Singapore Industry Focus

Singapore REITs

Refer to important disclosures at the end of this report

DBS Group Research . Equity

12 Jul 2023

Enduring a "red hot" summer

- Extended period of high interest rates could result in continued erosion in DPUs till 2024
- Our sensitivity analysis reveals up to a 4% decline in DPUs in a scenario of protracted high interest rates
- Debt-servicing ratio remains stable for most; with selected S-REITs to pursue sales, equity recapitalisation to improve balance sheet flexibility
- Resilience a key trait, prefer retail, industrial S-REITs

Are we ready for an extended period of high interest rates? While we remain constructive on S-REITs as we approach the end of the rate hike cycle, we believe that all are not totally "out of the woods" yet, as near-term funding costs (three-month SORA, 3Y/5Y swap rates) are likely to remain elevated over an extended period before entering a period of normalisation from 2H24 onwards. This means that S-REITs will still feel the erosion of distributions as average portfolio interest rates inch higher in 2024. We have forecasted FY24F DPU growth of 2.0% (-1.0% ex-hospitality), bringing an overall FY24F DPU yield of 6.3% (or a spread of 3.3% against SG 10-year bonds).

Where will it cut the deepest? We have priced in a "through cycle" portfolio debt costs hike of 1.2% in our models and believe this to be sufficient for now. This reflects DBS assumptions of a 100 basis cuts to FED funds rate come 2024. That said, a bear case scenario of a prolonged period of high interest rates till the end of 2024 would potentially drive portfolio debt costs up by another 30 basis points or a c.4.0% cut to our estimates, which we have not priced in for now. This cut would be more keenly felt in the US office, China Retail S-REITs and selected commercial (selected office + retail S-REITs). We expect that the industrial and hotel S-REITs should remain most resilient as they enjoy stronger portfolio cashflows to compensate for the higher interest rates burden.

Debt-servicing ratios are not overly stretched for most. Our analysis reveals that most S-REITs can maintain interest coverage ratios (ICRs) that are >3.0x with the exception of the office and US office S-REITs, given their higher leverage ratios. With little wriggle room, we anticipate that these S-REITs will likely pursue asset sales or selective fundraising to recapitalise their balance sheets.

Positioned in the resilient subsectors. In a slow growth and high interest rate environment, we maintain our conservative stance of preferring the resilient subsectors – industrial (CLAR, MLT) and retail (FCT, LREIT, MPACT). We also like hotel S-REITs (CLAS) for its leverage in the robust medium-term China reopening story.

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STOCKS

	Price S$	Mkt Cap US$m	12-mth Target Price S$	Performance (%) 3 mth	12 mth	Rating
Capitaland Ascendas REIT	2.70	8,458	3.40	(5.9)	(7.2)	BUY
Mapletree Logistics Trust	1.63	5,854	1.88	(7.4)	(7.4)	BUY
Frasers Centrepoint Trust	2.16	2,750	2.60	(6.1)	(4.9)	BUY
Mapletree Pan Asia Commercial	1.60	5,186	2.00	(12.1)	(11.1)	BUY
LendLease Global	0.66	1,144	1.00	(7.0)	(15.9)	BUY
Capitaland Ascott Trust	1.07	2,623	1.30	2.9	(6.1)	BUY

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 11 Jul 2023

Refinancing spreads could stay high

Source: DBS Bank

DBS Insights Direct

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ed: BM/ sa: PY, CS

What if red-hot interest rates remain?

The peak of interest rates has been the key datapoint we have been tracking for 2023, but the turn has eluded us, as of Jul 23. While we have seen periods of a near-term retreat in interest rates, as of July 23, short-term interest rates (namely the 3M SORA, 3 year/5-year swap rates) have rebounded to near year-to-date (YTD) highs, at around the c.3.6% level.

