

SECTOR UPDATE

REITs – Singapore

S-REITs Monthly Update (Jan 25)

S-REITs have to weather the turbulence and turmoil caused by the escalation of trade conflicts in the near term. The Fed also appears to be in no hurry to cut interest rates. Nevertheless, many blue-chip S-REITs have already corrected and are trading at attractive yields of 6-7%. Maintain OVERWEIGHT. BUY data centre REIT DCREIT (Target: US\$0.93), logistics REIT FLT (Target: S\$1.33), retail REIT LREIT (Target: S\$0.77) and hospitality REIT CLAS (Target: S\$1.38).

WHAT HAPPENED IN JANUARY

- FSTREI** gained a marginal 0.2% and underperformed the STI's gain of 1.8% in January. US core PCE inflation was stable at 2.8% yoy in Dec 24. Yield for 10-year Singapore government bonds inched higher 6bp mom to 2.92% in January.
- Non-renewal for tenant at Linton Hall Road.** DCREIT announced that the tenant at 8217 Linton Hall Road in Northern Virginia did not exercise its renewal option by Dec 24. Thus, the lease for the affected data centre will expire in Jun 25. The fully fitted data centre is water-cooled and can support high power density AI workloads. It accounted for 11% of DCREIT's annualised rents as of Sep 24. Management estimated negative impact of 0.06 US cents to DPU for every month of downtime. DCREIT intends to re-lease the data centre, which is about 20% under-rented.
- UHU has completed the divestment of Albany Supermarket** located at Albany County, New York, for US\$23.8m on 16 Jan 25. The sale price is equivalent to the independent valuation and US\$0.9m or 4.2% higher than the purchase price of US\$22.9m. Net proceeds from the divestment could be used to repay debts, finance capex, fund acquisitions or other general corporate purposes. Together with the divestment of Freestanding Lowe's and Sam's Club property within Hudson Valley Plaza completed in Aug 24, the divestment of Albany Supermarket reduces pro forma 2023 DPU by 0.6%. Aggregate leverage as of Dec 23 is lowered from 41.7% to 37.2%. Adjusted interest coverage ratio for 2023 has correspondingly increased from 2.9x to 3.5x.
- The Fed appears to be in no hurry to cut interest rates.** The Fed left the Fed Funds Rate unchanged at 4.25% during the FOMC meeting on 29 Jan 25, hitting the pause button after three consecutive rate cuts totalling 100bp in late-24. The Fed does not need to be in a hurry to adjust its policy stance given that the economy is strong and monetary policy is already less restrictive. It is focused on seeing real progress on inflation before it considers cutting interest rates.

