

SECTOR UPDATE

REITs – Singapore

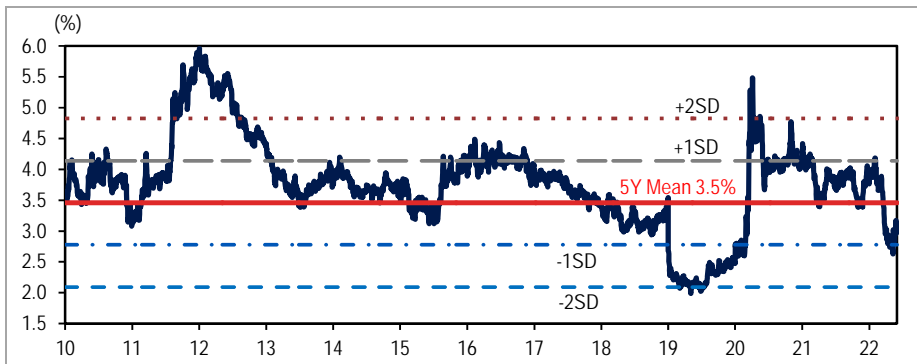
S-REITs Bi-Weekly Update (16-31 May 22)

It is heartening to hear that Beijing and Shanghai plan to relax COVID-19-related controls after the drop in new COVID-19 cases. The Russia-Ukraine war, however, remains in a protracted stalemate. Domestically, consumption is normalising and more employees are working from their offices. Pent-up demand is seen in the surge of inbound leisure and business travellers. **BUY ART (Target: S\$1.32), FCT (Target: S\$2.96), FEHT (Target: S\$0.82) and LREIT (Target: S\$1.01). Maintain OVERWEIGHT.**

WHAT HAPPENED IN THE LAST TWO WEEKS

- **FSTREI gained 1.1% in the past two weeks.** We understand that Amazon and Meta Platforms are in advanced negotiations to lease office space at IOI Central Boulevard Towers, the only new supply within core CBD over the next three years. Amazon could take up 369,000sf of office space covering 11 floors, representing 29% of the available office space of 1,258,000sf from IOI Central Boulevard Towers.
- The refurbished Changi Airport Terminal 2 has reopened on 29 May 22 to cater to peak hours arrival flights of airlines operating from Terminal 3. Passenger traffic at Changi Airport currently averages above 40% of pre-pandemic levels.
- Yield for 10-year Singapore government bonds eased slightly by 10bp to 2.67% during the last two weeks of May. FSTREI gained 1.1%, comparable to 1.3% for FSSTI.
- **Top outperformer:** EREIT gained 9.3% after Tong Jinquan acquired 41.7m units to increase his total stake by 0.6ppt to 10.5%. Reopening plays LREIT, FHT and ART gained 8.6%, 7.4% and 3.6% respectively. CLCT gained 5.5% due to news that Beijing and Shanghai plans to reopen after the drop in new COVID-19 cases.
- **Top underperformer:** Diversified REITs CICT and SUN corrected 3.5% and 2.9% respectively. US REITs KORE and PRIME declined 0.7%.

