

Frasers Centrepoint Trust

Upside from Tampines 1 AEI completion

SINGAPORE | REAL ESTATE (REIT) | FY24 Results

- 2H24/FY24 DPU of 6.02/12.04 Singapore cents was unchanged/0.9% lower YoY, in line with our expectations and formed 50%/99% of our FY24e forecast. 2H24/FY24 NPI was down 0.6%/4.6% YoY but excluding the divestment of Changi City Point and the lower contribution from Tampines 1 due to its AEI works, NPI was 4.7%/3.4% higher YoY.
- Retail portfolio occupancy remains high at 99.7%. Rental reversions for FY24 were robust at +7.7% (FY23: +4.7%). In FY24, shopper traffic and tenants' sales were up 4.2% and 1.2% YoY, respectively. Tenants' sales are now at 20% above pre-COVID 2019 levels. The AEI at Tampines 1 was completed on schedule with a return on investment exceeding the 8% initial target. Portfolio valuation rose 1.2% YoY to S\$7bn with unchanged cap rates.
- Maintain ACCUMULATE with a higher DDM TP of S\$2.44 (previously S\$2.38) as we roll forward our forecasts. We lower our FY25e/26e DPU estimates by 1% to reflect partial downtime at Hougang Mall from the planned AEI. We expect c.5% positive rental reversion for FY25e supported by the low occupancy cost of 16% that averaged 17% pre-pandemic. Share price catalysts include more accretive acquisitions and lower-than-expected interest costs. The share trades at an FY25e DPU yield of 5.4%.

Results at a glance

(SGD mn)	2H24	2H23	YoY (%)	FY24	FY23	YoY (%)	Comments
Gross Revenue	179.5	184.1	-2.5%	351.7	369.7	-4.9%	Due to absence of contribution from CCP which was divested in Oct 23 and lower contribution from T1 due to AEI.
Net Property Income	128.8	129.6	-0.6%	253.4	265.6	-4.6%	Excluding CCP and T1, 2H24/FY24 NPI was 4.7%/3.4% higher YoY.
Finance Costs	(42.5)	(45.3)	-6.2%	(84.2)	(81.0)	3.9%	Lower finance costs in 2H24.
Dist. from Investments	28.5	21.2	34.5%	49.3	38.1	29.3%	Contribution from the additional 24.5% interest in NEX which completed on 26 March 2024.
Dist. Income	109.4	103.1	6.2%	214.3	207.7	3.2%	
DPU (Cents)	6.02	6.02	0.0%	12.04	12.15	-0.9%	S\$1.1mn of previously retained DI in FY23 was released in FY24.

Source: Company, PSR

The Positives

+ Stable portfolio occupancy at 99.7% (unchanged QoQ). Occupancy reached at least 99.3% across all malls, except for Tiong Bahru Plaza, which reported an occupancy of 98.3%. With such high occupancy levels, FCT is well-positioned to negotiate higher rents. Rental reversion for FY24 was +7.7% (FY23: +4.7%). We expect this healthy positive rental reversion trend to continue into FY25e supported by the low incoming new retail supply.

+ Tenants' sales averaging 20% above pre-COVID levels. FY24 tenants' sales and shopper traffic were 1.2% and 4.2% higher YoY, respectively. With higher tenants' sales, the occupancy cost remained low at 16%, leaving room for further rental growth.

+ Healthy financial position. 4Q24 average cost of debt was stable at 4.1% QoQ, declining from the peak of 4.3% in 1Q24. 71.4% of debt are hedged to a fixed rate, and the adjusted ICR improved to 3.41x (3Q24: 3.26x). Aggregate leverage improved to 38.5% from 39.1% QoQ. FCT has no refinancing risks for FY25. We expect the all-in cost of debt for FY25e to remain in the low 4% range, as all interest rate swaps are already at current rates.

+ Higher portfolio valuation with unchanged cap rates. FCT's portfolio valuation rose S\$80mn or 1.2% to S\$7bn, driven by Tampines 1 (+S\$37mn) on AEI completion and NEX (+S\$15mn) on improved rents.

