

SECTOR UPDATE

REITs – Singapore

S-REITs Bi-Weekly Updates (16-31 Mar 22)

The domestic economy will receive an uplift from the easing of social distancing measures and the border reopening. Externally, the Russo-Ukrainian war creates heightened uncertainties and has pushed bond yields higher. 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). Maintain OVERWEIGHT.**

WHAT HAPPENED IN THE LAST TWO WEEKS

- **FSTREI gained 5.0% in the past two weeks.** Singapore has made a decisive shift to a new phase of living with COVID-19 as endemic. Group size for dining in at F&B establishments, including hawker centres and coffee shops, has increased from five to 10 fully vaccinated persons. Up to 75% of employees can return to the workplace, compared with the previous limit of 50%. Vaccinated Travel Framework has replaced the existing Vaccinated Travel Lane scheme. Fully vaccinated travellers and children aged 12 and below with COVID-19 test two days before departure will be able to enter Singapore starting 1 Apr 22. They no longer have to take an antigen rapid test (ART) within 24 hours of arrival. Travellers are not restricted to take only designated flights to enter Singapore quarantine-free. Quota on the number of daily arrivals was abolished.
- S-REITs rallied with optimism on the easing of COVID-19 restrictions. FSTREI gained by 5.0%, in line with the rally of 5.3% for FSSTI.
- **Top outperformer:** Hospitality REITs FHT, CDREIT, ART and FEHT gained 21.6%, 14.2%, 10.8% and 10.2% respectively. MAGIC gained 12.8% as Festival Walk benefits from the easing of social distancing measures in Hong Kong. US REITs MUST and UHU gained 8.9% and 8.3% respectively.
- **Top underperformer:** SASSR was stagnant due to the recent rise in COVID-19 infections in China. KREIT gained marginally by 0.8%, lagging other office plays, such as CICT (+5.1%) and SUN (+6.1%). PREIT, a defensive healthcare REIT, gained 1.1%. LREIT gained 1.1% amid its equity fund raising exercise.

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 31 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 Com Trust	CICT SP	BUY	S\$	2.25	2.50	10,996	11.2	12.0	5.0	5.3	2.7	3.0	4.1	37.2	3.2
Ascendas REIT	AREIT SP	BUY	S\$	2.93	3.92	9,077	16.6	17.0	5.7	5.8	3.3	3.5	5.7	35.9	3.8
Mapletree Log	MLT SP	BUY	S\$	1.85	2.08	6,530	8.4	8.6	4.5	4.6	2.2	2.3	5.1	34.7	3.6
Mapletree Ind	MINT SP	BUY	S\$	2.69	3.72	5,314	14.2	15.0	5.3	5.6	3.0	3.2	6.4	39.9	4.2
Mapletree Comm	MCT SP	BUY	S\$	1.89	2.48	4,636	9.2	10.0	4.9	5.3	2.5	3.0	4.8	34.1	2.7
Fraser's L&C Trust	FLT SP	BUY	S\$	1.46	1.79	3,977	7.7	7.8	5.2	5.3	2.9	3.0	8.4	34.3	4.8
Suntec REIT	SUN SP	BUY	S\$	1.75	1.74	3,704	9.2	9.1	5.3	5.2	2.9	2.9	2.6	43.7	3.3
Keppel REIT	KREIT SP	BUY	S\$	1.22	1.52	3,343	5.9	5.8	4.8	4.8	2.5	2.4	3.9	38.4	6.1
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.23	n.a.	3,202	6.8	7.1	5.5	5.8	3.2	3.4	4.2	42.1	2.5
Fraser's CT	FCT SP	BUY	S\$	2.44	2.98	3,064	12.9	12.9	5.3	5.3	3.0	3.0	5.8	34.5	1.8
Keppel DC REIT	KDCREIT SP	NR	S\$	2.28	n.a.	2,890	10.7	10.9	4.7	4.8	2.4	2.4	10.8	34.6	7.5
Ascott Trust	ART SP	BUY	S\$	1.13	1.29	2,738	5.4	6.0	4.8	5.3	2.5	3.0	3.7	37.1	n.a.
PLife REIT	PREIT SP	HOLD	S\$	4.70	4.72	2,099	14.8	15.2	3.1	3.2	0.8	0.9	21.5	35.4	17.3
SPH REIT	SPHREIT SP	NR	S\$	0.97	n.a.	2,006	5.5	5.6	5.7	5.8	3.3	3.4	7.3	30.3	2.7
QUE Comm REIT	QUECT SP	NR	S\$	0.42	n.a.	1,689	2.6	2.6	6.2	6.2	3.9	3.9	2.8	38.7	2.5
CapLand China Trust	CLCT SP	NR	S\$	1.21	n.a.	1,493	9.7	10.2	8.0	8.4	5.7	6.1	4.9	37.7	2.2
Cromwell REIT EUR	CERT SP	NR	€	2.28	n.a.	1,419	17.0	17.5	7.5	7.7	6.9	7.1	5.8	36.6	4.6
ESR REIT	EREIT SP	NR	S\$	0.43	n.a.	1,286	3.0	3.1	7.0	7.2	4.6	4.9	4.0	40.0	2.9
DigiCore REIT USD	DCREIT SP	BUY	US\$	1.11	1.32	1,249	4.3	5.2	3.9	4.7	1.5	2.3	12.2	35.1	7.0
Manulife REIT USD	MUST SP	BUY	US\$	0.675	0.8	1,191	5.6	5.8	8.3	8.6	6.0	6.3	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	MARKET WEIGHT
Retail REITs	OVERWEIGHT