S-REIT YIELD SPREAD*



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

PEER COMPARISON

Name	Ticker	Rec	Currency	Price 31 May 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\$	2.19	2.50	10,599	11.4	12.1	5.2	5.5	2.5	2.8	4.2	39.1	3.7
Ascendas REIT	AREIT SP	BUY	S\$	2.79	3.92	8,550	16.6	17.0	6.0	6.1	3.3	3.4	5.7	36.8	3.8
Mapletree Log	MLT SP	BUY	S\$	1.64	2.23	5,726	9.2	9.2	5.6	5.6	2.9	3.0	5.0	36.8	3.5
Mapletree Ind	MINT SP	BUY	S\$	2.48	3.65	4,847	13.5	13.8	5.4	5.6	2.8	2.9	5.7	38.4	4.1
Mapletree Comm	MCT SP	BUY	S\$	1.78	2.52	4,324	10.3	10.2	5.8	5.7	3.1	3.1	4.8	33.5	2.6
Frasers L&C Trust	FLT SP	BUY	S\$	1.36	1.79	3,665	7.7	7.8	5.6	5.7	3.0	3.0	12.5	33.1	4.6
Suntec REIT	SUN SP	HOLD	S\$	1.68	1.90	3,520	10.3	10.0	6.1	6.0	3.4	3.3	2.6	43.3	2.2
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.21	n.a.	3,126	7.0	7.1	5.8	5.9	3.1	3.2	4.3	41.5	2.4
Keppel REIT	KREIT SP	BUY	S\$	1.15	1.50	3,125	5.9	5.6	5.1	4.9	2.5	2.2	3.8	38.7	6.1
Frasers CT	FCT SP	BUY	S\$	2.34	2.96	2,907	12.9	13.2	5.5	5.6	2.8	3.0	5.7	33.3	1.9
Ascott Trust	ART SP	BUY	S\$	1.16	1.32	2,783	5.1	6.2	4.4	5.4	1.7	2.7	3.5	37.8	n.a.
Keppel DC REIT	KDCREIT SP	NR	S\$	2.06	n.a.	2,583	10.1	10.6	4.9	5.1	2.2	2.5	10.0	36.1	7.7
PLife REIT	PREIT SP	HOLD	S\$	4.94	4.82	2,182	14.7	15.1	3.0	3.0	0.3	0.4	20.2	34.5	17.2
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.41	n.a.	1,997	3.0	3.1	7.3	7.6	4.6	4.9	3.5	39.5	2.5
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,935	5.5	5.6	5.8	5.9	3.1	3.3	7.7	30.1	2.8
OUE Comm REIT	OUECT SP	NR	S\$	0.395	n.a.	1,573	2.6	2.5	6.6	6.3	3.9	3.7	2.9	39.4	2.4
CapLand China Trust	CLCT SP	NR	S\$	1.16	n.a.	1,416	9.2	9.9	7.9	8.5	5.3	5.9	4.8	38.1	2.1
Lendlease REIT	LREIT SP	BUY	S\$	0.82	1.01	1,284	4.6	5.2	5.6	6.4	2.9	3.7	10.3	27.7	4.3
Cromwell REIT EUR	CERT SP	NR	€	2.05	n.a.	1,237	17.0	17.5	8.3	8.5	7.2	7.5	6.8	38.6	4.6
CDL HTTrust	CDREIT SP	BUY	S\$	1.25	1.57	1,127	5.2	6.6	4.2	5.3	1.5	2.6	3.4	39.8	n.a.

* 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	OVERWEIGHT

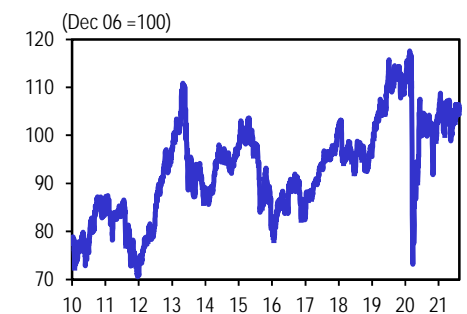
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
ART	BUY	1.16	1.32
FCT	BUY	2.34	2.96
FEHT	BUY	0.65	0.82
LREIT	BUY	0.82	1.01

