

SECTOR UPDATE

REITs – Singapore

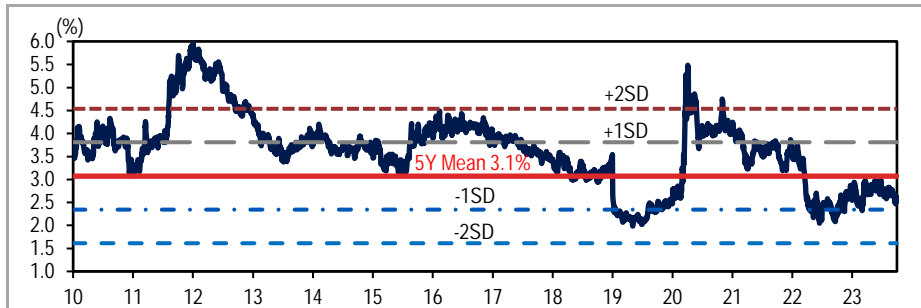
S-REITs Monthly Update (Sep 23)

S-REITs have to weather headwinds as interest rates are expected to stay higher for longer. We focus on blue-chip S-REITs with resilient balance sheets as they are better able to cope with higher interest rates. Maintain OVERWEIGHT. BUY a diversified portfolio of blue-chip S-REITs: CICT (Target: S\$2.20), CLAR (Target: S\$3.30), CLAS (Target: S\$1.35), FLT (Target: S\$1.56) and MINT (Target: S\$2.89).

WHAT HAPPENED IN SEPTEMBER

- The Seletar Mall is up for sale.** According to *The Business Times*, Cuscaden Peak Investments and United Engineers will be putting The Seletar Mall on the market with guide price at S\$500m. The suburban mall is located in the Sengkang HDB Estate. Paragon REIT has the right of first refusal to acquire The Seletar Mall.
- 30 Raffles Place is up for sale.** According to *The Business Times*, AEW has put its 27 office floors at 30 Raffles Place (formerly known as Chevron House) with NLA of 251,465sf on the market. The guide price is S\$725m or S\$2,883psf. The office space is 75% leased and WeWork is an anchor tenant.
- Chinese tourists making their mark.** Visitor arrivals increased 80% yoy but eased 8% mom to 1.3m in Aug 24, reaching 75% of pre-pandemic levels. Visitor arrivals from China have surged since Jul 23. The number of Chinese tourists eased 7% mom to 214,491 in Aug 23, reaching 54% of pre-pandemic levels. They accounted for 16.4% of total visitor arrivals compared with 19% in 2019. The Singapore Tourism Board (STB) expects visitor arrivals to reach 12m-14m in 2023 (2022: 6.3m). Visitor arrivals are likely to hit the higher end of the range given the strong momentum seen in July and August.

