

SECTOR UPDATE

REITs – Singapore

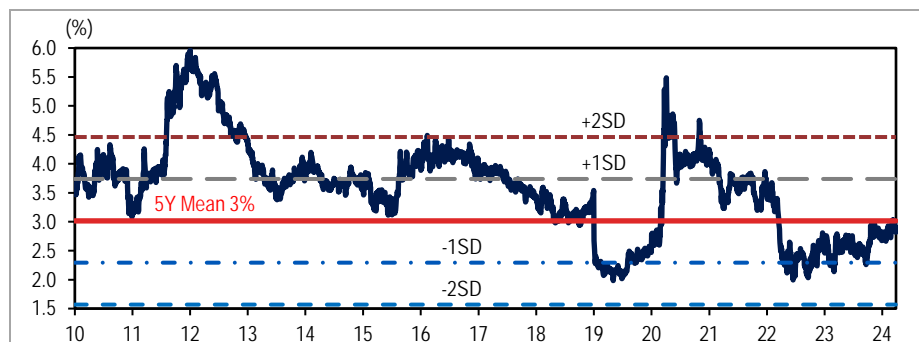
S-REITs Monthly Update (Mar 24)

Interest rates in OECD countries have already peaked. Based on the latest summary of economic projections, FOMC participants expect three rate cuts of 25bp in 2024 and the Fed Funds Rate to ease to 4.5% by end-24. Maintain OVERWEIGHT. Our top picks are hospitality and retail plays, which benefit from continued recovery in visitor arrivals and resilient consumer spending. BUY CLAS (Target: S\$1.45), FCT (Target: S\$2.73), FEHT (Target: S\$0.82) and LREIT (Target: S\$0.93).

WHAT HAPPENED IN MARCH

- **Hwa Hong sells freehold data centre.** Hwa Hong has sold OneTen Paya Lebar, an eight-storey hi-tech building that houses a data centre, for S\$140m. The buyer is related to Big Data Exchange (BDx), the sole tenant of the building and operator of the data centre. BDx operates a chain of data centres in China, Hong Kong and Indonesia. The property is located in close proximity to MacPherson MRT station. It has redevelopment potential if its plot ratio is increased after the relocation of Paya Lebar Air Base.
- **ECB replaces Commerzbank as anchor tenant at Gallileo.** CICT has secured the European Central Bank (ECB), the central bank for the euro area, as the new anchor tenant at Gallileo. Gallileo is a 38-storey Grade A office building located in the banking district of Frankfurt, Germany. The ECB will occupy 93% of the building's total NLA for a period of 10 years. CICT has commenced upgrading works to improve Gallileo's existing infrastructure, including mechanical, electrical and building automation systems, since Feb 24. It will invest €180m in the asset enhancement initiative (AEI), which takes at least 18 months to be completed. CICT will progressively hand over the leased area starting 2H25.
- **Continued recovery in visitor arrivals in February.** Visitor arrival grew 50% yoy but remained flat mom at 1.44m in Feb 24. China has again taken over as the largest source market after surging 55% mom to 326,967 arrivals, boosted by the mutual visa-free travel arrangement that took effect in February. Indonesia was the second largest source market with 190,757 arrivals, followed by Malaysia with 100,200 arrivals.
- **FSTREI gained 0.6% in March, underperforming the STI's 2.6% increase.** US core PCE inflation eased 0.1ppt mom to 2.8% in Feb 24, indicating gradual disinflation. Yield for 10-year Singapore government bonds was relatively unchanged at 3.11% in March.
- **Top outperformer:** US office REITs MUST, KORE and PRIME gained 37.5%, 18.7% and 18.7% respectively in the month of March. Hospitality REITs CDREIT, CLAS and FEHT gained 6.2%, 5.0% and 4.1% respectively. CICT gained 4.2%.
- **Top underperformer:** SUN and MPACT, commercial REITs with sizeable overseas exposures, dropped 6.1% and 5.9% respectively. Both MLT and CLCT declined 0.7% due to exposure to Mainland China. CERT, ELITE and IREIT corrected 4.2%, 4.0% and 2.8% respectively due to their respective exposures to Europe.

