

SECTOR UPDATE

REITs – Singapore

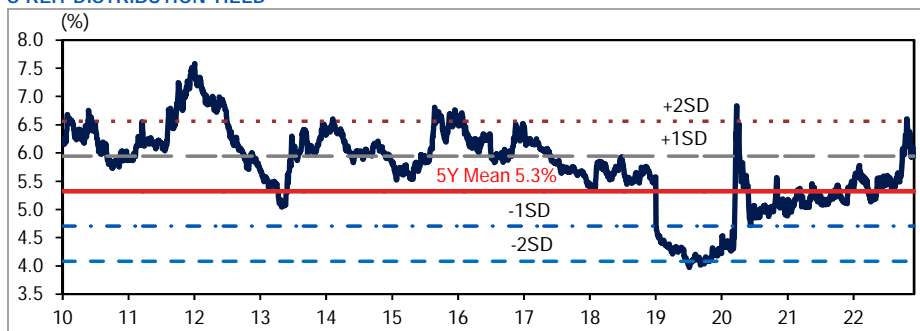
S-REITs Monthly Update (Nov 22)

Sentiment has improved with the favourable reading for US CPI in October suggesting that inflation has peaked. S-REITs are likely to have bottomed in late-October. Maintain **OVERWEIGHT**. Our bottom-up and diversified BUY picks for blue chips are CLAS (Target: S\$1.27), FCT (Target: S\$2.46), LREIT (Target: S\$0.82), MINT (Target: S\$3.12) and MLT (Target: S\$1.87).

WHAT HAPPENED IN NOVEMBER

- **Tame reading for US inflation in October.** US CPI eased 0.5ppt mom to 7.7% in Oct 22 and was below expectations. The softer number was driven by lower prices for used vehicles, medical care, airline fares and apparel. On a mom basis, core CPI excluding volatile food and energy prices moderated from 0.6% in September to 0.3% in October. The cooling of inflation is a welcome relief and raises the probability that the Fed would tone down the pace of rate hikes in December.
- **Ninth consecutive month of recovery in visitor arrivals.** Visitor arrivals to Singapore increased 34-fold yoy and 4.4% mom to 816,758 in Oct 22, reaching 53% of pre-pandemic levels. Indonesia continues to be the largest source, accounting for 133,408 or 16.3% of all arrivals. Other important source markets include India, Malaysia and Australia. Singapore Tourism Board expects 4-6m international visitors in 2022.
- **FSTREI recovered 5.3% in November but underperformed the STI that gained 6.4%.** Markets are relieved that US CPI moderated 0.5ppt mom to 7.7% for Oct 22. Yield for 10-year Singapore government bonds eased substantially by 38bp to 3.05%.
- **Top outperformer:** DCREIT gained 22% after unitholders approved its acquisition of Frankfurt data centre during the EGM on 18 Nov 22. China-related REITs CLCT (+16.5%), SASSR (+9.9%) and MPACT (+7.5%) benefitted from government-orchestrated support measures to provide financing for cash-strapped developers. November was a good month for reopening plays. Retail REITs SPHREIT, CICT and SUN gained 10.4%, 10.1% and 7.8% respectively. Hospitality REIT FEHT gained 9.6%.
- **Top underperformer:** Defensive REITs, such as PREIT (-2.7%) and FCT (-2.4%), did not join the rally. European REITs ELITE (-2.0%) and CERT (-1.9%) were also lacklustre.

