

SECTOR UPDATE

REITs – Singapore

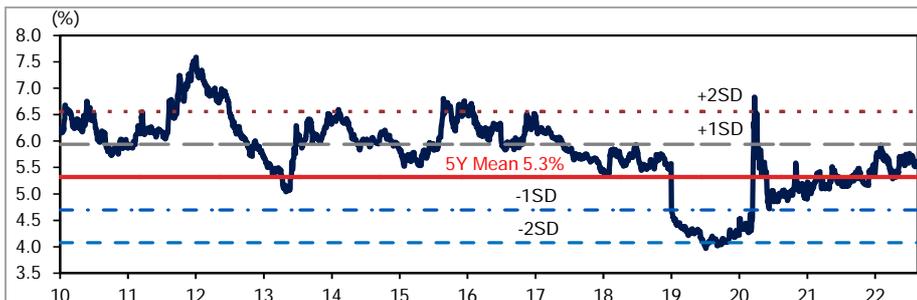
S-REITs Bi-Weekly Updates (1-15 Aug 22)

S-REITs suffered a mild decline but underperformed the STI by 1.8% in the first two weeks of August. Inflation has moderated with US CPI easing 0.6ppt mom to 8.5% in Jul 22. S-REITs are resilient due to their defensive characteristics and stable cash flows despite the outlook being clouded by the Russia-Ukraine war and potential economic slowdown. Focus on reopening plays. BUY FCT (Target: S\$2.74), FEHT (Target: S\$0.83) and LREIT (Target: S\$0.96). Maintain OVERWEIGHT.

WHAT HAPPENED IN THE LAST TWO WEEKS

- **Perennial and Alibaba to build the tallest building in Singapore.** A consortium led by Perennial and Alibaba has proposed to redevelop former AXA Tower at 8 Shenton Way (opposite Tanjong Pagar MRT station) into a mixed-use integrated development. The Urban Redevelopment Authority has approved a height of 305m for the 63-storey building, the highest that the authorities have granted. The approved GFA of 1.6m sf includes 25% additional GFA of 310,350sf granted under the CBD Incentive Scheme. Offices are expected to make up slightly more than half of the GFA. It also has a retail podium, an all-suite hotel and 215 apartments for sale. The redevelopment is a prime example of the government's effort to create more buzz downtown, which has indirectly led to the depletion of office space within core CBD.
- **FSTREI corrected 0.4% in the past two weeks**, underperforming the STI that gained 1.4%. Yield for 10-year Singapore government bonds was stable at 2.67% during the first two weeks of August although US CPI eased 0.6ppt mom to 8.5% in Jul 22.
- **Top outperformer:** CERT gained 6.0% with a steady financial performance as 1H22 DPU grew 2.3% yoy to 8.695 € cents. MPACT gained 2.1% as Festival Walk in Hong Kong benefits from the reduction of the quarantine period for inbound travellers to three days. Logistics REITs MLT and EREIT gained 2.3% and 1.2% respectively. DCREIT rose 1.7% in anticipation of the impending acquisition of data centres.
- **Top underperformer:** US REITs MUST, PRIME and KORE lost 6.9%, 5.0% and 3.6% respectively. CDREIT and OUECT, which have exposure to the hospitality sector, declined 3.0% and 2.6% respectively.

