

SECTOR UPDATE

REITs – Singapore

S-REITs Bi-Weekly Updates (16-28 Feb 22)

Russia's invasion of Ukraine is shocking. The ramifications for the global economy and outlook are immense and severe. The abrupt twist of events causes 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 corrected 1.3% in the past two weeks.** Russian forces launched a full-scale invasion of Ukraine by land, air and sea last Thursday (24 Feb 22). Facing stiff resistance from Ukrainian forces, Russia has put its nuclear forces on special alert, risking an escalation to unconventional nuclear weapons. Western countries have imposed sanctions by freezing the assets of major Russian banks and its central bank and cutting selected Russian banks off from the SWIFT messaging system. Peace talks between Russia and Ukraine ended without any breakthrough on Monday.
- S-REITs remain resilient despite the market upheaval. FSTREI weakened by a mere 1.3%, compared to the massive correction of 5.2% for FSSTI.
- **Top outperformer:** SASSR gained 2.4% after posting good 2021 results with record DPU of 7.104 S cents. CICT and SUN, large cap S-REITs diversified across multiple asset classes, gained 1.4% and 1.3% respectively. For data centre REITs, MINT gained 1.2%, while DCREIT and KDCREIT were unchanged.
- **Top underperformer:** US REITs PRIME and KORE dropped 7.8% and 3.4% respectively. ELITE, which owns commercial buildings in the UK, corrected 6.8%. Smaller cap industrial/logistics REITs EREIT, ALLT and AAREIT declined 5.6%, 2.9% and 2.9% 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 28 Feb 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\$	2.11	2.45	10,268	11.1	11.8	5.3	5.6	3.3	3.7	4.1	37.2	3.2
Ascendas REIT	AREIT SP	BUY	S\$	2.77	3.92	8,563	16.6	17.0	6.0	6.1	4.1	4.2	5.7	35.9	3.8
Mapletree Log	MLT SP	BUY	S\$	1.75	2.08	6,026	8.4	8.6	4.8	4.9	2.9	3.0	5.1	34.7	3.6
Mapletree Ind	MINT SP	BUY	S\$	2.56	3.72	5,017	14.2	15.0	5.6	5.9	3.6	3.9	6.4	39.9	4.2
Mapletree Comm	MCT SP	BUY	S\$	1.81	2.48	4,430	9.2	10.0	5.1	5.5	3.2	3.6	4.8	34.1	2.7
Frasers L&C Trust	FLT SP	BUY	S\$	1.40	1.79	3,805	7.7	7.8	5.5	5.6	3.6	3.6	8.4	34.3	4.8
Suntec REIT	SUN SP	BUY	S\$	1.62	1.74	3,421	9.2	9.1	5.7	5.6	3.8	3.7	2.6	43.7	3.3
Keppel REIT	KREIT SP	BUY	S\$	1.15	1.52	3,145	5.9	5.8	5.1	5.1	3.2	3.1	3.9	38.4	6.1
Frasers CT	FCT SP	BUY	S\$	2.26	2.98	2,831	12.9	12.9	5.7	5.7	3.8	3.8	5.8	34.5	1.8
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.08	n.a.	2,806	6.8	7.2	6.3	6.7	4.4	4.7	4.2	42.1	2.5
Keppel DC REIT	KDCREIT SP	NR	S\$	2.19	n.a.	2,770	10.8	11.1	4.9	5.1	3.0	3.1	10.8	34.6	7.5
Ascott Trust	ART SP	BUY	S\$	1.03	1.29	2,491	5.4	6.0	5.3	5.8	3.3	3.9	3.7	37.1	n.a.
PLife REIT	PREIT SP	HOLD	S\$	4.47	4.72	1,991	14.8	15.2	3.3	3.4	1.4	1.5	21.5	35.4	17.3
SPH REIT	SPHREIT SP	NR	S\$	0.96	n.a.	1,981	5.5	5.6	5.7	5.8	3.8	3.9	7.3	30.3	2.7
QUE Comm REIT	QUECT SP	NR	S\$	0.405	n.a.	1,625	2.7	2.7	6.7	6.7	4.7	4.7	2.8	38.7	2.5
Cromwell REIT EUR	CERT SP	NR	€	2.35	n.a.	1,474	17.0	17.5	7.2	7.4	7.1	7.3	5.8	36.6	4.6
CapLand China Trust	CLCT SP	NR	S\$	1.14	n.a.	1,393	9.7	10.2	8.5	8.9	6.6	7.0	4.9	37.7	2.2
DigiCore REIT USD	DCREIT SP	BUY	US\$	1.12	1.32	1,260	4.3	5.2	3.8	4.6	1.9	2.7	12.2	35.1	7.0
ESR REIT	EREIT SP	NR	S\$	0.42	n.a.	1,248	3.0	3.2	7.1	7.6	5.2	5.7	4.0	40.0	2.9
Manulife REIT USD	MUST SP	BUY	US\$	0.65	0.87	1,144	5.9	6.0	9.0	9.2	7.1	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	OVERWEIGHT
Hospitality REITs	OVERWEIGHT
Industrial REITs	OVERWEIGHT
Office REITs	OVERWEIGHT
Retail REITs	OVERWEIGHT

