

SECTOR UPDATE

REITs – Singapore

S-REITs Monthly Update (Feb 25)

While trade conflicts and tariffs remain a threat, the recent series of weak economic numbers and efforts to rein in fiscal spending have led to lower US government bond yields. Many blue-chip S-REITs have already corrected and are trading at attractive yields of 6-7%. Maintain OVERWEIGHT. BUY retail REIT CICT (Target: S\$2.37), data centre REIT DCREIT (Target: US\$0.88) and healthcare REIT PREIT (Target: S\$4.85). We also like CLAS (Target: S\$1.38) and KORE (Target: US\$0.33).

WHAT HAPPENED IN FEBRUARY

- **FSTREI corrected 2.9% and underperformed the STI's gain of 1.0% in February.** US core PCE inflation eased 0.3ppt qoq to 2.6% yoy in Jan 24. Yield for 10-year Singapore government bonds receded 18bp mom to 2.74% in February.
- **Sponsor Cuscaden Peak Investments trying to privatise PGNREIT.** Times Properties, wholly-owned subsidiary of sponsor Cuscaden Peak Investments, has proposed to privatise and delist PGNREIT through a scheme of arrangement. The offer price of S\$0.98 per unit in cash represents P/NAV of 1.07x and an 8% premium to similar privatisations and mergers for property trusts. Paragon's premier upscale status is being challenged. According to the offeror, an asset enhancement initiative (AEI) with sizeable capex of S\$300m-600m is required to upgrade façade, interiors and mechanical & electrical systems and reconfigure retail and circulation spaces. The AEI could take 3-4 years but does not change of the underlying use or increase the GFA.
- **Deploying debt headroom for expansion in Japan.** FEHT has entered into an agreement to acquire freehold 319-room upscale hotel, Four Points by Sheraton Nagoya, at an initial purchase price of ¥6.0b (S\$52.8m). The hotel is located within walking distance from Nagoya Chubu Centrair International Airport and Aichi Sky Expo. The initial purchase price represents a 23% discount to the independent valuation of ¥7.8b (S\$68.6m) and is 30% below the estimated replacement cost of ¥8.6b (S\$75.8m). An additional purchase consideration of up to ¥1.75b (S\$15.4m) is payable if the hotel achieves the targeted NOI yield of 5% over the next three years during 2026-28.
- **Deleveraging through divestments.** MUST has entered into an agreement to divest 500 Plaza, an office building at Secaucus in New Jersey, for US\$40m. The valuation for 500 Plaza dropped 25% to US\$43.7m as of Dec 24. The selling price is 8% below the latest valuation. Net proceeds of US\$39m would be used to pay down 19% of its 2026 debts. The divestment of 500 Plaza is expected to complete by 1Q25.