S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

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

Name	Ticker	Rec	Currency	Price 15 Aug 22	Target Price	Mkt Cap (US\$m)	-- DPU (¢) --	-- Yield (%) --	-- Yield Spread* (%) --	Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)			
							Curr	Fwd	Curr	Fwd					
CapLand Int Comm Trust	CICT SP	HOLD	S\$	2.11	2.34	10,144	11.4	11.9	5.4	5.6	2.7	3.0	4.1	40.6	3.8
Ascendas REIT	AREIT SP	BUY	S\$	2.98	3.45	9,079	15.9	15.8	5.3	5.3	2.7	2.6	6.1	36.7	3.8
Mapletree Pan Asia Comm	MPACT SP	BUY	S\$	1.94	2.24	7,363	10.5	11.0	5.4	5.7	2.8	3.0	4.9	33.8	2.8
Mapletree Log	MLT SP	BUY	S\$	1.80	2.08	6,250	9.2	9.2	5.1	5.1	2.4	2.4	4.8	37.2	3.4
Mapletree Ind	MINT SP	BUY	S\$	2.69	3.36	5,245	13.4	13.6	5.0	5.1	2.3	2.4	6.0	38.4	4.1
Frasers L&C Trust	FLT SP	BUY	S\$	1.45	1.65	3,887	7.7	7.6	5.3	5.3	2.6	2.6	12.4	29.2	4.6
Suntec REIT	SUN SP	HOLD	S\$	1.61	1.72	3,354	10.1	10.0	6.2	6.2	3.6	3.5	2.7	43.1	2.6
Keppel REIT	KREIT SP	BUY	S\$	1.11	1.41	3,004	5.9	5.6	5.3	5.1	2.7	2.4	3.8	37.9	6.0
Frasers CT	FCT SP	BUY	S\$	2.34	2.74	2,888	12.9	13.0	5.5	5.6	2.8	2.9	5.2	33.9	1.9
Ascotti Trust	ART SP	NR	S\$	1.18	n.a.	2,816	5.6	6.6	4.7	5.6	2.1	2.9	3.9	37.5	n.a.
Keppel DC REIT	KDCREIT SP	NR	S\$	2.04	n.a.	2,542	10.0	10.6	4.9	5.2	2.2	2.5	9.2	35.3	7.6
PLife REIT	PREIT SP	HOLD	S\$	4.90	4.65	2,150	14.7	15.1	3.0	3.1	0.3	0.4	19.8	32.5	11.5
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.43	n.a.	2,057	3.0	3.1	7.1	7.3	4.4	4.6	3.1	40.6	3.0
SPH REIT	SPHREIT SP	NR	S\$	0.94	n.a.	1,914	5.4	5.6	5.7	6.0	3.1	3.3	7.7	30.1	2.9
OUE Comm REIT	OUECT SP	NR	S\$	0.375	n.a.	1,485	2.3	2.3	6.1	6.1	3.5	3.5	3.0	39.1	2.6
Lendlease REIT	LREIT SP	BUY	S\$	0.845	0.96	1,425	5.0	5.1	6.0	6.1	3.3	3.4	9.2	40.0	5.5
CapLand China Trust	CLCT SP	NR	S\$	1.16	n.a.	1,406	8.7	9.4	7.5	8.1	4.8	5.4	4.7	38.6	2.1
Cromwell REIT EUR	CERT SP	NR	€	2.12	n.a.	1,211	17.0	17.5	8.0	8.3	7.1	7.4	6.8	38.6	4.6
CDL HTrust	CDREIT SP	BUY	S\$	1.28	1.54	1,147	5.9	7.5	4.6	5.8	2.0	3.2	3.5	39.5	n.a.
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.885	0.98	1,000	4.0	4.0	4.6	4.5	1.8	1.7	12.2	25.7	5.2

