

Company Results

Thai Beverage
Golden Energy and Resources

Sector Report

Singapore Industrial REITs

IPO Update

Cromwell European REIT

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Thai Beverage

Spirits uplift

Soh Lin Sin

Phillip Securities Research Pte Ltd

27 November 2017

Thai Beverage

(▲ Buy, ▲ TP: \$1.18 (prev. \$1.05), Last: \$0.97)

Results at a glance

THB' tn	FY17	FY16	YoY (%)	Comments
Spirits	109.3	106.5	2.6%	Sales volume +2.7% YoY
Beer	57.3	60.2	-4.7%	Sales volume -6.8% YoY
Non-alcoholic beverages	16.8	16.9	-0.9%	Lower sales volume in all segments except Drinking Water (+4.2% YoY) and RTD Tea (+3.5% YoY)
Food	6.7	6.6	1.5%	Slowdown of on-trade consumption despite more new stores
Revenue	190.0	190.0	0.0%	
Gross	58.1	55.7	4.4%	Higher margin for all segments <i>Gross Profit Margin +1.3pp to 30.6%</i>
Core EBITDA, ex. FNN/FCL	32.7	31.5	3.9%	Turnaround in NAB segment offsets higher SG&A expenses <i>EBITDA Margin +0.6pp to 17.2%</i>
NPAT	34.7	25.0	38.5%	Higher F&N/FCL contribution (+265% YoY); Exclude F&N recognition of fair value gains of THB8.497tn, NPAT, adj. +4.6% YoY
PATMI, adjusted	26.0	24.9	4.3%	Exclude F&N recognition of fair value gains of THB8.497tn
DPS (Baht)	0.67	0.60	11.7%	

Source: Company, PSR

Earnings grew YoY in FY17 despite a flat topline as gross margins across all segments improved

- Higher sales volume in Spirits, lower bottle and raw material costs in Beer, lower packaging costs in NAB and increased selling prices in Food
- ThaiBev had adjusted its product prices to cover the higher excise tax costs
- While overall cost trends are stable, management plans to review its pricing strategy in FY18 to expand margins

Competition remains intense

- Market share declined 3.6pp to 37.6% of FY2017 total beer sales in Thailand

Thai Beverage

(▲ Buy, ▲ TP: \$1.18 (prev. \$1.05), Last: \$0.97)

FY18 outlook remains positive

- Expect on-trade consumption should turnaround in FY18 after the effect of mourning period in Thailand subside, and as a broader economic recovery takes effect in Thailand
- Thai economy +4.3% YoY in 3Q17 (fastest pace under the military regime); official 2017 GDP growth forecast was revised up to 4% from 3.5%; and to grow 3.6-4.6% in 2018

Upgraded to Buy with higher SOTP-derived TP of S\$1.18

- Rolled over our valuations to FY18e, taking into considerations of the potential earnings from its new revenue stream from Myanmar's Spirits business, as well as the new loans to fund its acquisition spree
- Any acquisition navigating the Group closer towards realizing Vision 2020 could act as a catalyst for re-rating

Golden Energy and Resources Ltd

Coal price and sales are trending up

Chen Guangzhi

Phillip Securities Research Pte Ltd

27 November 2017

Golden Energy and Resources Ltd

(BUY (maintained), TP: \$0.59)

Results at a glance

(USD mn)	3Q17	3Q16	YoY (%)	Comments
Revenue	179.3	97.6	83.7	Increase in revenue from Coal Mining and Coal Trading Divisions, partially offset by a decrease in revenue from others
Gross profit	73.8	39.4	87.0	In line with the above
PBT	35.6	16.7	113.4	Increase in operating expenses offset by a decrease in finance expenses
PATMI	9.9	6.8	46.6	Increase in deferred income tax expenses

Source: Company, PSR

Dual bonanzas propelled the performance

	3Q17	3Q16	YoY (%)	9M17	9M16	YoY (%)
Production volume (tonnes)	4.1	2.6	57.7	10.1	6.9	46.4
ASP (US\$/tonne)	41.4	33.1	25.2	41.6	32.1	29.4
Cash cost (US\$/tonne)	22.6	25.9	(12.7)	21.6	22.8	(5.1)
Revenue from coal mining (US\$mn)	154.8	87.1	77.7	408.6	229.8	77.8

Source: Company, PSR

The growth of overhead costs outpaced than expected

- Selling & distribution, and administrative expenses grew by 76% YoY and 75.3% YoY in 3Q17

Outlook

- Ramp-up of production in FY18: >18mn tonnes (BIB mine + KIM mine)
- Kick-starting of operations at the BSL mine

Singapore Industrial REITs

Occupancy and rental: Still searching for a bottom

Richard Leow

Phillip Securities Research Pte Ltd

27 November 2017

Maintain Equal Weight view on Industrial REITs sub-sector

Sector occupancy and Rental Index still searching for a bottom

Oversupply situation abating, and we believe rents to bottom by end-2018

Occupancy has not picked up, despite higher industrial activity

We want to see occupancy improve, in order to upgrade our sector view

Only A-REIT has not achieved our target price, and remains as our top pick

What is the news?

JTC released its Quarterly Market Report of Industrial Properties for 3Q 2017

Summary of Rental & Occupancy rate, as at 3Q 2017

		2Q 2017	3Q 2017	QoQ	YoY
Rental	All Industrial	92.3	91.3	↓(1.1)	↓(3.2)
	Multiple-User Factory	89.9	89.2	↓(0.8)	↓(3.3)
	Single-User Factory	100.1	99.1	↓(1.0)	↓(2.7)
	Business Park	106.5	106.8	↑0.3	↑2.5
	Warehouse	88.5	86.7	↓(2.0)	↓(4.9)
Occupancy	All Industrial	88.7%	88.6%	↓(0.1)	↓(0.5)
	Multiple-User Factory	86.4%	86.6%	↑0.2	↓(0.5)
	Single-User Factory	90.2%	90.1%	↓(0.1)	↓(0.5)
	Business Park	85.7%	85.9%	↑0.2	↑4.8
	Warehouse	88.1%	87.5%	↓(0.6)	↓(1.6)

Source: JTC, PSR

Key takeaways from the quarter

Improved sentiment on the ground, but it is not a walk in the park

- More enquiries, but takes time to convert to actual transaction
- Still actively engaging tenants to maintain occupancy and it is a tenants market
- Demand from: precision engineering, cyber-security, software and bio-medical devices

Outlook for negative reversions to persist into 2018

- 3Q reversions: skewed negatively, ranging -21% (AA-REIT) to +3.1% (A-REIT)

Tenant defaults likely to impact specific property valuations

- Most at risk: SSREIT and SBREIT

Higher level of capital raising activity

- Cache (Rights Issue), MLT (Private Placement and Preferential Offering), MINT (Private Placement) and ESR-REIT (perpetual securities)

Maintain Equal Weight view on the Industrial REIT sub-sector

Tailwinds: Tapering of supply in 2018; Uptick in industrial activity in 9M 2017

Headwinds: Occupancy is lower QoQ and YoY; Negative rental reversions to continue into 2018

Expect rents to bottom by end-2018

Would like to see occupancy improve, in order to upgrade our sector view for Industrial REITs

Industrial REITs under our coverage

	Rating	Target Price (\$\$)	Last Close Price (\$\$)
Ascendas REIT	Accumulate	2.86	2.65
Cache Logistics Trust	Neutral	0.820	0.860
Keppel DC REIT	Neutral	1.36	1.43
Mapletree Industrial Trust	Neutral	1.99	1.96
Soilbuild Business Space REIT	Reduce	0.610	0.645

Source: PSR

Maintain exposure to Business & Science Park properties and Hi-Tech/Hi-Specs buildings

- SG evolving towards higher value-added manufacturing; Smart Nation initiative
- Like REITs that can capture this opportunity with Business & Science Park properties and Hi-Tech/Hi-Specification buildings

Key points for the REITs under our coverage

Ascendas REIT – The stable giant

- Operationally, portfolio occupancy remains high at 92.0% with healthy WALE of 4.2 years.
- Diversified portfolio with right of first refusal (ROFR) to Sponsor's pipeline of over S\$1 bn of Business & Science Park properties in Singapore.
- 57% of A-REIT's Net property income is derived from Business Park and Hi-Specs properties in Singapore.
- 33.1% gearing, which is lower than the sector median of 36.0%, affords ~\$1 bn of headroom to acquire and grow inorganically.