S-REIT YIELD SPREAD



Source: UOB Kay Hian

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

Name	Ticker	Rec	Currency	Price 29 Sep 23	Target Price	Mkt Cap (US\$m)	DPU (¢)		Yield (%)		Yield Spread* (%)		Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
							Curr	Fwd	Curr	Fwd	Curr	Fwd			
CapLand Int Comm	CICT SP	BUY	S\$	1.85	2.20	9,037	10.7	10.9	5.8	5.9	2.3	2.4	3.3	40.4	3.7
CapLand Ascendas	CLAR SP	BUY	S\$	2.75	3.30	8,863	15.4	15.5	5.6	5.6	2.1	2.2	4.3	36.7	3.9
Mapletree Log	MLT SP	BUY	S\$	1.68	1.86	6,117	8.5	8.2	5.0	4.9	1.6	1.4	3.9	39.5	3.1
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.43	1.90	5,507	9.2	9.4	6.4	6.6	2.9	3.1	3.2	40.7	2.6
Mapletree Ind	MINT SP	BUY	S\$	2.26	2.89	4,700	13.8	14.1	6.1	6.3	2.6	2.8	4.9	38.2	3.9
Frasers L&C Trust	FLT SP	BUY	S\$	1.07	1.56	2,929	7.1	7.2	6.6	6.8	3.2	3.3	8.0	28.6	4.4
Frasers CT	FCT SP	BUY	S\$	2.19	2.50	2,747	12.2	11.6	5.6	5.3	2.1	1.8	3.9	40.2	2.0
CapLand Ascott	CLAS SP	BUY	S\$	0.96	1.35	2,649	5.6	6.2	5.8	6.5	2.4	3.0	4.3	38.6	n.a.
Keppel DC REIT	KDCREIT SP	NR	S\$	2.08	n.a.	2,628	10.0	10.6	4.8	5.1	1.3	1.6	6.0	36.3	8.0
Suntec REIT	SUN SP	HOLD	S\$	1.16	1.37	2,464	7.8	7.6	6.7	6.6	3.2	3.1	2.1	42.6	2.7
Keppel REIT	KREIT SP	BUY	S\$	0.86	1.12	2,366	5.7	5.8	6.7	6.8	3.2	3.3	3.7	39.2	5.7
PARAGON REIT	PGNREIT SP	NR	S\$	0.84	n.a.	1,738	5.0	5.3	6.0	6.3	2.5	2.9	4.4	29.8	3.0
PLife REIT	PREIT SP	BUY	S\$	3.69	4.49	1,639	14.0	14.0	3.8	3.8	0.3	0.3	13.8	35.3	16.7
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.28	n.a.	1,580	2.8	2.8	10.0	10.0	6.5	6.5	2.5	39.4	3.1
CapLand China	CLCT SP	NR	S\$	0.885	n.a.	1,097	7.9	8.4	8.9	9.5	5.5	6.0	3.4	40.2	1.8
CDL HTrust	CDREIT SP	BUY	S\$	1.04	1.48	950	6.1	7.0	5.9	6.7	2.4	3.2	3.2	37.9	n.a.
OUE Comm REIT	OUECT SP	NR	S\$	0.235	n.a.	945	1.8	1.8	7.7	7.7	4.2	4.2	2.4	39.1	3.1
Lendlease REIT	LREIT SP	BUY	S\$	0.55	0.83	940	4.4	4.3	8.0	7.9	4.6	4.4	4.2	40.6	5.5
Far East HTrust	FEHT SP	BUY	S\$	0.64	0.75	932	3.8	4.0	6.0	6.3	2.5	2.9	3.6	32.0	n.a.
Starhill Global	SGREIT SP	NR	S\$	0.485	n.a.	803	3.9	4.0	8.0	8.2	4.6	4.8	3.4	36.7	4.3

\* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

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

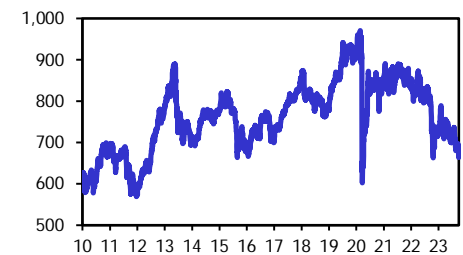
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
CICT	BUY	1.85	2.20
CLAR	BUY	2.75	3.30
CLAS	BUY	0.96	1.35
FLT	BUY	1.07	1.56
MINT	BUY	2.26	2.89

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)



Source: UOB Kay Hian

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• **FSTREI declined 3.2% in September, underperforming the STI's 0.5% fall.** The Fed left interest rate unchanged during the FOMC meeting on 20 Sep 23 but is likely to hike Fed funds rate by another 25bp on 1 Nov 23. The Fed is expected to hold interest rates at restrictive levels until inflation moves sustainably lower towards the objective of 2%. Yield for 10Y Singapore government bonds rose 26bp to 3.40% in September.

• **Top outperformer:** Hospitality REITs FHT, CDREIT and FEHT gained 7.4%, 1.0% and 0.8% respectively. UHU moved against the tide by gaining 1.2%.

• **Top underperformer:** US office REITs led the losers with MUST and KORE dropping 20.8% and 6.4% respectively. CERT and FLT declined 11.1% and 8.5% respectively due to their exposure to Europe.

