,504.0</b>	<b>2,631.4</b>	<b>2,704.3</b>
Core net profit	2,099.0	2,371.0	2,504.0	2,631.4	2,704.3
<b>BALANCE SHEET (THB m)</b>					
Cash & Short Term Investments	554.2	800.1	720.5	538.6	622.9
Accounts receivable	176.5	130.7	137.2	144.1	151.3
Property, Plant & Equip (net)	0.0	0.0	0.0	0.0	0.0
Investment properties	41,143.6	44,758.3	46,201.3	46,501.3	46,801.3
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	995.5	376.9	386.1	397.4	403.9
<b>Total assets</b>	<b>42,869.8</b>	<b>46,066.0</b>	<b>47,445.1</b>	<b>47,581.5</b>	<b>47,979.5</b>
ST interest bearing debt	2,856.2	800.0	800.0	500.0	500.0
Accounts payable	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	8,638.3	10,772.1	11,572.1	11,572.1	11,572.1
Other liabilities	1,400.7	1,583.0	1,638.6	1,697.2	1,759.2
<b>Total Liabilities</b>	<b>12,895.1</b>	<b>13,155.1</b>	<b>14,010.6</b>	<b>13,769.3</b>	<b>13,831.3</b>
Shareholders Equity	29,974.7	32,910.9	33,434.4	33,812.2	34,148.2
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>29,974.7</b>	<b>32,910.9</b>	<b>33,434.4</b>	<b>33,812.2</b>	<b>34,148.2</b>
<b>Total liabilities and equity</b>	<b>42,869.8</b>	<b>46,066.0</b>	<b>47,445.1</b>	<b>47,581.5</b>	<b>47,979.5</b>
<b>CASH FLOW (THB m)</b>					
<b>Cash flow from operations</b>	<b>2,077.1</b>	<b>2,420.7</b>	<b>2,532.7</b>	<b>2,662.4</b>	<b>2,738.0</b>
Capex	(4,999.0)	(3,833.4)	(1,443.0)	(300.0)	(300.0)
Acquisitions & investments	0.0	0.0	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	37.4	667.0	(23.6)	(26.6)	(22.5)
<b>CF from investing activities</b>	<b>(4,961.5)</b>	<b>(3,166.4)</b>	<b>(1,466.6)</b>	<b>(326.6)</b>	<b>(322.5)</b>
Dividends paid	(1,848.6)	(2,021.2)	(1,980.6)	(2,253.6)	(2,368.3)
Interest expense	0.0	0.0	0.0	0.0	0.0
Change in debt	1,754.2	77.7	800.0	(300.0)	0.0
Equity raised / (purchased)	3,139.8	2,805.2	0.0	0.0	0.0
Other financial activities	88.2	129.9	34.9	35.9	37.0
<b>CF from financing activities</b>	<b>3,133.5</b>	<b>991.6</b>	<b>(1,145.7)</b>	<b>(2,517.7)</b>	<b>(2,331.2)</b>
<b>Effect of exchange rate changes</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net cash flow</b>	<b>249.1</b>	<b>245.8</b>	<b>(79.6)</b>	<b>(181.8)</b>	<b>84.3</b>

FYE 30 Sep	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	5.0	12.3	6.9	4.4	2.5
Net property income growth	12.7	13.6	6.3	4.3	2.5
Core net profit growth	20.0	13.0	5.6	5.1	2.8
Distributable income growth	na	na	na	na	na
<b>Profitability ratios (%)</b>					
Net property income margin	79.4	80.3	79.8	79.7	79.7
Core net profit margin	72.8	73.2	72.3	72.7	72.9
Payout ratio	90.0	87.0	90.0	90.0	90.0
<b>DuPont analysis</b>					
Total return margin (%)	72.8	73.2	72.3	72.7	72.9
Gross revenue/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	1.4	1.4	1.4	1.4	1.4
ROAE (%)	na	na	na	na	na
ROAA (%)	5.2	5.3	5.4	5.5	5.7
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	3.3	3.5	3.4	3.5	3.5
Net gearing (%) (excl. perps)	36.5	32.7	34.8	34.1	33.5
Net interest cover (x)	7.7	7.4	7.3	7.7	7.8
Debt/EBITDA (x)	4.8	4.2	4.3	4.0	3.9
Capex/revenue (%)	173.3	118.3	41.7	8.3	8.1
Net debt/ (net cash)	10,940.2	10,772.0	11,651.6	11,533.4	11,449.1
Debt/Assets (x)	0.27	0.25	0.26	0.25	0.25

Source: Company; Maybank IBG Research



# WHA Premium (WHART TB)

## Deep discount

### U/G to BUY, new TP of THB11.4

WHART's share price has dropped 20% YTD amid concern about the interest rate upturn. This is despite double-digit earnings growth for FY22-23. At the current price, WHART's annual dividend yield is healthy at 7.4-7.8% for FY22-24E, vs 0.85-0.90x P/BV. We trim our DDM-based TP to THB11.4 (risk free rate of 7.25%, cost of equity 8.6%, TG 2%), offering upside of 13% plus a FY22F dividend yield of 7.4%.

### To acquire THB4b of new assets this year

WHA announced the acquisition of 5 assets, mainly logistic centers: Bangna Trad km 23 projects no. 3, Signode project, Teparak km 21, KPN Bangna Trad project 2 and Wangnoi 63 with total space of almost 160k sqm (+10% from existing NLA of 1.58m sqm) by end FY22. Value of the investment is estimated at around THB4b (+8% of total asset value). Note that the 3-yr (2019-21) average additional assets was THB4.5b, or 156k sqm pa.

### Source of funds

WHART plans to issue additional trust units of no more than 245m (par value of THB9.025), borrow no more than THB3.4b and use surplus cash/internal cashflow of THB780m to finance a new round of asset acquisitions. Had WHART issued all 245m new units, we estimate trust units and NAV at end-22 to increase 8% and 6%, respectively.

### Expect double-digit earnings growth for FY22F-23F

FY21 earnings dipped YoY. But we expect WHART's earnings to rebound 16% YoY/13% YoY for FY22-23 assuming consistent expansion of its asset portfolio and rental rate reversion of 1.0-1.5% pa. Note that 29% of FY22F earnings of THB2.1b was achieved in 1Q22. We estimate 2Q22F earnings to stay flat or slip QoQ but rise sharply >40% YoY from a low base in 2Q21.

FYE Dec (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	2,552	2,568	2,930	3,313	3,442
Net property income	2,323	2,321	2,666	3,015	3,132
Core net profit	1,831	1,811	2,103	2,381	2,440
Core EPU (THB)	0.66	0.59	0.64	0.72	0.74
Core EPU growth (%)	8.8	(10.4)	7.5	13.2	2.5
DPU (THB)	0.72	0.76	0.75	0.77	0.79
DPU growth (%)	8.9	4.6	(1.1)	2.6	2.5
P/NTA (x)	1.2	1.1	0.9	0.9	0.9
DPU yield (%)	5.5	6.0	7.4	7.6	7.8
ROAA (%)	4.5	4.0	4.2	4.6	4.6
Debt/Assets (x)	0.24	0.25	0.25	0.25	0.26
Consensus DPU	-	-	0.75	0.77	0.77
MKE vs. Consensus (%)	-	-	(0.0)	0.6	2.4

# BUY

[Prior:HOLD]

Share Price	THB 10.10
12m Price Target	THB 11.40 (+13%)
Previous Price Target	THB 12.12

### Company Description

WHART invests in the freehold and leasehold right of warehouses and factories of WHA Corp.