Key points for the REITs under our coverage

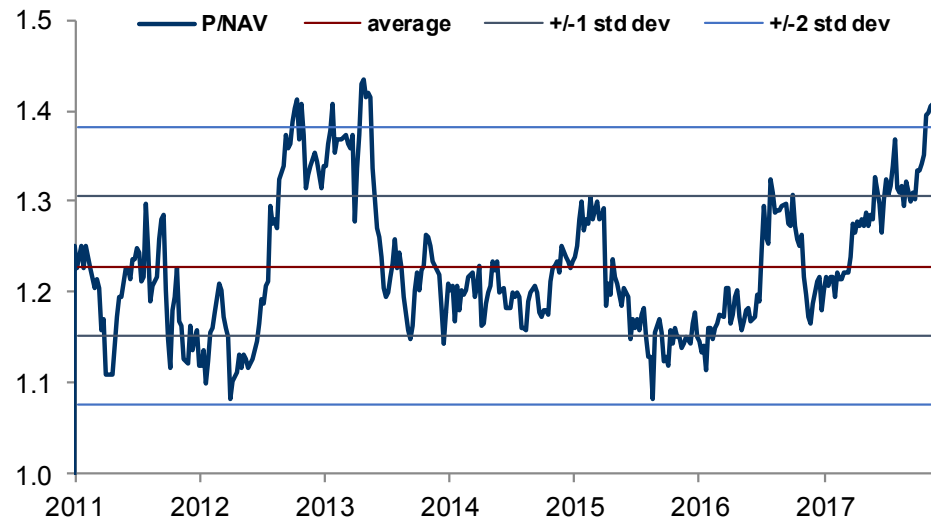
Mapletree Industrial Trust – Hi-Tech and beyond by including overseas data centres

- We downgraded MINT to Neutral this quarter because our target price was achieved and we believe catalysts have been priced-in.
- Price-to-NAV now of 1.39x is more than 2 standard deviations from the mean, suggesting higher probability of disappointment at current level.
- Recently expanded Investment Strategy to include overseas data centres, capped at 10% by portfolio value. Shortly after, incorporated a 60:40 JV between itself and its Sponsor; to acquire a platform of 14 data centres in the USA for US\$750 mn at ~7% NPI yield.
- Outlook for inorganic growth: Aggregate leverage of 30.0% is among the lowest in the S-REITs universe, giving it the firepower to make acquisitions.
- Outlook for organic growth: 14-storey Hi-Tech Building at Kallang (completion: 1Q 2018) and six-storey data centre in the West Region of Singapore (completion: 2H 2018) are coming online.

Key points for the REITs under our coverage

- Price-to-NAV is now more than 2 standard deviations from the mean

Figure 1. Historical P/NAV (x) with SD bands, weekly closing price



Source: Bloomberg, PSR estimates

Key points for the REITs under our coverage

Keppel DC REIT – Specific exposure to a unique asset class

- Organically, long WALE of 9.2 years with <10% of leases by NLA expiring within the next three years provides medium-term income visibility.
- Gearing remains low at 32.1%, with ample debt headroom to grow the portfolio.
- At 1.48x Price-to-NAV, it could be an opportune time to raise new equity with the next acquisition.
- At this juncture, we highlight a misconception of comparing KDCREIT's valuation with globally-listed data centre REITs.

Key points for the REITs under our coverage

- KDCREIT is not comparable with US-listed data centre REITs on a price-to-NAV basis, because of the difference in accounting treatment of the data centres.
- KDCREIT's data centres are classified as Investment Properties on the balance sheet and revalued annually to market value.
- US-listed data centre REITs classify their data centres as Property, Plant and Equipment and are held at historical cost and depreciated annually.
- This difference in accounting treatment is the reason US-listed data centre REITs are able to trade at much higher multiples than KDCREIT. Consequently, we argue that it is not justified for KDCREIT's price-to-NAV multiple to trade upwards to be on par with the US-listed data centre REITs.

Global data centre REITs relative data (arranged by Mkt. Cap.)

	Currency	Price (LCY\$)	Mkt. Cap. (S\$ mn)	Mkt. Cap. (US\$ mn)	Trailing P/NAV (x)	12M-trailing yield (%)
Equinix Inc	USD	472.37	49,812	36,955	5.65	1.7
Digital Realty Trust Inc	USD	117.21	32,837	24,362	2.62	3.1
CyrusOne Inc	USD	61.57	7,578	5,622	4.08	2.7
Coresite Realty Corp	USD	116.88	7,576	5,620	13.69	2.9
QTS Realty Trust Inc	USD	58.26	3,960	2,938	3.29	2.6
Keppel DC REIT	SGD	1.42	1,601	1,187	1.48	4.5
Asia Pacific Data Centre	AUD	1.74	205	152	1.05	4.2

Source: Bloomberg (Updated: 23 November 2017), PSR

Key points for the REITs under our coverage

- Samples from annual reports

6. Balance Sheet Components – (continued)

Property, Plant and Equipment, Net

Property, plant and equipment, net consisted of the following as of December 31 (in thousands):

	2016	2015
Core systems	\$ 4,760,868	\$ 3,820,772
Buildings	2,785,799	2,383,387
Leasehold improvements	1,599,424	1,204,900
Construction in progress	645,388	351,697
Personal property	622,069	450,914
Land	237,349	183,946
	<u>10,650,897</u>	<u>8,395,616</u>
Less accumulated depreciation	<u>(3,451,687)</u>	<u>(2,789,180)</u>
Property, plant and equipment, net	<u>\$ 7,199,210</u>	<u>\$ 5,606,436</u>

Source: Equinix Inc, 2016 Annual Report

ASSETS

Real Estate Assets

	December 31, 2016	December 31, 2015
Land	\$ 74,130	\$ 57,112
Buildings and improvements	1,524,767	1,180,386
Less: Accumulated depreciation	<u>(317,834)</u>	<u>(239,936)</u>
	1,281,063	997,562
Construction in progress	365,960	345,655
Real Estate Assets, net	<u>1,647,023</u>	<u>1,343,217</u>
Cash and cash equivalents	9,580	8,804
Rents and other receivables, net	41,540	28,233
Acquired intangibles, net	129,754	115,702
Deferred costs, net	38,507	30,042
Prepaid expenses	6,918	6,502
Goodwill	173,843	181,738
Other assets, net	39,305	33,101
TOTAL ASSETS	<u>\$ 2,086,470</u>	<u>\$ 1,747,339</u>

Source: QTS Realty Trust Inc, 2016 Annual Report

Key points for the REITs under our coverage

Cache Logistics Trust – Ready for the next lap

- Recent Rights Issue has brought gearing down to 35.7% from 43.4%; now in a better position to make acquisitions.
- Dispute with Schenker at 51 Alps Avenue has been amicably resolved, with rental topped-up to market rate resulting in no adverse impact to unitholders.
- Key downside risk is the master lease expiry of CWT Commodity Hub (27% by portfolio value as at FY16) in 2018, with an oversupply in the market.