### PEER COMPARISON

Name	Ticker	Rec	Curr	Price 29 Sep 23	Target Price	Mkt Cap (US\$m)	----- Hist	----- Curr	----- Yield (%)	----- Fwd 1Y	----- Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
<b>HEALTHCARE</b>														
First REIT	FIRT SP	NR	S\$	0.23	n.a.	350	11.5	22.2	22.6	11.7	73.3	38.7	0.74	
PLife REIT	PREIT SP	BUY	S\$	3.69	4.49	1,639	3.9	3.8	3.8	3.9	57.3	35.3	1.59	
<b>HOSPITALITY</b>														
CapLand Ascott	CLAS SP	BUY	S\$	0.96	1.35	2,649	5.9	5.8	6.5	6.6	74.5	38.6	0.84	
CDL HTrust	CDREIT SP	BUY	S\$	1.04	1.48	950	5.4	5.9	6.7	6.7	64.3	37.9	0.74	
Far East HTrust	FEHT SP	BUY	S\$	0.64	0.75	932	5.1	6.0	6.3	5.8	40.9	32.0	0.70	
Frasers HTrust	FHT SP	NR	S\$	0.51	n.a.	714	3.2	4.6	5.1	6.1	57.2	35.3	0.79	
<b>INDUSTRIAL</b>														
AIMS APAC REIT	AAREIT SP	NR	S\$	1.30	n.a.	772	7.6	7.3	7.4	7.5	80.1	32.9	0.97	
CapLand Ascendas	CLAR SP	BUY	S\$	2.75	3.30	8,863	5.7	5.6	5.6	5.7	64.3	36.7	1.18	
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.53	0.73	597	7.5	6.9	6.7	6.8	54.2	34.2	0.64	
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.28	n.a.	1,580	10.7	10.0	10.0	10.0	74.6	39.4	0.83	
Keppel DC REIT	KDCREIT SP	NR	S\$	2.08	n.a.	2,628	4.9	4.8	5.1	5.3	60.6	36.3	1.49	
Mapletree Ind Trust	MINT SP	BUY	S\$	2.26	2.89	4,700	6.0	6.1	6.3	6.4	58.9	38.2	1.22	
Mapletree Log Trust	MLT SP	BUY	S\$	1.68	1.86	6,117	5.4	5.0	4.9	4.9	79.2	39.5	1.18	
<b>OFFICE</b>														
Keppel REIT	KREIT SP	BUY	S\$	0.86	1.12	2,366	6.9	6.7	6.8	6.8	73.2	39.2	0.64	
<b>RETAIL</b>														
Frasers CT	FCT SP	BUY	S\$	2.19	2.50	2,747	5.6	5.6	5.3	5.4	57.1	40.2	0.94	
Lendlease REIT	LREIT SP	BUY	S\$	0.55	0.83	940	8.6	8.0	7.9	8.0	84.9	40.6	0.69	
Sasseur REIT	SASSR SP	BUY	S\$	0.675	0.96	614	9.7	9.3	9.6	10.1	43.5	26.2	0.81	
PARAGON REIT	PGNREIT SP	NR	S\$	0.835	n.a.	1,738	6.5	6.0	6.3	6.5	49.7	29.8	0.93	
Starhill Global	SGREIT SP	NR	S\$	0.485	n.a.	803	7.8	8.0	8.2	8.5	63.6	36.7	0.66	
<b>DIVERSIFIED</b>														
CapLand China Trust	CLCT SP	NR	S\$	0.89	n.a.	1,097	8.5	8.9	9.5	9.8	87.8	40.2	0.67	
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.85	2.20	9,037	5.7	5.8	5.9	6.0	68.3	40.4	0.87	
Frasers L&C Trust	FLT SP	BUY	S\$	1.07	1.56	2,929	7.1	6.6	6.8	6.8	43.4	28.6	0.84	
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.43	1.90	5,507	6.7	6.4	6.6	6.7	74.7	40.7	0.82	
OUE Comm REIT	OUECT SP	NR	S\$	0.235	n.a.	945	9.0	7.7	7.7	8.1	72.7	39.1	0.40	
Suntec REIT	SUN SP	HOLD	S\$	1.16	1.37	2,464	7.7	6.7	6.6	6.7	70.5	42.6	0.55	
<b>INTERNATIONAL (US/EUROPE)</b>														
Cromwell REIT EUR	CERT SP	NR	€	1.28	n.a.	764	13.4	12.5	12.9	13.3	82.9	41.5	0.56	
Elite Comm REIT GBP	ELITE SP	NR	£	0.25	n.a.	148	19.2	14.4	14.8	15.6	90.9	46.0	0.49	
IREIT Global	IREIT SP	NR	S\$	0.395	n.a.	390	9.8	7.7	7.0	11.0	56.3	33.1	0.54	
Keppel REIT USD	KORE SP	BUY	US\$	0.22	0.50	230	26.4	22.8	17.7	18.1	69.2	38.4	0.27	
Manulife REIT USD	MUST SP	BUY	US\$	0.057	0.22	101	83.3	0.0	23.1	24.2	139.4	49.5	0.14	
Prime US REIT USD	PRIME SP	BUY	US\$	0.138	0.59	164	47.5	36.3	21.0	22.0	77.4	42.8	0.18	
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.43	0.76	250	13.7	11.8	12.6	12.7	74.3	42.0	0.58	