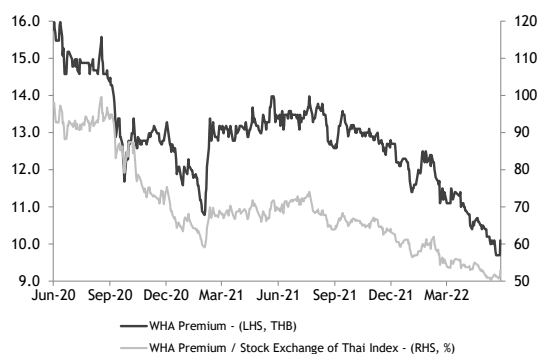
### Statistics

52w high/low (THB)	13.98/9.70
3m avg turnover (USDm)	0.5
Free float (%)	59.7
Issued shares (m)	3,065
Market capitalisation	THB31.0B
	USD872M

### Major shareholders:

WHA Corp	15.0%
Social Security Office	14.9%
Government Pension Fund	4.5%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(4)	(10)	(24)
Relative to index (%)	(0)	(3)	(23)

Source: FactSet

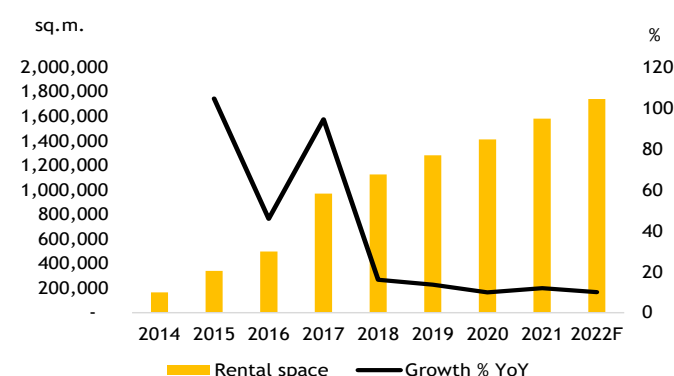
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Tear Sheet Insert

## Value Proposition

- WHART was listed in 2014 and took over WHAPF's assets in 2017.
- Asset value worth THB48.4b as at end-21 with a combined rental space of 1.58m sqm (63% custom built, 37% general). Average occupancy rate is around 90%.
- Assets are located in Thailand's key industrial areas in Bangna Trad, Eastern Bangkok (66%), Northern Bangkok (20%) and Eastern Economic Corridor-EEC (13%).
- Multinational tenants from Japan (17%), EU (19%), Asia-non Japan (24%), US (13%) and Thai (30%).
- Top tenants' businesses are Logistics/e-commerce (56%), Fast-moving consumer goods (22%), Manufacturer (10%) and Home supplies (10%).

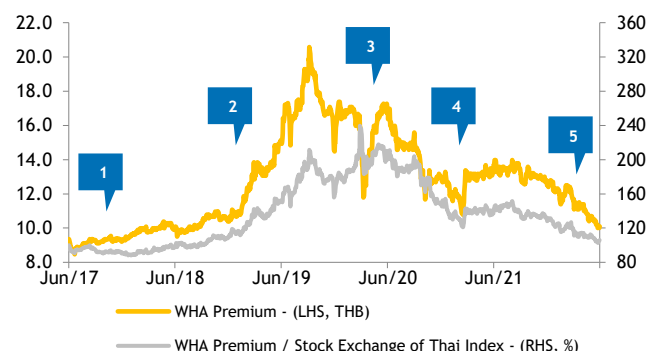
### Rental assets



Source: Company

## Price Drivers

### Historical share price trend



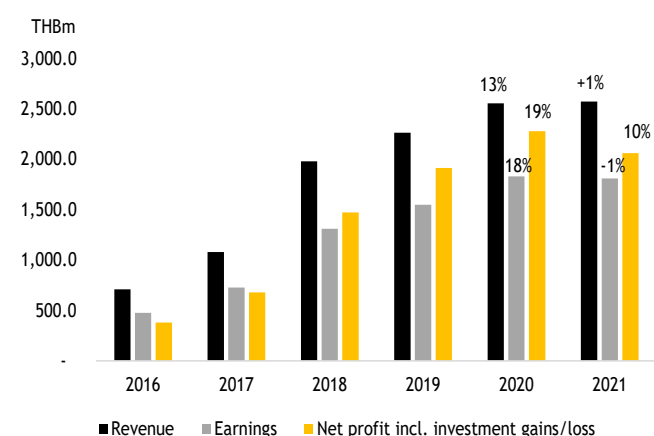
Source: Company, MST

1. WHART acquired all WHAPF's assets with rental space of 387,385 sqm in 2017. Thereafter, WHAPF was delisted at end-17.
2. Showed a record high earnings growth of 80% YoY in 2018 after taking over WHAPF.
3. Briefly hit by the full lockdown as a result of Covid-19 outbreak in 2Q20.
4. 2Q21 earnings collapsed after tenant exercised its buyback option.
5. Sluggish share prices amid fast rising inflation and interest rate uptrend.

## Financial Metrics

- WHART reported flat earnings of THB1.8b in 2021, down from 18% pa earnings growth for 2019-20.
- Net IBD to total assets stood at 25% at end Dec-21, below its internal policy of 30%.
- 4 distributions of return in 2021 in form of cash dividend imply DPU yield of >7% p.a.

### Financial performance



Source: Company

## Swing Factors

### Upside

- Recovery of macro outlook and investors' confidence should help to spur demand and boost market sentiment.
- Asset acquisitions from WHA.
- Better-than-expected rental revisions.

### Downside

- Political instability.
- Regulatory changes.
- Flow of foreign direct investment (FDI) slows down further.

Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- All property projects need to secure environment impact assessment (EIA) and health environmental impact assessment (HEIA) from the Office of Natural Resources and Environmental Policy and Planning, under the Ministry of Natural Resources and Environment before they can be launched. This helps ensure that the impact on the environment and nearby communities is properly addressed.
- In 2020, WHA Group has rolled out its 5-Year Sustainability Framework which is built on the foundation of good corporate governance, human capital as a strategic enabler and key driving forces including digitization and natural resources.
- Awards: WHA group in 2021 received SET award for Rising Star Sustainability Award for listed companies in real estate and construction and sustainable stock. Also, it received "CSR Excellence Recognition Award" from the American Chamber of Commerce (AMCHAM) for the 12th consecutive year.

## Material E issues

- Industrial estates in Thailand need to conduct EIA and HEIA to secure licences before their operation. This is to reduce the impact on the environment.
- Focus on preserving the environment around its factories and warehouses so that people who live nearby can live their daily life in a better quality environment.
- Target to double reclaimed industrial water for industrial use from 30k cubic meter/day in 2020 to 60,400 cubic meter/day by 2025.
- Target to reduce proportion of waste to landfill or incineration below 50% in 2021 and below 20% by 2025.

## Material S issues

- Human capital: Maintain Human Capital Return on Investment at 14.0 times by 2025. 85.8% Employee Engagement Score in 2020 and target of 88.0% in 2021. 7.2% overall turnover rate in 2025 and 5% talent turnover rate in 2025.
- Digitalization: Revenue generation and cost reduction from innovation projects. 100% data breach prevention in terms of data leaks, theft or loss of both inbound and outbound data by 2025.
- 90% customer satisfaction score in 2021.
- 100% employees at all levels are trained on risk management by 2022.

## Key G metrics and issues

- WHART is managed by WHA Real Estate Management, a wholly owned subsidiary of WHA. Also, the property manager is WHA Corp.
- The 3-member board of directors (BOD) comprises 2 males and 1 female. Of the total, 1 is independent.
- Fees for the REIT manager include management fee (max 0.75% p.a. of net asset value), acquisition fee (max 0.75% of acquired properties), trustee fee (max 0.75% p.a. of net asset value), registrar fee (max 0.5% p.a. of net assets value) and property management fee (max 3% p.a. of net asset value. For FY2021, total expenses for management, trustee, registrar and property management fees were THB197m (+13% YoY).
- Sustainable DPU in the range of THB0.74-0.76 p.a. since 2016. WHART generally pays 4-5 distributions of returns per year.
- No legal case involving anti-competitive behaviour, anti-trust and monopoly legislation.
- Auditor: PricewaterhouseCoopers ABBAS Ltd.
- No member of the BOD or the executive team has committed a criminal act or faced bankruptcy or receivership.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Valuations

Fig 1: WHART's DDM valuations vs DPU yield, P/B

THBm	2022F	2023F	2024F	2025F	2026F
DPU	2,482	2,547	2,611	2,659	2,762
Terminal value				-	44,187
Total	2,482	2,547	2,611	2,659	46,948
COE=8.6%	DDM	37,751			
Terminal growth=2%	Per share	11.4			
<b>TP:THB11.4 is equivalent to:</b>					
THB	2022F	THB	2022F		
DPU per share	0.75	BV per share	11.85		
DPU Yield (slightly above +2SD above 5-year mean)	6.6%	P/B (near -1SD to 5-year mean)	0.96x		

Source: Company, MST

Fig 2: TP Revision

DDM method	Previous TP	New TP
20-year Thai bond yield	2.85%	3.75%
Risk free rate (+350bp)	6.35%	7.25%
Beta (Bloomberg)	0.52	0.50
Risk premium	10%	10%
Cost of equity	8.25%	8.6%
DDM-Based TP THB	12.1	11.40

