

SECTOR UPDATE

REITs – Singapore

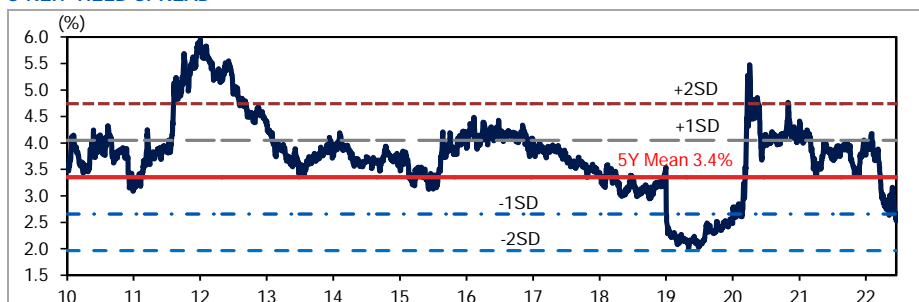
S-REITs Bi-Weekly Updates (1-15 Jun 22)

Financial markets are battered by fear of elevated inflation and slowdown in economic growth. Although having corrected, S-REITs outperformed the broader market due to their defensive characteristics and stable cash flows. Focus on recovery from reopening plays. **BUY ART (Target: S\$1.25), FCT (Target: S\$2.79), FEHT (Target: S\$0.78) and LREIT (Target: S\$0.96). Maintain OVERWEIGHT.**

WHAT HAPPENED IN THE LAST TWO WEEKS

- **Offer to privatise FHT at S\$0.70 in cash.** Frasers Property Hospitality Trust Holdings, wholly-owned subsidiary of sponsor Frasers Property, has proposed to privatise Frasers Hospitality Trust (FHT) through a trust scheme of arrangement after FHT completed its strategic review. The offer of S\$0.70 per stapled security in cash represents a premium of 43.8% above 12-month VWAP and implied P/NAV of 1.07x.
- **Office properties well sought after by foreign investors.** A Singapore permanent resident of Chinese descent has acquired 11,743sf of office space at Suntec City Tower 2 for S\$38.8m or S\$3,300psf, a record price on a psf basis for an entire floor at Suntec City. US-based real estate investment manager AEW has acquired 20-storey Westgate Tower located adjacent to Jurong East MRT station for S\$675m or S\$2,200psf.
- **FSTREI corrected 2.3% in the past two weeks.** Yield for 10-year Singapore government bonds surged 53bp to 3.24% during the first two weeks of June. Fixed income investors were spooked as US CPI remained elevated at 8.6% in May 22. FSTREI corrected 2.3%, outperforming the STI which lost 3.9%.
- **Top outperformer:** Hospitality REITs FHT and CDREIT gained 6.9% and 1.6% due to recovery in travel and tourism. FHT is currently trading close to the offer price of S\$0.70 in cash to privatise the S-REIT. KORE gained 0.7% despite negative market sentiment.
- **Top underperformer:** Data centre REITs DCREIT and KDCREIT corrected 14.0% and 6.8% respectively. Logistics REIT FLT corrected 5.9%. SASSR declined 5.5%. Retail REITs LREIT, FCT, SGREIT lost 3.7%, 3.4% and 2.6% respectively.

S-REIT YIELD SPREAD*



Source: UOB Kay Hian *Yield spread above 10-year Singapore government bond yield.