Soilbuild Business Space REIT – Tenant default woes

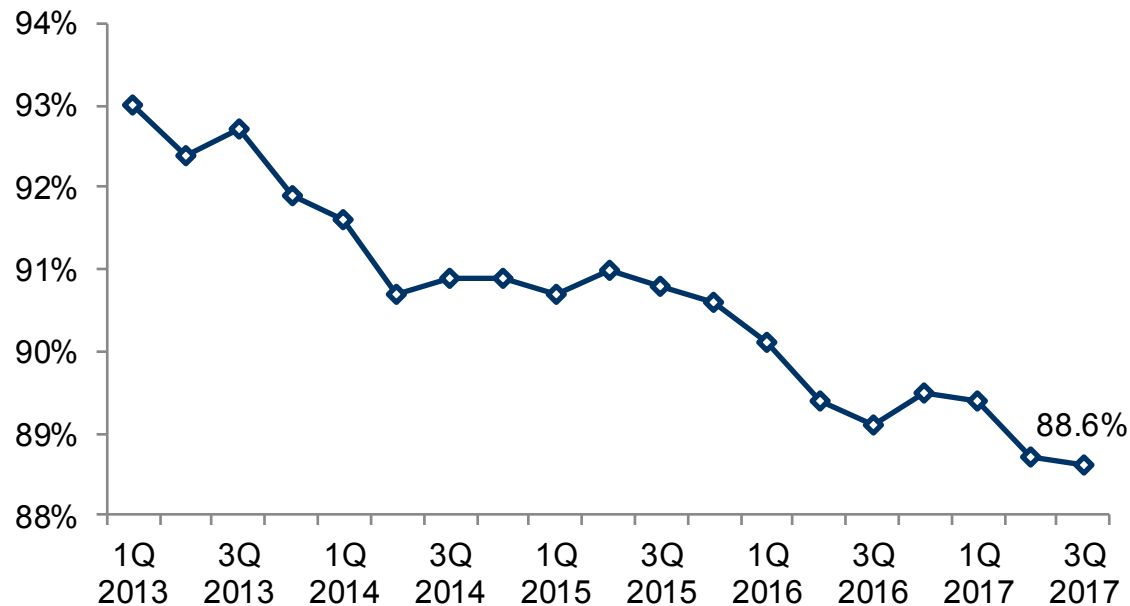
- Multiple tenant defaults hitting the portfolio.
- Back-filling of 72 Loyang Way remains challenging.
- NK Ingredients (tenant at 2 Pioneer Sector 1) defaulted on rent and Trustee has called on the insurance guarantee. The tenant has been unable to top up and furnish an insurance guarantee, so it is likely for the lease to be terminated early. Thus affecting income visibility from 1Q 2018 onwards.
- KTL Offshore defaulted on rent. Its parent company, KTL Global Limited was flagged by its Independent Auditor, doubting the Group's ability to continue as a going concern. More recently, the Group is also reshuffling its top management.
- Key downside risk to portfolio income is the ability find a replacement tenant at 2 Pioneer Sector 1, and ability of KTL Offshore to keep up with rent payments.

3Q 2017 JTC market data: Occupancy and Rental Index

(Industrial sector)

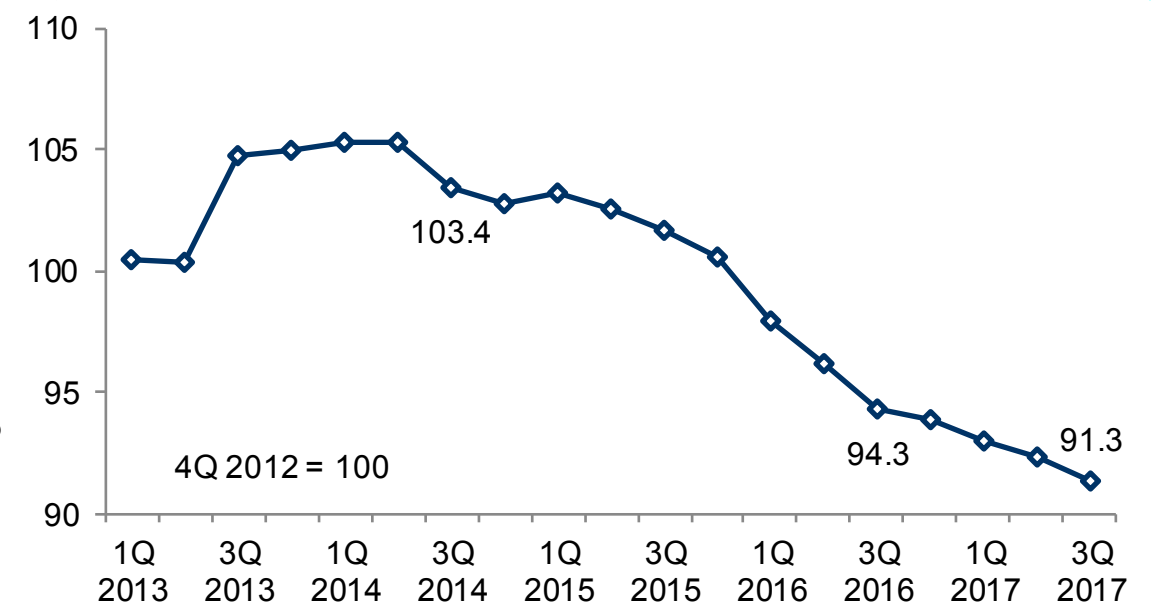
Occupancy and Rental Index making new lows

