



Global Logistic Properties Ltd

Management buy-out

SINGAPORE | REAL ESTATE DEVELOPERS | UPDATE

17 July 2017

- Scheme of arrangement from Nesta Investment Holdings to acquire all ordinary shares in GLP for S\$3.38 apiece.
- Offer price represents a 102% premium to one-year VWAP and 30% premium to Net Asset Value (NAV) as at 31 March 2017.
- Offer price represents an 18% premium to our target price of S\$2.87 and 6% premium to our RNAV estimates.

What is the news?

- **Nesta Investment Holdings offer price at S\$3.38 apiece.** Nesta Investment Holdings, owned by a consortium of five companies, namely HOPU, Hillhouse Capital, SMG, Bank of China Group Investment and Vanke, has proposed a scheme of arrangement to acquire all ordinary shares of GLP for S\$3.38 apiece. SMG is co-founded by CEO and Executive Director of GLP, Mr Ming Z. Mei.
- **Offer price is a significant premium to average P/NAV of listed SG developers.** We note that the offer price, at 1.3x NAV, is at a significant premium to the average P/NAV (1.1x) of Singapore listed developers. Including a SG6 cents dividend announced in May 2017, the offer price/NAV would be 1.32x.
- **Single largest shareholder, GIC, to vote in favour for Nesta.** GIC has given an irrevocable undertaking to Nesta to vote in favour of proposed scheme of arrangement. Amongst other conditions, Nesta requires a shareholder approval consisting of more than 75% of total issued shares in GLP before the scheme of arrangement can proceed. GIC owns a 36.8% stake in GLP and is the single largest shareholder in GLP.
- **If successful, Nesta gains full control to GLP's portfolio of modern logistics assets in four key markets, China in focus.** Being the second largest operator of modern logistics assets in the world, Nesta will gain full control of GLP's portfolio of modern logistics assets which span across four key markets, namely China, Japan, US and Brazil. We opine that this is in particular to China where modern logistics assets are becoming increasingly attractive due to favourable supply and demand dynamics. This is because of a growing demand for modern logistics assets due to a shift in China's economic structure into one that is consumption-driven, and matched by an undersupply of modern logistics assets.

Investment Action:

- **Advise investors to accept the offer. Ceasing coverage upon successful privatisation.** At an 18% premium to our last target price (excluding SG6 cents dividend) of S\$2.87 and a 30% premium to latest NAV of S\$2.60, we deem the buyout offer a fair price and advise investors to accept the offer.

Accept the offer

LAST CLOSE PRICE	SGD 3.30
OFFER PRICE	SGD 3.38
PREVIOUS TARGET PRICE	SGD 2.87

COMPANY DATA

BLOOMBERG CODE:	GLP.SP
O/S SHARES (MN) :	4,697
MARKET CAP (USD mn / SGD mn) :	11281 / 15501
52 - WK HI/LO (SGD) :	3.32 / 1.77
3M Average Daily T/O (mn) :	11.50

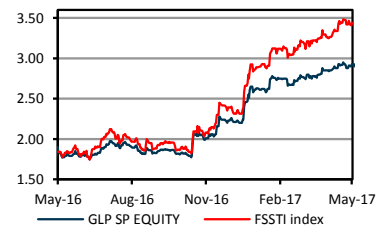
TOP THREE SHAREHOLDERS (%)

GIC PRIVATE LTD	36.8%
NB HOLDINGS CORP	10.9%
HILLHOUSE CAPITAL MGMT	8.2%

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	(8.2)	(6.3)	47.4
STI RETURN	(0.7)	3.3	15.3

PRICE VS. STI



Source: Bloomberg, PSR

PRICE PERFORMANCE (%)

USD	FY16	FY17	FY18E	FY19E
Revenue (Mn)	777	880	978	1041
EBITDA (Mn)	522	593	658	719
NPAT, adj. (Mn)	110	152	389	439
EPS, adj.	0.02	0.03	0.08	0.09
P/BV (X)	1.3	1.3	1.1	1.0
DPS (S\$'cents)	6.0	6.0	5.6	5.9
Div Yield (%)	1.8	1.8	1.7	1.8
ROE (%)	7.7	9.0	9.6	9.0

Source: Bloomberg, PSR est.

Valuation Method

RNAV

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Figure 1: Peer comparison and list of Property Developers under PSR coverage

Name	Mkt Cap (SGD)	Last Px (SGD)	PSR RATING	PSR TARGET PRICE	P/E	P/B	ROE (%)	ROA (%)	Dividend Yield (%)	Total Debt to Assets (%)
GLOBAL LOGISTIC PROPERTIES L	15,454	3.30	NEUTRAL	2.87	14.7	1.3	2.2	0.9	1.8	25.7
CAPITALAND LTD	15,205	3.58	ACCUMULATE	4.19	11.2	0.9	5.7	2.2	2.8	32.5
CITY DEVELOPMENTS LTD	9,811	10.79	ACCUMULATE	11.07	15.8	1.1	5.9	2.7	1.5	29.0
UOL GROUP LTD	6,155	7.57	ACCUMULATE	7.64	20.9	0.7	3.8	2.7	2.0	20.8
WHEELOCK PROPERTIES (S) LTD	2,232	1.87	TRADING BUY	2.28	38.9	0.7	3.3	2.9	3.2	0.0
HO BEE LAND LTD	1,551	2.33	ACCUMULATE	2.64	6.1	0.6	5.7	3.7	2.6	30.6
FRASERS CENTREPOINT LTD	5,507	1.90			8.7	0.8	7.8	2.1	4.5	40.5
UNITED INDUSTRIAL CORP LTD	4,511	3.15			15.6	0.7	4.7	3.3	1.0	14.4
YANLORD LAND GROUP LTD	3,312	1.71			4.9	0.8	14.9	3.5	2.5	24.3
GUOCOLAND LTD	2,219	1.88			13.8	0.6	3.7	1.5	4.8	48.4
BUKIT SEMBAWANG ESTATES LTD	1,727	6.67			23.8	1.4	5.6	5.0	4.9	0.0
OXLEY HOLDINGS LTD	1,668	0.57			6.7	1.8	26.5	4.7	1.8	56.1
WING TAI HOLDINGS LTD	1,528	1.98			122.7	0.5	0.3	0.2	3.0	27.7
FRAGRANCE GROUP LTD	1,121	0.17			148.6	1.1	0.9	0.4	0.6	43.6

Source: Bloomberg, Phillip Securities Research (Singapore)

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