Source: Company, MST

Fig 3: 20-year Thai government bond yield



Source: www.worldgovernmentbonds.com

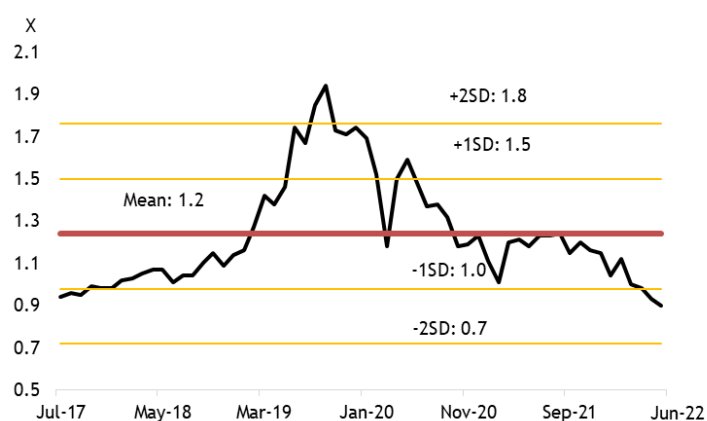
Thai government 20-year bond yield has surged to around 3.75% from 2.85% at our previous forecast in Feb-22. We therefore re-visit our assumptions and apply a more aggressive risk free rate of 7.25% (+350bp over 20-year bond yield), leading to a high discount rate of 8.6%. Our new DCF-based TP, hence, declines to THB11.4, implying a dividend yield of 6.6% and P/B of 0.96x. (Fig 1)

We note that our risk free rate is more aggressive than the forecast of www.worldgovernmentbonds.com of 6.0-6.41% in Jun-23.

For every 1ppt increase in risk free rate, discount rate rises by 50bp and DCF-based TP will decline by approximately 7% from our base case.

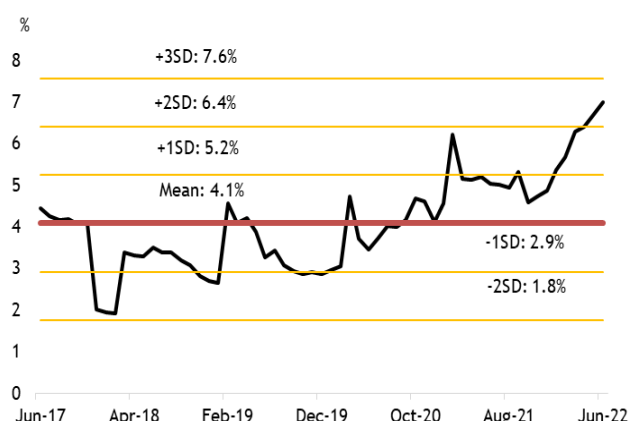
At its current share price, WHART's dividend yield is around 7.4-7.8% for FY22-24 (near +3D to 5-year mean), vs 0.85-0.90x PB (around -1.5SD to 5-year mean).

Fig 4: WHART: P/B and SD



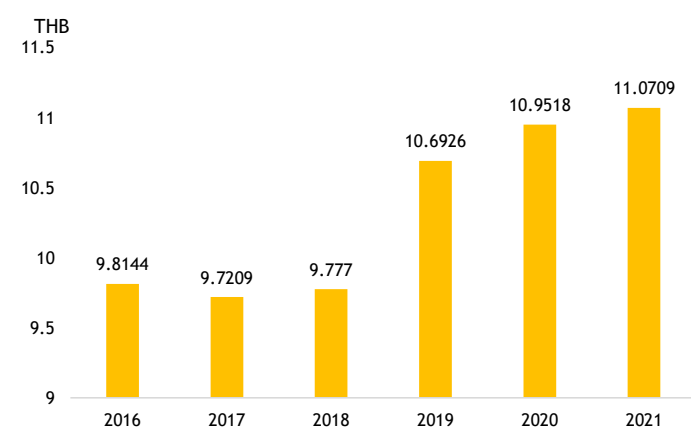
Source: Setsmart, MST

Fig 5: WHART: Dividend yield and SD



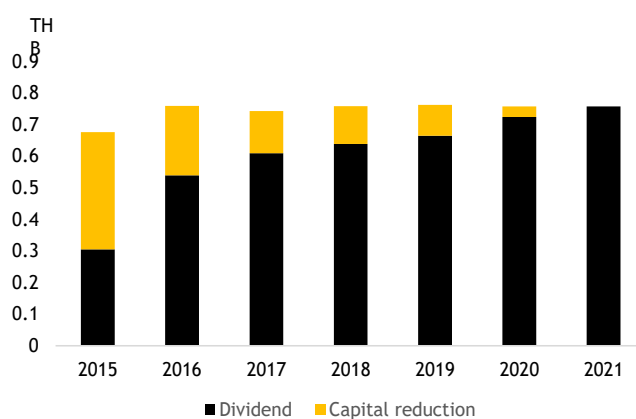
Source: Setsmart, MST

Fig 6: WHART's NAV



Source: Company

Fig 7: WHART's DPU



Source: Company

## Earnings estimates

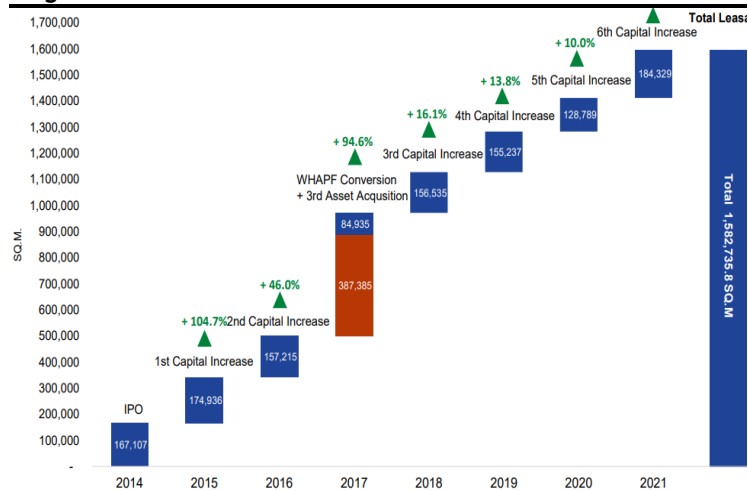
Fig 8: Assumptions

		2020	2021	2022F	2023F	2024F
Leasable area-factories	sq.m.	211,821	174,101	174,901	190,101	190,101
Leasable area-warehouses	sq.m.	1,200,319	1,408,635	1,423,835	1,552,635	1,552,635
Occupancy rate-factories	average	90.0%	85.0%	90.0%	90.5%	90.9%
Occupancy rate-warehouses	average	92.0%	85.0%	92.0%	93.4%	94.8%
Average rental rate-factories	THB/sq.m./mth	167	162	168	171	175
Average rental rate-warehouses	THB/sq.m./mth	159	155	163	167	171
Property income	THBm	2,485	2,512	2,872	3,252	3,378
Earnings	THBm	1,831	1,811	2,103	2,381	2,440
Earnings growth	%	18	(1)	16	13	2
Net margins %		71.8	70.5	71.8	71.9	70.9
EPU (Weighted average)	THB	0.69	0.64	0.68	0.72	0.74
DPU	THB	0.72	0.76	0.75	0.77	0.79

Source: Company, MST

## Company profile

Fig 9: Asset enhancement



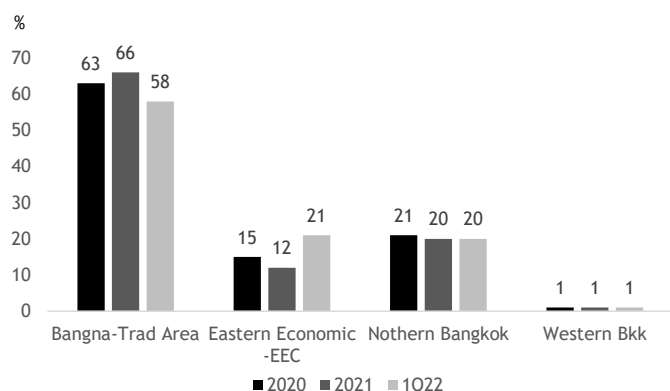
Source: Company

Fig 10: Overview of WHART

GENERAL INFORMATION	
Total Asset Value	Baht 48,454.53 Million
Investment Properties	34 Projects
Building Leasable Area Under Management	1,582,735.8 SQ.M.
Building Type (Built-to-Suit : General)	63% : 37%
Ownership (FH : LH 30 + 30 : LH)	56% : 14% : 30%
Credit Rating (by TRIS Rating)	A Stable
OCCUPANCY RATE	
Average Occupancy Rate	90%
Average Occupancy Rate (Undertaking Included)	90%
DEBT MANAGEMENT	
Interest-Bearing Debt	Baht 12,270.00 Million
Loan-to-Value (LTV Ratio)	25.32%