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 May 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\$	0.285	n.a.	427	9.2	n.a.	n.a.	n.a.	66.3	35.5	0.82
PLife REIT	PREIT SP	HOLD	S\$	4.94	4.82	2,182	2.9	3.0	3.0	3.1	55.2	34.4	2.08
HOSPITALITY													
Ascott Trust	ART SP	BUY	S\$	1.16	1.32	2,783	3.7	4.4	5.4	5.3	70.4	37.8	1.00
CDL HTrust	CDREIT SP	BUY	S\$	1.25	1.57	1,127	3.4	4.2	5.3	5.9	68.6	39.8	0.94
Far East HTrust	FEHT SP	BUY	S\$	0.65	0.82	941	4.0	4.4	5.9	6.1	44.8	33.4	0.77
Frasers HTrust	FHT SP	NR	S\$	0.65	n.a.	914	1.5	3.2	3.4	5.4	78.7	42.3	0.99
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.38	n.a.	722	6.9	7.1	7.4	7.5	85.9	37.5	0.99
Ascendas REIT	AREIT SP	BUY	S\$	2.79	3.92	8,550	5.5	6.0	6.1	6.1	61.6	36.8	1.17
DigiCore REIT USD	DCREIT SP	HOLD	US\$	0.965	1.10	1,088	n.a.	4.2	4.9	4.4	35.4	26.0	1.10
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.41	n.a.	1,997	7.3	7.3	7.6	7.8	74.5	39.5	1.11
Keppel DC REIT	KDCREIT SP	NR	S\$	2.06	n.a.	2,583	4.8	4.9	5.1	5.2	56.3	36.1	1.54
Mapletree Ind Trust	MINT SP	BUY	S\$	2.48	3.65	4,847	5.6	5.4	5.6	5.7	58.3	38.4	1.33
Mapletree Log Trust	MLT SP	BUY	S\$	1.64	2.23	5,726	5.4	5.6	5.6	5.7	70.1	36.8	1.11
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	1.15	1.50	3,125	5.1	5.1	4.9	5.4	71.6	38.4	0.89
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.34	2.96	2,907	5.2	5.5	5.6	5.5	46.1	33.3	1.01
Lendlease REIT	LREIT SP	BUY	S\$	0.82	1.01	1,284	5.7	5.6	6.4	6.4	68.3	27.7	1.02
Mapletree NAC Trust	MAGIC SP	NR	S\$	1.21	n.a.	3,126	5.6	5.8	5.9	6.2	82.3	41.5	0.98
Sasseur REIT	SASSR SP	BUY	S\$	0.825	1.12	736	8.6	9.2	9.3	9.7	42.5	26.2	0.83
SPH REIT	SPHREIT SP	NR	S\$	0.945	n.a.	1,935	5.7	5.8	5.9	6.1	50.2	30.2	1.03
Starhill Global	SGREIT SP	NR	S\$	0.585	n.a.	956	6.8	6.7	7.2	7.4	61.8	36.1	0.73
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	1.16	n.a.	1,416	7.5	7.9	8.5	8.7	78.6	38.1	0.74
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.19	2.50	10,599	4.7	5.2	5.5	5.6	63.2	39.1	1.06
Frasers L&C Trust	FLT SP	BUY	S\$	1.36	1.79	3,665	5.6	5.6	5.7	5.8	55.7	33.1	1.03
Mapletree Comm Trust	MCT SP	BUY	S\$	1.78	2.52	4,324	5.4	5.8	5.7	5.8	52.0	33.5	1.02
OUE Comm REIT	OUECT SP	NR	S\$	0.395	n.a.	1,573	6.6	6.6	6.3	3.0	73.8	39.4	0.69
Suntec REIT	SUN SP	HOLD	S\$	1.68	1.90	3,520	5.2	6.1	6.0	5.7	81.8	43.3	0.79
INTERNATIONAL REITS													
Cromwell REIT EUR	CERT SP	NR	€	2.05	n.a.	1,237	8.3	8.3	8.5	8.8	72.1	38.6	0.83
Elite Comm REIT GBP	ELITE SP	BUY	£	0.645	0.87	390	8.4	7.9	7.7	8.2	79.6	42.8	1.09
IREIT Global	IREIT SP	NR	S\$	0.62	n.a.	523	6.9	7.1	7.1	8.1	53.7	32.1	0.79
KepPacOak REIT USD	KORE SP	BUY	US\$	0.695	1.07	726	9.1	9.1	8.7	8.6	66.4	37.5	0.85
Manulife REIT USD	MUST SP	BUY	US\$	0.60	0.80	1,058	8.9	9.4	9.7	10.0	81.8	42.8	0.89
Prime US REIT USD	PRIME SP	NR	US\$	0.715	n.a.	841	9.5	9.8	9.9	10.1	66.9	39.1	0.85
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.615	0.92	344	9.9	10.1	9.8	9.8	65.1	38.9	0.82