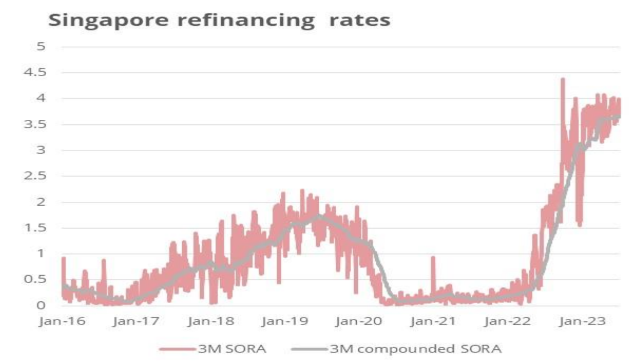
With inflation remaining sticky, the US Fed has pressed on with more rate hikes, with Fed Chair Jeremy Powell indicating that two more 25-basis point hikes are likely in July 23 and Sept 23 to combat the persistent inflation levels. DBS economists have penciled in one more hike in July 23 before a pause, which is a more dovish view compared to market expectations.

While we are at the end of the current rate hike cycle, which is overall positive for the S-REITs, given improved funding cost visibility, the key question remains: How long will the currently high interest rates remain before normalising to a more comfortable 2.5%-3.0% level, which is a more conducive environment for growth?

While the timing of such cuts is uncertain, DBS economists believe that 2H24 will be when the Fed would look at cutting interest rates after the cooling off period for the economy and inflation has passed. We have baked in 100 basis points in cuts to the Fed Funds Rate from 3Q24 to 4Q24. The short-end rates, however, are forecast to dip but remain elevated. Based on DBS's forecasts, the current 3M SORA of 3.6% will dip to about c.3.0% by the end of 2024.

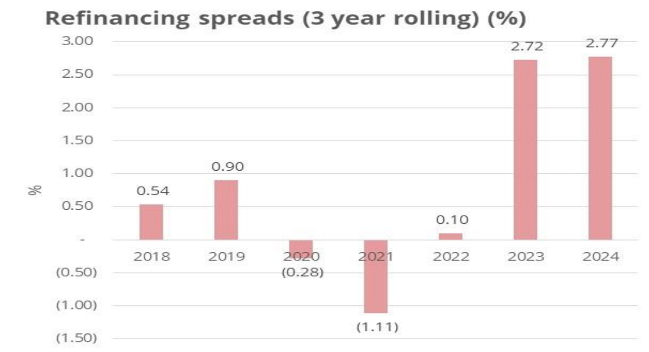
While the interest rate hikes are expected to end, interest rates are likely to remain high over an extended period. With that in mind, we cast our eye on our FY24F dividend per unit (DPU) forecasts to see if there are risks to our current estimates if interest rates remain elevated.

Overall funding rates have inched higher



Source: Bloomberg Finance L.P., DBS Bank

Refinancing spreads in FY23-24F could remain high



Source: Bloomberg Finance L.P., DBS Bank

DBS's interest rate forecast for 2023-2024 (as of July 23)

As of 28 Apr 23	US Rates				SG Rates			
Interest rate forecasts	Fed Funds (%)	2Y (%)	10Y (%)	10Y-2Y (bps)	3m SORA (%)	2Y (%)	10Y (%)	10Y-2Y (bps)
7 Jul 23	5.25	4.69	3.8	-89	3.67	3.46	3.00	-46
End-Jun 23 (2Q23)	5.5	5.0	4.1	-90	3.62	3.55	3.15	-40
End-Dec 23 (4Q23)	5.5	5.0	4.1	-90	3.75	3.55	3.15	-40
End-Jun 24 (2Q24)	5.5	4.7	4.0	-70	3.62	3.35	3.05	-30
End-Dec 24 (4Q24)	4.5	4.3	4.0	-30	3.10	3.15	3.05	-10

Source: Bloomberg Finance L.P., DBS Bank

Are we ready for "higher for longer?"

Refinancing costs to continue inching higher, but peak increase in rates is likely over. Overall borrowing costs will continue to inch higher as we head further into 2023 and 2024 as the cheaper cost of debt that was secured back in 2020-2021 gets "marked to market". Based on our estimates, overall S-REITs' cost of debt has risen by c.1.1% y-o-y to 3.4% as of 1Q23 and should continue to inch higher as we head into 2023-2024. This is because of the higher base rates where the three-month SORA and swap rates are generally 250-300 basis points higher compared to the rates in 2021.

