

Frasers Centrepoint Trust (FCT SP)

Benefitting From Population And Job Growth In North Region

Highlights

- URA's master plan would create vibrancy for the catchment area around Causeway Point. Woodlands Regional Centre, which includes Woodlands Gateway located right next to the Woodlands North MRT and RTS Link stations, would create 100,000 jobs. The residential population in the north region is expected to increase by 150,000-160,000 or 25-27% over the next 10-15 years.
- The launch of RTS Link has been delayed to Feb 27. According to CBRE, retail sales leakage from Singapore to Johor Bahru is estimated to increase from the current 3-4% to 5% by 2032. The additional leakage arising from the RTS Link is estimated at just 1-2ppt.
- The sell-down for S-REITs was indiscriminate. Even Singapore-centric FCT corrected 9% from its recent peak of S\$2.28 in Jul 26. Re-iterate BUY due to its attractive FY27 DPU yield of 6.3%. Target price: S\$2.93.

Analysis

- During the latest National Day Rally on 17 Aug 26, PM Lawrence Wong, who is also the Member of Parliament for Marsiling-Yew Tee GRC, devoted a significant portion of his speech on the Urban Redevelopment Authority's (URA) master plan to develop the north region of Singapore, focusing on Woodlands, Sembawang and Kranji, over the next 10-15 years. In his words, the north region is no longer "ulu" – a Malay word meaning remote.
- North region a gateway to JS SEZ.** Woodlands Regional Centre would create 100,000 jobs with 100ha of land earmarked for future development. A key initiative is Woodlands Gateway, a district spanning 35ha with 2.2m sf of flexible industrial and office spaces designed to support companies combining manufacturing operations in Johor with regional HQ and other functions in Singapore. The district also includes lifestyle amenities and a transport hub connected to Woodlands North MRT and the Johor Bahru-Singapore RTS Link, helping businesses capitalise on the Johor-Singapore Special Economic Zone (JS SEZ). Taiwanese technology group FIC Global has committed to opening its regional innovation and supply chain centre in Woodlands Gateway, while maintaining its manufacturing base in Johor. The first phase of Woodlands Gateway is expected to complete in 2030.

Key Financials

Year to 30 Sep (\$m)	2024	2025	2026F	2027F	2028F
Net turnover	352	390	448	434	439
EBITDA	213	233	341	392	397
Operating profit	213	233	341	392	397
Net profit (rep./act.)	198	200	352	383	391
Net profit (adj.)	196	211	320	383	391
EPU (\$ cent)	11.1	11.0	15.7	18.7	19.1
DPU (\$ cent)	12.0	12.1	12.8	13.2	13.4
PE (x)	18.8	18.9	13.3	11.1	10.9
P/B (x)	0.9	0.9	0.9	0.9	0.9
DPU yld (%)	5.8	5.8	6.1	6.3	6.5
Net margin (%)	56.2	51.3	78.5	88.1	89.1
Net debt/(cash) to equity (%)	48.1	52.3	43.3	44.5	45.3
Interest cover (x)	2.5	2.7	3.9	5.2	5.2
ROE (%)	4.9	4.5	7.4	8.0	8.2
Consensus DPU (\$ cent)	-	-	12.2	12.5	12.8
UOBKH/Consensus (x)	-	-	1.05	1.05	1.05

Source: Frasers Centrepoint Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	S\$2.08
Target Price	S\$2.93
Upside	43.8%

Stock Data

Sector	Real Estate
Bloomberg ticker	FCT SP
Shares issued (m)	2,039.3
Market cap (\$m)	4,241.8
Market cap (US\$m)	3,312.8
3-mth avg daily t'over (US\$m)	11.3

Price Performance (%)

52-week high/low				S\$2.47/S\$2.05
1mth	3mth	6mth	1yr	YTD
(0.5)	(7.6)	(7.1)	(12.6)	(10.7)

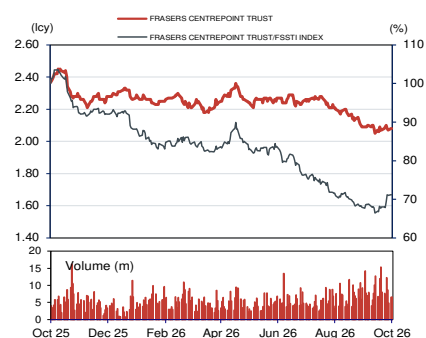
Major Shareholders (%)

Frasers Property Ltd	38.0
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Balance Sheet Metrics

FY26 NAV/Share (\$)	2.26
FY26 Net Debt/Share (\$)	1.02

Price Chart



Source: Bloomberg

Company Description

FCT is the largest owner of suburban retail malls in Singapore. It has nine suburban retail malls and one office building. Its suburban retail malls are located in populous residential estates and close proximity to public transportation amenities, such as MRT stations and bus interchanges.