Figure 4: Industrial sector occupancy



Source: JTC, PSR

Figure 5: Industrial sector Rental Index



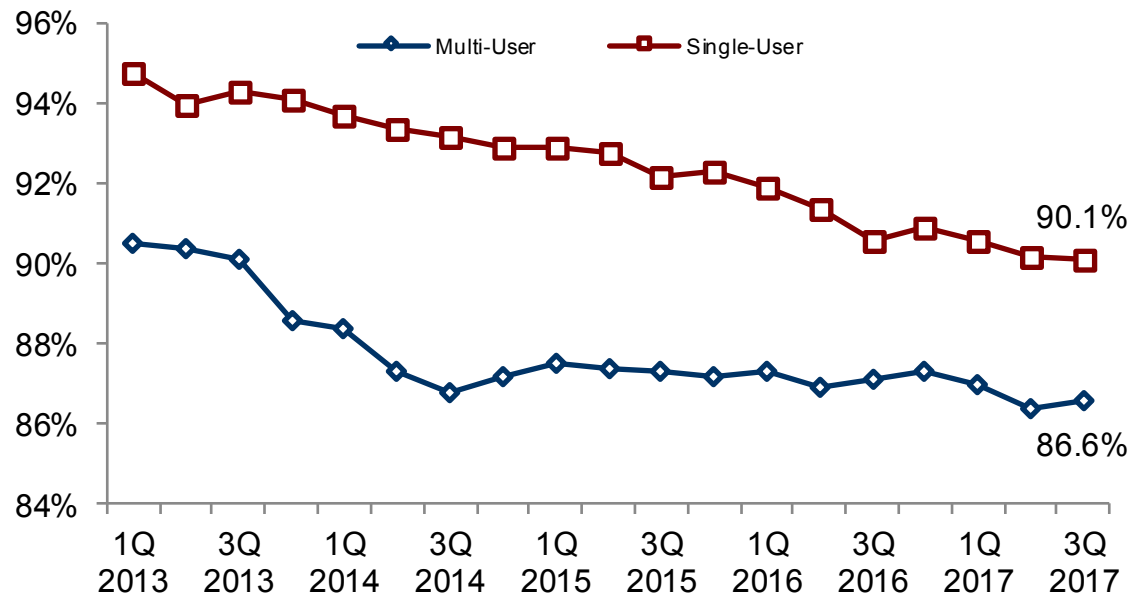
Source: JTC, PSR

3Q 2017 JTC market data: Occupancy and Rental Index (Factory)

Occupancy: appears to be stabilising

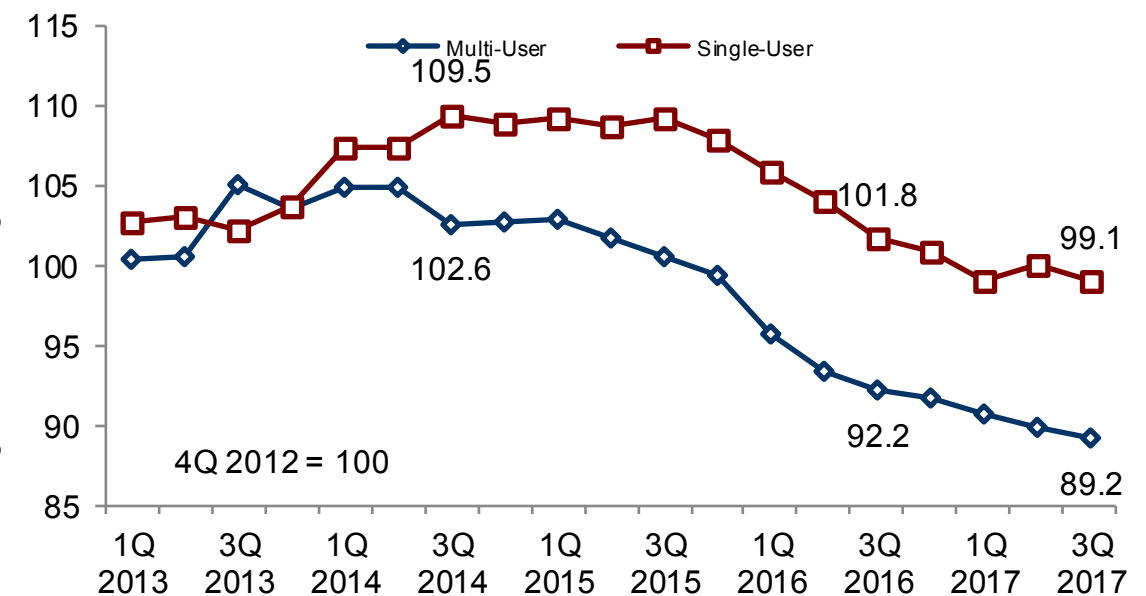
Rental Index making new low

Figure 6: Factory occupancy



Source: JTC, PSR

Figure 7: Factory Rental Index



Source: JTC, PSR

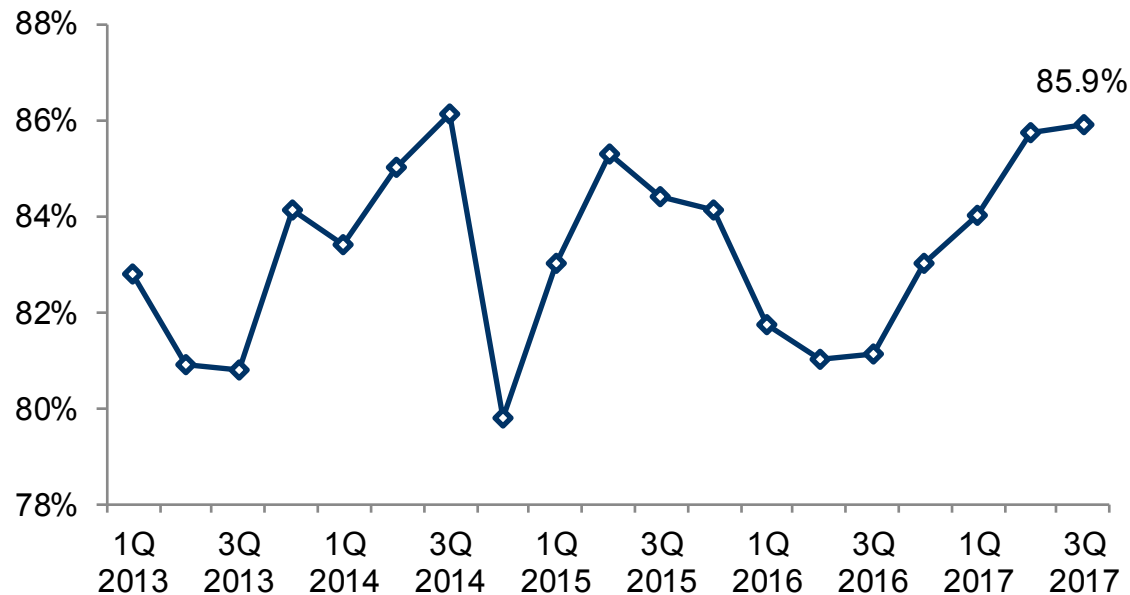
3Q 2017 JTC market data: Occupancy and Rental Index

(Business Park)

