

SECTOR UPDATE

REITs – Singapore

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

The domestic economy will receive an uplift from streamlining of safe management measures starting 15 Mar 22 and continued reopening of borders. Externally, the Russia-Ukraine war creates heightened uncertainties. We seek solace and support from S-REITs with resiliency. **BUY ART (Target: S\$1.29), FCT (Target: S\$2.98), MCT (Target: S\$2.48) and MINT (Target: S\$3.72).** We also like CICT (Target: S\$2.45) and SUN (Target: S\$1.74) for their diversified portfolios. **Maintain OVERWEIGHT.**

WHAT HAPPENED IN THE LAST TWO WEEKS

- **FSTREI gained 0.5% in the past two weeks.** Daily new cases of COVID-19 infection peaked at 25,731 on 22 Feb 22 and has since trended lower gradually. The weekly infection growth rate has dropped to 0.8 as of 15 Mar 22. The government has streamlined safe management measures starting 15 Mar 22. Safe distancing is no longer required for mask-on activities. Safe management measures at the workplace and in the community will be aligned with the same group size limit at five. The maximum number of unique visitors per household is adjusted from five persons per day to five persons at any one time. There is no event size limits for religious service, business events, conferences, wedding receptions, funerals and mask-on classes of up to 1,000 attendees. Large events with more than 1,000 attendees are subject to capacity limit of 50%.
- **S-REITs remain resilient despite the market upheaval.** The FSTREI gained marginally by 0.5%, compared to a slight decline of 0.2% for the FSSTI.
- **Top outperformer:** PREIT, a defensive healthcare REIT, gained 4%. Office REITs KREIT, CICT and SUN gained 5.2%, 1.9% and 1.4% respectively. ELITE rebounded 3.3% after investors realised that its properties are all located in the UK.
- **Top underperformer:** CERT and IREIT dropped 7.2% and 6.2% respectively as their properties are all located in Europe. US REITs MUST, DCREIT, UHU and PRIME declined 4.6%, 4.5%, 4.0% and 3.9% respectively. Retail REITs with exposure to downtown malls are LREIT, SGREIT and SPH, and they declined 4.2%, 4.2% and 1.6% respectively.

S-REIT YIELD SPREAD*



Source: UOB Kay Hian *Yield spread above 10-year Singapore government bond yield.

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

Name	Ticker	Rec	Currency	Price 15 Mar 22	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\$	2.14	2.45	10,376	11.1	11.8	5.2	5.5	3.1	3.4	4.1	37.2	3.2
Ascendas REIT	AREIT SP	BUY	S\$	2.80	3.92	8,608	16.6	17.0	5.9	6.1	3.9	4.0	5.7	35.9	3.8
Mapletree Log	MLT SP	BUY	S\$	1.77	2.08	6,199	8.4	8.6	4.7	4.9	2.7	2.8	5.1	34.7	3.6
Mapletree Ind	MINT SP	BUY	S\$	2.57	3.72	5,037	14.2	15.0	5.5	5.8	3.4	3.8	6.4	39.9	4.2
Mapletree Comm	MCT SP	BUY	S\$	1.82	2.48	4,430	9.2	10.0	5.0	5.5	3.0	3.4	4.8	34.1	2.7
Frasers L&C Trust	FLT SP	BUY	S\$	1.42	1.79	3,838	7.7	7.8	5.4	5.5	3.3	3.4	8.4	34.3	4.8
Suntec REIT	SUN SP	BUY	S\$	1.65	1.74	3,465	9.2	9.1	5.6	5.5	3.5	3.5	2.6	43.7	3.3
Keppel REIT	KREIT SP	BUY	S\$	1.21	1.52	3,290	5.9	5.8	4.9	4.8	2.8	2.7	3.9	38.4	6.1
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.09	n.a.	2,816	6.9	7.2	6.3	6.6	4.2	4.5	4.2	42.1	2.5
Frasers CT	FCT SP	BUY	S\$	2.26	2.98	2,816	12.9	12.9	5.7	5.7	3.6	3.6	5.8	34.5	1.8
Keppel DC REIT	KDCREIT SP	NR	S\$	2.18	n.a.	2,742	10.7	11.0	4.9	5.0	2.8	3.0	10.8	34.6	7.5
Ascott Trust	ART SP	BUY	S\$	1.02	1.29	2,453	5.4	6.0	5.3	5.9	3.2	3.8	3.7	37.1	n.a.
PLife REIT	PREIT SP	HOLD	S\$	4.65	4.72	2,060	14.8	15.2	3.2	3.3	1.1	1.2	21.5	35.4	17.3
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,939	5.5	5.6	5.8	5.9	3.7	3.8	7.3	30.3	2.7
OUE Comm REIT	QUECT SP	NR	S\$	0.40	n.a.	1,596	2.6	2.6	6.5	6.5	4.4	4.4	2.8	38.7	2.5
CapLand China Trust	CLCT SP	NR	S\$	1.13	n.a.	1,383	9.7	10.2	8.6	9.0	6.5	6.9	4.9	37.7	2.2
Cromwell REIT EUR	CERT SP	NR	€	2.18	n.a.	1,340	17.0	17.5	7.8	8.0	7.5	7.7	5.8	36.6	4.6
ESR REIT	EREIT SP	NR	S\$	0.42	n.a.	1,241	3.0	3.1	7.1	7.4	5.1	5.3	4.0	40.0	2.9
Digi Core REIT USD	DCREIT SP	BUY	US\$	1.07	1.32	1,204	4.3	5.2	4.0	4.8	1.9	2.7	12.2	35.1	7.0
Manulife REIT USD	MUST SP	BUY	US\$	0.62	0.80	1,094	5.6	5.8	9.1	9.4	6.9	7.2	3.4	42.8	5.1