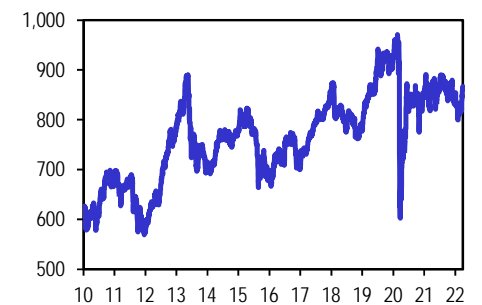
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
ART	BUY	1.13	1.29
FCT	BUY	2.44	2.98
MCT	BUY	1.89	2.48
MINT	BUY	2.69	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 31 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\$	0.31	n.a.	468	8.4	n.a.	n.a.	n.a.	59.6	33.6	0.85
PLife REIT	PREIT SP	HOLD	S\$	4.70	4.72	2,099	3.0	3.1	3.2	n.a.	57.7	35.3	1.98
HOSPITALITY													
Ascott Trust	ART SP	BUY	S\$	1.13	1.29	2,738	3.8	4.8	5.3	5.6	70.4	37.1	0.95
CDL HTrust	CDREIT SP	BUY	S\$	1.29	1.45	1,172	3.3	3.7	4.8	5.6	72.8	39.1	0.97
Far East HTrust	FEHT SP	BUY	S\$	0.65	0.76	949	4.0	4.4	5.9	6.1	57.6	38.3	0.78
Frasers HTrust	FHT SP	NR	S\$	0.535	n.a.	760	1.8	4.1	5.8	5.8	78.2	42.5	0.83
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.39	n.a.	730	6.4	6.6	6.9	7.2	61.4	37.3	1.01
Ascendas REIT	AREIT SP	BUY	S\$	2.93	3.92	9,077	5.2	5.7	5.8	5.8	61.6	35.9	1.23
DigiCore REIT USD	DCREIT SP	BUY	US\$	1.11	1.32	1,249	n.a.	3.9	4.7	4.7	36.9	24.1	1.32
ESR REIT	EREIT SP	NR	S\$	0.43	n.a.	1,286	6.9	7.0	7.2	7.7	74.5	40.0	1.09
Keppel DC REIT	KDCREIT SP	NR	S\$	2.28	n.a.	2,890	4.3	4.7	4.8	4.9	56.2	41.8	1.71
Mapletree Ind Trust	MINT SP	BUY	S\$	2.69	3.72	5,314	4.7	5.3	5.6	5.8	62.2	39.9	1.50
Mapletree Log Trust	MLT SP	BUY	S\$	1.85	2.08	6,530	4.5	4.5	4.6	4.7	64.0	34.7	1.35
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.22	1.52	3,343	4.8	4.8	4.8	5.3	71.6	38.4	0.95
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.44	2.98	3,064	5.0	5.3	5.3	5.3	46.3	34.5	1.06
Lendlease REIT	LREIT SP	NR	S\$	0.78	n.a.	1,001	6.0	6.2	6.6	6.7	69.3	33.5	0.96
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.23	n.a.	3,202	5.0	5.5	5.8	6.0	84.6	42.1	1.00
Sasseur REIT	SASSR SP	BUY	S\$	0.845	1.12	762	8.4	9.0	9.1	9.4	42.9	26.1	0.85
SPH REIT	SPHREIT SP	NR	S\$	0.97	n.a.	2,006	5.6	5.7	5.8	5.9	51.0	30.4	1.07
Starhill Global	SGREIT SP	NR	S\$	0.61	n.a.	1,007	6.5	6.4	6.7	6.9	61.7	36.1	0.76
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.21	n.a.	1,493	7.2	8.0	8.4	8.7	77.0	37.7	0.78
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.25	2.50	10,996	4.6	5.0	5.3	5.5	63.2	37.2	1.09
Frasers L&C Trust	FLT SP	BUY	S\$	1.46	1.79	3,977	5.3	5.2	5.3	5.4	55.9	34.3	1.18
Mapletree Comm Trust	MCT SP	BUY	S\$	1.89	2.48	4,636	5.0	4.9	5.3	5.4	53.2	34.1	1.10
OUE Comm REIT	OUECT SP	NR	S\$	0.42	n.a.	1,689	6.2	6.2	6.2	3.1	72.2	38.7	0.73
Suntec REIT	SUN SP	BUY	S\$	1.75	1.74	3,704	5.0	5.3	5.2	5.4	81.7	43.7	0.83
INTERNATIONAL REITS													
Cromwell REIT EUR	CERT SP	NR	€	2.28	n.a.	1,419	7.4	7.5	7.7	7.9	65.6	36.6	0.91
Elite Comm REIT GBP	ELITE SP	NR	£	0.65	0.95	409	8.4	7.5	8.0	8.3	78.1	42.4	1.07
IREIT Global	IREIT SP	NR	S\$	0.63	n.a.	537	7.0	7.1	7.1	8.1	53.7	32.1	0.78
Keppel REIT USD	KORE SP	BUY	US\$	0.735	1.10	766	8.6	8.6	8.5	9.4	66.0	37.2	0.90
Manulife REIT USD	MUST SP	BUY	US\$	0.675	0.80	1,191	7.9	8.3	8.6	8.9	81.8	42.8	1.00
Prime US REIT USD	PRIME SP	NR	US\$	0.755	n.a.	886	9.0	9.3	9.5	9.5	63.9	37.9	0.89
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.65	0.97	363	9.4	10.1	9.7	9.7	65.1	39.0	0.87