QoQ and YoY higher occupancy

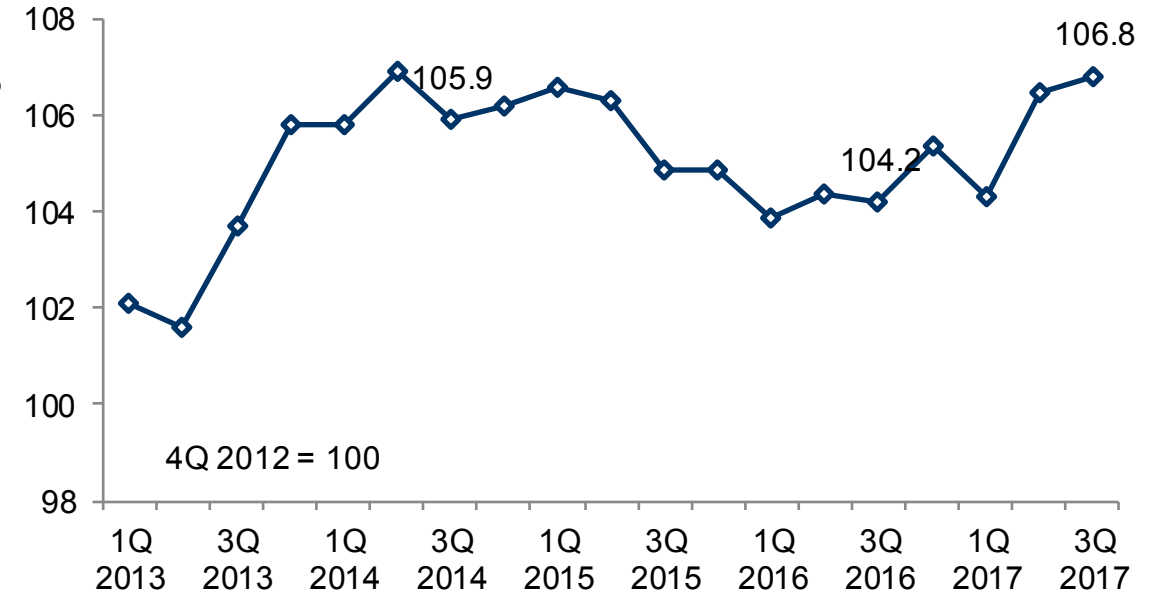
Rental Index improving

Figure 8: Business Park occupancy



Source: JTC, PSR

Figure 9: Business Park Rental Index

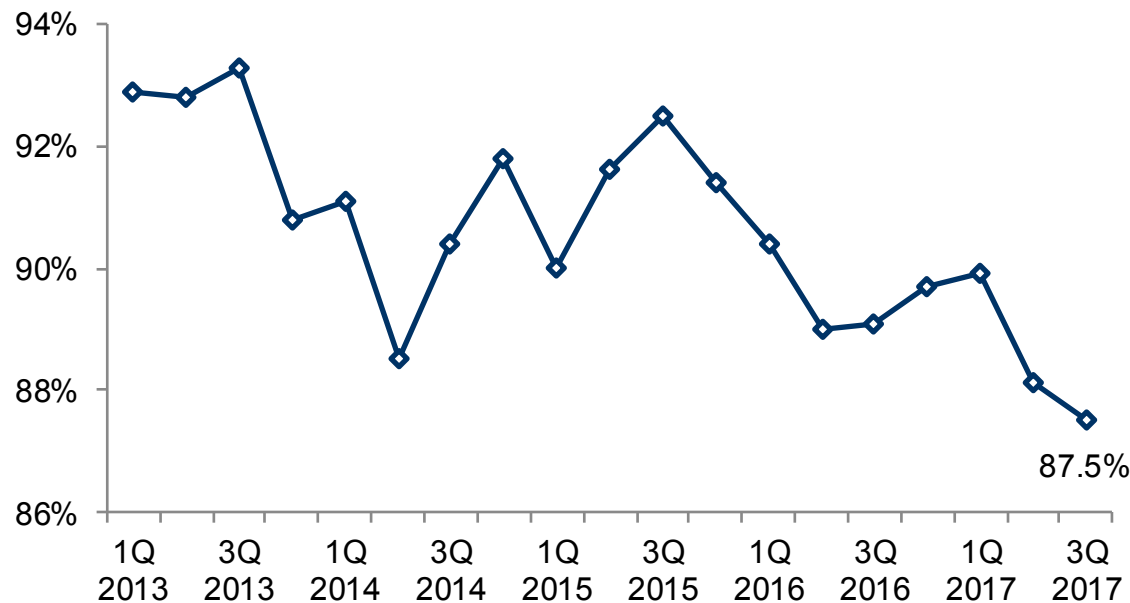


Source: JTC, PSR

3Q 2017 JTC market data: Occupancy and Rental Index (Warehouse)

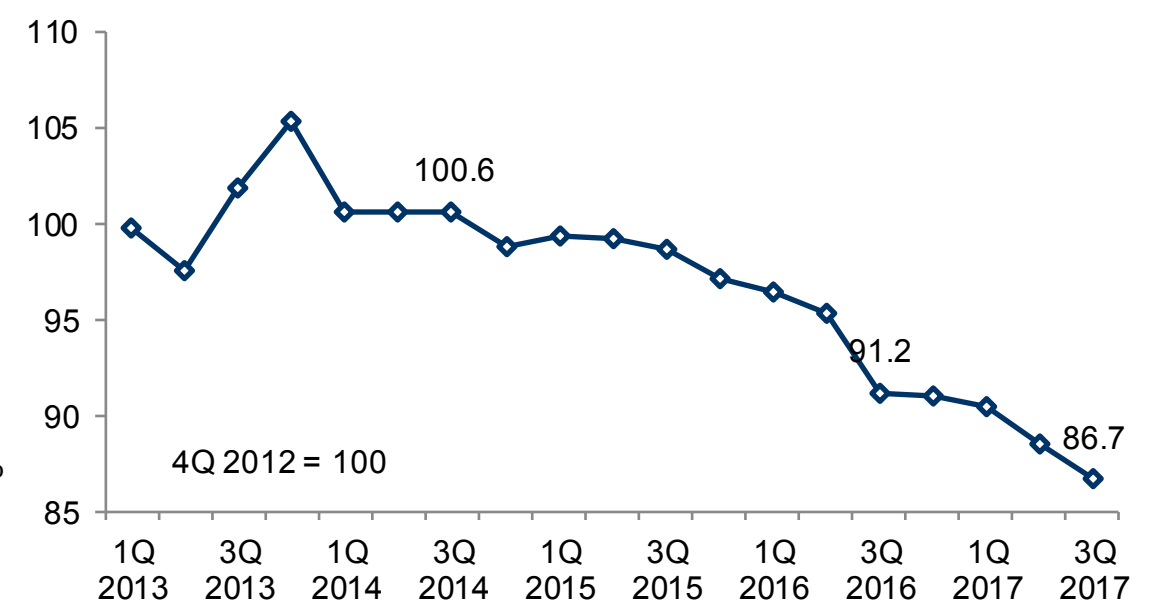
Occupancy and Rental Index making new lows

Figure 10: Warehouse occupancy



Source: JTC, PSR

Figure 11: Warehouse Rental Index



Source: JTC, PSR

3Q 2017 JTC market data: Supply pipeline

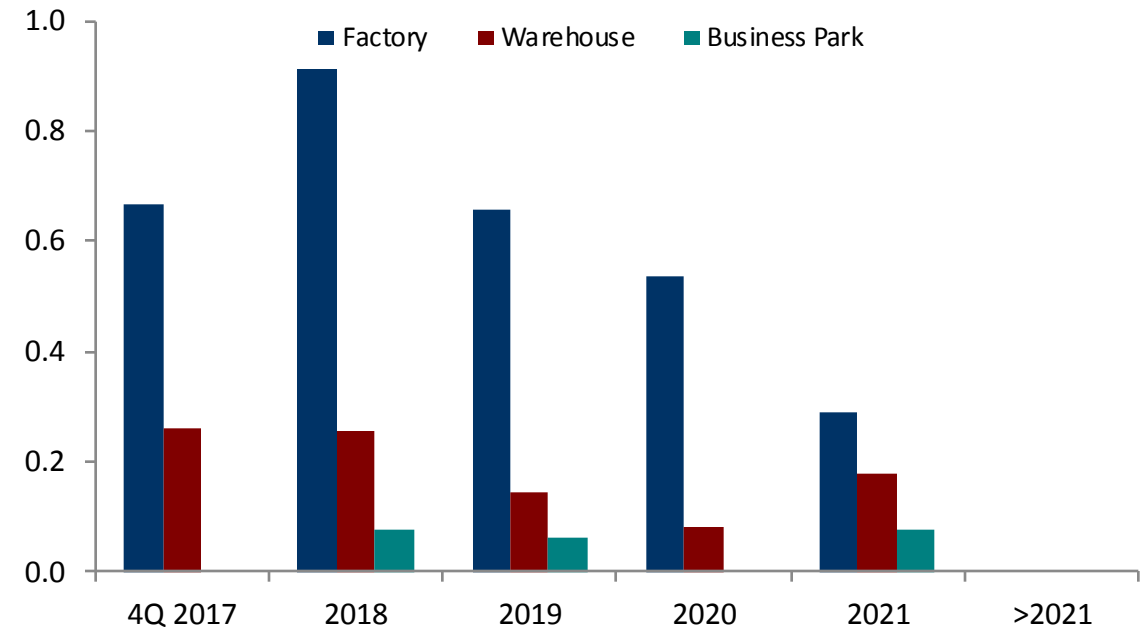
931,000 sqm of space coming on-stream in 4Q 2017, bringing total new supply in 2017 to 2.3 mn sqm.