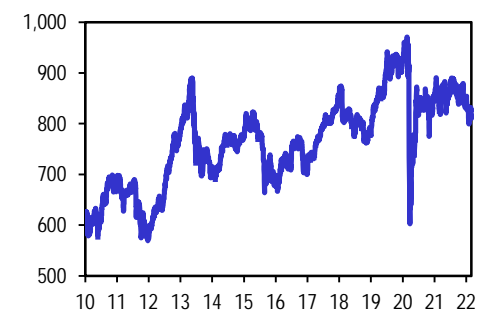
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
ART	BUY	1.03	1.29
FCT	BUY	2.26	2.98
MCT	BUY	1.81	2.48
MINT	BUY	2.56	3.72

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 28 Feb 22	Target Price	Mkt Cap (US\$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE													
First REIT	FIRT SP	NR	S\$	0.30	n.a.	357	8.7	n.a.	n.a.	n.a.	59.6	33.6	0.82
PLife REIT	PREIT SP	HOLD	S\$	4.47	4.72	1,991	3.1	3.3	3.4	n.a.	57.7	35.3	1.88
HOSPITALITY													
Ascott Trust	ART SP	BUY	S\$	1.03	1.29	2,491	4.2	5.3	5.8	6.1	70.4	37.1	0.87
CDL HTrust	CDREIT SP	BUY	S\$	1.14	1.45	1,034	3.7	4.2	5.4	6.3	72.8	39.1	0.86
Far East HTrust	FEHT SP	BUY	S\$	0.575	0.76	837	4.6	4.9	6.7	6.9	57.6	38.3	0.69
Frasers HTrust	FHT SP	NR	S\$	0.44	n.a.	624	2.2	5.0	7.0	7.0	78.2	42.5	0.68
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.35	n.a.	708	6.6	7.0	7.2	7.4	61.4	37.3	0.98
Ascendas REIT	AREIT SP	BUY	S\$	2.77	3.92	8,563	5.5	6.0	6.1	6.2	61.6	35.9	1.17
ARA LOGOS Log Trust	ALLT SP	Accept Offer	S\$	0.835	1.07	893	6.0	6.5	6.6	n.a.	76.3	39.5	1.24
DigiCore REIT USD	DCREIT SP	BUY	US\$	1.12	1.32	1,260	n.a.	3.8	4.6	4.6	36.9	24.1	1.33
ESR REIT	EREIT SP	NR	S\$	0.42	n.a.	1,248	7.1	7.1	7.6	8.3	74.5	40.0	1.06
Keppel DC REIT	KDCREIT SP	NR	S\$	2.19	n.a.	2,770	4.5	4.9	5.1	5.2	56.2	41.8	1.64
Mapletree Ind Trust	MINT SP	BUY	S\$	2.56	3.72	5,017	4.9	5.6	5.9	6.1	62.2	39.9	1.42
Mapletree Log Trust	MLT SP	BUY	S\$	1.75	2.08	6,026	4.8	4.8	4.9	4.9	64.0	34.7	1.28
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.15	1.52	3,145	5.1	5.1	5.1	5.6	71.6	38.4	0.89
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.26	2.98	2,831	5.3	5.7	5.7	5.7	46.3	34.5	0.98
Lendlease REIT	LREIT SP	BUY	S\$	0.83	1.08	724	5.7	5.9	6.4	6.4	69.3	33.5	1.02
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.08	n.a.	2,806	5.7	6.3	6.7	6.9	84.6	42.1	0.88
Sasseur REIT	SASSR SP	BUY	S\$	0.845	1.12	757	8.4	9.0	9.1	9.4	42.9	26.1	0.85
SPH REIT	SPHREIT SP	NR	S\$	0.96	n.a.	1,981	5.6	5.7	5.8	6.0	51.0	30.4	1.06
Starhill Global	SGREIT SP	NR	S\$	0.60	n.a.	986	6.6	6.5	7.0	7.2	61.7	36.1	0.75
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.14	n.a.	1,393	7.7	8.5	8.9	9.2	77.0	37.7	0.73
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.11	2.45	10,268	4.9	5.3	5.6	5.7	63.2	37.2	1.02
Frasers L&C Trust	FLT SP	BUY	S\$	1.40	1.79	3,805	5.5	5.5	5.6	5.6	55.9	34.3	1.13
Mapletree Comm Trust	MCT SP	BUY	S\$	1.81	2.48	4,430	5.2	5.1	5.5	5.6	53.2	34.1	1.05
OUE Comm REIT	OUECT SP	NR	S\$	0.405	n.a.	1,625	6.4	6.7	6.7	3.5	72.2	38.7	0.71
Suntec REIT	SUN SP	BUY	S\$	1.62	1.74	3,421	5.3	5.7	5.6	5.8	81.7	43.7	0.76
INTERNATIONAL REITS													
Cromwell REIT EUR	CERT SP	NR	€	2.35	n.a.	1,474	7.2	7.2	7.4	7.7	65.6	36.6	0.93
Elite Comm REIT GBP	ELITE SP	BUY	£	0.615	0.95	392	8.8	8.8	9.5	9.1	78.1	42.4	1.01
IREIT Global	IREIT SP	NR	S\$	0.645	n.a.	548	7.6	7.1	7.1	n.a.	75.3	43.3	0.90
Keppel DC REIT USD	KORE SP	BUY	US\$	0.71	1.10	740	8.9	8.9	8.8	9.7	66.0	37.2	0.87
Manulife REIT USD	MUST SP	BUY	US\$	0.65	0.87	1,144	8.2	9.0	9.2	9.4	81.8	42.8	0.97
Prime US REIT USD	PRIME SP	NR	US\$	0.765	n.a.	894	8.9	9.4	9.4	9.4	63.9	37.9	0.90
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.625	0.95	348	9.8	10.0	10.0	10.4	65.1	39.0	0.84