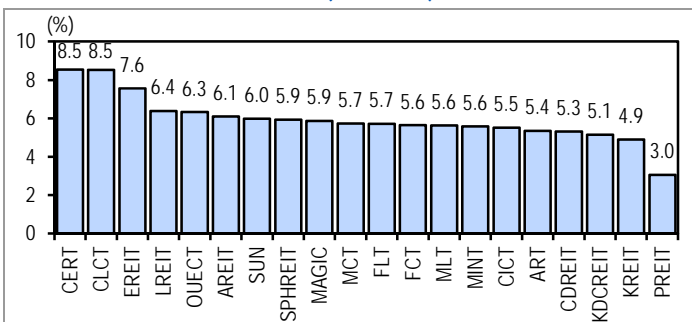
Source: Bloomberg, UOB Kay Hian

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
ESR-LOGOS REIT	9.3	5.1	-2.4	-12.8	2.8	-14.6	CapLand Int Comm Trust	-3.5	-6.0	3.8	3.8	4.8	7.4
Lendlease REIT	8.6	3.1	2.4	-4.0	11.2	-5.6	First REIT	-3.4	-9.5	-5.0	-1.7	11.8	-6.6
Frasers HTrust	7.4	0.8	47.7	41.3	23.8	39.8	Suntec REIT	-2.9	-8.7	3.7	14.3	16.7	11.3
CapLand China Trust	5.5	-0.9	1.8	0.0	-14.7	-2.5	CDL HTrust	-1.6	-6.7	9.6	11.6	5.9	6.8
Keppel DC REIT	5.1	-0.5	-5.9	-12.3	-20.2	-16.6	OUE Comm REIT	-1.3	-4.8	-2.5	-11.2	0.0	-10.2
PLife REIT	4.0	2.1	10.5	0.2	11.0	-3.7	KepPacOak REIT USD	-0.7	-4.1	-2.1	-12.0	-6.1	-13.1
Ascott Trust	3.6	0.0	12.6	17.2	16.6	12.6	Prime US REIT USD	-0.7	-3.4	-6.5	-14.4	-16.4	-14.4
Ascendas REIT	3.3	-2.4	0.7	-4.5	-4.8	-5.4	Digi Core REIT USD	0.0	-3.0	-13.8	9.7	9.7	-16.8
Keppel REIT	2.7	-5.7	0.0	3.6	0.0	1.8	SPH REIT	0.0	-3.1	-1.6	-5.0	9.2	-5.5
Utd Hampshire REIT USD	2.5	-0.8	-1.6	-7.5	-15.8	-7.5	Cromwell REIT EUR	0.0	-10.9	-12.8	-18.3	-9.3	-19.0

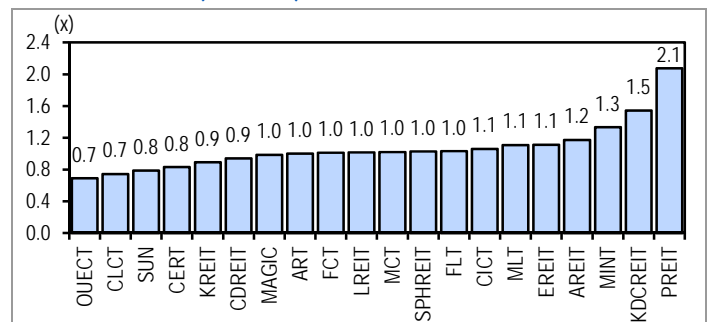
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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