S-REIT YIELD SPREAD



Source: UOB Kay Hian

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

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

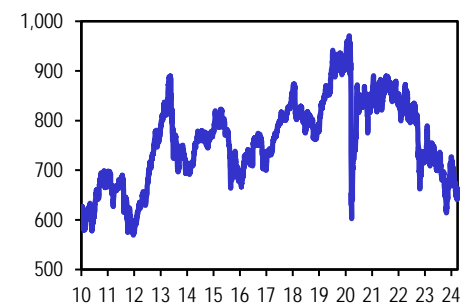
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$S)	Target Price (\$S)
CLAS	BUY	0.945	1.45
FCT	BUY	2.19	2.73
FEHT	BUY	0.64	0.82
LREIT	BUY	0.58	0.93

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	Curncy	Price	Target	Mkt Cap	-- DPU (¢) --		-- Yield (%) --		-- Yield Spread* (%) --		Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
				28 Mar 24	Price	(US\$m)	Curr	Fwd	Curr	Fwd	Curr	Fwd			
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.98	2.34	9,866	10.7	10.9	5.4	5.5	2.3	2.4	3.1	38.9	3.4
CapLand Ascendas	CLAR SP	BUY	S\$	2.77	3.62	9,008	15.2	15.7	5.5	5.7	2.4	2.6	3.9	37.9	3.9
Mapletree Log	MLT SP	BUY	S\$	1.46	1.87	5,397	8.9	8.3	6.1	5.7	3.0	2.6	3.7	38.8	2.9
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.28	1.86	4,977	8.9	8.8	7.0	6.8	3.9	3.7	3.0	40.8	2.5
Mapletree Ind	MINT SP	BUY	S\$	2.34	2.98	4,909	13.2	13.7	5.6	5.9	2.5	2.8	4.7	38.6	4.4
Frasers L&C Trust	FLT SP	BUY	S\$	1.06	1.52	2,943	6.6	6.7	6.2	6.3	3.1	3.2	6.2	30.7	5.1
Frasers Centrepoint	FCT SP	BUY	S\$	2.19	2.73	2,927	11.7	12.0	5.3	5.5	2.2	2.4	3.4	37.2	2.0
CapLand Ascott	CLAS SP	BUY	S\$	0.945	1.45	2,641	5.6	6.1	5.9	6.5	2.8	3.4	4.0	37.9	n.a.
Keppel REIT	KREIT SP	BUY	S\$	0.87	1.26	2,451	6.2	6.1	7.2	7.0	4.0	3.9	3.4	38.9	5.5
Suntec REIT	SUN SP	HOLD	S\$	1.08	1.28	2,326	6.6	6.9	6.2	6.3	3.0	3.2	2.0	42.3	2.7
Keppel DC REIT	KDCREIT SP	BUY	S\$	1.73	2.10	2,206	8.9	9.4	5.2	5.4	2.1	2.3	4.7	37.4	7.6
PARAGON REIT	PGNREIT SP	NR	S\$	0.835	n.a.	1,756	4.6	4.4	5.5	5.3	2.4	2.2	3.5	30.0	3.0
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.295	n.a.	1,679	2.6	2.7	8.8	9.2	5.7	6.0	2.5	35.7	3.4
PLife REIT	PREIT SP	BUY	S\$	3.50	5.07	1,567	14.3	14.6	4.1	4.2	1.0	1.1	11.3	35.6	16.3
OUE REIT	OUE REIT SP	NR	S\$	0.28	n.a.	1,138	2.1	2.2	7.5	7.9	4.4	4.8	2.4	38.2	2.4
Lendlease REIT	LREIT SP	BUY	S\$	0.58	0.93	1,021	4.4	4.7	7.6	8.2	4.5	5.1	3.8	40.5	4.9
Far East HTrust	FEHT SP	BUY	S\$	0.64	0.82	950	4.1	3.9	6.4	6.1	3.3	3.0	3.5	31.3	n.a.
CDL HTrust	CDREIT SP	BUY	S\$	1.02	1.48	942	6.4	6.5	6.3	6.4	3.2	3.3	2.7	36.7	n.a.
CapLand China Trust	CLCT SP	NR	S\$	0.735	n.a.	927	6.8	7.0	9.3	9.5	6.1	6.4	3.3	42.4	1.9
Cromwell REIT EUR	CERT SP	NR	€	1.38	n.a.	837	15.3	15.3	11.1	11.1	8.8	8.8	3.8	40.3	4.7

\* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

PEER COMPARISON

Name	Ticker	Rec	Curn	Price	Target	Mkt Cap	Yield (%)				Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)	
				28 Mar 24	Price	(US\$m)	Hist	Curr	Fwd 1Y	Fwd 2Y				
<b>HEALTHCARE</b>														
First REIT	FIRT SP	NR	S\$	0.26	n.a.	401	9.5	9.6	10.4	10.8	73.2	38.4	0.86	
PLife REIT	PREIT SP	BUY	S\$	3.50	5.07	1,567	4.2	4.1	4.2	5.0	58.4	35.4	1.50	
<b>HOSPITALITY</b>														
CapLand Ascott	CLAS SP	BUY	S\$	0.945	1.45	2,641	7.0	5.9	6.5	6.6	70.0	37.9	0.82	
CDL HTrust	CDREIT SP	BUY	S\$	1.02	1.48	942	5.6	6.3	6.4	6.4	61.6	36.7	0.68	
Far East HTrust	FEHT SP	BUY	S\$	0.64	0.82	950	6.4	6.4	6.1	6.0	39.6	31.3	0.69	
Frasers HTrust	FHT SP	NR	S\$	0.46	n.a.	656	5.3	5.9	6.1	7.2	54.9	34.5	0.69	
<b>INDUSTRIAL</b>														
AIMS APAC REIT	AAREIT SP	NR	S\$	1.28	n.a.	768	7.8	7.6	7.7	7.7	63.0	32.2	0.95	
CapLand Ascendas	CLAR SP	BUY	S\$	2.77	3.62	9,008	5.5	5.5	5.7	5.8	67.8	37.9	1.23	
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.60	0.79	785	6.2	5.1	5.5	5.5	70.7	33.5	0.87	
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.295	n.a.	1,679	8.7	8.8	9.2	9.2	63.6	35.7	0.92	
Keppel DC REIT	KDCREIT SP	BUY	S\$	1.73	2.10	2,206	5.4	5.2	5.4	5.4	64.0	37.4	1.29	
Mapletree Ind Trust	MINT SP	BUY	S\$	2.34	2.98	4,909	5.8	5.6	5.9	6.1	59.7	38.6	1.27	
Mapletree Log Trust	MLT SP	BUY	S\$	1.46	1.87	5,397	6.2	6.1	5.7	5.6	76.6	38.8	1.04	
<b>OFFICE</b>														
Keppel REIT	KREIT SP	BUY	S\$	0.87	1.26	2,451	6.7	7.2	7.0	7.0	73.2	38.9	0.66	
<b>RETAIL</b>														
Frasers Centrepoint	FCT SP	BUY	S\$	2.19	2.73	2,927	5.5	5.3	5.5	5.5	48.6	37.2	0.94	
Lendlease REIT	LREIT SP	BUY	S\$	0.58	0.93	1,021	8.1	7.6	8.2	8.0	85.4	40.5	0.75	
Sasseur REIT	SASSR SP	BUY	S\$	0.685	1.01	632	9.1	9.4	9.7	10.1	43.4	25.3	0.84	
PARAGON REIT	PGNREIT SP	NR	S\$	0.835	n.a.	1,756	6.0	5.5	5.3	5.5	49.3	30.0	0.92	
Starhill Global	SGREIT SP	NR	S\$	0.48	n.a.	804	7.9	8.3	8.5	8.5	64.2	36.8	0.66	
<b>DIVERSIFIED</b>														
CapLand China Trust	CLCT SP	NR	S\$	0.735	n.a.	927	9.2	9.3	9.5	9.8	95.9	42.4	0.61	
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.98	2.34	9,866	5.4	5.4	5.5	5.6	66.9	38.9	0.93	
Frasers L&C Trust	FLT SP	BUY	S\$	1.06	1.52	2,943	6.6	6.2	6.3	6.4	46.5	30.7	0.91	
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.28	1.86	4,977	7.5	7.0	6.8	6.9	75.2	40.8	0.74	
OUE Comm REIT	OUECT SP	NR	S\$	0.28	n.a.	1,138	7.5	7.5	7.9	n.a.	70.1	38.2	0.46	
Suntec REIT	SUN SP	HOLD	S\$	1.08	1.28	2,326	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	€	1.38	n.a.	837	11.4	11.1	11.1	11.1	80.1	40.3	0.65	
Elite Comm REIT GBP	ELITE SP	NR	£	0.24	n.a.	178	14.3	14.6	15.8	n.a.	93.3	43.7	0.56	
IREIT Global	IREIT SP	NR	S\$	0.35	n.a.	348	7.8	8.7	7.9	8.3	68.5	37.7	0.59	
KepPacOak REIT USD	KORE SP	BUY	US\$	0.152	0.35	159	16.4	0.0	0.0	28.2	83.2	43.2	0.22	
Manulife REIT USD	MUST SP	BUY	US\$	0.077	0.155	137	0.0	0.0	0.0	36.2	151.2	58.3	0.23	
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	

