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SG Weekly (17 Jul - 21 Jul 2023)

Global Market Movements:

INDEX	LAST PRICE	YTD	MTD
DOW JONES INDUS. AVG	35438.07	6.9%	3.0%
S&P 500 INDEX	4567.46	19.0%	2.6%
NASDAQ COMPOSITE	14144.56	35.1%	2.6%
Euro Stoxx 50 Pr	4350.97	14.7%	-1.1%
NIKKEI 225	32668.34	25.2%	-1.6%
HANG SENG INDEX	19365.14	-2.1%	2.4%
Straits Times Index STI	3301.96	1.6%	3.0%

(Source: Bloomberg, SAC Capital)

Global News Highlights:

- 1. UK inflation cools in June, pound drops
- 2. China Growth Disappoints as Beijing Hints at Muted Stimulus
- 3. Japan Inflation Speeds Up Ahead of BOJ Consumer Price Update
- 4. China Vows to Boost Private Economy, Protect Businesses
- 5. TSMC Cuts 2023 Revenue Outlook as Global Chip Slump Persists

STI Movements



(Source: SGX, SAC Capital)

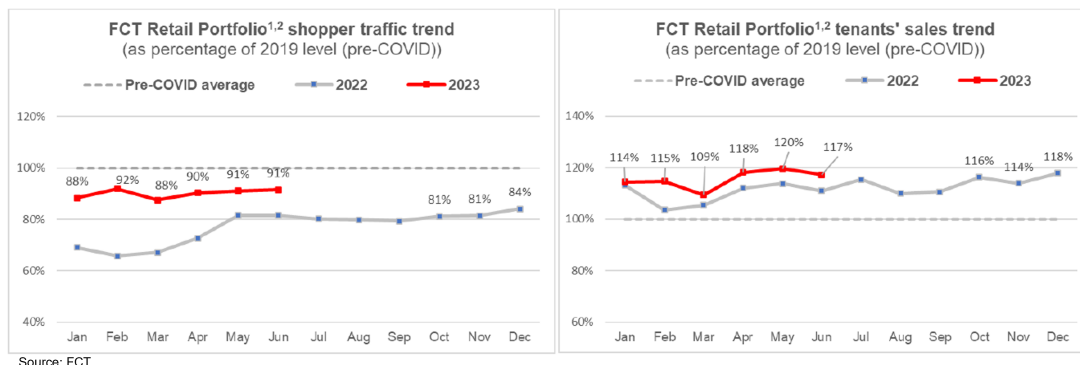
Singapore Announcements:

- 1. Softer earnings expected for S-reits in first half, with funding cost among headwinds
- 2. Singapore semiconductor stocks poised to ride AI boom as key links in supply chain
- 3. Singapore key exports down 15.5% in June in ninth straight month of decline
- 4. As retail leasing guidelines become law, tenants want more data from landlords
- 5. Eased restrictions on GXS, MariBank indicate maturing digibank sector

Company Highlights

<Fraser's Centrepoint Trust, FCT SP>

- FCT's 3Q23 committed occupancy improved by 1.6pp yoy to 98.7%. However, there was a 0.5pt qoq drop due to lower occupancy at Century Square (CS)/Changi City Point (CCP) which declined by 0.9/6.4pp qoq to 95.9/92.6%. Management conveyed that both properties are undergoing repositioning efforts. For CCP, key terms have been negotiated and agreed upon, and if taking account of those, occupancy stands at high 90s. For CS, management noted some household names (NTUC finest, Starbucks) will be taking up the vacant space. NEX continues to enjoy full occupancy.
- Tampines 1 AEI began in CY2Q23 and is expected to complete in CY3Q2024. Currently, over 90% of the AEI spaces have already been pre-committed to tenants. Management reiterated that the financial performance not be affected as the increase in asset management fees will neutralize the temporary loss.
- Financing cost increased by 0.1pp qoq to 3.7% with WADM at 2.53yrs. The S\$387.5m (17.1% of the total) loan due in 2024 has been secured for refinancing through OCBC's green loan. Details of the green loan were not disclosed. The all-in cost of debt is expected to continue to rise. Aggregate leverage ratio is at 40.2%.



- Retail rents across the entire island saw further increases in CY2Q. Suburban and Orchard Road prime rents rose by 0.5% qoq/3.1% yoy and 1.0% qoq/2.9%yoy respectively, according to CBRE Research. Only 1.18m sqft (~1% annualized gross NLA) of new supply will be available between 2H23 and 2025. Coupled with higher inbound tourism, CBRE anticipates rents to continue to normalize upwards. Shopper traffic has been steady at c.90% pre-covid level since the start of the year and tenant sales are at c.118% above pre-covid level for the past 3 months.

FCT is currently trading at 0.94x PB and a dividend yield of 5.5%.

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<Sakae Holdings, SAKAE SP>

- Douglas Foo, CEO of Sakae, has struck a deal with Makara Capital to sell c.20% of the company's total issued shares for a total sum of S\$26.5 million. This translates to S\$0.953/sh, representing a substantial premium compared to the pre-announcement price of S\$0.099/sh. The share closed 122% higher at S\$0.22. Under the Agreement, Foo commits to appoint at least one director nominated by Makara Capital. Upon the completion of the transaction, Foo will remain the controlling shareholder with a 46.2% stake.
- Sakae (June year-end) 1H23 revenue rose by 9.4% yoy to S\$9.2m. Gross profit margin decreased by 3.4pp yoy to 31.9%. Net profit declined by 74.3% yoy to S\$0.009m due to lower rental rebates, unrealised FX translation loss and an increase in financing cost. Net debt amounts to S\$22.2m. Challenges persist due to higher raw material costs and limited labour availability while the Group remain hopeful that the recent opening of international travel borders in neighbouring countries will further boost the recovery rate.

Sakae Holdings is trading at a P/E of 28.7x (13.3x before the announcement) and 0.5x P/B. Historical 5yr P/E and P/B are 9.0x and 0.3x respectively. SG F&B industry is trading at an average PE of 13.5x.

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