Underlying cash flow growth to compensate for interest rate hikes. In our latest estimates, the S-REITs are projected to deliver a two-year CAGR of 0.4% (ex hospitality CAGR of -3.2%). The decline is mainly in FY23F, with a spike in interest rates eroding part of the growth in property cash flows, thus resulting in a slight increase in overall distributions.

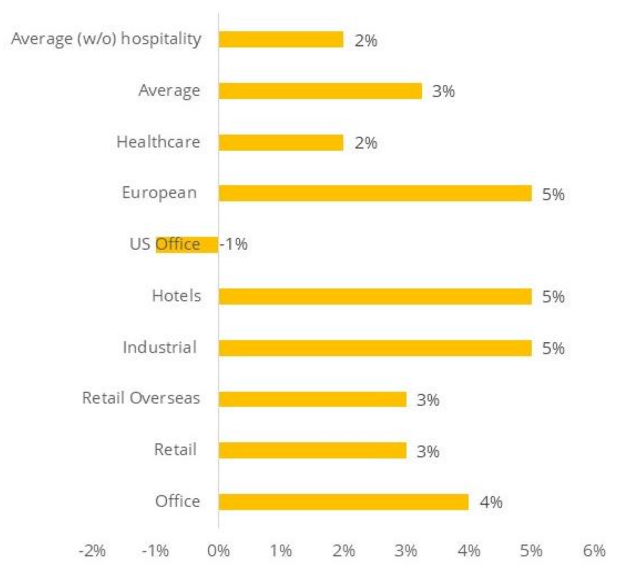
We have assumed overall EBITDA growth (including associates) of 3% in FY24F (ranging from -1% to +1% in FY24F), mainly from the continued positive leasing spreads (higher market rents vs. expiring rent levels), which allow S-REITs to continue capturing the overall growth in portfolio cash flows.

Key financial metrics over time and assumed forecasts

	1Q22	4Q22	1Q23	FY23F	FY24F	Comments
Average cost of financing	2.3%	2.9%	3.4%	3.6%	3.9%	Priced into our estimates with the assumption of 100 basis points in cuts to the Fed Funds Rate in 2024
Hedge profile	71%	74%	73%	Remain c.70%		S-REIT managers are likely to continue ensuring a level of protection by rolling over hedges.
Interest coverage ratio (ICR)	5.6x	4.7x	4.6x	4.3x	4.1x	

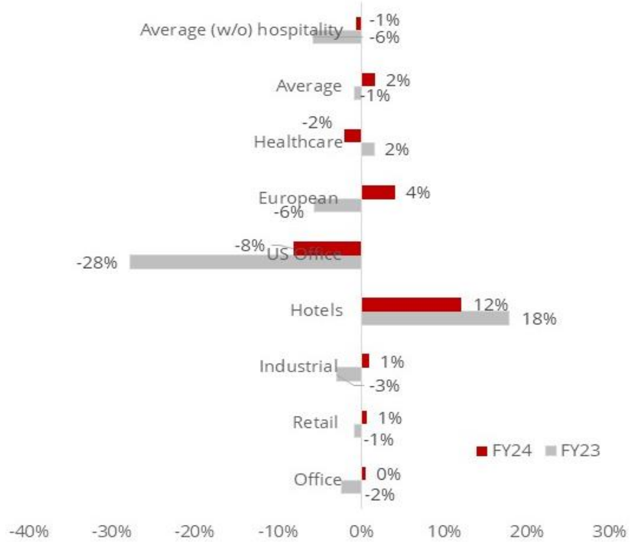
Source: Bloomberg Finance L.P., DBS Bank

Estimated EBITDA growth for FY24F (%)



Source: Bloomberg Finance L.P., DBS Bank

Estimated DPU growth (FY23/24F)



Source: Bloomberg Finance L.P., DBS Bank

Have we priced in enough buffers?

