

Frasers Logistics and Industrial Trust is Singapore's first "pure-play" Australian industrial Reit, with a portfolio of 51 industrial properties at key business locations such as Sydney, Melbourne and Brisbane.
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Strong trading debut for fourth Frasers Reit

Frasers Logistics and Industrial Trust closes at 91 cents, two cents above its IPO price

Wong Wei Han

Frasers Logistics and Industrial Trust (FLT) shrugged off volatile market conditions to put in a solid trading debut on the Singapore Exchange yesterday.

The real estate investment trust (Reit) – Singapore's biggest listing since 2013 – opened 1.7 per cent higher than its 89-cent initial pub-

lic offering (IPO) price. It then rose to as high as 93 cents, before some profit-taking set in, and closed 0.6 per cent higher at 91 cents.

Some 140.2 million FLT units were done, making it the market's most active counter on a slow day with just 948.8 million shares traded amid Brexit uncertainties.

This was a livelier outing than that of Manulife US Reit, which closed 4.8 per cent lower at 79 US cents on its debut last month.

"I think it's a decent start. A lot of people are attracted by the yield, and that's not surprising, given that Singapore has been a stronghold for Reits and the oil and gas sector has fizzled out since 2014." Azure

Capital chief executive Terence Wong told The Straits Times.

FLT highlighted a distribution yield of 6.8 per cent for the forecast period of four months to Sept 30, and 7.3 per cent for the full year to Sept 30 next year.

"Previously, there was some flight away from Reits because of the Fed rate hike scare. But now things seem to have stabilised, and there's been some capital flowing back to Reits," Mr Wong said.

Higher interest rates are generally seen as hurting Reit prices.

FLT is Singapore's first "pure-play" Australian industrial Reit, with an initial portfolio of 51 industrial properties at key business loca-

tions such as Sydney, Melbourne and Brisbane.

The Reit sponsor is Frasers Centrepoint, which has three other Reits listed in Singapore: Frasers Centrepoint Trust, Frasers Commercial Trust and Frasers Hospitality Trust.

FLT's listing drew strong market interest. The placement tranche was more than six times subscribed and the public tranche was 3.9 times subscribed. The initial public offering raised \$903 million.

Mr Robert Wallace, chief executive of FLT's asset manager, called the response thus far "a vote of confidence" in FLT's growth potential.

However, Voyage Research chief executive Roger Tan was cautious about FLT's focus on Australia.

"If you have it as part of your investment portfolio, it can add value by giving exposure to Australia. But for now, as a standalone, its limited geographical exposure brings a level of risk," he said. "If it can diversify its asset portfolio to other geographies in the long run, like what Mapletree Logistics Trust did, then it'll be a good value proposition."

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