S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

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

20 EQUITIES TRACKED BY M&A															
Name	Ticker	Rec	Currency	Price 30 Nov 22	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	CLCT SP	BUY	S\$	2.07	2.14	10,043	10.9	11.6	5.3	5.6	2.2	2.5	3.9	41.2	3.8
CapLand Ascendas	CLAR SP	BUY	S\$	2.79	3.21	8,570	15.9	15.6	5.7	5.6	2.6	2.5	5.9	37.3	3.9
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.71	2.00	6,547	10.3	10.4	6.0	6.1	3.0	3.1	4.4	40.1	2.4
Mapletree Log	MLT SP	BUY	S\$	1.61	1.87	5,662	9.0	8.8	5.6	5.4	2.5	2.4	4.6	37.0	3.3
Mapletree Ind	MINT SP	BUY	S\$	2.23	3.12	4,409	13.3	13.4	6.0	6.0	2.9	3.0	5.2	37.8	4.0
Fraser's L&C Trust	FLT SP	BUY	S\$	1.14	1.48	3,081	7.2	7.3	6.3	6.4	3.2	3.3	13.0	27.4	4.5
Suntec REIT	SUN SP	HOLD	S\$	1.39	1.39	2,923	9.0	7.6	6.5	5.5	3.4	2.4	2.5	43.1	2.7
Fraser's CT	FCT SP	BUY	S\$	2.03	2.46	2,529	12.5	12.0	6.2	5.9	3.1	2.8	5.2	33.0	1.9
Keppel REIT	KREIT SP	BUY	S\$	0.90	1.24	2,463	6.0	5.8	6.7	6.4	3.7	3.3	3.6	38.4	6.1
CapLand Ascott	CLAS SP	BUY	S\$	0.95	1.27	2,381	5.4	6.2	5.7	6.6	2.7	3.5	4.3	35.8	n.a.
Keppel DC REIT	KDCREIT SP	NR	S\$	1.85	n.a.	2,325	10.0	10.3	5.4	5.6	2.4	2.5	8.5	37.5	8.7
SPH REIT	SPHREIT SP	NR	S\$	0.90	n.a.	1,852	5.4	5.5	6.0	6.1	3.0	3.1	7.9	30.0	3.0
PLife REIT	PREIT SP	HOLD	S\$	3.89	4.13	1,721	14.1	14.2	3.6	3.7	0.6	0.6	18.6	34.7	17.2
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.345	n.a.	1,695	3.0	2.9	8.7	8.4	5.6	5.4	3.1	40.6	3.0
OUE Comm REIT	OUECT SP	NR	S\$	0.365	n.a.	1,459	2.1	2.3	5.8	6.3	2.7	3.3	2.7	40.3	2.5
CapLand China Trust	CLCT SP	NR	S\$	1.13	n.a.	1,383	8.6	9.0	7.6	8.0	4.6	4.9	4.4	39.3	2.0
Lendlease REIT	LREIT SP	BUY	S\$	0.725	0.820	1,228	4.6	4.4	6.4	6.1	3.3	3.1	6.9	39.4	5.5
CDL HTrust	CDREIT SP	BUY	S\$	1.18	1.37	1,067	5.5	6.9	4.6	5.8	1.6	2.8	3.7	39.4	n.a.
Far East HTrust	FEHT SP	BUY	S\$	0.63	0.71	916	3.2	3.7	5.0	5.8	2.0	2.8	4.0	33.5	n.a.
Cromwell REIT EUR	CERT SP	NR	€	1.54	n.a.	899	17.0	17.0	11.0	11.0	9.1	9.1	6.5	38.9	4.6

* 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	OVERWEIGHT
Office REITs	OVERWEIGHT
Retail REITs	OVERWEIGHT

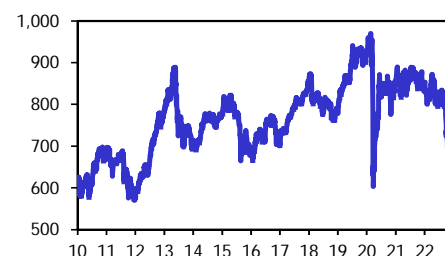
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
CLAS	BUY	0.95	1.27
FCT	BUY	2.03	2.46
LREIT	BUY	0.725	0.820
MINT	BUY	2.23	3.12
MLT	BUY	1.61	1.87

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)



Source: UOB Kay Hian

ANALYST(S)