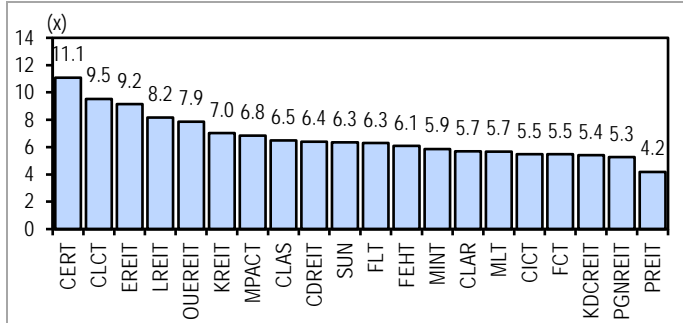
Source: Bloomberg, UOB Kay Hian

### 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
Manulife REIT USD	37.5	-3.8	48.1	-64.2	-3.8	Utd Hampshire REIT USD	-7.4	-13.0	1.2	-5.4	-13.9
KepPacOak REIT USD	18.7	-60.0	-29.3	-57.2	-59.5	Suntec REIT	-6.1	-13.6	-6.1	-23.9	-12.2
Prime US REIT USD	18.7	-40.2	10.8	-49.3	-37.7	Mapletree Pan Asia	-5.9	-17.4	-8.6	-28.5	-18.5
CDL HTrust	6.2	-8.1	-1.9	-12.8	-8.1	ESR-LOGOS REIT	-4.8	-7.8	7.3	-7.6	-7.8
OUE REIT	5.7	-3.4	27.3	-11.1	-1.8	Cromwell REIT EUR	-4.2	-3.5	9.5	-9.2	-2.8
CapLand Ascott	5.0	-4.1	-0.5	-4.5	-4.5	Elite Comm REIT GBP	-4.0	-15.8	-0.6	-41.3	-14.3
CapLand Int Comm Trust	4.2	-2.9	8.2	2.1	-3.9	IREIT Global	-2.8	-12.5	-10.3	-27.7	-13.6
Far East HTrust	4.1	-5.2	2.4	10.3	-3.8	PLife REIT	-1.4	-3.6	-2.8	-9.3	-4.6
Fraser's L&C Trust	2.9	-8.6	0.0	-17.8	-7.8	Mapletree Log	-0.7	-14.6	-12.0	-14.6	-16.1
Mapletree Ind	2.2	-6.8	4.9	0.0	-6.8	CapLand China Trust	-0.7	-20.5	-16.0	-35.0	-21.0

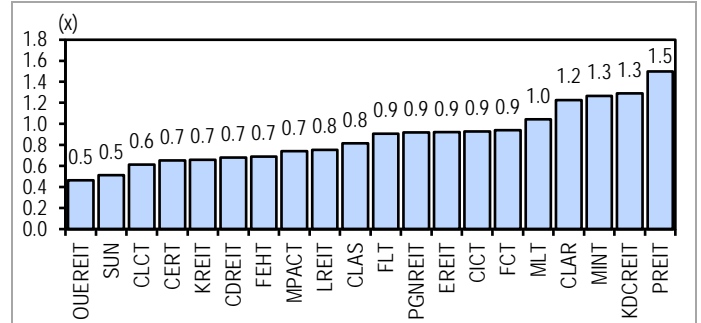
Source: Bloomberg, UOB Kay Hian

### RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

### RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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