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

Name	Ticker	Rec	Curncy	Price 31 Jan 25	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 Trust	CICT SP	BUY	S\$	1.95	2.59	10,495	10.7 11.4	5.5 5.8	2.6 2.9	3.0	39.4	3.5
CapLand Ascendas	CLAR SP	BUY	S\$	2.59	3.53	8,404	15.4 16.2	5.9 6.3	3.0 3.4	3.7	38.9	3.7
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.21	1.60	4,697	8.2 8.4	6.8 6.9	3.9 4.1	2.8	38.2	2.2
Mapletree Log Trust	MLT SP	HOLD	S\$	1.22	1.35	4,550	8.2 8.1	6.7 6.6	3.8 3.7	3.4	40.3	2.7
Mapletree Ind Trust	MINT SP	BUY	S\$	2.10	2.89	4,410	13.6 14.1	6.5 6.7	3.6 3.8	4.7	39.8	4.5
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.20	2.53	3,584	10.6 12.0	4.8 5.5	1.9 2.6	5.3	31.5	6.3
Frasers Centrepoint	FCT SP	BUY	S\$	2.14	2.79	2,869	12.0 12.0	5.6 5.6	2.7 2.7	3.3	39.3	2.1
Suntec REIT	SUN SP	NR	S\$	1.19	n.a.	2,575	6.6 7.0	5.5 5.9	2.7 3.0	1.9	42.4	3.8
CapLand Ascott	CLAS SP	BUY	S\$	0.895	1.38	2,505	6.1 6.4	6.8 7.1	3.9 4.3	3.1	38.3	n.a.
Frasers L&C Trust	FLT SP	BUY	S\$	0.885	1.33	2,455	6.4 6.1	7.3 6.9	4.4 4.0	5.0	33.0	4.2
Keppel REIT	KREIT SP	BUY	S\$	0.855	1.06	2,424	5.7 5.7	6.7 6.6	3.8 3.8	2.5	41.2	4.7
PLife REIT	PREIT SP	BUY	S\$	3.87	5.12	1,862	14.4 15.0	3.7 3.9	0.8 1.0	10.2	37.5	15.8
PARAGON REIT	PGNREIT SP	NR	S\$	0.885	n.a.	1,853	4.6 4.4	5.2 5.0	2.3 2.1	3.4	35.9	3.1
ESR-REIT	EREIT SP	NR	S\$	0.26	n.a.	1,543	2.2 2.2	8.5 8.5	5.6 5.6	2.5	42.8	4.2
OUE REIT	OUEREIT SP	NR	S\$	0.295	n.a.	1,196	1.9 2.0	6.4 6.8	3.6 3.9	2.2	39.9	2.9
Lendlease REIT	LREIT SP	BUY	S\$	0.555	0.77	996	3.9 3.9	7.0 7.0	4.1 4.1	2.9	40.7	4.7
CapLand China Trust	CLCT SP	NR	S\$	0.735	n.a.	932	6.0 6.0	8.2 8.2	5.3 5.3	3.2	41.6	1.8
Stoneweg REIT EUR	SERT SP	NR	€	1.56	n.a.	910	14.2 14.0	9.1 9.0	6.6 6.5	3.6	41.0	4.7
Far East HTrust	FEHT SP	BUY	S\$	0.605	0.82	900	4.0 4.1	6.6 6.8	3.7 3.9	2.9	30.8	n.a.
Starhill Global	SGREIT SP	NR	S\$	0.5	n.a.	862	3.8 3.8	7.5 7.5	4.6 4.6	2.9	36.2	7.4

* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

OVERWEIGHT
(Maintained)

SEGMENTAL RATING

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

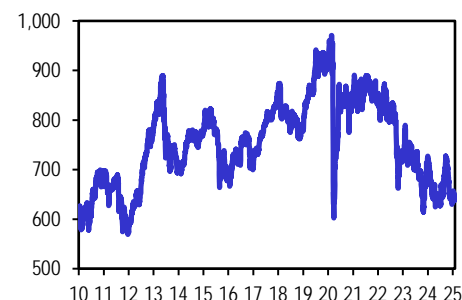
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
CLAS	BUY	0.895	1.38
DCREIT (US\$)	BUY	0.555	0.93
FLT	BUY	0.885	1.33
LREIT	BUY	0.555	0.77

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)

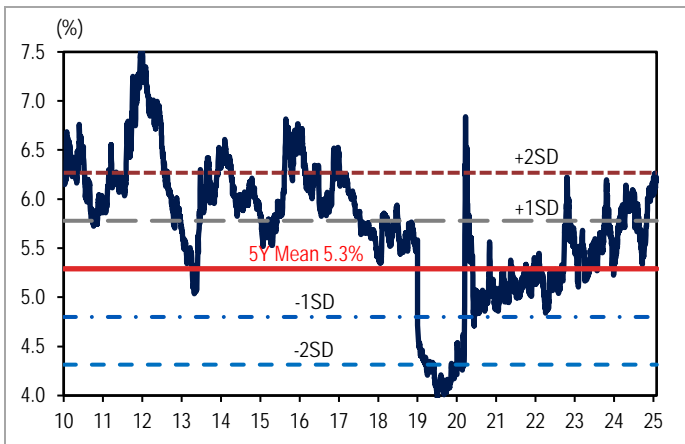


Source: UOB Kay Hian

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S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