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

PEER COMPARISON

Name	Ticker	Rec	Curr	Price 30 Nov 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\$	0.24	n.a.	361	10.9	n.a.	n.a.	n.a.	63.8	34.3	0.71
PLife REIT	PREIT SP	HOLD	S\$	3.89	4.13	1,721	3.6	3.6	3.7	3.7	55.7	34.6	1.63
HOSPITALITY													
CapLand Ascott	CLAS SP	BUY	S\$	0.95	1.27	2,381	4.6	5.7	6.6	7.0	71.7	35.8	0.82
CDL HTrust	CDREIT SP	BUY	S\$	1.18	1.37	1,067	3.6	4.6	5.8	6.0	67.6	39.4	0.90
Far East HTrust	FEHT SP	BUY	S\$	0.63	0.71	916	4.2	5.0	5.8	6.1	43.9	33.5	0.74
Frasers HTrust	FHT SP	NR	S\$	0.45	n.a.	627	3.7	4.9	5.8	n.a.	60.7	36.4	0.69
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.20	n.a.	630	7.9	7.3	7.8	8.3	81.0	36.5	0.86
CapLand Ascendas	CLAR SP	BUY	S\$	2.79	3.21	8,570	5.5	5.7	5.6	5.6	63.7	37.3	1.17
DigiCore REIT USD	DCREIT SP	BUY	US\$	0.61	0.90	690	n.a.	6.3	6.4	6.6	35.4	26.2	0.72
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.35	n.a.	1,695	8.7	8.7	8.4	8.4	82.3	40.6	0.94
Keppel DC REIT	KDCREIT SP	NR	S\$	1.85	n.a.	2,325	5.3	5.4	5.6	5.7	57.6	37.5	1.35
Mapletree Ind Trust	MINT SP	BUY	S\$	2.23	3.12	4,409	6.2	6.0	6.0	6.2	56.5	37.8	1.16
Mapletree Log Trust	MLT SP	BUY	S\$	1.61	1.87	5,662	5.5	5.6	5.4	5.5	70.6	37.0	1.10
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	0.90	1.24	2,463	6.5	6.7	6.4	7.0	68.9	37.9	0.66
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.03	2.46	2,529	6.0	6.2	5.9	5.9	45.8	33.0	0.87
Lendlease REIT	LREIT SP	BUY	S\$	0.725	0.820	1,228	6.7	6.4	6.1	6.3	81.7	39.4	0.93
Sasseur REIT	SASSR SP	BUY	S\$	0.78	1.12	700	9.1	9.7	9.8	10.2	42.6	26.4	0.81
SPH REIT	SPHREIT SP	NR	S\$	0.90	n.a.	1,852	6.1	6.0	6.1	5.7	49.8	30.1	0.98
Starhill Global	SGREIT SP	NR	S\$	0.53	n.a.	871	7.2	7.5	7.7	7.9	62.0	36.5	0.68
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.13	n.a.	1,383	7.7	7.6	8.0	8.2	80.5	39.3	0.75
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.07	2.14	10,043	5.0	5.3	5.6	5.7	68.9	41.2	0.97
Frasers L&C Trust	FLT SP	BUY	S\$	1.14	1.48	3,081	6.7	6.3	6.4	6.5	43.4	27.4	0.87
Mapletree Pan Asia Comm	MPACT SP	BUY	S\$	1.71	2.00	6,547	5.6	6.0	6.1	6.2	73.2	40.1	0.94
OUE Comm REIT	OUECT SP	NR	S\$	0.365	n.a.	1,459	7.1	5.8	6.3	6.3	75.8	40.3	0.64
Suntec REIT	SUN SP	HOLD	S\$	1.39	1.39	2,923	6.2	6.5	5.5	5.6	78.7	43.1	0.66
OFFSHORE													
Cromwell REIT EUR	CERT SP	NR	€	1.54	n.a.	899	11.0	11.0	11.0	11.0	73.8	38.9	0.62
Elite Comm REIT GBP	ELITE SP	BUY	£	0.485	0.650	280	11.2	10.4	8.4	9.0	77.3	41.9	0.80
IREIT Global	IREIT SP	NR	S\$	0.52	n.a.	439	8.0	7.9	7.9	8.5	50.5	30.8	0.64
Keppel REIT USD	KORE SP	BUY	US\$	0.56	0.74	585	11.3	10.1	9.4	9.3	65.1	37.2	0.67
Manulife REIT USD	MUST SP	BUY	US\$	0.39	0.63	693	13.7	13.1	13.3	13.6	78.3	42.5	0.55
Prime US REIT USD	PRIME SP	NR	US\$	0.485	n.a.	572	14.0	14.4	14.6	14.4	65.8	38.7	0.56
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.49	0.68	277	12.4	11.6	10.6	10.6	63.6	42.1	0.64