TOP 20 S-REITs RANKED BY MARKET CAPITALISATION – VITAL STATISTICS

Name	Ticker	Rec	Currency	Price 28 Feb 25	Target Price	Mkt Cap (US\$m)	-- DPU (¢) --	-- Yield (%) --	-- Yield Spread* (%) --	Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.97	2.37	10,638	10.9 11.2	5.5 5.7	2.8 2.9	3.1	38.5	3.3
CapLand Ascendas	CLAR SP	BUY	S\$	2.57	3.51	8,368	15.2 16.2	5.9 6.3	3.2 3.6	3.6	37.7	3.7
Mapletree Log Trust	MLT SP	HOLD	S\$	1.23	1.35	4,611	8.2 8.1	6.7 6.6	3.9 3.8	3.4	40.3	2.7
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.18	1.60	4,599	8.2 8.4	6.9 7.1	4.2 4.4	2.8	38.2	2.2
Mapletree Ind Trust	MINT SP	BUY	S\$	1.98	2.70	4,173	13.5 13.4	6.8 6.8	4.1 4.0	4.7	39.8	4.5
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.07	2.53	3,455	10.6 12.0	5.1 5.8	2.4 3.1	5.3	31.5	6.3
Frasers Centrepoint	FCT SP	BUY	S\$	2.05	2.79	2,758	12.0 12.0	5.8 5.8	3.1 3.1	3.3	39.3	2.1
Suntec REIT	SUN SP	HOLD	S\$	1.14	1.18	2,475	6.3 6.8	5.5 6.0	2.8 3.2	1.9	42.4	3.8
CapLand Ascott	CLAS SP	BUY	S\$	0.86	1.38	2,425	6.1 6.4	7.1 7.4	4.3 4.7	3.1	38.3	n.a.
Frasers L&C Trust	FLT SP	BUY	S\$	0.835	1.26	2,324	6.4 6.1	7.7 7.3	5.0 4.5	4.9	36.2	4.6
Keppel REIT	KREIT SP	BUY	S\$	0.80	1.06	2,291	5.7 5.7	7.1 7.1	4.4 4.4	2.5	41.2	4.7
PARAGON REIT	PGNREIT SP	NR	S\$	0.965	n.a.	2,027	4.6 4.4	4.8 4.6	2.0 1.8	3.4	35.3	2.8
PLife REIT	PREIT SP	BUY	S\$	3.79	4.85	1,829	14.8 17.7	3.9 4.7	1.2 1.9	9.8	34.8	15.3
ESR REIT	EREIT SP	NR	S\$	0.24	n.a.	1,428	2.1 2.2	8.8 9.2	6.0 6.4	2.5	42.8	4.2
QUE REIT	QUEREIT SP	NR	S\$	0.275	n.a.	1,119	1.9 2.0	6.9 7.3	4.2 4.5	2.2	39.9	2.9
Lendlease REIT	LREIT SP	BUY	S\$	0.505	0.72	906	3.7 3.8	7.4 7.6	4.6 4.8	2.7	40.8	4.6
Stoneweg REIT EUR	SERT SP	NR	€	1.50	n.a.	875	13.8 13.3	9.2 8.9	6.8 6.5	3.3	41.2	5.3
CapLand China Trust	CLCT SP	NR	S\$	0.665	n.a.	846	5.7 5.6	8.6 8.4	5.8 5.7	3.0	41.9	1.8
Starhill Global	SGREIT SP	NR	S\$	0.485	n.a.	822	3.7 3.8	7.6 7.8	4.9 5.1	2.9	36.2	7.4
Far East HTrust	FEHT SP	BUY	S\$	0.545	0.77	813	3.8 3.8	7.0 6.9	4.3 4.2	3.0	30.8	n.a.

* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

S-REITs	OVERWEIGHT
Healthcare REITs	OVERWEIGHT
Hospitality REITs	OVERWEIGHT
Industrial REITs	MARKETWEIGHT
Office REITs	OVERWEIGHT
Retail REITs	OVERWEIGHT

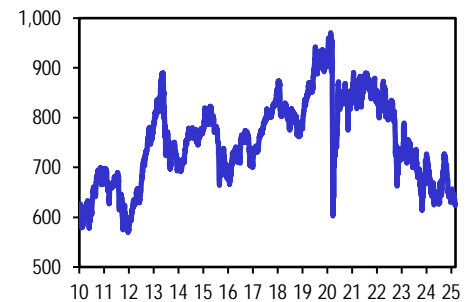
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
CICT	BUY	1.97	2.37
CLAS	BUY	0.86	1.38
DCREIT (US\$)	BUY	0.565	0.88
KORE (US\$)	BUY	0.21	0.33
PREIT	BUY	3.79	4.85

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)

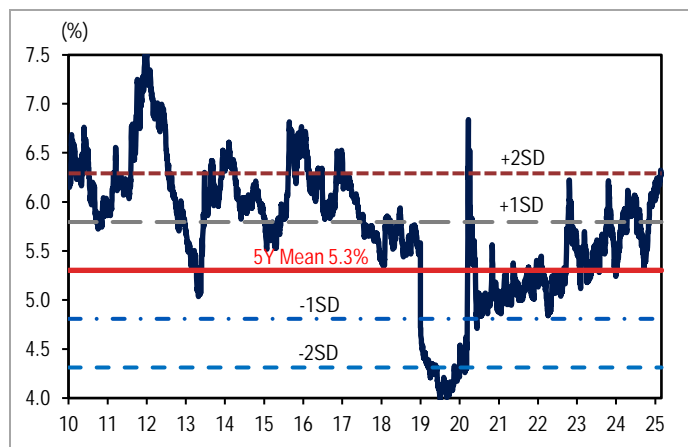


Source: UOB Kay Hian

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S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