S-REIT YIELD SPREAD



Source: UOB Kay Hian

PEER COMPARISON

Name	Ticker	Rec	Curr	Price 31 Jan 25	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.	425	9.0	8.7	9.1	9.5	78.1	40.3	0.97
PLife REIT	PREIT SP	BUY	S\$	3.87	5.12	1,862	3.8	3.7	3.9	4.6	57.4	35.3	1.64
HOSPITALITY													
CapLand Ascott	CLAS SP	BUY	S\$	0.895	1.38	2,505	6.8	6.8	7.1	7.3	73.0	38.3	0.78
CDL HTrust	CDREIT SP	BUY	S\$	0.865	1.50	803	6.2	7.5	7.7	7.4	73.2	40.7	0.59
Far East HTrust	FEHT SP	BUY	S\$	0.605	0.82	900	6.8	6.6	6.8	6.4	38.3	30.8	0.66
Frasers HTrust	FHT SP	NR	S\$	0.58	n.a.	824	3.9	3.4	3.6	3.8	58.6	34.9	0.88
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.29	n.a.	774	7.3	7.2	7.4	7.4	66.9	33.4	0.99
CapLand Ascendas	CLAR SP	BUY	S\$	2.59	3.53	8,404	5.9	5.9	6.3	6.5	67.5	38.9	1.14
Daiwa Hse Log Trust	DHLT SP	NR	S\$	0.58	n.a.	299	9.0	8.6	8.6	8.6	73.7	39.2	0.84
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.555	0.93	721	6.7	6.2	6.7	7.5	57.7	34.8	0.82
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.26	n.a.	1,543	8.2	8.5	8.5	8.5	70.2	42.8	0.95
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.20	2.53	3,584	4.3	4.8	5.5	5.5	49.9	31.5	1.44
Mapletree Ind Trust	MINT SP	BUY	S\$	2.10	2.89	4,410	6.4	6.5	6.7	6.9	64.0	39.8	1.21
Mapletree Log Trust	MLT SP	HOLD	S\$	1.22	1.35	4,550	7.4	6.7	6.6	6.5	82.2	40.3	0.91
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	0.855	1.06	2,424	6.5	6.7	6.6	6.4	81.2	41.2	0.67
RETAIL													
Frasers Centrepoint	FCT SP	BUY	S\$	2.14	2.79	2,869	5.6	5.6	5.6	5.8	50.6	39.3	0.93
Lendlease REIT	LREIT SP	BUY	S\$	0.555	0.77	996	7.0	7.0	7.0	6.9	85.8	40.7	0.73
Sasseur REIT	SASSR SP	BUY	S\$	0.68	0.98	627	9.2	8.8	9.6	10.0	40.4	25.5	0.80
PARAGON REIT	PGNREIT SP	NR	S\$	0.885	n.a.	1,853	5.7	5.2	5.0	5.1	47.5	35.9	0.94
Starhill Global	SGREIT SP	NR	S\$	0.51	n.a.	862	7.1	7.5	7.5	7.6	63.0	36.2	0.72
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	0.735	n.a.	932	9.2	8.2	8.2	8.3	90.8	41.6	0.62
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.95	2.59	10,495	5.5	5.5	5.8	6.0	66.2	39.4	0.92
Frasers L&C Trust	FLT SP	BUY	S\$	0.885	1.33	2,455	7.7	7.3	6.9	7.1	53.5	33.0	0.78
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.21	1.60	4,697	7.4	6.8	6.9	6.9	67.0	38.2	0.70
OUE Comm REIT	OUECT SP	NR	S\$	0.295	n.a.	1,196	7.0	6.4	6.8	7.5	74.4	39.9	0.51
Suntec REIT	SUN SP	NR	S\$	1.19	n.a.	2,575	5.2	5.5	5.9	6.2	70.4	42.4	0.58
INTERNATIONAL (US/EUROPE)													
Stoneweg REIT EUR	SERT SP	NR	€	1.56	n.a.	910	10.1	9.1	9.0	8.5	83.4	41.0	0.76
Elite UK REIT GBP	ELITE SP	BUY	£	0.30	0.38	219	11.4	10.0	10.3	10.4	83.8	45.1	0.77
IREIT Global	IREIT SP	NR	S\$	0.27	n.a.	268	9.7	10.4	5.2	10.4	67.4	36.9	0.48
KepPacOak REIT USD	KORE SP	BUY	US\$	0.24	0.32	251	10.4	0.0	0.0	16.2	81.7	42.7	0.34
Prime US REIT USD	PRIME SP	BUY	US\$	0.18	0.33	235	15.1	2.0	2.3	25.2	94.5	47.8	0.33
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.47	0.57	274	10.2	8.8	9.3	9.8	76.6	39.9	0.64