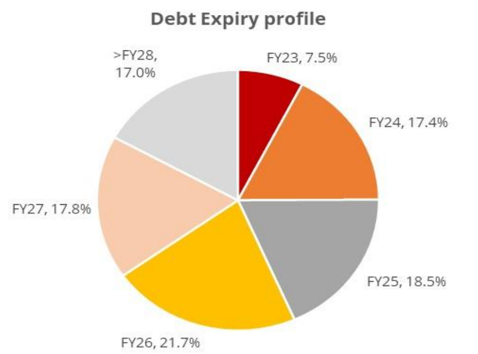
Our current DPU estimate of FY23-24F growth of 2% (or -1% ex hospitality S-REITs) reflects a scenario where interest rates are cut by 100 basis points in FY24F. That said, if the current interest rates remain elevated and extended, our sensitivity analysis indicates that overall interest rates could rise to c.4.2% by the end of 2024 (vs. our estimates of c.3.9%), a 30-basis point difference. This is after taking into account (i) the debt expiry profile where c.8% is expiring in FY23F and 17% is expiring in FY24F and (ii) hedged ratios in excess of 70%.

Based on this scenario analysis, a potentially more hawkish interest rate scenario, or c.30-basis point difference in interest rates, could mean up to a c.4% cut to our estimates. This implies that the downside to DPU yields could be 20 basis points, from the FY24F yield of 6.3%. This will bring the spread down to 3.1% (vs. 3.3% currently), which we believe has yet to be priced in.

Which sectors are impacted most?

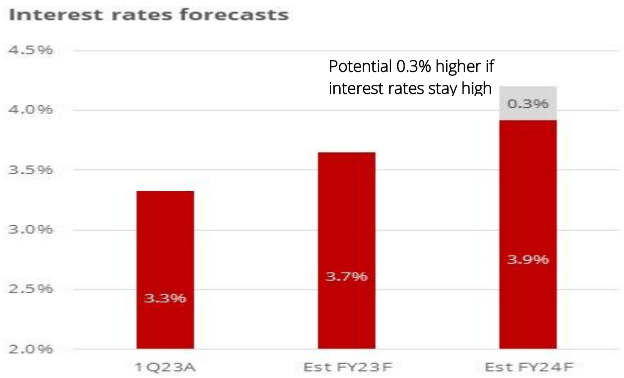
Based on this sensitivity analysis, we believe there could be some adjustments to our estimates for the retail and hospitality subsectors, but we are maintaining our estimates for now, given our conservative EBITDA growth numbers (4.0% for retail and 11.0% for hotels).

Debt expiry profile (as of 1Q23)



Source: Bloomberg Finance L.P., DBS Bank

Our estimates (FY23F to FY24F interest rates)



Source: Bloomberg Finance L.P., DBS Bank

Key financial metrics (by sector)

						DBS estimates			Sensitivity analysis*	
Subsector	Current ICR	Gearing	Expiring (F&23-24)	% fixed rates	FY24F EBITDA Growth	1Q23A i/r	DBS Est FY23F i/r	DBS Est FY24F i/r	Est. FY24F i/r	Buffer**
	(x)	(%)	(%)	(%)	(%)					
Office	2.9	40%	16%	68%	4%	3.2%	3.9%	4.1%	3.8%	0.3%
Retail	4.2	36%	21%	76%	3%	3.6%	3.6%	3.6%	4.0%	-0.4%
China retail	3.8	33%	13%	44%	3%	4.7%	4.2%	4.9%	5.3%	-0.4%
US office	3.4	44%	30%	79%	0%	3.9%	4.1%	4.7%	4.8%	-0.1%
Hotels	3.5	37%	41%	66%	11%	3.3%	3.7%	3.9%	4.5%	-0.7%
Industrial	5.3	36%	17%	80%	5%	3.3%	3.9%	4.1%	3.8%	0.3%
European	4.4	44%	45%	76%	5%	3.8%	4.8%	5.0%	5.0%	0.0%
Healthcare	9.4	38%	14%	71%	2%	0.7%	1.0%	1.1%	2.0%	-0.3%
Average	4.6	38.6%	24.6%	69.9%	4%	3.3%	3.7%	3.9%	4.2%	-0.3%

** Sensitivity analysis refers to the assumption that the current interest rates remain prolonged, all the way to the end of FY24F*
*** Buffer measures the difference between our FY24F interest rate estimates vs. potential rates if rates remain high*
Source: Companies, DBS Bank