S-REIT YIELD SPREAD



Source: UOB Kay Hian

PEER COMPARISON

Name	Ticker	Rec	Curr	Price 28 Feb 25	Target Price	Mkt Cap (US\$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE													
First REIT	FIRT SP	NR	S\$	0.265	n.a.	412	8.9	9.4	9.8	10.9	153.7	39.6	0.93
PLife REIT	PREIT SP	BUY	S\$	3.79	4.85	1,829	3.9	3.9	4.7	4.8	56.5	34.8	1.57
HOSPITALITY													
CapLand Ascott	CLAS SP	BUY	S\$	0.86	1.38	2,425	7.1	7.1	7.4	7.6	73.0	38.3	0.75
CDL HTrust	CDREIT SP	BUY	S\$	0.775	1.00	722	6.9	7.0	7.1	7.1	73.2	40.7	0.53
Far East HTrust	FEHT SP	BUY	S\$	0.545	0.77	813	7.4	7.0	6.9	7.0	38.8	30.8	0.60
Frasers HTrust	FHT SP	NR	S\$	0.52	n.a.	741	4.3	4.0	4.0	4.2	57.0	35.0	0.81
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.23	n.a.	741	7.6	7.6	7.7	7.8	66.9	33.4	0.95
CapLand Ascendas	CLAR SP	BUY	S\$	2.57	3.51	8,368	5.9	5.9	6.3	6.5	67.0	37.7	1.13
Daiwa Hse Log Trust	DHLT SP	NR	S\$	0.585	n.a.	302	8.9	8.5	8.5	n.a.	73.7	39.2	0.85
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.565	0.88	734	6.4	6.4	7.0	7.0	52.9	34.0	0.72
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.24	n.a.	1,428	8.8	8.8	9.2	9.2	70.2	42.8	0.87
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.07	2.53	3,455	4.6	5.1	5.8	5.8	49.9	31.5	1.36
Mapletree Ind Trust	MINT SP	BUY	S\$	1.98	2.7	4,173	6.8	6.8	6.8	6.7	64.0	39.8	1.14
Mapletree Log Trust	MLT SP	HOLD	S\$	1.23	1.35	4,611	7.3	6.7	6.6	6.5	82.2	40.3	0.91
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	0.80	1.06	2,291	7.0	7.1	7.1	6.8	81.2	41.2	0.63
RETAIL													
Frasers Centrepoint	FCT SP	BUY	S\$	2.05	2.79	2,758	5.9	5.8	5.8	6.1	50.6	39.3	0.89
Lendlease REIT	LREIT SP	BUY	S\$	0.505	0.72	906	7.7	7.4	7.6	7.5	86.8	40.8	0.68
Sasseur REIT	SASSR SP	BUY	S\$	0.69	0.98	639	8.8	9.4	9.9	9.9	42.5	24.8	0.83
PARAGON REIT	PGNREIT SP	NR	S\$	0.965	n.a.	2,027	4.8	4.8	4.6	4.8	57.4	35.3	1.03
Starhill Global	SGREIT SP	NR	S\$	0.485	n.a.	822	7.5	7.6	7.8	8.0	63.0	36.2	0.68
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	0.665	n.a.	846	8.5	8.6	8.4	9.0	96.4	41.9	0.59
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.97	2.37	10,638	5.5	5.5	5.7	5.7	65.7	38.5	0.93
Frasers L&C Trust	FLT SP	BUY	S\$	0.835	1.26	2,324	8.1	7.7	7.3	7.5	57.9	36.2	0.74
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.18	1.6	4,599	7.6	6.9	7.1	7.0	67.0	38.2	0.68
OUE Comm REIT	OUECT SP	NR	S\$	0.275	n.a.	1,119	7.5	6.9	7.3	8.0	74.4	39.9	0.47
Suntec REIT	SUN SP	HOLD	S\$	1.14	1.18	2,475	5.4	5.5	6.0	6.4	70.4	42.4	0.55
INTERNATIONAL (US/EUROPE)													
Stoneweg REIT EUR	SERT SP	NR	€	1.50	n.a.	875	9.4	9.2	8.9	9.3	83.9	41.2	0.74
Elite UK REIT GBP	ELITE SP	BUY	£	0.30	0.38	222	9.6	10.3	10.4	10.0	79.0	43.4	0.74
IREIT Global	IREIT SP	NR	S\$	0.26	n.a.	259	10.2	5.4	10.8	n.a.	67.9	37.6	0.47
KepPacOak REIT USD	KORE SP	BUY	US\$	0.21	0.33	219	0.0	0.0	17.9	17.2	84.8	43.7	0.31
Prime US REIT USD	PRIME SP	BUY	US\$	0.14	0.29	183	2.1	2.3	26.3	26.1	90.9	46.7	0.26
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.49	0.64	286	8.3	9.1	9.9	10.1	68.3	38.9	0.65