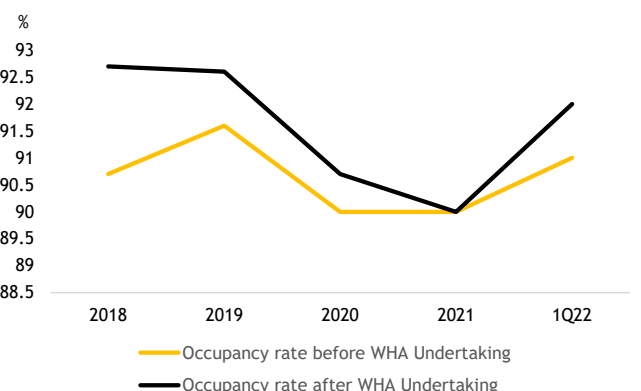
Source: Company

Fig 11: Location breakdown



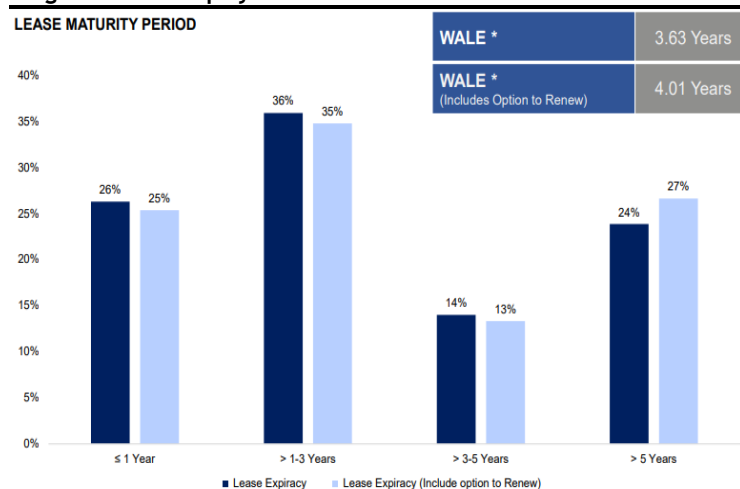
Source: Company

Fig 12: Occupancy rate



Source: Company

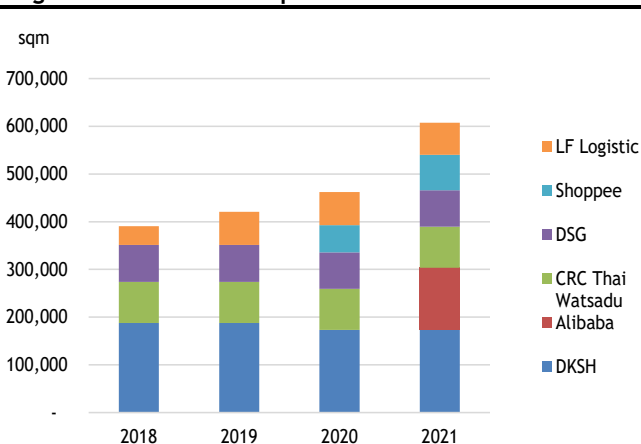
Fig 13: Lease expiry



\* Data as of Q1/2022

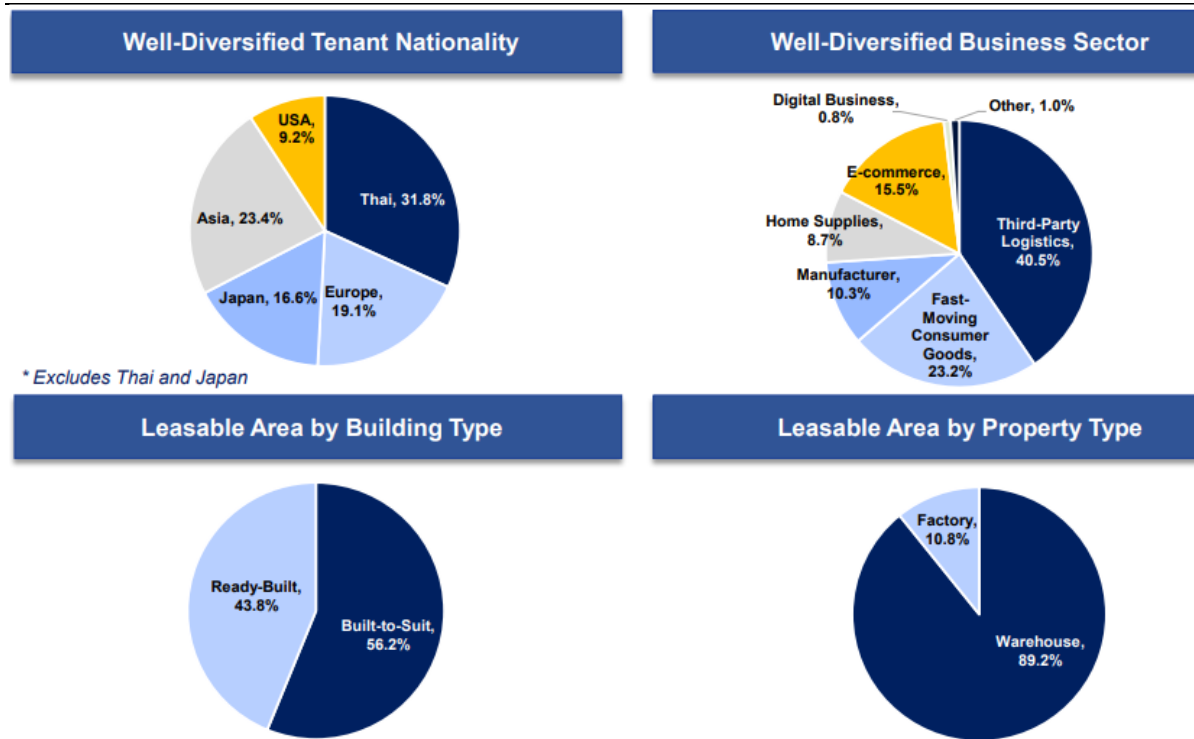
Source: Company

Fig 14: Breakdown of top tenants



Source: Company

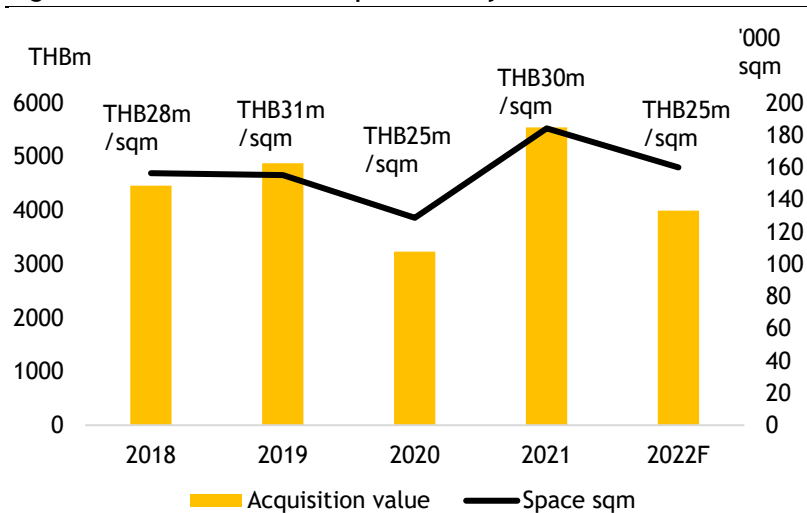
Fig15: Asset profile



**Remark :** Data Categorized by Occupied Area (sq.m.), Data as of 31 March 2022

Source: Company

Fig 16: Value of new assets acquired each year



Source: Company



FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
Price/DPU(x)	18.3	16.8	13.5	13.1	12.8
P/BV (x)	1.2	1.1	0.9	0.9	0.9
P/NTA (x)	1.2	1.1	0.9	0.9	0.9
DPU yield (%)	5.5	6.0	7.4	7.6	7.8
FCF yield (%)	13.5	19.5	21.8	9.2	9.4
<b>INCOME STATEMENT (THB m)</b>					
Revenue	2,551.5	2,567.9	2,930.3	3,313.0	3,442.0
<b>Net property income</b>	<b>2,322.9</b>	<b>2,321.3</b>	<b>2,666.5</b>	<b>3,014.7</b>	<b>3,132.1</b>
Management and trustee fees	0.0	0.0	0.0	0.0	0.0
Net financing costs	(293.9)	(304.9)	(336.5)	(377.0)	(425.4)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income/expenses	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>1,830.7</b>	<b>1,810.9</b>	<b>2,102.7</b>	<b>2,380.5</b>	<b>2,440.0</b>
Income tax	0.0	0.0	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
<b>Total return avail to unitholders</b>	<b>1,830.7</b>	<b>1,810.9</b>	<b>2,102.7</b>	<b>2,380.5</b>	<b>2,440.0</b>
Core net profit	1,830.7	1,810.9	2,102.7	2,380.5	2,440.0
<b>BALANCE SHEET (THB m)</b>					
Cash & Short Term Investments	1,576.8	2,517.7	937.6	804.2	698.9
Accounts receivable	244.9	236.0	247.8	260.2	273.2
Property, Plant & Equip (net)	0.0	0.0	0.0	0.0	0.0
Investment properties	40,218.4	45,353.8	50,058.6	50,767.0	51,478.9
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	554.9	347.1	364.4	382.6	401.8
<b>Total assets</b>	<b>42,595.0</b>	<b>48,454.5</b>	<b>51,608.5</b>	<b>52,214.0</b>	<b>52,852.8</b>
ST interest bearing debt	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	10,123.8	12,251.0	12,751.0	13,051.0	13,551.0
Other liabilities	2,058.0	2,266.6	2,291.8	2,321.3	2,355.4
<b>Total Liabilities</b>	<b>12,181.8</b>	<b>14,517.6</b>	<b>15,042.8</b>	<b>15,372.3</b>	<b>15,906.4</b>
Shareholders Equity	30,413.2	33,936.9	36,565.7	36,841.6	36,946.4
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>30,413.2</b>	<b>33,936.9</b>	<b>36,565.7</b>	<b>36,841.6</b>	<b>36,946.4</b>
<b>Total liabilities and equity</b>	<b>42,595.0</b>	<b>48,454.5</b>	<b>51,608.5</b>	<b>52,214.0</b>	<b>52,852.8</b>
<b>CASH FLOW (THB m)</b>					
<b>Cash flow from operations</b>	<b>2,017.4</b>	<b>1,842.9</b>	<b>2,101.6</b>	<b>2,379.8</b>	<b>2,439.7</b>
Capex	(3,924.7)	(5,135.3)	(4,704.8)	(708.4)	(711.9)
Acquisitions & investments	0.0	0.0	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	1,673.5	372.2	(36.5)	(34.9)	(33.4)
<b>CF from investing activities</b>	<b>(2,251.2)</b>	<b>(4,763.1)</b>	<b>(4,741.4)</b>	<b>(743.3)</b>	<b>(745.3)</b>
Dividends paid	(1,747.8)	(2,104.2)	(2,128.8)	(2,313.0)	(2,547.2)
Interest expense	0.0	0.0	0.0	0.0	0.0
Change in debt	638.5	2,127.2	500.0	300.0	500.0
Equity raised / (purchased)	2,566.8	3,567.7	2,450.0	0.0	0.0
Other financial activities	73.5	270.5	238.5	243.0	247.6
<b>CF from financing activities</b>	<b>1,531.0</b>	<b>3,861.1</b>	<b>1,059.7</b>	<b>(1,770.0)</b>	<b>(1,799.6)</b>