Source: Bloomberg, UOB Kay Hian

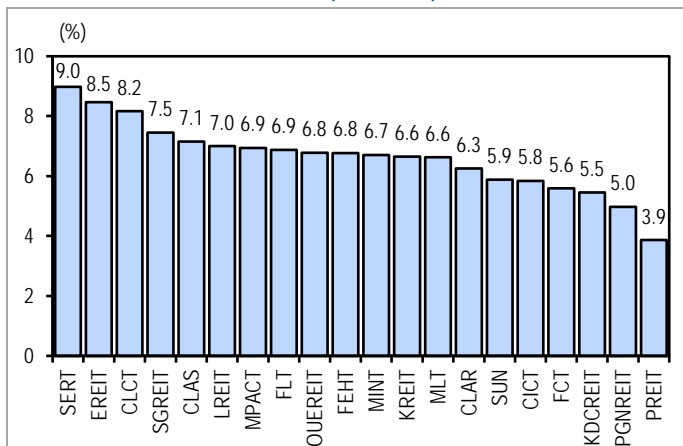
TOP 10 OUTPERFORMERS AND TOP 10 UNDERPERFORMERS RANKED BY WEEKLY SHARE PRICE PERFORMANCE

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
KepPacOak REIT USD	17.1	-4.0	20.0	-14.3	17.1	IREIT Global	-5.3	-8.5	-8.5	-32.5	-5.3
First REIT	7.8	3.8	7.8	5.8	7.8	Mapletree Ind Trust	-5.0	-12.5	-9.1	-14.3	-5.0
Manulife REIT USD	6.7	-15.2	17.3	58.3	6.7	Digi Core REIT USD	-4.3	-11.2	-2.6	-14.0	-4.3
Prime US REIT USD	5.3	1.1	-5.3	18.6	5.3	Mapletree Log Trust	-3.9	-8.3	-5.4	-21.3	-3.9
OUE REIT	3.5	1.7	9.3	3.5	3.5	Keppel REIT	-1.7	-5.0	-2.3	-7.6	-1.7
PLife REIT	3.2	2.4	6.6	9.9	3.2	Stoneweg REIT EUR	-1.3	-3.7	11.4	11.4	-1.3
AIMS APAC REIT	3.2	1.6	-1.5	-1.5	3.2	Utd Hampshire REIT USD	-1.1	-2.1	5.6	-7.8	-1.1
CapLand Ascott	2.9	-1.1	-0.6	-6.8	2.9	Frasers HTrust	-0.9	34.9	38.1	24.7	-0.9
CapLand China Trust	2.1	-2.6	6.5	-12.0	2.1	Far East HTrust	-0.8	-2.4	-3.2	-6.9	-0.8
Starhill Global	2.0	0.0	3.0	-1.0	2.0	Daiwa Hse Log Trust	0.0	-1.7	3.6	-10.1	0.0

Source: Bloomberg, UOB Kay Hian

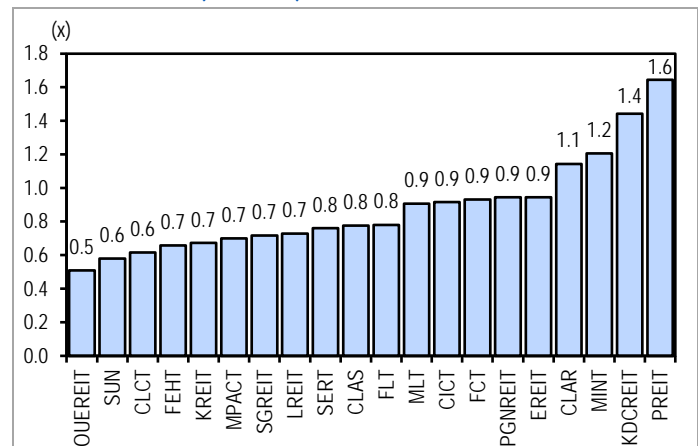
- **Top outperformers.** US office REITs KORE, MUST and PRIME gained 17.1%, 6.7% and 5.3% respectively. Healthcare REIT FIRT and PREIT gained 7.8% and 3.2% respectively. Hospitality REIT CLAS gained 2.9% as its 2H24 results outperformed that of peers.
- **Top underperformers.** Data centre REITs MINT and DCREIT corrected 5.0% and 4.3% respectively. MLT dropped 3.9% due to the threat of a US-China trade war.

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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