*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	MARKET WEIGHT

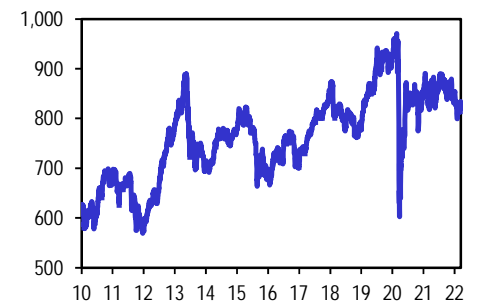
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
ART	BUY	1.02	1.29
FCT	BUY	2.26	2.98
MCT	BUY	1.82	2.48
MINT	BUY	2.57	3.72

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 Mar 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\$	0.295	n.a.	442	8.8	n.a.	n.a.	n.a.	59.6	33.6	0.80
PLife REIT	PREIT SP	HOLD	S\$	4.65	4.72	2,060	3.0	3.2	3.3	n.a.	57.7	35.3	1.96
HOSPITALITY													
Ascott Trust	ART SP	BUY	S\$	1.02	1.29	2,453	4.2	5.3	5.9	6.2	70.4	37.1	0.86
CDL HTrust	CDREIT SP	BUY	S\$	1.13	1.45	1,019	3.8	4.2	5.4	6.4	72.8	39.1	0.85
Far East HTrust	FEHT SP	BUY	S\$	0.59	0.76	854	4.5	4.8	6.5	6.7	57.6	38.3	0.71
Frasers HTrust	FHT SP	NR	S\$	0.44	n.a.	621	2.2	5.0	7.0	7.0	78.2	42.5	0.68
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.37	n.a.	714	6.5	6.9	7.1	7.3	61.4	37.3	0.99
Ascendas REIT	AREIT SP	BUY	S\$	2.80	3.92	8,608	5.4	5.9	6.1	6.1	61.6	35.9	1.18
ARA LOGOS Log Trust	ALLT SP	Accept Offer	S\$	0.83	1.07	883	6.1	6.5	6.6	n.a.	76.3	39.5	1.23
DigiCore REIT USD	DCREIT SP	BUY	US\$	1.07	1.32	1,204	n.a.	4.0	4.8	4.8	36.9	24.1	1.27
ESR REIT	EREIT SP	NR	S\$	0.42	n.a.	1,241	7.1	7.1	7.4	7.9	74.5	40.0	1.06
Keppel DC REIT	KDCREIT SP	NR	S\$	2.18	n.a.	2,742	4.5	4.9	5.0	5.1	56.2	41.8	1.63
Mapletree Ind Trust	MINT SP	BUY	S\$	2.57	3.72	5,037	4.9	5.5	5.8	6.0	62.2	39.9	1.43
Mapletree Log Trust	MLT SP	BUY	S\$	1.77	2.08	6,199	4.7	4.7	4.9	4.9	64.0	34.7	1.29
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.21	1.52	3,290	4.8	4.9	4.8	5.3	71.6	38.4	0.94
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.26	2.98	2,816	5.3	5.7	5.7	5.7	46.3	34.5	0.98
Lendlease REIT	LREIT SP	BUY	S\$	0.79	1.08	689	5.9	6.1	6.7	6.7	69.3	33.5	0.98
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.09	n.a.	2,816	5.7	6.3	6.6	6.9	84.6	42.1	0.89
Sasseur REIT	SASSR SP	BUY	S\$	0.845	1.12	753	8.4	9.0	9.1	9.4	42.9	26.1	0.85
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,939	5.7	5.8	5.9	6.0	51.0	30.4	1.04
Starhill Global	SGREIT SP	NR	S\$	0.575	n.a.	940	6.9	6.8	7.3	7.5	61.7	36.1	0.72
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.13	n.a.	1,383	7.7	8.6	9.0	9.3	77.0	37.7	0.72
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.14	2.45	10,376	4.9	5.2	5.5	5.6	63.2	37.2	1.03
Frasers L&C Trust	FLT SP	BUY	S\$	1.42	1.79	3,838	5.4	5.4	5.5	5.6	55.9	34.3	1.14
Mapletree Comm Trust	MCT SP	BUY	S\$	1.82	2.48	4,430	5.2	5.0	5.5	5.6	53.2	34.1	1.06
OUE Comm REIT	OUECT SP	NR	S\$	0.40	n.a.	1,596	6.5	6.5	6.5	3.3	72.2	38.7	0.70
Suntec REIT	SUN SP	BUY	S\$	1.65	1.74	3,465	5.3	5.6	5.5	5.7	81.7	43.7	0.78
INTERNATIONAL REITS													
Cromwell REIT EUR	CERT SP	NR	€	2.18	n.a.	1,340	7.8	7.8	8.0	8.3	65.6	36.6	0.87
Elite Comm REIT GBP	ELITE SP	NR	£	0.635	0.95	395	8.6	8.3	7.7	8.2	78.1	42.4	1.05
IREIT Global	IREIT SP	NR	S\$	0.605	n.a.	512	7.2	7.4	7.4	8.4	53.7	32.1	0.75
Keppel REIT USD	KORE SP	BUY	US\$	0.70	1.1	730	9.1	9.0	9.0	9.9	66.0	37.2	0.85
Manulife REIT USD	MUST SP	BUY	US\$	0.62	0.80	1,094	8.6	9.1	9.4	9.7	81.8	42.8	0.92
Prime US REIT USD	PRIME SP	NR	US\$	0.735	n.a.	860	9.2	9.8	9.8	9.8	63.9	37.9	0.87
Utd Hampshire REIT USD	UHU SP	NR	US\$	0.60	n.a.	335	10.2	10.3	10.7	10.8	65.1	39.0	0.80