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>1,297.2</b>	<b>940.9</b>	<b>(1,580.0)</b>	<b>(133.5)</b>	<b>(105.2)</b>

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	12.7	0.6	14.1	13.1	3.9
Net property income growth	15.1	(0.1)	14.9	13.1	3.9
Core net profit growth	18.3	(1.1)	16.1	13.2	2.5
Distributable income growth	na	na	na	na	na
<b>Profitability ratios (%)</b>					
Net property income margin	91.0	90.4	91.0	91.0	91.0
Core net profit margin	71.8	70.5	71.8	71.9	70.9
Payout ratio	109.9	128.3	118.0	107.0	107.0
<b>DuPont analysis</b>					
Total return margin (%)	71.8	70.5	71.8	71.9	70.9
Gross revenue/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	1.4	1.4	1.4	1.4	1.4
ROAE (%)	na	na	na	na	na
ROAA (%)	4.5	4.0	4.2	4.6	4.6
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	3.5	3.3	3.4	3.4	3.3
Net gearing (%) (excl. perps)	28.1	28.7	32.3	33.2	34.8
Net interest cover (x)	7.2	6.9	7.2	7.3	6.7
Debt/EBITDA (x)	4.8	5.8	5.2	4.7	4.7
Capex/revenue (%)	153.8	200.0	160.6	21.4	20.7
Net debt/ (net cash)	8,547.1	9,733.3	11,813.4	12,246.8	12,852.1
Debt/Assets (x)	0.24	0.25	0.25	0.25	0.26

Source: Company; Maybank IBG Research

# CPN Retail Growth REIT (CPNREIT TB)

## Prefer CPN

### D/G to HOLD, new TP of THB19.4

Despite an expected strong 300% YoY recovery in FY22F earnings after re-opening of the economy, we D/G CPNREIT to HOLD with a new DDM-based TP of THB19.4 as it is highly sensitive to the interest rate upturn. Moreover, we are waiting for a clear solution on i) a new round of asset acquisitions, and ii) additional cost to renew the leasehold contract for Pinklao mall after its expiry at end-24, which could entail a large-scale medium-term fund raising requirement. We prefer CPN to CPNREIT. CPN, Thailand's largest retail operator, is one of the prime beneficiaries of full economic re-opening. As a well-diversified developer, we forecast a 5-year revenue CAGR of 14-16% pa.

### Sharp earnings recovery

CPNREIT's quarterly earnings recovered from a net loss of THB74m during the lockdown in 3Q21 to net profit of THB164m in 4Q21 and another THB269m (+64% QoQ) in 1Q22. Strong recovery was attributable to a decline in the rental discount rate from 27% in 4Q21 to 17% in 1Q22 while traffic recovery was sustained at around 61-62% during 4Q21-1Q22. So far the recovery pace of CPN group remains in line with the management guidance. We estimate its quarterly earnings to continue improving QoQ and FY22F earnings should recover 300% YoY to THB1.5b.

### Unclear investment plan

CPNREIT has yet to announce details of i) a new round of asset acquisition, and ii) additional cost to renew a leasehold contract of Pinklao mall after its expiry at end-24. Its plan to divest Central Surat and Ubon worth a combined THB17b has been delayed since 2020 because of the pandemic. But given sluggish sentiment, CPN is considering to divest smaller assets to CPNREIT instead of the two big malls. Cost to renew leasehold contract of Pinklao mall is likely to be higher than THB5.5b and the deal should be settled around 1 year before the expiry date.

### Valuations

Thai government 20-year bond yield has surged to around 3.75%, from 2.85% at our previous forecast at end-21. We cut our TP to THB19.4 based from THB23.0 on a higher risk free rate of 7.25%, discount rate of 9.3% and terminal growth of 3.5%. CPNREIT is likely to see a sharp turnaround in its FY22F performance but its DPU yield of 6.4% and PB of 1.5x are the weakest among three REITs under our coverage.