- **Population growth significantly faster in north region.** Residential population in the north region is expected to increase by 150,000-160,000, representing growth of 25-27%, over the next 10-15 years. A 70ha housing area – Chenchau – within Yishun town will offer 10,000 new homes, comprising 80% public flats and 20% private homes. Woodlands North Coast (21ha) will provide 4,000 public flats, while Sembawang North (53ha) will add 10,000 homes (8,000 public flats and 2,000 private homes). In Kranji, 130ha across the former Singapore Racecourse is planned for redevelopment into an estate of 14,000 new homes, complemented by a neighbourhood centre at Kranji MRT station and surrounding nature areas. URA also envisages waterfront homes at the redeveloped Sembawang Shipyard, and will preserve its maritime heritage while introducing shopping, dining and recreational facilities. In total, 51,000 residential units will be added.
- **RTS Link provides an alternative to bus services.** The 4km RTS Link light rail shuttle is expected to shorten the cross-border journey between Woodlands North and Bukit Chagar to about five minutes and carry up to 10,000 passengers per hour in each direction. Immigration clearance for both countries is more efficient and carried out at the departure station. The RTS Link will serve as an alternative to bus services operated by SBS Transit and Causeway Link when operations commence in Feb 27. Singaporeans who drive to Johor Bahru are unlikely to switch to the RTS Link as driving provides the flexibility to visit various destinations during the same trip.
- **Limited incremental leakage from RTS Link.** Value-focused Singaporeans venture to Johor Bahru on day trips for dining, beauty treatments and shopping apparels and even groceries. Based on UOB internal transaction data, each credit cardholder spends more than S\$100 on average. According to CBRE, the retail sales leakage from Singapore to Johor Bahru is estimated to increase from the current 3-4% to 5% by 2032. The addition leakage arising from the RTS Link is estimated at just 1-2ppt. Singaporeans are known for their hectic lifestyles. Thus, frequent trips to Johor Bahru are untenable after the initial novelty of the RTS Link wears off.
- **Fortifying Causeway Point.** Frasers Centrepoint Trust (FCT) plans to transform Causeway Point (CWP) into a regional mall, leveraging on its physical location as the connection hub in the north region (Woodlands MRT station is an interchange for the North-South Line and Thomson-East Coast Line). The AEI is scheduled to commence in Apr 27. FCT will rebalance the tenant mix by adding unique experiential, educational and health/wellness brands. Many of these new offerings are new-to-Frasers brands with regional reach and appeal, thus enlarging CWP's population catchment.

Valuation/Recommendation

- **Maintain BUY.** Our target price of S\$2.93 is based on DDM (cost of equity: 6.4%, terminal growth: 2.0%).

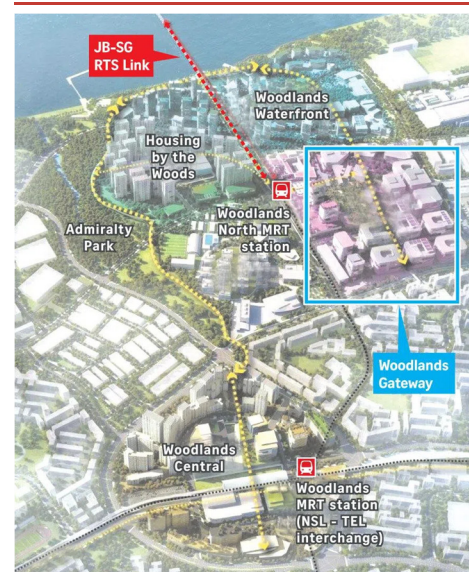
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

- Increase in shopper traffic and tenant sales, driven by growth in domestic consumption, supported by rising population and household income; and b) AEIs for Hougang Mall, NEX and Causeway Point.