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

Name	Ticker	Rec	Currency	Price 15 Jun 22	Target Price	Mkt Cap (US\$m)	DPU (¢)	Yield (%)	Yield Spread* (%)	Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
CapLand Int Comm Trust	CICL SP	HOLD	S\$	2.13	2.33	10,185	11.4	12.1	5.4	5.7	2.1	3.7
Ascendas REIT	AREIT SP	BUY	S\$	2.77	3.70	8,387	16.6	17.0	6.0	6.1	2.8	3.8
Mapletree Log	MLT SP	BUY	S\$	1.63	2.09	5,630	9.2	9.2	5.7	5.7	2.4	3.5
Mapletree Ind	MINT SP	BUY	S\$	2.44	3.41	4,731	13.5	13.8	5.5	5.7	2.3	4.1
Mapletree Comm	MCT SP	BUY	S\$	1.77	2.36	4,249	10.3	10.2	5.8	5.8	2.6	2.6
Suntec REIT	SUN SP	HOLD	S\$	1.66	1.80	3,437	10.3	10.0	6.2	6.1	2.9	2.2
Frasers L&C Trust	FLT SP	BUY	S\$	1.28	1.68	3,408	7.7	7.8	6.0	6.1	2.8	4.6
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.20	n.a.	3,064	7.0	7.1	5.8	5.9	2.6	2.4
Keppel REIT	KREIT SP	BUY	S\$	1.13	1.41	3,034	5.9	5.6	5.2	5.0	2.0	6.1
Frasers CT	FCT SP	BUY	S\$	2.26	2.79	2,774	12.9	13.2	5.7	5.8	2.5	1.9
Ascott Trust	ART SP	BUY	S\$	1.14	1.25	2,703	5.1	6.2	4.5	5.4	1.2	n.a.
Keppel DC REIT	KDCREIT SP	NR	S\$	1.92	n.a.	2,379	10.1	10.5	5.3	5.5	2.0	7.7
PLife REIT	PREIT SP	HOLD	S\$	4.80	4.65	2,095	14.7	15.1	3.1	3.1	-0.2	17.2
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.40	n.a.	1,925	3.0	3.1	7.5	7.8	4.3	2.5
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,912	5.5	5.7	5.8	6.0	2.6	2.8
OUE Comm REIT	OUECT SP	NR	S\$	0.385	n.a.	1,515	2.6	2.5	6.8	6.5	3.5	2.4
CapLand China Trust	CLCT SP	NR	S\$	1.14	n.a.	1,375	9.2	9.9	8.1	8.7	4.8	2.1
Lendlease REIT	LREIT SP	BUY	S\$	0.79	0.96	1,333	4.6	5.2	5.8	6.6	2.5	4.3
Cromwell REIT EUR	CERT SP	NR	€	2.03	n.a.	1,192	17.0	17.5	8.4	8.6	6.7	4.6
CDL HTrust	CDREIT SP	BUY	S\$	1.27	1.48	1,131	5.2	6.6	4.1	5.2	0.9	n.a.

*Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

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

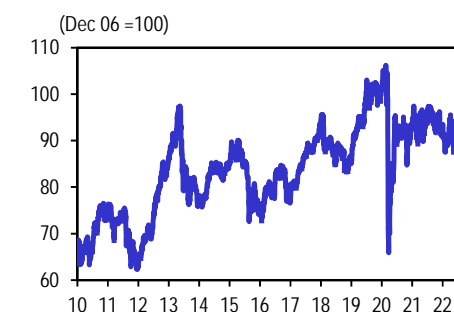
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
ART	BUY	1.14	1.25
FCT	BUY	2.26	2.79
FEHT	BUY	0.64	0.78
LREIT	BUY	0.79	0.96

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)