FYE Dec (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	4,063	3,524	4,645	5,100	5,446
Net property income	3,244	2,567	3,822	4,196	4,482
Core net profit	1,538	377	1,524	1,812	2,124
Core EPU (THB)	0.69	0.16	0.59	0.71	0.83
Core EPU growth (%)	(59.1)	(77.3)	276.5	18.9	17.2
DPU (THB)	0.74	0.60	1.19	1.34	1.45
DPU growth (%)	(54.2)	(18.8)	97.9	12.0	8.6
P/NTA (x)	1.5	1.5	1.5	1.5	1.5
DPU yield (%)	3.9	3.0	6.4	7.2	7.8
ROAE (%)	5.3	1.2	4.6	5.6	6.6
ROAA (%)	2.6	0.5	1.9	2.3	2.6
Debt/Assets (x)	0.32	0.29	0.28	0.27	0.26
Consensus DPU	-	-	1.16	1.41	1.45
MKE vs. Consensus (%)	-	-	2.8	(4.9)	0.1

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## HOLD

[Prior:BUY]

Share Price	THB 18.50
12m Price Target	THB 19.40 (+5%)
Previous Price Target	THB 23.00

### Company Description

CPNREIT invests in ownership and/or leasehold rights and/or subleasehold rights of certain shopping plazas under Central brand, offices and hotels

### Statistics

52w high/low (THB)	22.10/18.10
3m avg turnover (USDm)	0.5
Free float (%)	74.1
Issued shares (m)	2,212
Market capitalisation	THB40.9B
	USD1.2B

### Major shareholders:

Central Pattana	25.8%
Central Pattana Development	4.5%
Social Security Office	3.0%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	(2)	(10)	(14)
Relative to index (%)	2	(3)	(13)

Source: FactSet

Stock mentioned in this note

Central Pattana (CPN, CP:THB60, Buy,TP:THB70)

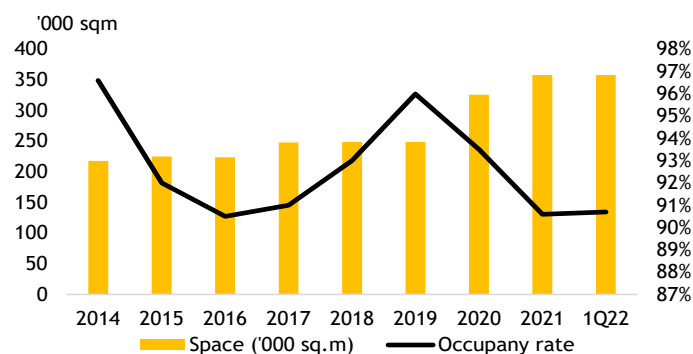
### Central Pattana

ESG@MAYBANK IBG  
Tear Sheet Insert

## Value Proposition

- CPNREIT established on 1 Dec 2017 from the conversion of CPN Retail Growth Leasehold Property.
- Owns a portfolio of retail malls in Bangkok and major tourism destinations, office properties in Bangkok as well as one hotel in Pattaya worth a total of THB76b (NAV THB34b).
- The country's largest commercial property REIT with a NLA of 355k sqm at end-21.

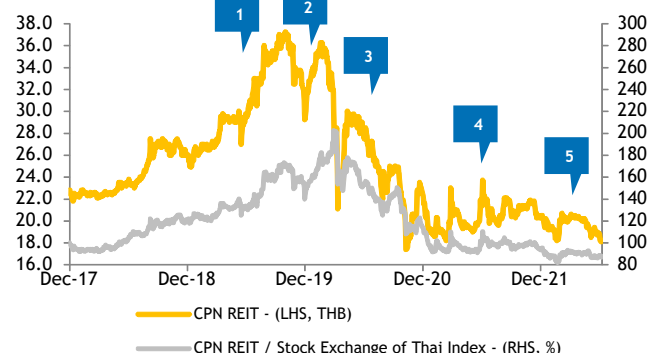
### Total net leasable area (NLA) and occupancy rate



Source: Company

## Price Drivers

### Historical share price trend



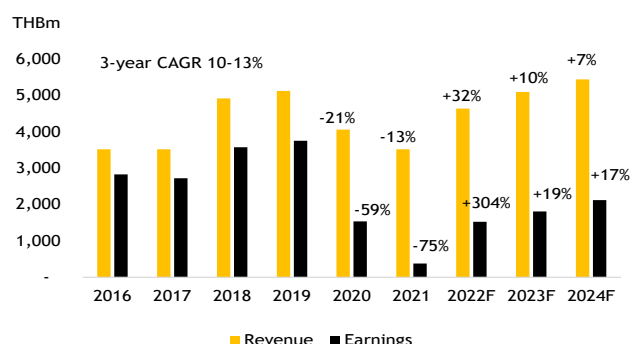
Source: Company, Maybank IBG Research

- TFRS 16: Right-Of-Use asset & lease liability was approved in 2019 to be used starting 2020.
- Distribution income to unitholders hit its record high at THB3.76b (DPU: THB1.7) in 2019.
- Closure of malls in Thailand due to lockdown from Mar to mid-May 2020 to contain Covid-19 outbreak.
- Deal to acquire 2 malls from CPN was finalized in Feb-21
- Recovery of earnings and recognition of gains on assets appreciation in 1Q22.

## Financial Metrics

- 3-year CAGR (2016-19) of revenue/earnings is at 10-13%.
- Rental discounts and customer traffic fluctuated during 2020-21 amid Covid-19 outbreak. For 1Q22, customer traffic recovered to 61% (to avg 2019), rental discount dipped to 17%.
- Earnings were sluggish during 2020-21. We expect a gradual pick up in quarterly earnings throughout 2022. And full year earnings are likely to surge +300% YoY.
- Maintain gearing at around +/-30%, below the limit of 60%.

### Revenue and earnings trend



Source: Company

## Swing Factors

### Upside

- Recovery of macro outlook should help to spur rental demand and boost market sentiment.
- Better-than-expected rental revisions.
- Acquisition of additional assets.

### Downside

- Pandemic and political unrest may led to shutdown of malls.
- Prolonged slowdown in economic activity.
- Oversupply of retail and office space.
- Work-from-home and e-commerce etc may disrupt consumers' lifestyle.



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Risk Rating & Score <sup>1</sup>	na
Score Momentum <sup>2</sup>	na
Last Updated	na
Controversy Score <sup>3</sup>	na

## Business Model & Industry Issues

- As its business involves groups of individuals, including customers, tenants, employees and the communities surrounding the project, sustainability strategies (E, S and G) are integrated into its annual strategic plans.
- Green building guidelines are applied to the design and development of shopping malls by adopting the evaluation criteria of the Thailand Energy Award of the Ministry of Energy and the ASEAN Energy Awards. Also, it has a clear target and framework to reduce environmental impact (power, water, waste and green-house gas) by 2025.
- CPN received several awards for sustainable development. To date, 26 shopping malls under CPN group won 41 Thailand energy awards and 10 ASEAN energy awards.
- The REIT manager is committed to the highest level of corporate governance and transparency. The board of directors, the audit and corporate governance committee, the management committee, the risk policy committee, and the corporate governance and sustainable development committee have adopted the sustainability strategies.

### Material E issues

- Commercial properties under Central meet ISO14001 standard and also receive Thailand energy award.
- Reducing power consumption and green-house gas emission by 20% in 2025 from the base year of 2015, implying a 2% reduction per year.
- Water reuse targets of 5% in 2021 and 20% by 2025.
- Set a target to reduce waste sent to landfill by 15% from 2021 levels and set a long-term goal to halve our diversion rate by 2025.

### Material S issues

- In 2021, CPN's employees contributed 120,084 hours of volunteer service to co-create shared value with communities, which was above target.
- Organized 711 activities, of which 475 were activities to support SME and local businesses and provided free space to government agencies and communities affected by the pandemic.
- Average employee training hours for 2021 were 25 (on par with 2017-19 average) , up from 11 in 2020
- In 2021, CPN offered the common areas, parking spaces and multipurpose convention halls in our shopping centers across the country to be converted into 26 mass vaccination centers and 20 blood donation stations.