The Negative

- nil



StocksBnB.com

28 October 2024

ACCUMULATE (Maintained)

LAST DONE PRICE	SGD 2.25
FORECAST DIV	SGD 0.122
TARGET PRICE	SGD 2.44
TOTAL RETURN	14.1%

COMPANY DATA

BLOOMBERG CODE:	FCT SP
O/S SHARES (MN):	1,812
MARKET CAP (USD mn /SGD mn):	3087 / 4076
52 - WK HI/LO (SGD):	2.42 / 2.01
3M Average Daily T/O (mn):	4.21

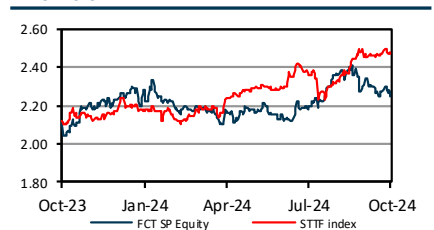
MAJOR SHAREHOLDERS

FRASERS PROPERTY LTD	41.2%
VANGUARD GROUP INC	2.4%
SCHRODERS PLC	1.9%
BLACKROCK INC	1.8%

TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	(1.3)	3.7	3.2
STTF RETURN	(0.9)	6.6	16.3

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Sept	FY23	FY24	FY25e	FY26e
Gross Rev (SGD mn)	370	352	352	362
NPI (SGD mn)	266	253	248	255
Dist Inc. (SGD mn)	208	214	223	232
P/NAV (x)	0.97	0.98	0.98	0.99
DPU, adj (Cents)	12.15	12.04	12.25	12.74
Distribution Yield	5.4%	5.4%	5.4%	5.7%

Source: Company, PSR

Valuation Method

DDM (Cost of equity 6.90%, Terminal Growth 1.5%)

Darren Chan (+65 6212 1849)
Senior Research Analyst
darrenchanrx@phillip.com.sg

Outlook

The Tampines 1 (T1) AEI was completed on schedule in August 2024 and now contributes with an additional 9k sf of NLA deployed to prime retail floors. T1 contributed 10% of the portfolio's NPI in FY24, and we expect this to increase to 14% in FY25e, driven by higher rents. Following the successful T1 AEI, which achieved a return on investment (ROI) of over 8%, FCT will shift its focus to the next AEI project at Hougang Mall. This project will expand the Community/Sports Facilities Scheme (CSFS) space by c.11k square feet of NLA to 27k sf. The AEI is set to begin in phases starting in 2Q25, with expected completion 3Q26. This project's projected capital expenditure (CAPEX) is S\$51 million, with FCT targeting an ROI of 7%. Hougang Mall will continue operating during the AEI, with management seeking to offset income losses during the downtime with a higher percentage of asset management fees collected in units. Inorganic growth opportunities include the acquisition of the sponsor's stake in Northpoint City South Wing and the remaining 50% stake in NEX.

Maintain ACCUMULATE with a higher DDM TP of S\$2.44

Catalysts include stronger-than-forecast rental reversions and accretive acquisitions. Risks include a slowdown in retail sales. The current share price implies an FY25e DPU yield of 5.4%.

Financials

Statement of Total Return and Distribution Statement

Y/E Sep, SGD mn	FY22	FY23	FY24	FY25e	FY26e
Gross Revenue	357	370	352	352	362
Total Property expenses	(98)	(104)	(98)	(104)	(107)
Net Property Income	259	266	253	248	255
Net Finance (Expense)/Inc	(47)	(81)	(84)	(83)	(83)
Trust expenses	(4)	(4)	(4)	(4)	(4)
Manager's management fees	(33)	(35)	(37)	(32)	(33)
Net Income	176	149	129	129	136
Share of associate's results	(1)	6	-	-	-
Share of JV's results	25	51	66	70	72
Other Adjustments	12	20	39	26	27
Distribution to Unitholders	208	208	214	223	232

Per share data

Y/E Sep, SGD	FY22	FY23	FY24	FY25e	FY26e
NAV	2.33	2.32	2.29	2.29	2.28
DPU (Cents)	12.23	12.15	12.04	12.25	12.74

Cash Flow

Y/E Sep, SGD mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
Net Income	201	212	196	199	208
Adjustments	25	28	40	29	28
WC changes	9	3	(22)	17	2
Cashflow from operating activities	234	243	216	246	237
CFI					
Capex on inv properties	(6)	(8)	(42)	(30)	(30)
Others	22	(349)	87	68	69
Cashflow from investing activities	16	(357)	45	38	40
CFF					
Share issuance	-	-	200	-	-
Distributions to Unitholders	(208)	(208)	(208)	(214)	(223)
Others	(46)	316	(258)	(60)	(60)
Cashflow from financing activities	(254)	108	(266)	(274)	(282)
Net change in cash	(4)	(6)	(5)	10	(5)
CCE, end	38	32	27	36	31

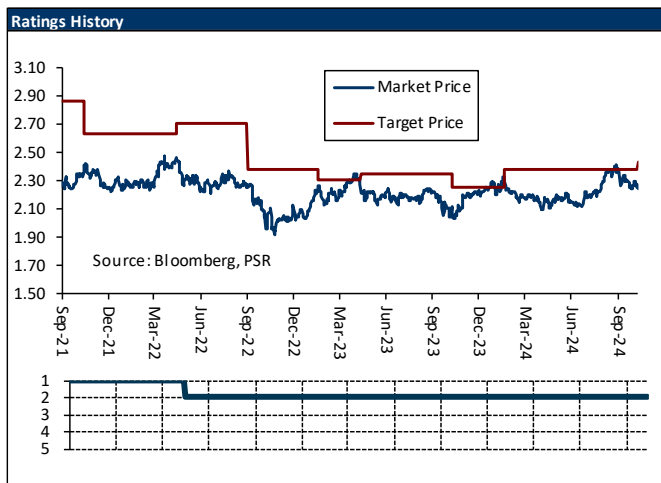
Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Sep, SGD mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Investment properties	5,516	5,221	5,283	5,313	5,343
Investment in JV	312	731	1,057	1,059	1,061
Non Current Assets	5,891	5,966	6,342	6,374	6,406
Trade and Other Receivables	8.9	8.8	9.7	10.5	10.9
Cash and Cash Equivalents	38	32	27	36	31
Current Assets	50	409	36	47	42
Total Assets	5,941	6,375	6,379	6,421	6,448
LIABILITIES					
Interest bearing borrowings	1,419	1,842	1,708	1,581	1,717
Others	50	56	81	81	81
Non-Current Liabilities	1,470	1,898	1,789	1,662	1,798
Trade and other payables	71	95	69	88	90
Interest bearing borrowings	391	353	320	470	358
Others	46	55	40	40	40
Current Liabilities	507	504	429	597	487
Total Liabilities	1,977	2,402	2,218	2,260	2,285
EQUITY					
Shareholder Equity	3,964	3,973	4,161	4,161	4,163

Valuation Ratios

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
P/NAV (x)	0.97	0.97	0.98	0.98	0.99
Distribution yield	5.4%	5.4%	5.4%	5.4%	5.7%
NPI yield	4.7%	5.1%	4.8%	4.7%	4.8%
Growth & Margins	FY22	FY23	FY24	FY25e	FY26e
Growth					
Revenue	4.6%	3.6%	-4.9%	0.0%	2.9%
Net property income (NPI)	4.9%	2.7%	-4.6%	-2.2%	3.1%
DPU	1.2%	-0.6%	-0.9%	1.7%	4.1%
Margins					
NPI margin	72.5%	71.8%	72.0%	70.5%	70.6%
Net Income Margin	49.2%	40.3%	36.7%	36.6%	37.6%
Key Ratios					
Gearing	32.8%	39.3%	38.5%	38.6%	38.8%
ROA	3.0%	2.3%	2.0%	2.0%	2.1%
ROE	4.4%	3.8%	3.1%	3.1%	3.3%
Interest coverage ratio (x)	5.53	3.29	3.03	2.97	3.07



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks
 We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

Contact Information (Singapore Research Team)
Head of Research

 Paul Chew – paulchewkl@phillip.com.sg
Research Admin

 Qystina Azli - qystina@phillip.com.sg
Technical Analyst

 Zane Aw – zaneawyx@phillip.com.sg
Property | REITs

 Darren Chan – darrenchanrx@phillip.com.sg
Property | REITs

 Liu Miaomiao – liumm@phillip.com.sg
Banking & Finance

 Glenn Thum – glenthumjc@phillip.com.sg
US Tech Analyst (Digital Entertainment/Semicons)

 Jonathan Woo – jonathanwookj@phillip.com.sg
US Tech Analyst (Software/Services)

 Ambrish Shah – amshah@phillipventuresifsc.in
US Tech Analyst (Hardware/E-commerce/ETF)

 Helena Wang – helenawang@phillip.com.sg
Construction

 Yik Ban Chong (Ben) – chongyb@phillip.com.sg
Contact Information (Regional Member Companies)
SINGAPORE
Phillip Securities Pte Ltd

 Raffles City Tower
 250, North Bridge Road #06-00
 Singapore 179101
 Tel +65 6533 6001
 Fax +65 6535 6631
 Website: www.poems.com.sg
JAPAN
Phillip Securities Japan, Ltd.