Woodlands Gateway



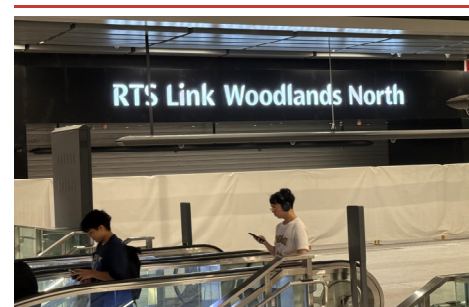
Source: Straits Times

RTS Link Station Under Construction



Source: FCT

Connection to RTS Link Station



Source: FCT

Causeway Point



Source: FCT

Profit & loss

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Net turnover	389.6	448.4	434.1	439.3
EBITDA	233.4	340.8	392.4	397.3
Deprec. & amort.	0.0	0.1	0.1	0.1
EBIT	233.4	340.7	392.3	397.2
Total other non-operating income	(10.4)	37.8	0.0	0.0
Associate contributions	62.6	61.0	65.3	70.1
Net interest income/(expense)	(86.2)	(87.3)	(75.0)	(76.0)
Pre-tax profit	199.5	352.2	382.5	391.3
Tax	0.4	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	199.9	352.2	382.5	391.3
Net profit (adj.)	210.9	319.8	382.5	391.3

Cash Flow

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Operating	256.7	803.5	346.3	349.1
Pre-tax profit	147.8	190.8	188.7	189.6
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.1	0.1	0.1
Associates	62.6	61.0	65.3	70.1
Working capital changes	18.6	(9.7)	(3.4)	1.3
Non-cash items	19.4	21.5	18.3	18.4
Other operating cashflows	8.1	539.8	77.3	69.5
Investing	(260.3)	(62.5)	(53.0)	(30.5)
Capex (growth)	(329.5)	0.0	0.0	0.0
Capex (maintenance)	(33.0)	(62.5)	(53.0)	(30.5)
Proceeds from sale of assets	34.5	0.0	0.0	0.0
Others	67.7	0.0	0.0	0.0
Financing	84.4	(690.2)	(293.5)	(320.3)
Distribution to unitholders	(233.2)	(260.0)	(268.5)	(274.3)
Issue of shares	421.3	0.0	0.0	0.0
Proceeds from borrowings	1,050.6	(342.9)	50.0	30.0
Loan repayment	(1,267.4)	0.0	0.0	0.0
Others/interest paid	113.0	(87.3)	(75.0)	(76.0)
Net cash inflow (outflow)	80.7	50.8	(0.2)	(1.8)
Beginning cash & cash equivalent	26.8	107.5	158.4	158.2
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	107.5	158.4	158.2	156.4

Balance Sheet

Year to 30 Sep (\$m)	2025	2026F	2027F	2028F
Fixed assets	6,449.0	6,056.6	6,087.0	6,106.2
Other LT assets	1,042.6	1,050.4	1,050.4	1,050.4
Cash/ST investment	107.5	158.4	158.2	156.4
Other current assets	13.1	14.7	14.3	14.4
Total assets	7,612.2	7,280.2	7,309.9	7,327.5
ST debt	404.4	102.9	102.9	102.9
Other current liabilities	131.0	123.0	119.1	120.5
LT debt	2,181.4	2,140.0	2,190.0	2,220.0
Other LT liabilities	153.6	105.1	103.1	103.8
Shareholders' equity	4,741.9	4,809.2	4,794.8	4,780.2
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	7,612.2	7,280.2	7,309.9	7,327.5

Key Metric

Year to 30 Sep (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	59.9	76.0	90.4	90.5
Pre-tax margin	51.2	78.5	88.1	89.1
Net margin	51.3	78.5	88.1	89.1
ROA	2.9	4.7	5.2	5.3
ROE	4.5	7.4	8.0	8.2
Growth				
Turnover	10.8	15.1	(3.2)	1.2
EBITDA	9.7	46.0	15.1	1.3
Pre-tax profit	1.5	76.5	8.6	2.3
Net profit	1.2	76.2	8.6	2.3
Net profit (adj.)	7.4	51.6	19.6	2.3
EPU	(0.4)	42.6	19.5	2.1
Leverage				
Debt to total capital	35.3	31.8	32.4	32.7
Debt to equity	54.5	46.6	47.8	48.6
Net debt/(cash) to equity	52.3	43.3	44.5	45.3
Interest cover (x)	2.7	3.9	5.2	5.2

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