* 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

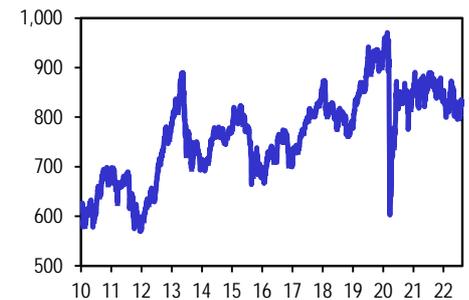
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
FCT	BUY	2.34	2.74
FEHT	BUY	0.63	0.83
LREIT	BUY	0.845	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 Aug 22	Target Price	Mkt Cap (US\$m)	Yield (%)				Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
							Hist	Curr	Fwd 1Y	Fwd 2Y			
HEALTHCARE													
First REIT	FIRT SP	NR	S\$	0.275	n.a.	410	9.5	n.a.	n.a.	n.a.	66.6	35.6	0.81
PLife REIT	PREIT SP	HOLD	S\$	4.90	4.65	2,150	2.9	3.0	3.1	3.1	50.4	32.5	2.03
HOSPITALITY													
Ascott Trust	ART SP	NR	S\$	1.18	n.a.	2,816	3.7	4.7	5.6	6.1	71.7	37.5	1.02
CDL HTrust	CDREIT SP	BUY	S\$	1.28	1.54	1,147	3.3	4.6	5.8	5.9	68.5	39.5	0.98
Far East HTrust	FEHT SP	BUY	S\$	0.63	0.83	907	4.2	4.9	6.5	6.8	43.6	33.3	0.74
Frasers HTrust	FHT SP	NR	S\$	0.70	n.a.	978	1.4	2.7	2.9	4.7	78.7	39.3	1.07
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.37	n.a.	712	6.9	7.2	7.2	7.3	60.5	37.0	0.99
Ascendas REIT	AREIT SP	BUY	S\$	2.98	3.45	9,079	5.1	5.3	5.3	5.3	63.7	36.7	1.25
DigiCore REIT USD	DCREIT SP	BUY	US\$	0.885	0.98	1,000	n.a.	4.6	4.5	4.6	35.4	25.7	1.01
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.43	n.a.	2,057	7.0	7.1	7.3	7.5	82.3	40.6	1.16
Keppel DC REIT	KDCREIT SP	NR	S\$	2.04	n.a.	2,542	4.8	4.9	5.2	5.3	57.6	35.3	1.49
Mapletree Ind Trust	MINT SP	BUY	S\$	2.69	3.36	5,245	5.1	5.0	5.1	5.2	58.2	38.4	1.43
Mapletree Log Trust	MLT SP	BUY	S\$	1.80	2.08	6,250	4.9	5.1	5.1	5.1	71.4	37.2	1.22
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.11	1.41	3,004	5.2	5.3	5.1	5.6	68.9	37.9	0.82
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.34	2.74	2,888	5.2	5.5	5.6	5.4	47.2	33.9	1.01
Lendlease REIT	LREIT SP	BUY	S\$	0.85	0.96	1,425	5.7	6.0	6.1	6.2	83.4	40.0	1.08
Sasseur REIT	SASSR SP	BUY	S\$	0.79	1.12	702	9.0	9.6	9.7	10.1	42.5	26.2	0.80
SPH REIT	SPHREIT SP	NR	S\$	0.94	n.a.	1,914	5.7	5.7	6.0	6.3	50.2	30.2	1.02
Starhill Global	SGREIT SP	NR	S\$	0.585	n.a.	950	6.5	7.0	7.2	7.5	62.1	36.2	0.75
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.16	n.a.	1,406	7.5	7.5	8.1	8.3	79.3	38.6	0.77
CapLand Int Comm Trust	CICT SP	HOLD	S\$	2.11	2.34	10,144	4.9	5.4	5.6	5.8	68.9	40.6	0.99
Frasers L&C Trust	FLT SP	BUY	S\$	1.45	1.65	3,887	5.3	5.3	5.3	5.3	41.6	29.2	1.10
Mapletree Pan Asia Comm	MPACT SP	BUY	S\$	1.94	2.24	7,363	4.9	5.4	5.7	5.8	52.0	33.8	1.11
OUE Comm REIT	OUECT SP	NR	S\$	0.375	n.a.	1,485	6.9	6.1	6.1	6.1	73.1	39.1	0.65
Suntec REIT	SUN SP	HOLD	S\$	1.61	1.72	3,354	5.4	6.2	6.2	5.7	79.8	43.1	0.75
OFFSHORE													
Cromwell REIT EUR	CERT SP	NR	€	2.12	n.a.	1,211	8.0	8.0	8.3	8.3	72.1	38.6	0.86
Elite Comm REIT GBP	ELITE SP	BUY	£	0.605	0.79	349	9.0	8.5	7.8	8.2	75.9	41.9	0.97
IREIT Global	IREIT SP	NR	S\$	0.60	n.a.	503	6.8	6.8	6.8	7.0	53.7	32.1	0.80
Keppel REIT USD	KORE SP	BUY	US\$	0.675	0.99	705	9.4	9.2	8.8	8.7	65.1	37.2	0.81
Manulife REIT USD	MUST SP	BUY	US\$	0.54	0.74	953	9.9	9.8	10.0	10.4	78.3	42.4	0.77
Prime US REIT USD	PRIME SP	NR	US\$	0.665	n.a.	782	10.2	10.5	10.5	10.7	63.3	37.8	0.77
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.625	0.83	350	9.8	9.9	9.3	9.1	63.6	38.0	0.82