1.4 mn sqm of space is expected to come on-stream in 2018.

Average annual demand and supply of industrial space in the past 3 years were 1.3 mn sqm and 1.8 mn sqm respectively.

2018 new supply is less than historical supply, but nonetheless more than historical demand. Consequently, rent is expected to continue to moderate in 2018.

Figure 12: Supply pipeline profile, as at 3Q 2017 (million sqm)



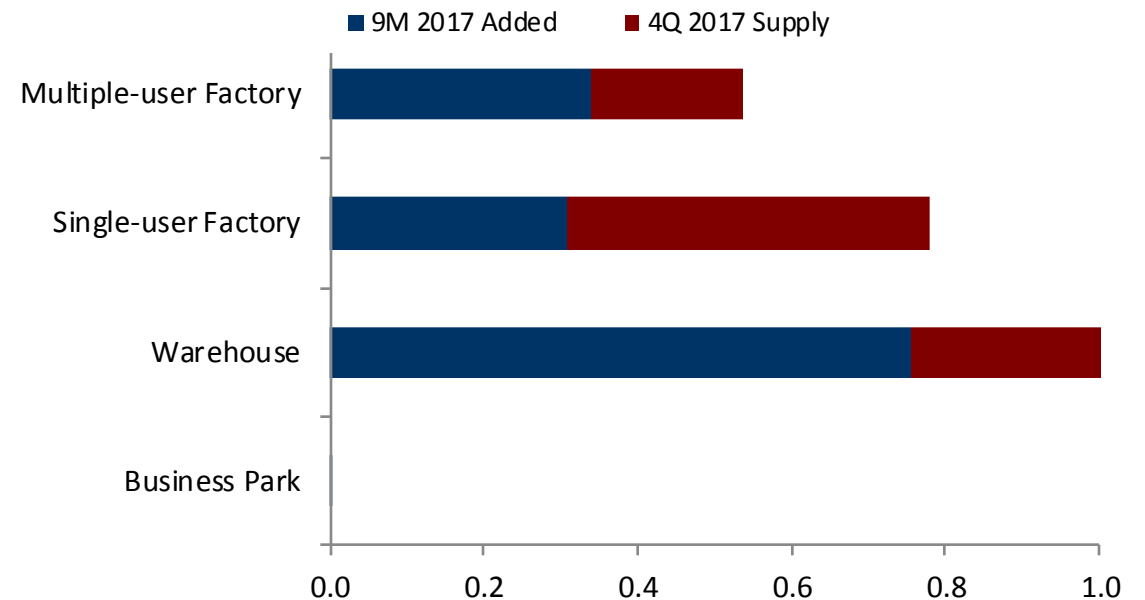
Source: JTC, PSR

3Q 2017 JTC market data: Supply pipeline

Disproportionate oversupply of new Single-user Factory in 4Q 2017 relative to 9M 2017. Possibly having a negative impact on Multiple-user Factory segment in instances where users move to their own developments

No new supply of Business Park space for the remainder of 2017

Figure 13: Space added & Supply for 2017, as at 3Q 2017 (million sqm)



Source: JTC, PSR

3Q 2017 JTC market data: Supply pipeline

Overall supply pipeline is tapering off in 2018

Annual supply growth, as at 3Q 2017

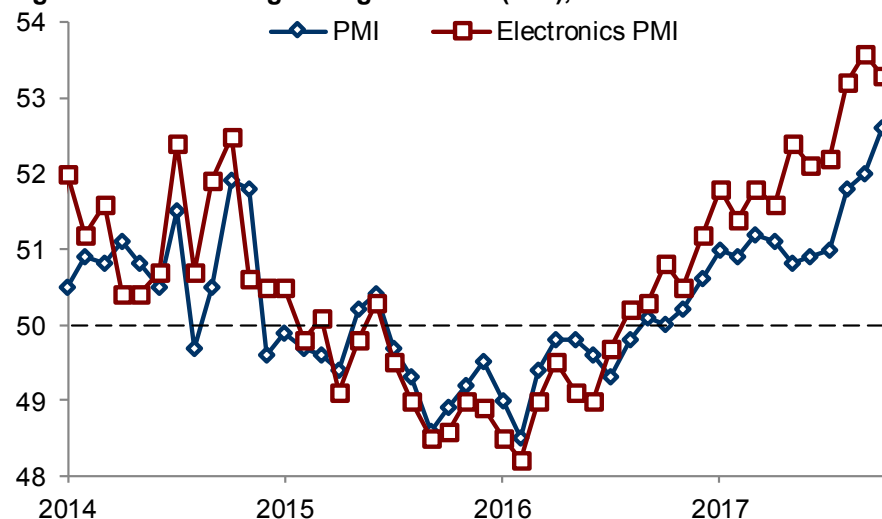
(%)	2016	2017e	2018e	2019e	2020e	2021e
Multiple-user Factory	2.3	5.1	4.3	4.3	2.2	0.4
Single-user Factory	3.3	3.2	2.2	0.6	1.1	0.9
Factory	3.0	3.8	2.9	1.8	1.4	0.8
Warehouse	6.6	10.8	2.4	1.3	0.8	1.6
Business Park	11.6	0.1	3.6	2.8	-	3.2
Industrial sector	4.1	5.1	2.8	1.7	1.2	1.1

Source: JTC, PSR

Strong numbers continue to power ahead

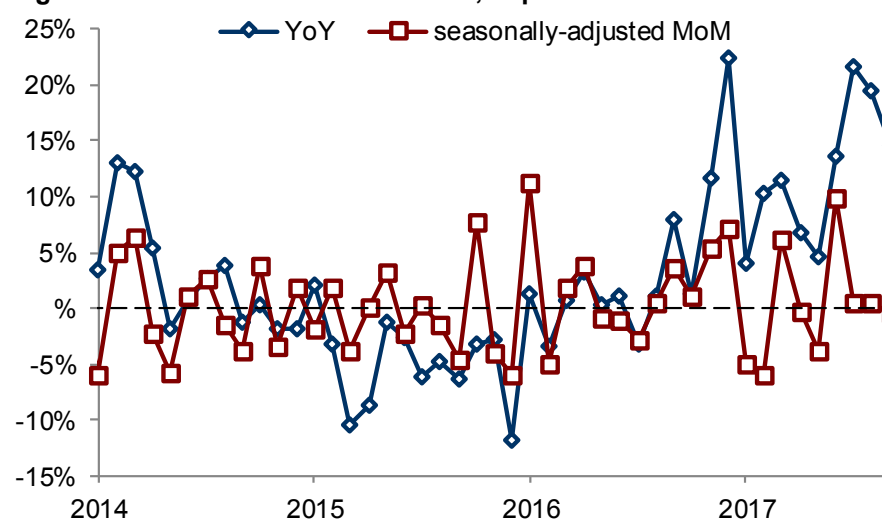
- PMI expansionary mode, electronics sector leading the charge, driven by external demand
- Industrial Production robust with YoY percent growth in the teens
 - We believe will have to moderate in 2018 due to base-effect

Figure 14: Purchasing Managers' Index (PMI), October 2017



Source: Bloomberg, SIPMM, PSR

Figure 15: Industrial Production Index, September 2017



Source: Bloomberg, EDB, PSR

How do we view this?