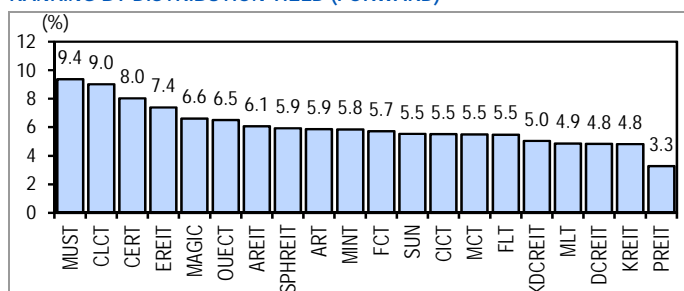
Source: Bloomberg, UOB Kay Hian

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
Keppel REIT	5.2	6.1	7.1	13.1	2.5	7.1	Cromwell REIT EUR	-7.2	-8.0	-14.8	-17.7	401.1	-13.8
PLife REIT	4.0	1.1	-6.4	-1.9	13.1	-9.4	IREIT Global	-6.2	-5.5	-5.5	-4.7	-5.5	-6.9
Elite Comm REIT GBP	3.3	-3.8	-5.9	-5.2	-5.2	-4.5	Manulife REIT USD	-4.6	-5.3	-6.1	-11.4	-12.1	-7.5
Far East HTrust	2.6	0.9	0.0	-6.3	-4.8	0.0	Digi Core REIT USD	-4.5	-4.5	-3.6	21.6	21.6	-7.8
Suntec REIT	1.9	3.1	11.5	17.9	5.8	9.3	Lendlease REIT	-4.2	-6.0	-10.7	-8.1	1.9	-11.7
AIMS APAC REIT	1.5	-1.4	-3.5	-3.5	5.4	-5.5	Starhill Global	-4.2	-6.5	-10.2	-10.2	7.5	-12.2
Frasers L&C Trust	1.4	0.7	-5.3	-3.4	1.4	-6.6	Utd Hampshire REIT USD	-4.0	-3.2	-9.1	-13.7	-7.0	-9.8
CapLand Int Comm Trust	1.4	2.9	7.0	6.5	0.5	4.9	Prime US REIT USD	-3.9	-11.4	-10.4	-13.5	-7.5	-12.0
Mapletree Log	1.1	1.1	-5.3	-13.7	-4.3	-6.8	First REIT	-1.7	-6.3	-3.3	13.5	28.3	-3.3
Ascendas REIT	1.1	0.4	-4.4	-8.5	-5.1	-5.1	SPH REIT	-1.6	-1.6	-3.1	1.1	11.2	-5.5

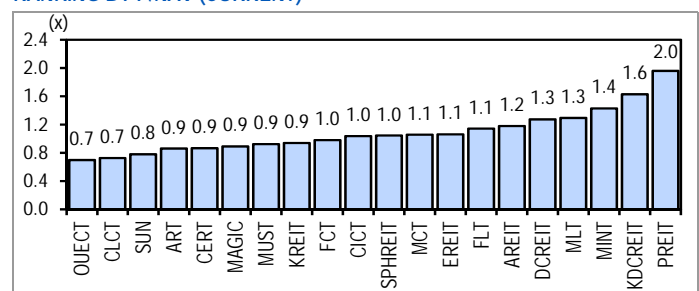
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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