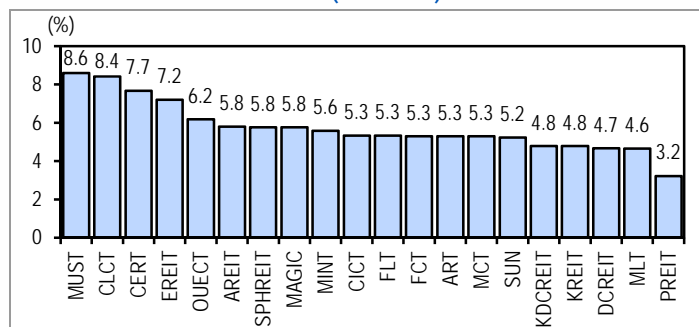
Source: Bloomberg, UOB Kay Hian

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
Frasers HTrust	21.6	21.6	15.1	17.6	0.9	15.1	Sasseur REIT	0.0	0.0	0.0	-1.2	-5.1	0.0
CDL HTrust	14.2	13.2	10.3	24.0	4.0	10.3	Keppel REIT	0.8	6.1	8.0	15.1	0.0	8.0
Mapletree NAC Trust	12.8	13.9	10.8	27.5	16.0	10.8	PLife REIT	1.1	5.1	-8.4	1.1	15.2	-8.4
Ascott Trust	10.8	9.7	9.7	22.2	5.6	9.7	Lendlease REIT	1.1	-3.2	-10.7	-8.2	-0.8	-10.7
Far East HTrust	10.2	13.0	10.2	4.8	3.2	10.2	AIMS APAC REIT	1.5	3.0	-4.1	-3.5	7.8	-4.1
Manulife REIT USD	8.9	3.8	0.7	-3.6	-7.5	0.7	Elite Comm REIT GBP	2.4	5.7	-2.3	-3.0	-3.0	-2.3
Utd Hampshire REIT USD	8.3	4.0	-2.3	-3.7	-3.0	-2.3	ESR REIT	2.4	2.4	-10.4	-7.5	10.6	-10.4
Frasers CT	8.0	8.0	5.6	7.5	-0.8	5.6	SPH REIT	2.6	1.0	-3.0	3.2	10.9	-3.0
CapLand China Trust	7.1	6.1	1.7	-2.4	-11.7	1.7	Prime US REIT USD	2.7	-1.3	-9.6	-11.7	-12.2	-9.6
Starhill Global	6.1	1.7	-6.9	-2.4	8.9	-6.9	Frasers L&C Trust	2.8	4.3	-3.9	-3.9	0.7	-3.9

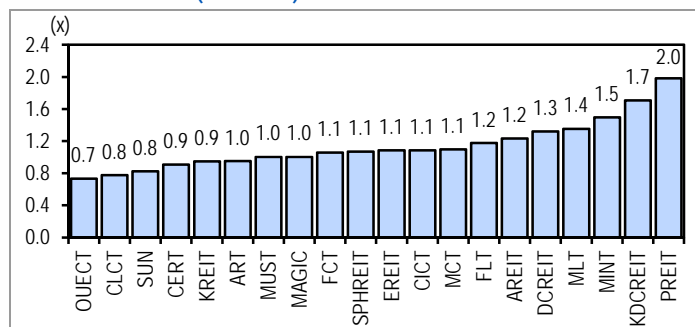
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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