 4-2 Nihonbashi Kabuto-cho Chuo-ku,
 Tokyo 103-0026
 Tel +81-3 3666 2101
 Fax +81-3 3666 6090
 Website: www.phillip.co.jp
THAILAND
Phillip Securities (Thailand) Public Co. Ltd

 15th Floor, Vorawat Building,
 849 Silom Road, Silom, Bangkok,
 Bangkok 10500 Thailand
 Tel +66-2 6351700 / 22680999
 Fax +66-2 22680921
 Website www.phillip.co.th
UNITED STATES
Phillip Capital Inc

 141 W Jackson Blvd Ste 3050
 The Chicago Board of Trade Building
 Chicago, IL 60604 USA
 Tel +1-312 356 9000
 Fax +1-312 356 9005
 Website: www.phillipusa.com
INDIA
PhillipCapital (India) Private Limited

 No.1, 18th Floor, Urmi Estate
 95, Ganpatrao Kadam Marg
 Lower Parel West, Mumbai 400-013
 Maharashtra, India
 Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
 Website: www.phillipcapital.in
MALAYSIA
Phillip Capital Management Sdn Bhd

 B-3-6 Block B Level 3 Megan Avenue II,
 No. 12, Jalan Yap Kwan Seng, 50450
 Kuala Lumpur
 Tel +603 2162 8841
 Fax +603 2166 5099
 Website: www.poems.com.my
INDONESIA
PT Phillip Securities Indonesia

 ANZ Tower Level 23B,
 Jl Jend Sudirman Kav 33A
 Jakarta 10220 – Indonesia
 Tel +62-21 5790 0800
 Fax +62-21 5790 0809
 Website: www.phillip.co.id
FRANCE
King & Shaxson Capital Limited

 3rd Floor, 35 Rue de la Bienfaisance 75008
 Paris France
 Tel +33-1 45633100
 Fax +33-1 45636017
 Website: www.kingandshaxson.com
AUSTRALIA
Phillip Capital Limited

 Level 10, 330 Collins Street
 Melbourne, Victoria 3000, Australia
 Tel +61-03 8633 9803
 Fax +61-03 8633 9899
 Website: www.phillipcapital.com.au
TURKEY
PhillipCapital Menkul Degerler

 Esentepe Mah. Harman 1 Sk.
 Nida Kule Kat 3-12 Levent-Şişli
 34394, İstanbul Turkey
 Tel: +90 (212) 239 10 00
 Fax: 0212 233 69 29
 Website: www.phillipcapital.com.tr
HONG KONG
Phillip Securities (HK) Ltd

 11/F United Centre 95 Queensway
 Hong Kong
 Tel +852 2277 6600
 Fax +852 2868 5307
 Websites: www.phillip.com.hk
CHINA
Phillip Financial Advisory (Shanghai) Co Ltd

 No 550 Yan An East Road,
 Ocean Tower Unit 2318,
 Postal code 200001
 Tel +86-21 5169 9200
 Fax +86-21 6351 2940
 Website: www.phillip.com.cn
UNITED KINGDOM
King & Shaxson Capital Limited

 6th Floor, Candlewick House,
 120 Cannon Street,
 London, EC4N 6AS
 Tel +44-20 7426 5950
 Fax +44-20 7626 1757
 Website: www.kingandshaxson.com
CAMBODIA
Phillip Bank Plc

 Ground Floor of B-Office Centre,#61-64,
 Norodom Blvd Corner Street 306,Sangkat
 Boeung Keng Kang 1, Khan Chamkamorn,
 Phnom Penh, Cambodia
 Tel: 855 (0) 7796 6151/855 (0) 1620 0769
 Website: www.phillipbank.com.kh
DUBAI
Phillip Futures DMCC

 Member of the Dubai Gold and
 Commodities Exchange (DGEX)
 Unit No 601, Plot No 58, White Crown Bldg,
 Sheikh Zayed Road, P.O.Box 212291
 Dubai-UAE
 Tel: +971-4-3325052 / Fax: + 971-4-3328895

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.