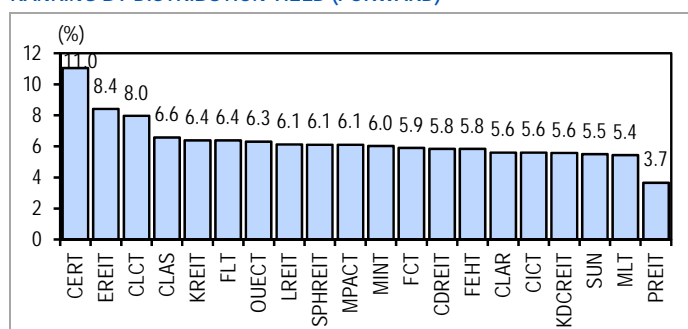
Source: Bloomberg, UOB Kay Hian

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
Elite Comm REIT GBP	22.0	-19.2	-36.8	-30.7	-47.4	Prime US REIT USD	-2.7	-19.0	-21.3	-21.1	-24.2
Keppel DC REIT	16.5	2.7	-2.6	-2.6	-5.0	Manulife REIT USD	-2.4	-12.4	-13.0	-14.3	-17.2
Keppel REIT USD	12.3	-2.7	-7.6	-18.0	-17.0	Frasers L&C Trust	-2.4	-10.2	-13.2	-10.6	-12.1
IREIT Global	10.4	-3.7	-4.8	-9.5	-10.0	Cromwell REIT EUR	-2.0	-17.8	-24.8	-26.5	-27.1
CapLand Ascendas REIT	10.1	0.0	-5.5	-1.9	1.5	Digi Core REIT USD	-1.9	-25.2	-24.9	-38.6	-39.1
Sasseur REIT	9.9	0.6	-5.5	-12.4	-7.7	Keppel REIT	-1.0	-13.3	-18.5	-4.5	-8.3
Far East HTrust	9.6	1.6	-3.1	8.6	6.8	Lendlease REIT	0.0	-12.7	-15.8	-17.2	-21.3
CapLand Int Comm Trust	7.8	-12.0	-17.3	-5.4	-7.9	CDL HTrust	0.0	-36.4	-31.5	-3.3	-4.3
Frasers CT	7.5	-7.1	-3.9	-16.2	-14.5	CapLand Ascott Trust	0.6	-16.7	-21.7	-18.9	-20.4
ESR-LOGOS REIT	6.8	-18.8	-35.0	-45.1	-41.8	OUE Comm REIT	1.4	-11.9	-10.1	-15.5	-17.7

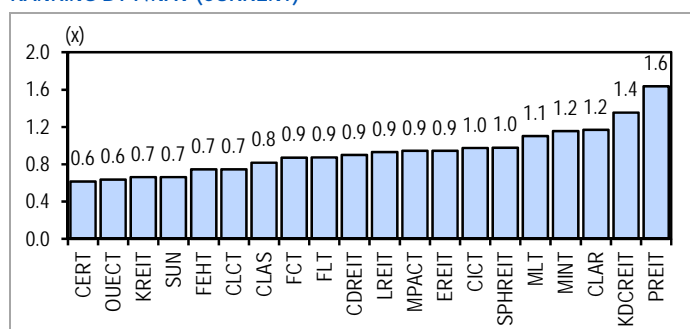
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2022, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W