

Capital Market Brokers brief of Grit Real Estate FY 18 results:



Overview

- Expectedly profitable with bottom line of USD 25.7m compared to loss of USD 7.4m in FY17.
- Higher dividend of USD 12.19 cents/share for FY 18, representing a 1% increase from FY17 (USD 12.07 cents)
- Overall portfolio was well tenanted @96.7% occupancy rate.
- Successful LSE listing and capital raising has allowed reduction in debt of Grit. LTV, currently standing @ 51.4% is expected to drop to targeted 40% by June 2019.

Pipeline:

- Complete acquisition of Capital Place Building, 5TH Avenue and CADS II building in 2019
- Higher ranking of Grit – 4th on SEM-10 post- LSE listing, positions the stock for its inclusion in a number of frontier & emerging market indices, with future inclusion in FTSE Frontier, MSCI Frontier, SAPY and all-share indices. Hence, liquidity of stock is expected to improve.
- Dividend is expected to increase by 3-5% in FY2019.

Recommendation:

- We are neutral on the name.