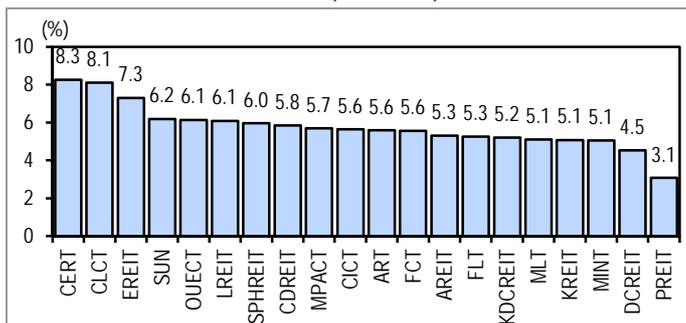
Source: Bloomberg, UOB Kay Hian

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
Cromwell REIT EUR	6.0	8.2	3.4	-10.5	-15.9	-16.2	Manulife REIT USD	-6.9	-3.6	-10.0	-17.6	-29.9	-19.4
PLife REIT	2.3	3.6	3.2	6.5	2.5	-4.5	Prime US REIT USD	-5.0	-1.5	-7.6	-19.9	-20.8	-20.4
Mapletree Log	2.3	5.3	11.1	2.9	-13.8	-5.3	Keppel REIT USD	-3.6	-3.6	-3.6	-8.2	-10.6	-15.6
Mapletree Pan Asia Comm	2.1	9.0	10.2	4.9	-7.6	-3.0	CapLand Int Comm Trust	-3.2	0.5	-7.0	1.4	-1.4	3.4
Digi Core REIT USD	1.7	18.0	-8.3	-21.0	0.6	-23.7	CDL HTrust	-3.0	3.2	0.8	9.4	9.4	9.4
Lendlease REIT	1.2	5.0	11.9	3.7	-1.6	-2.7	OUE Comm REIT	-2.6	-2.6	-6.3	-11.8	-9.6	-14.8
ESR-LOGOS REIT	1.2	6.2	13.3	-4.5	-6.6	-11.5	First REIT	-1.8	1.9	-6.8	-12.7	5.8	-9.8
Ascott Trust	0.9	4.4	5.4	13.5	15.7	14.6	CapLand China Trust	-1.7	2.7	5.5	-0.9	-11.5	-2.5
Utd Hampshire REIT USD	0.8	1.6	4.2	0.8	-16.1	-6.0	Starhill Global	-1.7	1.7	1.7	-4.9	-3.3	-10.7
Frasers HTrust	0.7	0.7	15.7	50.5	34.6	50.5	Elite Comm REIT GBP	-1.6	-1.6	-5.5	-8.3	-11.0	-9.0

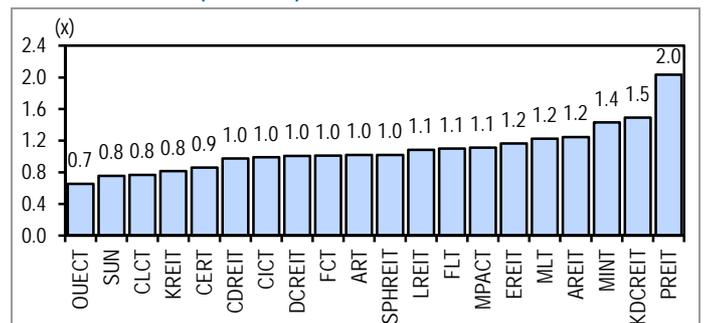
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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