### Key G metrics and issues

- CPNREIT is managed by CPN REIT management which is wholly owned by CPN Central Pattana (CPN), Thailand's largest retail developer, is the property manager. This helps to support its growth via assets injection from CPN.
- Board of directors consists of 5 members (2 independent); 4 females and 1 male.
- Management team of CPN REIT consists of 3 female members.
- KPMG Phoomchai is the auditor since CPNREIT's establishment in 2017. 2021 audit fee was THB1.23m.
- Fee for the REIT manager shall not be >1% pa of total asset value (current: 0.275%). Fees for acquisition of CPNREIT's properties shall be 1.5% of value. Fees for disposal of property shall be 0.75% of value. For 2021, CPNREIT paid THB162.47m to the manager.
- At least 2 distributions of returns per year to unitholders at the rate of not less than 90% of adjusted net profit.
- Gearing has been maintained at 30-32% of total assets since 2017, below the limit of 60%.
- No legal case involving anti-competitive behaviour, anti-trust and monopoly legislation.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

## Valuations

Fig 1: DDM valuations vs DPU yield, P/B

THBm	2022F	2023F	2024F	2025F	2026F
DPU	3,063	3,431	3,551	3,196	3,356
Terminal value	-	-	-	-	57,862
Total	3,063	3,431	3,551	3,196	61,218
COE=9.3%	DDM	49,878			
Terminal growth=3.5%	Per share	19.4			

**TP:THB19.4 is equivalent to:**

THB	2022F	THB	2022F
DPU per share	1.2	BV per share	12.6
		P/B (slightly below	
		-1SD to 5-year	
		mean)	
DPU Yield	6.1%		1.54x

Source: Company, MST

Fig 2: TP Revision

DDM method	Previous TP	New TP
20-year Thai bond yield	2.85%	3.75%
Risk free rate	+250bp 5.4%	+350bp 7.25%
Beta (Bloomberg)	0.7	0.7
Risk premium	7%	7%
Cost of equity	8%	9.3%
DDM-Based T THB	23	19.4

Source: Company, MST

Fig 3: 20-year Thai government bond yield



Source: www.worldgovernmentbonds.com

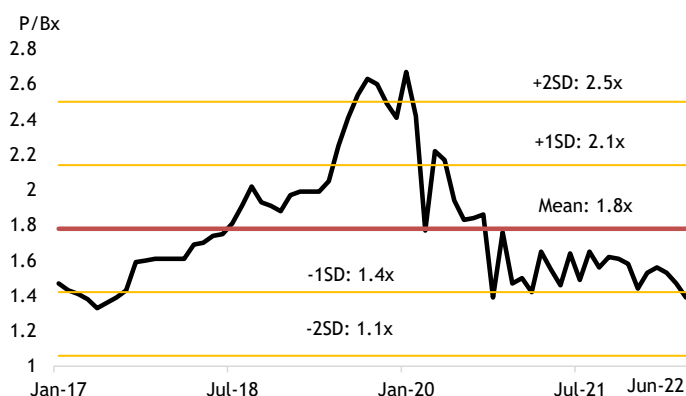
Thai government 20-year bond yield already surged to around 3.75% from 2.85% at our previous forecast at end-21. We therefore re-visit our assumptions and apply a more aggressive risk free rate of 7.25% (+350bp over 20-year bond yield), leading to a high discount rate of 9.3%. Our new DCF-based TP, hence, declines to THB19.4, implying a dividend yield of 4.1% and P/B of 1.54x (Fig 1).

We note that our risk free rate is more aggressive than the forecast of www.worldgovernmentbonds.com of 6.0-6.4% in Jun-23 from the current 3.75%.

For every 1ppt increase in risk free rate, the discount rate will rise by 50bp and DCF-based TP will decline further by approximately 8% from our base case.

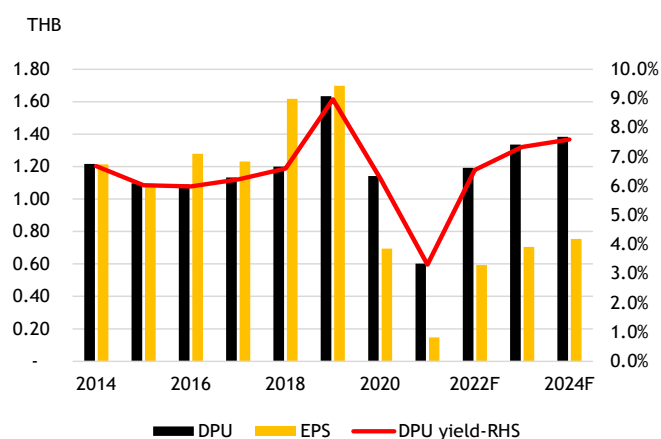
At its current share price, CPNREIT's dividend yield is around 6.4% for FY22, vs 1.5x PB (-1SD to 5-year mean).

Fig 4: CPNREIT: P/B and SD



Source: Setsmart, MST

Fig 5: CPNREIT: EPU, DPU and DPU yield



Source: Setsmart, MST

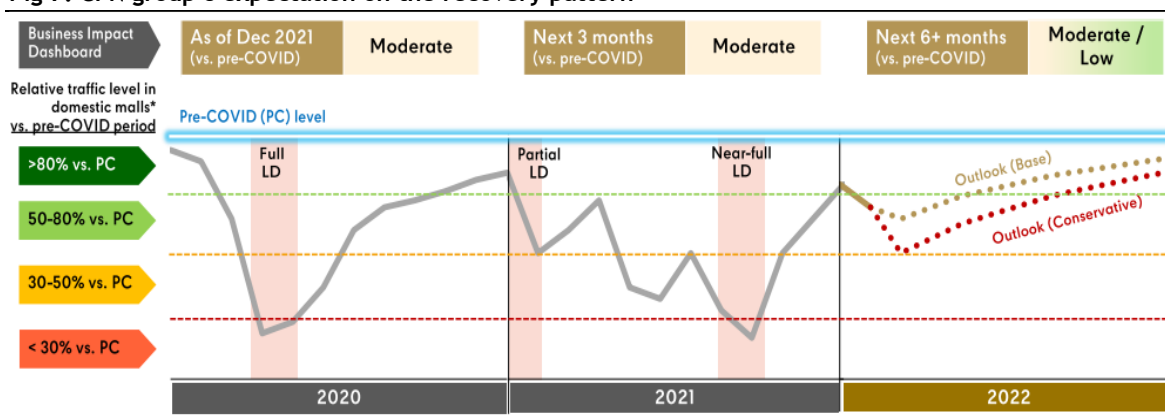
## Earnings estimates

Fig 6: Assumptions

		2020	2021	2022F	2023F	2024F
Leasable area	sq.m.	326,112	354,994	368,645	370,457	370,457
Occupancy rate	average	92.2%	90.8%	92.2%	92.6%	92.6%
Average rental rate-retail	THB/sq.m./mth	1,348	1,083	1,153	1,263	1,353
Average rental rate-office	THB/sq.m./mth	623	680	698	723	746
Property income	THBm	4,041	3,502	4,621	5,075	5,420
Net margin		38%	11%	33%	36%	36%
Net margin ex interest on lease liability		65%	56%	69%	71%	72%

Source: Company, MST

Fig 7: CPN group's expectation on the recovery pattern



Source: CPN

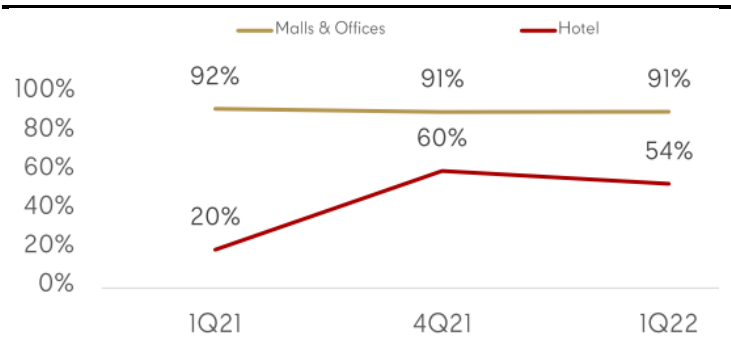
PC=Pre-Covid

LD=Lockdown

CPNREIT's quarterly earnings recovered from a net loss of THB74m during the lockdown in 3Q21 to net profit of THB164m in 4Q21 and another THB269m profit (+64% QoQ) in 1Q22. Strong recovery was attributable to a decline in the rental discount rate from 27% in 4Q21 to 17% in 1Q22 while traffic recovery stayed flat at around 61-62% during 4Q21-1Q22. (Figure 8-9) So far the recovery pace of CPN group remains in line with management guidance. (Figure 7) We estimate its quarterly earnings to continue improving QoQ and FY22F earnings should recover 300% YoY to THB1.5b.