Sector-wide occupancy again lower QoQ, despite robust industrial activity

- New supply higher than historical demand and not being absorbed

Multi-User Factory: Rental Index still looking for a bottom

- Small positive in 3Q 2017: QoQ higher occupancy
- Reversions likely range between negative high single-digit to mid-teens, going into 2018

Warehouse: Existing vacant space carried over into 2018 is a concern

- Both occupancy and Rental Index made new lows
- Reversions likely range between negative high single-digit to mid-teens, going into 2018

Business Park: Most stable sub-segment because of limited supply, but upside in rents is capped

- Rents to remain competitive in order to maintain the price-gap with Office space

Quarterly results across the sub-sector

Summary of quarterly results

	Gross revenue (S\$ mn)			Net property income (S\$ mn)			Distributable income (S\$ mn)			DPU (cents)		
Y/E Mar	2Q18	2Q17	YoY (%)	2Q18	2Q17	YoY (%)	2Q18	2Q17	YoY (%)	2Q18	2Q17	YoY (%)
AIMS AMP Capital Industrial REIT	29.5	29.9	↓ (1.3)	19.4	19.3	↑ 0.7	16.3	17.5	↓ (6.9)	2.55	2.75	↓ (7.3)
Ascendas REIT	216	205	↑ 5.1	161	152	↑ 5.3	118.8	112.5	↑ 5.6	4.06	4.03	↑ 0.7
Mapletree Industrial Trust	92.6	84.2	↑ 9.9	70.7	63.6	↑ 11.1	54.0	50.6	↑ 6.8	3.00	2.83	↑ 6.0
Mapletree Logistics Trust	93.7	91.6	↑ 2.3	78.7	76.8	↑ 2.5	48.2	46.6	↑ 3.5	1.89	1.86	↑ 1.5
Y/E Dec	3Q17	3Q16	YoY (%)	3Q17	3Q16	YoY (%)	3Q17	3Q16	YoY (%)	3Q17	3Q16	YoY (%)
Cache Logistics Trust	27.4	28.0	↓ (2.2)	21.3	22.1	↓ (3.3)	16.4	16.6	↓ (0.8)	1.54	1.85	↓ (16.6)
ESR-REIT	27.1	27.6	↓ (1.9)	19.6	19.9	↓ (1.6)	12.6	12.9	↓ (2.0)	0.96	0.99	↓ (2.3)
Keppel DC REIT	35.5	22.7	↑ 56.6	32.3	22.7	↑ 42.1	20.2	16.8	↑ 20.2	1.74	1.49	↑ 16.8
Sabana Shari'ah Compliant REIT	20.9	23.0	↓ (9.4)	13.4	13.9	↓ (3.7)	8.3	8.9	↓ (5.9)	0.790	1.200	↓ (34.2)
Soilbuild Business Space REIT	20.5	19.7	↑ 4.1	17.8	17.3	↑ 3.0	14.4	14.6	↓ (0.8)	1.374	1.399	↓ (1.8)
Viva Industrial Trust	28.3	24.3	↑ 16.8	20.6	17.4	↑ 18.3	18.4	15.7	↑ 17.3	1.900	1.810	↑ 5.0

Source: Various REITs, PSR

Gross revenue growth driven by both inorganic and organic growth

- Acquisitions: A-REIT, MLT, KDCREIT, SBREIT and VIT
- Organic: MINT, VIT

Lower gross revenue mainly due to conversions and divestment

- Conversions: AA-REIT, ESR-REIT; Divestment: Cache

Outlier drops in DPU were due to new units issued

- Rights Issue: Cache, SSREIT

Performance measures across the sub-sector

Summary of Performance Measures, as at end of September 2017

	Occupancy (%)	WALE by GRI (years)	WALE by NLA (years)	Gearing (%)	WADM (years)	WACD (%)	Interest coverage (x)
AIMS AMP Capital Industrial REIT	88.8	2.4		37.3	1.7	3.6	4.6
Ascendas REIT	92.0	4.2		33.1	3.3	2.9	5.9
Cache Logistics Trust	97.2	3.2	3.3	43.6	2.0	3.5	4.0
ESR-REIT	91.1	3.4		36.7	2.3	3.7	3.6
Fraser's Logistics & Industrial Trust	99.4	6.8		29.3	3.1	2.8	8.3
Keppel DC REIT	93.4		9.2	32.1	2.5	2.2	10.6
Mapletree Industrial Trust	90.4	3.7		30.0	3.2	2.9	7.2
Mapletree Logistics Trust	95.8		3.8	33.7	4.7	2.3	5.6
Sabana Shari'ah Compliant REIT	88.4	2.3		36.0	1.5	3.9	3.6
Soilbuild Business Space REIT	94.1	3.1		37.9	1.5	3.3	4.5
Viva Industrial Trust	90.9	2.8		39.6	2.7	3.9	4.7
Median	92.0	3.2	3.8	36.0	2.5	3.3	4.7

FLT added



Source: Various REITs, PSR

WALE: Weighted Average Lease Expiry; WADM: Weighted Average Debt Maturity; WACD: Weighted Average Cost of Debt

GRI: Gross rental income; NLA: Net leasable area

Trend of compressing yields/ rising valuations

Industrial S-REITs peer relative data (arranged by Mkt. Cap.)

	Mkt. Cap. (S\$ mn)	Price (S\$)	Trailing P/NAV (x)	12M trailing yield (%)	* Total Debt to Total Assets (%)
Ascendas REIT	7,647	2.65	1.25	6.0	33.4
Mapletree Logistics Trust	3,847	1.26	1.22	5.8	38.4
Mapletree Industrial Trust	3,695	1.96	1.39	6.4	29.1
Frasers Logistics & Industrial Trust	1,656	1.09	1.24	6.5	29.0
Keppel DC REIT	1,601	1.42	1.48	4.5	29.7
Viva Industrial Trust	941	0.970	1.23	7.5	36.8
Cache Logistics Trust	907	0.850	1.10	8.0	42.8
AIMS AMP Capital Industrial REIT	877	1.37	1.00	7.7	36.0
ESR-REIT	726	0.555	0.88	7.1	37.3
Soilbuild Business Space REIT	672	0.640	0.90	9.2	37.0
Sabana Shari'ah Compliant REIT	448	0.425	0.74	7.9	42.8
Average			1.13	7.0	35.7

Source: Bloomberg (Updated: 23 November 2017)