Source: UOB Kay Hian

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PEER COMPARISON

Name	Ticker	Rec	Curr	Price 15 Jun 22	Target Price	Mkt Cap (US\$m)	Hist	Curr	Yield (%) Fwd 1Y	Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE													
First REIT	FIRT SP	NR	S\$	0.28	n.a.	414	9.3	n.a.	n.a.	n.a.	66.3	35.5	0.81
PLife REIT	PREIT SP	HOLD	S\$	4.80	4.65	2,095	2.9	3.1	3.1	3.2	55.2	34.4	2.02
HOSPITALITY													
Ascott Trust	ART SP	BUY	S\$	1.14	1.25	2,703	3.8	4.5	5.4	5.4	70.4	37.8	0.98
CDL HTrust	CDREIT SP	BUY	S\$	1.27	1.48	1,131	3.4	4.1	5.2	5.8	68.6	39.8	0.96
Far East HTrust	FEHT SP	BUY	S\$	0.64	0.78	916	4.1	4.4	6.0	6.2	44.8	33.4	0.76
Frasers HTrust	FHT SP	NR	S\$	0.695	n.a.	966	1.4	2.7	2.9	4.7	78.7	42.3	1.06
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.35	n.a.	698	7.0	7.3	7.6	7.6	85.9	37.5	0.97
Ascendas REIT	AREIT SP	BUY	S\$	2.77	3.70	8,387	5.5	6.0	6.1	6.2	61.6	36.8	1.17
DigiCore REIT USD	DCREIT SP	HOLD	US\$	0.83	1.03	936	n.a.	4.9	5.7	5.2	35.4	26.0	0.95
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.40	n.a.	1,925	7.5	7.5	7.8	8.0	74.5	39.5	1.09
Keppel DC REIT	KDCREIT SP	NR	S\$	1.92	n.a.	2,379	5.1	5.3	5.5	5.5	56.3	36.1	1.44
Mapletree Ind Trust	MINT SP	BUY	S\$	2.44	3.41	4,731	5.7	5.5	5.7	5.8	58.3	38.4	1.31
Mapletree Log Trust	MLT SP	BUY	S\$	1.63	2.09	5,630	5.4	5.7	5.7	5.7	70.1	36.8	1.10
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.13	1.41	3,034	5.2	5.2	5.0	5.5	71.6	38.4	0.88
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.26	2.79	2,774	5.3	5.7	5.8	5.7	46.1	33.3	0.98
Lendlease REIT	LREIT SP	BUY	S\$	0.79	0.96	1,333	5.9	5.8	6.6	6.6	68.3	27.7	0.98
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.20	n.a.	3,064	5.7	5.8	5.9	6.3	82.3	41.5	0.97
Sasseur REIT	SASSR SP	BUY	S\$	0.78	1.12	688	9.1	9.7	9.8	10.2	42.5	26.2	0.79
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,912	5.7	5.8	6.0	6.3	50.2	30.2	1.03
Starhill Global	SGREIT SP	NR	S\$	0.57	n.a.	921	6.9	7.0	7.4	7.5	61.8	36.1	0.71
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.14	n.a.	1,375	7.7	8.1	8.7	8.9	78.6	38.1	0.73
CapLand Int Comm Trust	CICT SP	HOLD	S\$	2.13	2.33	10,185	4.9	5.4	5.7	5.8	63.2	39.1	1.03
Frasers L&C Trust	FLT SP	BUY	S\$	1.28	1.68	3,408	6.0	6.0	6.1	6.2	55.7	33.1	0.97
Mapletree Comm Trust	MCT SP	BUY	S\$	1.77	2.36	4,249	5.4	5.8	5.8	5.8	52.0	33.5	1.02
QUE Comm REIT	QUECT SP	NR	S\$	0.385	n.a.	1,515	6.8	6.8	6.5	3.1	73.8	39.4	0.67
Suntec REIT	SUN SP	HOLD	S\$	1.66	1.80	3,437	5.2	6.2	6.1	5.8	81.8	43.3	0.78
INTERNATIONAL REITS													
Cromwell REIT EUR	CERT SP	NR	€	2.03	n.a.	1,192	8.4	8.4	8.6	8.9	72.1	38.6	0.82
Elite Comm REIT GBP	ELITE SP	BUY	£	0.64	0.83	373	8.5	7.9	7.8	8.3	79.6	42.8	1.08
IREIT Global	IREIT SP	NR	S\$	0.61	n.a.	509	7.0	7.1	7.1	8.1	53.7	32.1	0.79
KeppelOak REIT USD	KORE SP	BUY	US\$	0.70	1.01	731	9.1	9.0	8.7	8.6	66.4	37.5	0.85
Manulife REIT USD	MUST SP	BUY	US\$	0.59	0.80	1,041	9.0	9.5	9.8	10.2	81.8	42.8	0.88
Prime US REIT USD	PRIME SP	NR	US\$	0.685	n.a.	805	9.9	10.2	10.4	10.5	66.9	39.1	0.82
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.605	0.88	339	10.1	10.3	10.0	10.0	65.1	38.9	0.81

