

# Frasers Centrepoint Trust

Key metrics remain healthy

SINGAPORE | REAL ESTATE (REIT) | 1Q25 UPDATE



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24 January 2025

- No financials were provided in the 1Q25 business update. Retail portfolio occupancy remained high at 99.5% (4Q24: 99.7%).
- 1Q25 shopper traffic and tenants' sales registered healthy YoY growth at +2.7% and +2.5%, respectively. Rental reversions remained strong, similar to FY24's +7.7%. The AEI at Hougang Mall has achieved c.50% pre-commitment and the Mall continues to operate during the AEI. FCT targets a 7% ROI on a S\$51mn Capex for this project.
- Upgrade to BUY with an unchanged TP of S\$2.44 due to the recent share price weakness. Our estimates remain unchanged. We expect a healthy c.5% positive rental reversion for FY25e, supported by limited retail supply in the coming years. Share price catalysts include accretive AEIs and the acquisition of Northpoint City South Wing. The share trades at an FY25e DPU yield of 5.8%.

## The Positives

**+ Retail portfolio occupancy remained high at 99.5% (4Q24: 99.7%).** The slight dip in occupancy was attributed to Tiong Bahru Plaza (-1.2ppts QoQ to 97.1%), which underwent a small-scale AEI, and Hougang Mall (-1.2ppts QoQ to 98.1) in preparation for its upcoming AEI. White Sands experienced a single vacancy on an upper floor, reducing occupancy to 98.7% (-0.7ppts QoQ). All other malls maintained occupancy levels above 99.7%. With such high occupancy, FCT is well-positioned to negotiate higher rents.

**+ Tenants' sales and shopper traffic continued their growth trajectory.** 1Q25 tenants' sales and shopper traffic rose 2.5% and 2.7% YoY, respectively. We expect retail spending and tenant sales to be supported by population growth in catchment areas, rising median household incomes, and government initiatives such as the CDC vouchers and the progressive wage model for lower-wage workers.

**+ Strong balance sheet.** 1Q25 average cost of debt improved by 0.1% QoQ to 4%, declining from the peak of 4.3% in 1Q24. 65.5% of debt is hedged to a fixed rate, and the adjusted ICR is 3.33x. Aggregate leverage stands at 39.3%, a slight increase from 38.5% in 4Q24. FCT has no refinancing for FY25. We expect the all-in cost of debt for FY25e to remain at 4%, as no interest rate swaps expire this year.

## The Negative

- nil

## Outlook

The Hougang Mall AEI has secured a pre-commitment rate of c.50% before work commencement. FCT targets a 7% ROI on the project's S\$51mn CAPEX. The mall will remain operational during the AEI, with occupancy expected to stay above 80% throughout the period. Management plans to offset income losses during this downtime by collecting more asset management fees 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. With limited incoming supply averaging c.0.3mn sq ft per year over the next three years, representing less than 1% of current stock, the potential for strong rental reversions remains high.

## Upgrade to BUY with an unchanged DDM TP of S\$2.44

Risks include a slowdown in retail sales. The current share price implies an FY25e DPU yield of 5.8%.

## BUY (Upgraded)

LAST DONE PRICE	SGD 2.11
FORECAST DIV	SGD 0.122
TARGET PRICE	SGD 2.44
TOTAL RETURN	21.7%

### COMPANY DATA

BLOOMBERG CODE:	FCT SP
O/S SHARES (MN):	1,818
MARKET CAP (USD mn / SGD mn):	2866 / 3889
52 - WK HI/LO (SGD):	2.42 / 2.07
3M Average Daily T/O (mn):	3.37

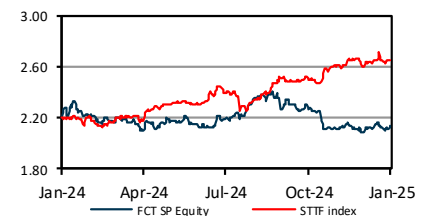
### MAJOR SHAREHOLDERS

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

### TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	1.4	(5.3)	0.5
STTF RETURN	1.8	5.2	0.9

### 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)	0.91	0.92	0.92	0.92
DPU, adj (Cents)	12.15	12.04	12.25	12.74
Distribution Yield	5.8%	5.7%	5.8%	6.0%

Source: Company, PSR

### Valuation Method

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

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## Financials

### Statement of Total Return and Distribution Statement

Y/E Sep, SGD mn	FY22	FY23	FY24	FY25e	FY26e
<b>Gross Revenue</b>	357	370	352	352	362
Total Property expenses	(98)	(104)	(98)	(104)	(107)
<b>Net Property Income</b>	<b>259</b>	<b>266</b>	<b>253</b>	<b>248</b>	<b>255</b>
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)
<b>Net Income</b>	<b>176</b>	<b>149</b>	<b>129</b>	<b>129</b>	<b>136</b>
Share of associate's results	(1)	6	-	-	-
Share of JV's results	25	51	66	70	72
Other Adjustments	12	20	39	26	27
<b>Distribution to Unitholders</b>	<b>208</b>	<b>208</b>	<b>214</b>	<b>223</b>	<b>232</b>

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

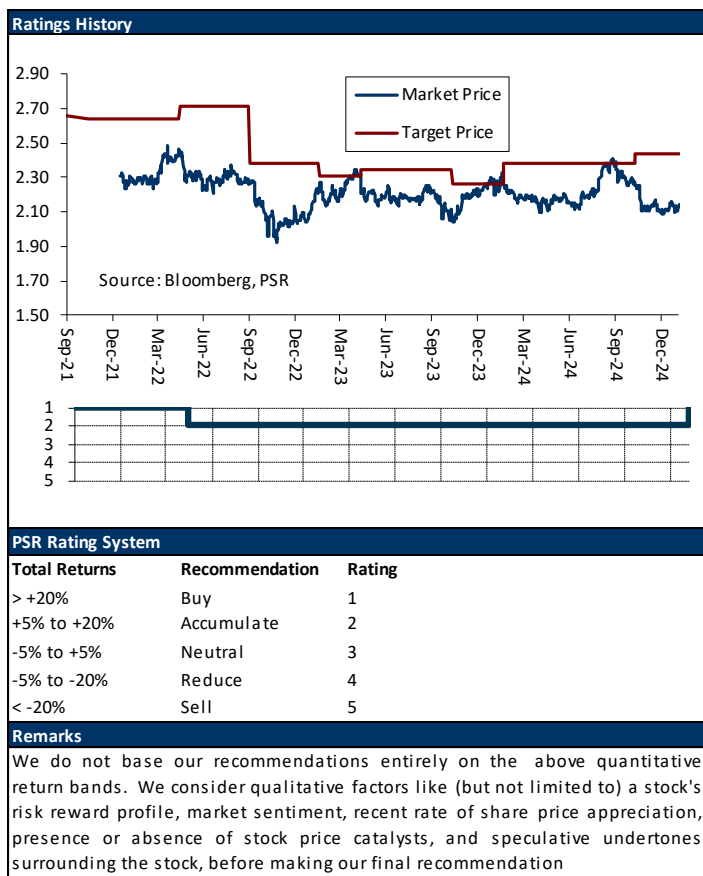
Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

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

### Valuation Ratios

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
P/NAV (x)	0.91	0.91	0.92	0.92	0.92
Distribution yield	5.8%	5.8%	5.7%	5.8%	6.0%
NPI yield	4.7%	5.1%	4.8%	4.7%	4.8%
<b>Growth &amp; Margins</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25e</b>	<b>FY26e</b>
<b>Growth</b>					
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%
<b>Margins</b>					
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%
<b>Key Ratios</b>					
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



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