Source: Bloomberg, UOB Kay Hian

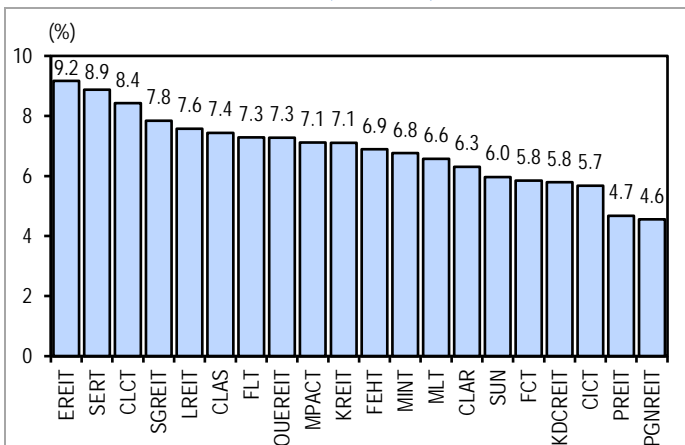
TOP 10 OUTPERFORMERS AND TOP 10 UNDERPERFORMERS RANKED BY WEEKLY SHARE PRICE PERFORMANCE

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
PARAGON REIT	9.0	12.2	7.8	17.0	9.7	Prime US REIT USD	-22.2	-15.2	-26.7	25.0	-18.1
Utd Hampshire REIT USD	4.3	8.9	10.1	4.3	3.2	KepPacOak REIT USD	-12.5	-4.5	-19.2	68.0	2.4
Digi Core REIT USD	1.8	-8.1	-7.4	-2.6	-2.6	CDL HTrust	-10.4	-9.4	-17.1	-19.7	-9.9
Sasseur REIT	1.5	-1.4	-0.7	1.5	1.5	Frasers HTrust	-10.3	23.8	19.5	13.0	-11.1
CapLand Int Comm Trust	1.0	0.5	-6.8	0.8	2.1	Far East HTrust	-9.9	-11.4	-14.8	-10.7	-10.7
Daiwa Hse Log Trust	0.9	-0.8	0.9	-8.6	0.9	CapLand China Trust	-9.5	-7.0	-4.3	-10.1	-7.6
Mapletree Log Trust	0.8	-3.9	-9.6	-16.9	-3.1	Lendlease REIT	-9.0	-9.8	-13.7	-12.2	-8.2
Elite UK REIT GBP	0.0	0.0	5.3	20.0	1.7	ESR REIT	-7.7	-7.7	-11.1	-22.6	-5.9
CapLand Ascendas	-0.8	-1.9	-10.8	-6.2	0.0	OUE REIT	-6.8	0.0	-5.2	5.8	-3.5
PLife REIT	-2.1	-0.3	1.1	7.7	1.1	Kep REIT	-6.4	-6.4	-9.1	-7.5	-8.0

Source: Bloomberg, UOB Kay Hian

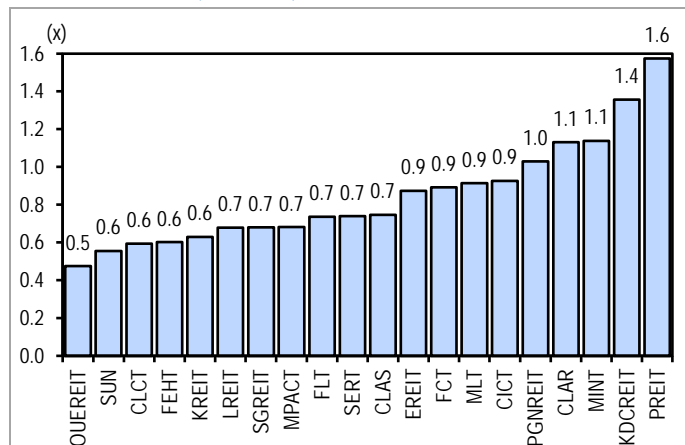
- Top outperformers:** PGNREIT gained 9.0% due to privatisation offer from sponsor Cuscaden Peak. UHU gained 4.3% due to its good 2H24 results and improving fundamentals for strip centres in the US. DCREIT gained 1.8% due to progress in backfilling vacant space at its Toronto data centre and its two Los Angeles data centres.
- Top underperformers:** US office REITs PRIME and KORE corrected 22.2% and 12.5% respectively. CDREIT dropped 10.4% due to family feud within the Kwek family. FHT declined 10.3% as speculation of privatisation did not materialise.

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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