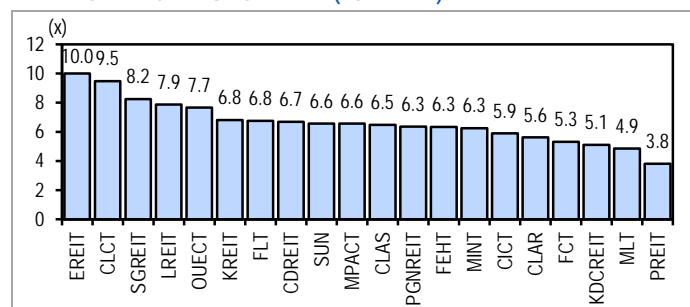
Source: Bloomberg, UOB Kay Hian

### 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
Frasers HTrust	7.4	7.4	12.2	5.2	13.5	Manulife REIT USD	-20.8	-66.5	-74.1	-86.3	-81.0
AIMS APAC REIT	2.4	6.6	0.2	3.3	5.0	Cromwell REIT EUR	-11.1	-19.5	-14.7	-28.9	-14.7
Utd Hampshire REIT USD	1.2	0.0	-4.4	-18.9	-7.5	ESR-LOGOS REIT	-11.1	-17.6	-13.7	-21.0	-24.2
CDL HTrust	1.0	-13.3	-11.1	-6.3	-16.8	Frasers L&C Trust	-8.5	-14.4	-15.7	-11.6	-7.8
Far East HTrust	0.8	3.3	6.7	11.4	2.4	First REIT	-8.0	-11.5	-11.5	-13.2	-11.5
Mapletree Log	0.6	2.4	-1.2	8.4	5.7	PARAGON REIT	-7.2	-12.6	-9.7	-5.1	-7.2
Mapletree Ind	0.0	1.3	-3.0	-4.6	1.8	Mapletree Pan Asia	-6.5	-12.3	-19.7	-15.9	-14.4
CapLand Ascott	0.0	-11.9	-2.5	-0.5	-8.6	Keppel REIT USD	-6.4	-26.7	-39.7	-58.5	-52.2
Prime US REIT USD	0.0	-34.3	-55.5	-73.7	-65.9	Lendlease REIT	-6.0	-17.4	-19.3	-27.8	-22.7
CapLand Ascendas	-0.4	1.1	-2.1	3.8	0.4	Suntec REIT	-4.9	-9.4	-18.3	-23.7	-15.9

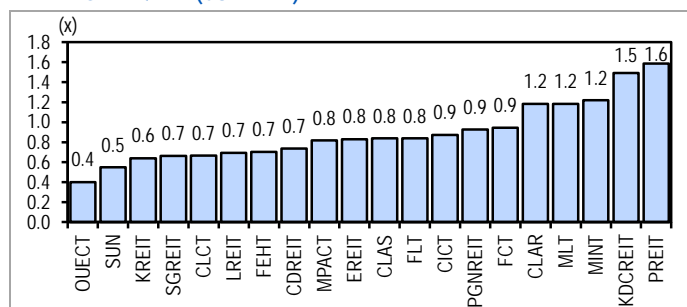
Source: Bloomberg, UOB Kay Hian

### RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

### RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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