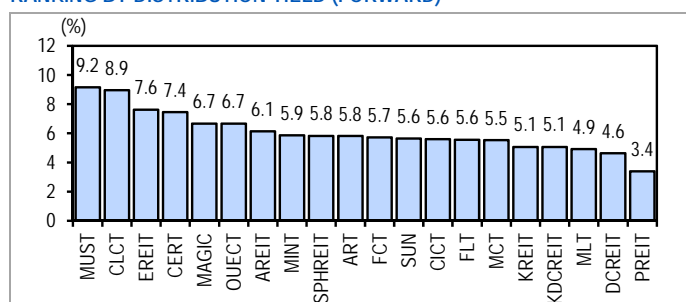
Source: Bloomberg, UOB Kay Hian

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
Sasseur REIT	2.4	6.3	-5.1	-7.7	0.6	0.0	Prime US REIT USD	-7.8	-1.3	-8.4	-6.7	-4.4	-8.4
CapLand Int Comm Trust	1.4	8.8	0.0	2.4	0.5	3.4	Elite Comm REIT GBP	-6.8	-6.8	-6.8	-8.2	-6.1	-7.5
Suntec REIT	1.3	6.6	10.2	9.5	11.7	7.3	ESR REIT	-5.6	-1.2	-10.6	-9.7	9.4	-12.5
Mapletree Ind	1.2	2.0	-3.0	-12.3	-3.5	-5.5	Frasers HTrust	-5.4	-1.1	-4.3	-11.1	-11.1	-5.4
Keppel REIT	0.9	2.7	3.6	9.5	-0.9	1.8	First REIT	-4.8	-1.6	3.4	13.2	46.3	-1.6
Utd Hampshire REIT USD	0.8	1.6	-6.0	-12.6	-5.3	-6.0	OUE Comm REIT	-4.7	-1.2	-9.0	-1.2	9.5	-8.0
IREIT Global	0.8	1.6	1.6	0.8	0.2	-0.8	Keppel DC REIT USD	-3.4	-4.1	-10.1	-5.3	4.4	-11.3
DigiCore REIT USD	0.0	-4.3	27.3	27.3	27.3	-3.4	ARA LOGOS Log Trust	-2.9	1.2	-6.2	-5.1	16.0	-7.2
Keppel DC REIT	0.0	2.3	-6.8	-12.4	-19.8	-11.3	AIMS APAC REIT	-2.9	-2.9	-3.6	-12.9	4.7	-6.9
Mapletree Log	0.0	3.6	-5.9	-13.7	-5.3	-7.9	PLife REIT	-2.8	-6.7	-9.3	-7.6	8.8	-12.9

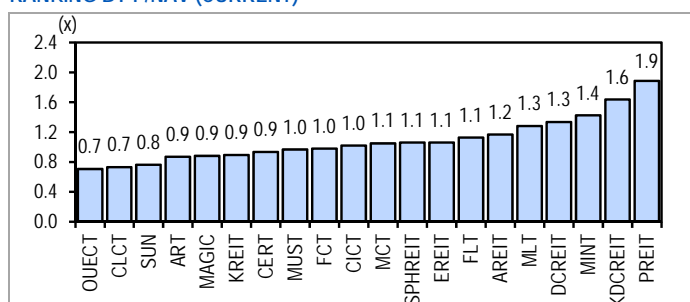
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian