

## SECTOR UPDATE

### REITs – Singapore

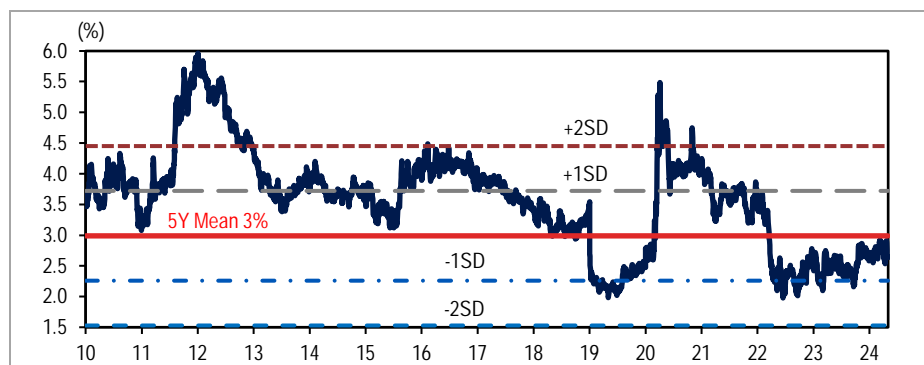
S-REITs Monthly Update (Apr 24)

**S-REITs weathered selling pressure as investors now expect interest rates to stay higher for longer. Many blue chip S-REITs are trading at attractive distribution yields of 6-7% after the correction. Maintain OVERWEIGHT. Our top picks are hospitality and retail plays, which benefit from the continued recovery in visitor arrivals and resilient consumer spending. BUY CDREIT (Target: S\$1.45), FCT (Target: S\$2.71), FEHT (Target: S\$0.82), FLT (Target: S\$1.52), KREIT (Target: S\$1.20) and MPACT (Target: S\$1.89).**

#### WHAT HAPPENED IN APRIL

- **Income Insurance sold 30 Prinsep Street.** Income Insurance has sold its 11-storey 999-year leasehold commercial building at 30 Prinsep Street for about S\$147m, which works out to S\$3,000psf on NLA of 48,974sf. It is in close proximity to Bencoolen MRT station on the Downtown Line and Bras Basah MRT station on the Circle Line. The buyer is an entity linked to the Lim family of Midview Group, which developed commercial and industrial properties, such as Midview City at Sin Ming Lane. Key tenants are flexible workspace operator WeWork and pre-school operator Busy Bees.
- **Ninth floor of Solitaire on Cecil changes hands.** The ninth floor of the freehold Solitaire on Cecil was sold for S\$51.5m or S\$4,130psf based on the strata area of 12,465sf. Parties from Fujian Province that originally purchased three floors on levels 8, 9 and 13 of Solitaire on Cecil were linked to the police probe into the S\$3b money laundering case. As such, the developer has put the three office floors back on the market. The new buyer for the 9th floor is Long Twinkle Trading, a subsidiary of Shanghai Langning Trading Co that manufactures and sells copper, zinc, aluminium and other related products.
- **Continued recovery in visitor arrivals.** Visitor arrivals grew 45% yoy and expanded 3% mom to 1.48m in Mar 24. China was the largest source market. Chinese visitors quadrupled yoy to 247,724, boosted by the mutual visa-free travel arrangement that commenced in February, and accounted for 17% of total arrivals. Indonesia was the second largest with 205,033 arrivals, followed by Malaysia with 120,256 arrivals.
- **FSTREI lost 3.1% in April, underperforming the STI's 2.1% gain.** US core PCE inflation was unchanged at 2.8% in Mar 24, indicating sticky inflation. Yield for 10-year Singapore government bonds rose 34bp to 3.45% in April.

#### S-REIT YIELD SPREAD



Source: UOB Kay Hian

- **Top outperformer:** PREIT gained 2.6% due to its defensive healthcare orientation. DCREIT gained 1.7% being a beneficiary of demand from AI. KREIT gained 1.1% as investors recognised the merits of its acquisition of 255 George Street.
- **Top underperformer:** US office REITs PRIME, KORE and MUST lost 17.6%, 9.9% and 6.5% respectively. CLCT and MLT declined 9.5% and 7.5% due to exposure to Mainland China, their second consecutive month of decline. LREIT corrected 6.0% due to a potential antitrust lawsuit against Live Nation, its partner in redeveloping Grange Road Car Park.

## OVERWEIGHT

(Maintained)

#### SEGMENTAL RATING

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

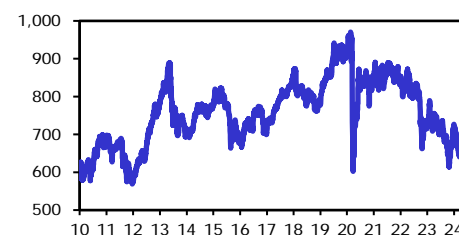
Source: UOB Kay Hian

#### TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
CDREIT	BUY	0.975	1.48
FCT	BUY	2.17	2.71
FEHT	BUY	0.615	0.82
FLT	BUY	0.995	1.52
KREIT	BUY	0.88	1.20
MPACT	BUY	1.26	1.89

Source: UOB Kay Hian

#### FTSE ST ALL-SHARE REITS INDEX (FSTREI)



Source: UOB Kay Hian

#### ANALYST(S)

**Jonathan Koh, CFA, MSc Econ**  
+65 6590 6620  
jonathankoh@uobkayhian.com

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

Name	Ticker	Rec	Currency	Price 30 Apr 24	Target Price	Mkt Cap (US\$m)	-- DPU (¢) -- Curr Fwd	-- Yield (%) -- Curr Fwd	--- Yield Spread* (%) --- Curr Fwd	Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.96	2.34	9,663	10.7 10.9	5.4 5.5	2.0 2.1	3.1	40.0	3.6
CapLand Ascendas	CLAR SP	BUY	S\$	2.60	3.62	8,366	15.2 15.7	5.8 6.1	2.4 2.6	3.7	38.3	3.9
Mapletree Log	MLT SP	BUY	S\$	1.35	1.89	4,938	8.4 8.4	6.2 6.2	2.8 2.8	3.7	38.9	3.0
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.26	1.89	4,848	8.8 8.9	7.0 7.1	3.5 3.6	2.9	40.5	2.4
Mapletree Ind	MINT SP	BUY	S\$	2.27	3.02	4,713	13.8 13.9	6.1 6.1	2.6 2.7	4.5	38.7	4.4
Fraser's Centrepont	FCT SP	BUY	S\$	2.17	2.71	2,877	11.8 12.0	5.5 5.5	2.0 2.1	3.3	38.5	2.0
Fraser's L&C Trust	FLT SP	BUY	S\$	0.995	1.52	2,734	6.6 6.7	6.6 6.7	3.2 3.3	6.2	30.7	5.1
CapLand Ascott	CLAS SP	BUY	S\$	0.91	1.40	2,520	6.1 6.0	6.7 6.6	3.2 3.2	3.7	37.7	n.a.
Keppel REIT	KREIT SP	BUY	S\$	0.88	1.20	2,453	6.0 5.9	6.8 6.7	3.4 3.3	3.3	39.4	5.4
Suntec REIT	SUN SP	HOLD	S\$	1.08	1.28	2,305	6.6 6.9	6.2 6.3	2.7 2.9	2.0	42.3	2.7
Keppel DC REIT	KDCREIT SP	BUY	S\$	1.71	2.13	2,157	9.2 9.5	5.4 5.6	1.9 2.1	4.6	37.6	7.4
PARAGON REIT	PGNREIT SP	NR	S\$	0.845	n.a.	1,759	4.6 4.4	5.4 5.2	2.0 1.8	3.5	30.0	3.0
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.29	n.a.	1,630	2.6 2.6	9.0 9.0	5.5 5.5	2.6	36.3	3.5
PLife REIT	PREIT SP	BUY	S\$	3.59	5.07	1,591	14.3 14.6	4.0 4.1	0.5 0.6	11.1	36.4	16.2
OUE REIT	OUEREIT SP	NR	S\$	0.27	n.a.	1,086	2.1 2.2	7.8 8.1	4.3 4.7	2.4	38.8	3.0
Lendlease REIT	LREIT SP	BUY	S\$	0.545	0.93	959	4.4 4.7	8.1 8.7	4.7 5.2	3.8	40.5	4.9
Far East HTrust	FEHT SP	BUY	S\$	0.615	0.82	906	4.1 3.9	6.7 6.3	3.2 2.9	3.5	31.3	n.a.
Cromwell REIT EUR	CERT SP	NR	€	1.49	n.a.	894	15.0 15.0	10.1 10.1	7.5 7.5	3.8	40.3	4.7
CDL HTrust	CDREIT SP	BUY	S\$	0.975	1.48	891	6.4 6.5	6.6 6.7	3.2 3.3	2.7	37.8	n.a.
CapLand China Trust	CLCT SP	NR	S\$	0.665	n.a.	830	6.7 6.9	10.1 10.4	6.6 6.9	3.2	40.8	1.8

\* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

PEER COMPARISON

Name	Ticker	Rec	Curr	Price 30 Apr 24	Target Price	Mkt Cap (US\$m)	----- Yield (%) ----- Hist Curr Fwd 1Y Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
<b>HEALTHCARE</b>										
First REIT	FIRT SP	NR	S\$	0.245	n.a.	374	10.1 10.6	11.0 15.1	72.5 38.8	0.83
PLife REIT	PREIT SP	BUY	S\$	3.59	5.07	1,591	4.1 4.0	4.1 4.9	60.2 36.2	1.55
<b>HOSPITALITY</b>										
CapLand Ascott	CLAS SP	BUY	S\$	0.91	1.40	2,520	7.2 6.7	6.6 6.8	68.0 37.7	0.81
CDL HTrust	CDREIT SP	BUY	S\$	0.975	1.48	891	5.8 6.6	6.7 6.7	63.8 37.8	0.65
Far East HTrust	FEHT SP	BUY	S\$	0.615	0.82	906	6.7 6.7	6.3 6.2	39.6 31.3	0.66
Fraser's HTrust	FHT SP	NR	S\$	0.46	n.a.	649	5.3 5.9	6.1 7.2	54.9 34.5	0.69
<b>INDUSTRIAL</b>										
AIMS APAC REIT	AAREIT SP	NR	S\$	1.26	n.a.	748	7.9 7.7	7.8 7.9	63.0 32.2	0.94
CapLand Ascendas	CLAR SP	BUY	S\$	2.60	3.62	8,366	5.8 5.8	6.1 6.2	67.2 38.3	1.15
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.61	0.79	798	6.1 5.1	5.4 5.4	50.3 35.1	0.91
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.29	n.a.	1,630	8.8 9.0	9.0 9.0	63.8 36.3	0.93
Keppel DC REIT	KDCREIT SP	BUY	S\$	1.71	2.13	2,157	5.5 5.4	5.6 5.6	64.0 37.6	1.29
Mapletree Ind Trust	MINT SP	BUY	S\$	2.27	3.02	4,713	5.9 6.1	6.1 6.3	59.9 38.7	1.29
Mapletree Log Trust	MLT SP	BUY	S\$	1.35	1.89	4,938	6.7 6.2	6.2 6.2	77.1 38.9	0.98
<b>OFFICE</b>										
Keppel REIT	KREIT SP	BUY	S\$	0.88	1.20	2,453	6.6 6.8	6.7 6.6	73.2 38.9	0.67
<b>RETAIL</b>										
Fraser's Centrepont	FCT SP	BUY	S\$	2.17	2.71	2,877	5.6 5.5	5.5 5.6	49.8 38.5	0.95
Lendlease REIT	LREIT SP	BUY	S\$	0.545	0.93	959	8.6 8.1	8.7 8.5	85.4 40.5	0.71
Sasseur REIT	SASSR SP	BUY	S\$	0.675	1.01	616	9.3 9.6	9.8 10.3	43.4 25.3	0.82
PARAGON REIT	PGNREIT SP	NR	S\$	0.845	n.a.	1,759	5.9 5.4	5.2 5.4	49.3 30.0	0.93
Starhill Global	SGREIT SP	NR	S\$	0.475	n.a.	787	8.0 8.2	8.4 8.4	64.2 36.8	0.66
<b>DIVERSIFIED</b>										
CapLand China Trust	CLCT SP	NR	S\$	0.665	n.a.	830	10.1 10.1	10.4 6.9	91.4 40.8	0.56
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.96	2.34	9,663	5.5 5.4	5.5 5.7	66.9 40.0	0.92
Fraser's L&C Trust	FLT SP	BUY	S\$	0.995	1.52	2,734	7.1 6.6	6.7 6.8	46.5 30.7	0.85
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.26	1.89	4,848	7.1 7.0	7.1 7.1	73.9 40.5	0.72
OUE Comm REIT	OUECT SP	NR	S\$	0.27	n.a.	1,086	7.7 7.8	8.1 7.8	71.2 38.8	0.45
Suntec REIT	SUN SP	HOLD	S\$	1.08	1.28	2,305	6.6 6.2	6.3 6.4	70.0 42.3	0.51
<b>INTERNATIONAL (US/EUROPE)</b>										
Cromwell REIT EUR	CERT SP	NR	€	1.49	n.a.	894	10.5 10.1	10.1 10.3	80.1 40.3	0.70
Elite Comm REIT GBP	ELITE SP	NR	£	0.235	n.a.	172	14.6 13.6	14.0 13.6	93.3 43.7	0.55
IREIT Global	IREIT SP	NR	S\$	0.325	n.a.	320	8.4 9.4	9.0 9.0	68.5 37.7	0.55
KepPacOak REIT USD	KORE SP	BUY	US\$	0.137	0.35	143	18.2 0.0	0.0 31.3	83.2 43.2	0.20
Manulife REIT USD	MUST SP	BUY	US\$	0.072	0.155	128	0.0 0.0	0.0 38.7	151.2 58.3	0.22
Prime US REIT USD	PRIME SP	BUY	US\$	0.136	0.45	178	19.9 17.4	36.0 36.6	97.9 48.4	0.23
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.435	0.68	254	11.0 10.4	11.1 11.2	75.1 41.7	0.59

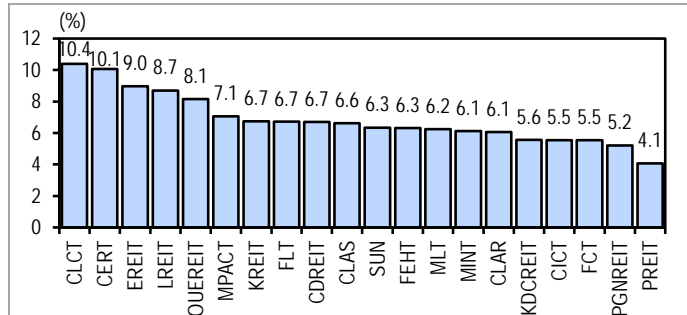
Source: Bloomberg, UOB Kay Hian

### 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
Cromwell REIT EUR	8.0	6.4	29.6	-3.2	4.9	Prime US REIT USD	-17.6	-26.2	32.5	-52.6	-48.7
PLife REIT	2.6	2.0	6.8	-7.5	-2.2	KepPacOak REIT USD	-9.9	-51.1	-25.5	-61.9	-63.5
DigiCore REIT USD	1.7	-5.4	20.8	40.2	-5.4	CapLand China Trust	-9.5	-20.4	-15.8	-40.1	-28.5
PARAGON REIT	1.2	-3.4	6.3	-9.6	-4.5	Mapletree Log	-7.5	-12.9	-8.2	-22.4	-22.4
Keppel REIT	1.1	-4.9	10.7	1.1	-5.4	IREIT Global	-7.1	-18.8	-1.5	-34.2	-19.8
Frasers HTrust	0.0	-1.1	-9.8	-4.2	-7.1	Manulife REIT USD	-6.5	20.0	44.0	-59.8	-10.0
Suntec REIT	0.0	-9.2	-1.8	-20.0	-12.2	CapLand Ascendas	-6.1	-11.0	0.0	-9.1	-14.2
Frasers Centrepoint	-0.9	-5.7	4.8	-1.8	-4.0	Frasers L&C Trust	-6.1	-11.2	-4.3	-26.3	-13.5
CapLand Int Comm Trust	-1.0	-2.5	11.4	-3.4	-4.9	Lendlease REIT	-6.0	-13.5	6.9	-22.1	-15.5
Starhill Global	-1.0	-7.8	6.7	-9.5	-9.5	First REIT	-5.8	-5.8	4.3	-9.3	-7.5

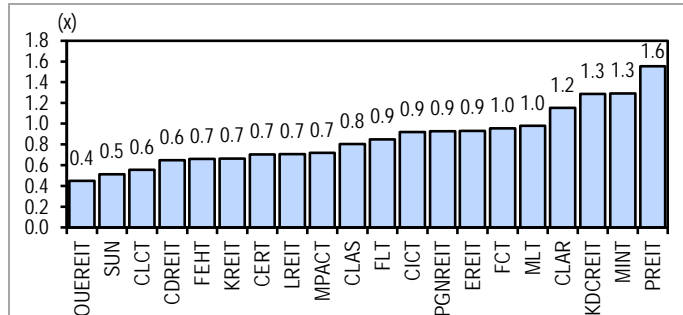
Source: Bloomberg, UOB Kay Hian

### RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

### RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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