* Total Debt to Total Assets as at 30 September 2017

Sabana Shari'ah Compliant REIT

495

0.470

0.82

7.7

Average

1.12

7.0

Source: Bloomberg (Updated: 17 August 2017)

Average

1.10

7.3

Source: Bloomberg (Updated: 5 May 2017), Phillip Securities Research (Singapore)

Average

1.02

7.9

Source: Bloomberg (Updated: 17 February 2017), Phillip Securities Research (Singapore)

Sabana Shari'ah Compliant REIT

385

0.520

0.65

10.1

Average

0.99

8.1

Source: Bloomberg (Updated: 10 November 2016), Phillip Securities Research (Singapore)

Sabana Shari'ah Compliant REIT

380

0.515

0.64

11.3

Average

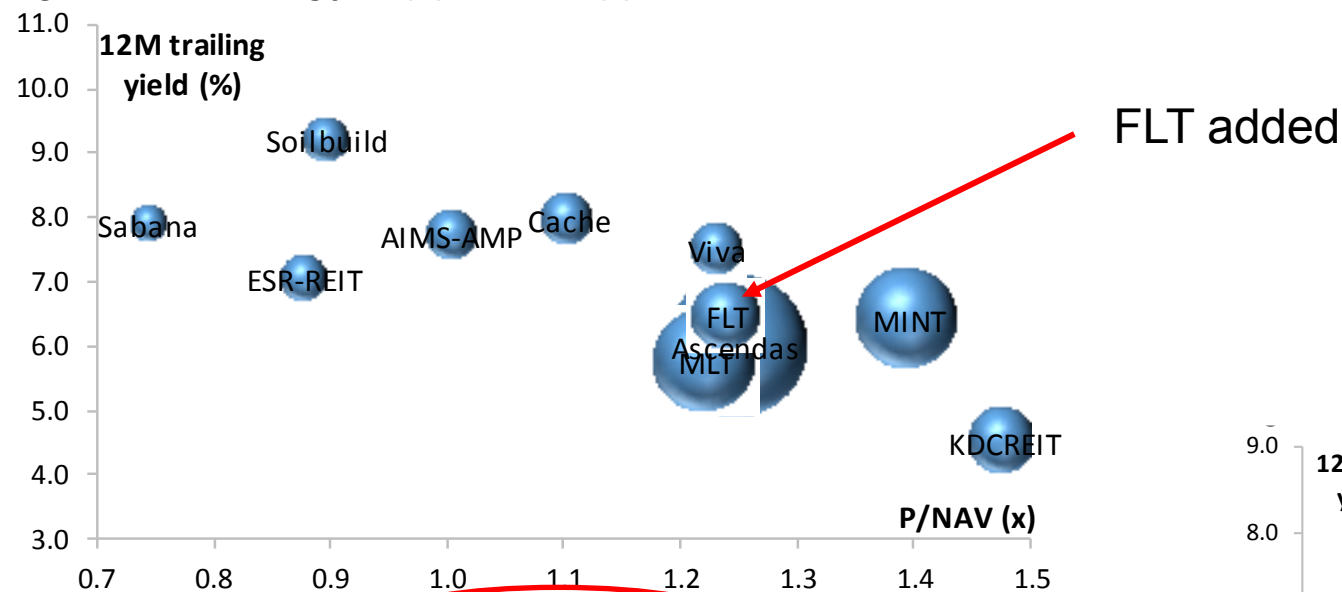
1.01

8.3

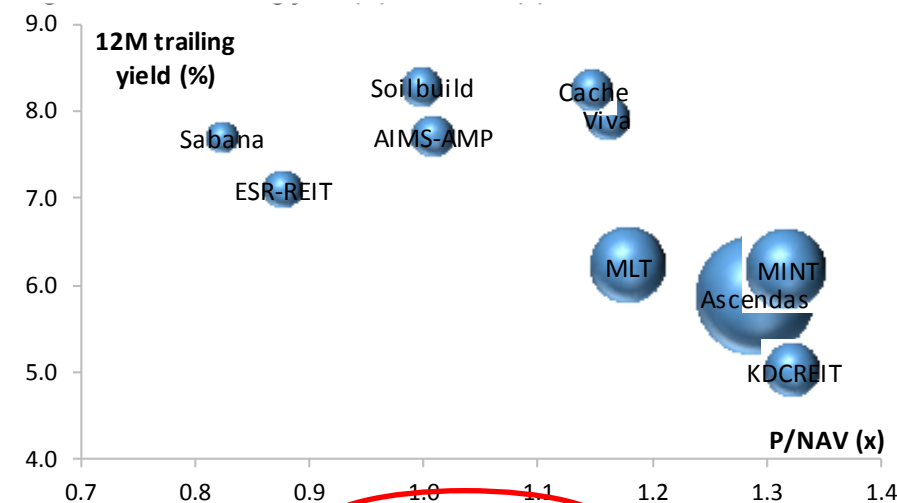
Source: Bloomberg (Updated: 11 August 2016), Phillip Securities Research (Singapore)

Peer relative valuation vs. 3-mths ago

Figure 17: 12M trailing yield (%) vs. P/NAV (x)



Source: Bloomberg (Updated: 23 November 2017), PSR



Source: Bloomberg (Updated: 17 August 2017), PSR

Cromwell European REIT (Offer price S\$0.885/€0.55, Listing 30 Nov)



- **Market cap:** S\$1.4bn; no of offering shares 429mn
- **Portfolio assets:** 74 office/light industrial properties across 5 European countries (mainly Netherlands, Italy, France)
- **Tenant exposure:** Portfolio WALE 4.9yrs, diversified tenant base (>700) - top 10 tenants contribute 44.2% of total rental income. Top tenant sector exposure: Logistics (24.6%), Govt (20.8%), Financial (11%)
- **Debt info:** Aggregate leverage 36.8%, av cost of debt 2.1%, 86% hedged on fixed rate

Cornerstone Investors	Stake
Cerberus Singapore	11.6%
Hillsboro Capital	11.6%
Gordan Tang/Celine Tang	13.9%

Source: IPO Prospectus

Investment Merits:

- Geographically diversified with balanced asset class exposure
- Visible organic growth opportunities: Built in inflation-linked rents (annual adjustments based on individual country's CPI and contract terms), potential growth in occupancies (target 93% in FY18) from current 88%. ROFR of >\$3bn

REIT	Market Cap US\$m	P/NAV	Yield (%)	Gearing (%)	% debt fixed	Av cost of debt (%)	Portfolio leasehold	Occupancy (%)
Cromwell EU Reit	1040	1.04	7.8	36.8	86	2.1	c.88% Freehold	88
IREIT Global	350	1.12	7.5	41.7	89	2	Freehold	98.3
Keppel-KBS US REIT	553	1.05	6.8	36	75	3.4	Freehold	90
Manulife REIT	930	1.08	7.1	33.1	100	2.6	Freehold	95.7

Source: Company, PSR

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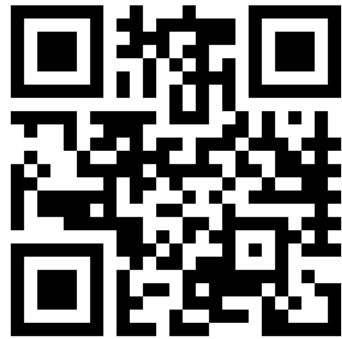
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