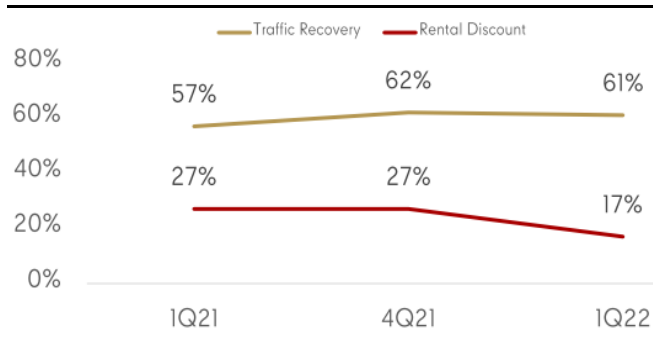


Fig 8: CPNREIT's occupancy rate



Source: Company

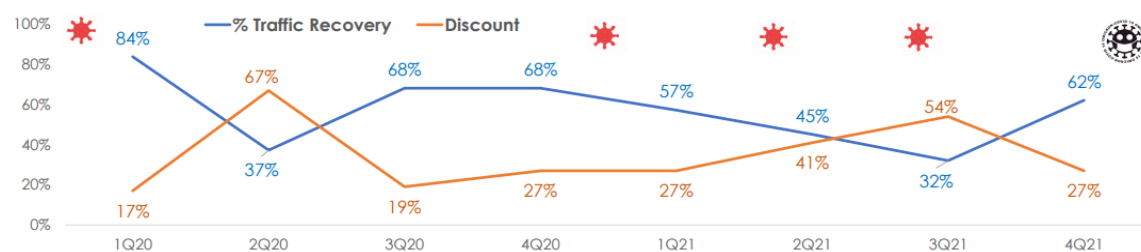
Fig 9: CPNREIT's traffic recover and rental discount



Source: Company

Fig 10: CPNREIT's pattern of traffic recovery and rental discount during each wave of Covid-19 outbreak

	2020	1Q21	2Q21	3Q21	4Q21
COVID-19	1 <sup>st</sup> wave	2 <sup>nd</sup> wave	3 <sup>rd</sup> wave	4 <sup>th</sup> wave	
Malls	Closed for 2 months (22 Mar - 16 May)	Normal PTB closed 30 Dec 2020- 4 Jan 2021	Reduction of opening hours	BKK & Chonburi closed for 1.5 months (20 Jul - 31 Aug)	
				Normal operating hours	



	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Hotel	Normal	Renovation			Force Majeure (from 21 Dec 2021)			
- Fixed rent	Full	Postpone			Waive (from 21 Dec 2021 – 30 Sep 2021)			Postpone
- Variable rent	Some	No						

Source: CPNREIT

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
Price/DPU(x)	25.6	33.5	15.5	13.8	12.7
P/BV (x)	1.5	1.5	1.5	1.5	1.5
P/NTA (x)	1.5	1.5	1.5	1.5	1.5
DPU yield (%)	3.9	3.0	6.4	7.2	7.8
FCF yield (%)	nm	nm	2.2	2.4	2.4
<b>INCOME STATEMENT (THB m)</b>					
Revenue	4,062.5	3,524.2	4,644.8	5,099.6	5,446.2
<b>Net property income</b>	<b>3,243.9</b>	<b>2,567.0</b>	<b>3,822.1</b>	<b>4,196.4</b>	<b>4,481.7</b>
Management and trustee fees	0.0	0.0	0.0	0.0	0.0
Net financing costs	(1,713.5)	(2,193.1)	(2,301.1)	(2,387.7)	(2,360.7)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income/expenses	0.0	0.0	0.0	0.0	0.0
<b>Pretax profit</b>	<b>1,537.5</b>	<b>376.8</b>	<b>1,524.1</b>	<b>1,811.8</b>	<b>2,124.1</b>
Income tax	0.0	0.0	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
<b>Total return avail to unitholders</b>	<b>1,537.5</b>	<b>376.8</b>	<b>1,524.1</b>	<b>1,811.8</b>	<b>2,124.1</b>
Preferred Dividends	0.7	0.1	0.8	0.9	1.0
Core net profit	1,537.5	376.8	1,524.1	1,811.8	2,124.1
Distributable inc to unitholders	0.7	0.6	1.2	1.3	1.5
<b>BALANCE SHEET (THB m)</b>					
Cash & Short Term Investments	1,162.1	1,159.2	489.6	744.6	282.3
Accounts receivable	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	0.0	0.0	0.0	0.0	0.0
Investment properties	68,269.7	75,370.7	75,870.7	76,570.7	77,570.7
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	2,145.4	2,441.6	2,715.2	3,034.3	3,407.7
<b>Total assets</b>	<b>71,577.2</b>	<b>78,971.5</b>	<b>79,075.4</b>	<b>80,349.5</b>	<b>81,260.7</b>
ST interest bearing debt	0.0	0.0	0.0	0.0	0.0
Accounts payable	166.9	157.9	162.6	167.5	172.5
LT interest bearing debt	23,034.7	22,561.5	22,261.3	21,766.9	20,766.9
Other liabilities	20,331.6	22,433.3	24,213.0	26,094.8	27,978.7
<b>Total Liabilities</b>	<b>43,533.2</b>	<b>45,152.7</b>	<b>46,636.9</b>	<b>48,029.2</b>	<b>48,918.2</b>
Shareholders Equity	28,044.0	33,818.8	32,438.5	32,320.3	32,342.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder equity</b>	<b>28,044.0</b>	<b>33,818.8</b>	<b>32,438.5</b>	<b>32,320.3</b>	<b>32,342.5</b>
<b>Total liabilities and equity</b>	<b>71,577.2</b>	<b>78,971.5</b>	<b>79,075.4</b>	<b>80,349.5</b>	<b>81,260.7</b>
<b>CASH FLOW (THB m)</b>					
<b>Cash flow from operations</b>	<b>1,578.0</b>	<b>586.0</b>	<b>1,549.6</b>	<b>1,836.9</b>	<b>2,148.7</b>
Capex	(23,797.7)	(7,100.9)	(500.0)	(700.0)	(1,000.0)
Acquisitions & investments	(171.2)	(0.3)	(214.6)	(257.5)	(309.1)
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	0.0	0.0	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>(23,968.9)</b>	<b>(7,101.2)</b>	<b>(714.6)</b>	<b>(957.5)</b>	<b>(1,309.1)</b>
Dividends paid	(1,497.0)	(140.0)	(2,054.4)	(2,413.9)	(2,568.0)
Interest expense	0.0	0.0	0.0	0.0	0.0
Change in debt	8,510.6	(473.3)	(300.2)	(494.4)	(1,000.0)
Equity raised / (purchased)	(464.6)	2,923.6	2.3	(5.1)	(22.9)
Other financial activities	16,494.0	4,202.0	847.8	2,289.0	2,288.9
<b>CF from financing activities</b>	<b>23,043.0</b>	<b>6,512.3</b>	<b>(1,504.5)</b>	<b>(624.4)</b>	<b>(1,302.0)</b>
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net cash flow</b>	<b>652.2</b>	<b>(2.9)</b>	<b>(669.6)</b>	<b>255.0</b>	<b>(462.3)</b>

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(20.8)	(13.3)	31.8	9.8	6.8
Net property income growth	(23.6)	(20.9)	48.9	9.8	6.8
Core net profit growth	(59.1)	(75.5)	304.5	18.9	17.2
Distributable income growth	(54.2)	(18.8)	97.9	12.0	8.6
<b>Profitability ratios (%)</b>					
Net property income margin	79.8	72.8	82.3	82.3	82.3
Core net profit margin	37.8	10.7	32.8	35.5	39.0
Payout ratio	106.8	nm	201.0	189.4	175.5
<b>DuPont analysis</b>					
Total return margin (%)	37.8	10.7	32.8	35.5	39.0
Gross revenue/Assets (x)	0.1	0.0	0.1	0.1	0.1
Assets/Equity (x)	2.6	2.3	2.4	2.5	2.5
ROAE (%)	5.3	1.2	4.6	5.6	6.6
ROAA (%)	2.6	0.5	1.9	2.3	2.6
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.6	1.7	1.7	1.7	1.7
Net gearing (%) (excl. perps)	78.0	63.3	67.1	65.0	63.3
Net interest cover (x)	1.9	1.2	1.7	1.8	1.9
Debt/EBITDA (x)	7.1	8.8	5.8	5.2	4.6
Capex/revenue (%)	nm	201.5	10.8	13.7	18.4
Net debt/ (net cash)	21,872.6	21,402.3	21,771.7	21,022.4	20,484.6
Debt/Assets (x)	0.32	0.29	0.28	0.27	0.26

Source: Company; Maybank IBG Research

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