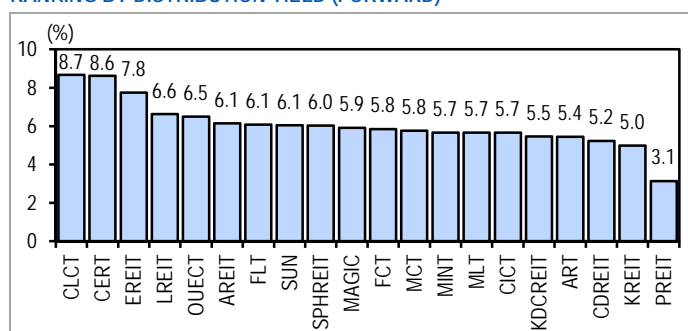
Source: Bloomberg, UOB Kay Hian

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

TOP OUTPERFORMERS (%)							TOP UNDERPERFORMERS (%)						
NAME	2WK	1MTH	3MTH	6MTH	1Y	YTD	NAME	2WK	1MTH	3MTH	6MTH	1Y	YTD
Frasers HTrust	6.9	14.9	58.0	49.5	27.5	49.5	DigiCore REIT USD	-14.0	-14.0	-22.4	-25.2	-5.7	-28.4
CDL HTrust	1.6	0.0	12.4	10.4	-0.8	8.5	Keppel DC REIT	-6.8	-2.0	-11.9	-21.3	-25.0	-22.3
KeppelOak REIT USD	0.7	0.0	0.0	-11.4	-8.5	-12.5	Frasers L&C Trust	-5.9	-5.2	-9.9	-14.7	-9.9	-15.8
SPH REIT	0.0	0.0	0.0	-3.1	6.8	-5.5	Sasseur REIT	-5.5	-4.3	-7.7	-6.6	-16.1	-7.7
Mapletree Comm	-0.6	0.6	-2.7	-12.4	-18.4	-11.5	Prime US REIT USD	-4.2	-4.9	-6.8	-16.5	-20.3	-18.0
Mapletree Log	-0.6	0.6	-7.9	-12.8	-20.8	-14.2	Lendlease REIT	-3.7	4.6	3.1	-8.0	1.8	-9.0
Ascendas REIT	-0.7	2.6	-1.1	-5.5	-7.7	-6.1	Frasers CT	-3.4	-2.2	0.0	0.4	-7.8	-2.2
EliteCom REIT GBP	-0.8	0.0	0.8	-5.2	-4.5	-3.8	PLife REIT	-2.8	1.1	3.2	-3.4	8.6	-6.4
Mapletree NAC Trust	-0.8	0.0	10.1	14.3	13.2	8.1	CapLand Int Comm Trust	-2.7	-6.2	-0.5	6.5	-1.4	4.4
Cromwell REIT EUR	-1.0	-1.0	-6.9	-20.7	-12.5	-19.8	Starhill Global	-2.6	-0.9	-0.9	-10.9	0.0	-13.0

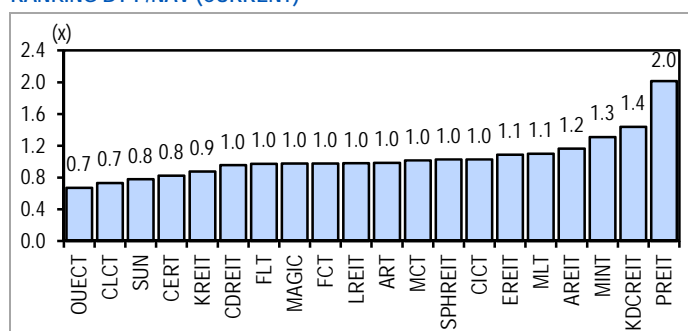
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RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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