Metrics by REIT

REIT	Sector	Debt (S$'bn)	ICR ratio (x)	Gearing (%)	% debt expiring (FY23-24F)	% debt in fixed rates	Debt cost (1Q23)	Refinancing scenario: Refinancing +250 bps	Refinancing scenario: Floating rate +50 bps	Refinancing scenario: Effective new debt cost (%)
Office REIT	Office	10.0	3.4	41%	16%	77%	3.1%	0.4%	0.1%	3.6%
Suntec REIT	Office	4.9	2.2	43%	19%	72%	3.7%	0.5%	0.1%	4.3%
KREIT	Office	3.6	3.2	39%	22%	75%	2.9%	0.6%	0.1%	3.5%
OUE CT	Office	2.3	2.4	39%	0%	39%	3.8%	0.0%	0.3%	4.1%
MPACT	Office	6.9	3.5	41%	22%	76%	2.7%	0.5%	0.1%	3.4%
FCT	Retail	1.9	4.4	39%	17%	76%	3.6%	0.4%	0.1%	4.2%
LREIT	Retail	1.5	2.0	39%	27%	61%	2.5%	0.7%	0.2%	3.4%
Paragon REIT	Retail	1.3	6.8	30%	18%	84%	3.7%	0.5%	0.1%	4.2%
SGREIT	CN Retail	1.1	3.5	37%	22%	81%	3.5%	0.6%	0.1%	4.2%
CLCT	CN Retail	2.0	3.4	40%	14%	75%	3.5%	0.3%	0.1%	3.9%
Sasseur REIT	CN Retail	0.5	4.1	26%	13%	13%	5.9%	0.3%	0.4%	6.7%
Plife REIT	Healthcare	1.0	15.6	38%	28%	78%	1.2%	0.7%	0.1%	2.0%
First REIT	Healthcare	0.5	3.1	39%	0%	63%	4.7%	0.0%	0.2%	4.9%
KORE	US office	0.6	3.6	39%	13%	78%	4.0%	0.3%	0.1%	4.4%
MUST	US office	1.0	2.9	50%	14%	80%	4.0%	0.3%	0.1%	4.4%
Prime	US office	0.7	3.8	44%	63%	79%	3.8%	1.6%	0.1%	5.5%
Cromwell REIT	European	1.1	5.0	41%	30%	84%	2.7%	0.8%	0.1%	3.5%
Elite REIT	European	0.2	3.8	47%	59%	68%	4.9%	1.5%	0.2%	6.5%
ARA US	Hotels	0.3	2.6	41%	100%	73%	4.5%	2.5%	0.1%	7.1%
CLAS	Hotels	2.9	4.4	39%	19%	75%	2.3%	0.5%	0.1%	2.9%
CDL HT	Hotels	1.1	3.5	38%	31%	55%	3.8%	0.8%	0.2%	4.8%
Far East HT	Hotels	0.7	3.6	32%	17%	53%	3.2%	0.4%	0.2%	3.9%
Frasers HT	Hotels	1.0	3.4	35%	38%	75%	2.9%	1.0%	0.1%	4.0%
AIMS A REIT	Industrial	0.8	3.8	36%	28%	88%	3.4%	0.7%	0.1%	4.1%
CLAR	Industrial	6.3	4.5	38%	13%	77%	3.3%	0.3%	0.1%	3.7%
Industrial REIT	Industrial	1.2	2.9	39%	12%	78%	6.1%	0.3%	0.1%	6.5%
ESR LOGOS	Industrial	2.1	2.7	42%	24%	73%	4.0%	0.6%	0.1%	4.7%
Daiwa Hse LT	Industrial	0.3	11.4	36%	29%	100%	1.0%	0.7%	0.0%	1.7%
Digital Core REIT	Industrial	0.5	5.5	34%	0%	74%	4.1%	0.0%	0.1%	4.2%
KDC REIT	Industrial	1.5	6.8	37%	4%	73%	2.8%	0.1%	0.1%	3.0%
FLCT	Industrial	1.9	8.4	28%	27%	76%	1.8%	0.7%	0.1%	2.6%
MINT	Industrial	2.9	4.8	37%	4%	76%	3.5%	0.1%	0.1%	3.7%
MLT	Industrial	4.9	4.0	37%	11%	84%	2.7%	0.3%	0.1%	3.1%
Sabana REIT	Industrial	0.3	3.8	33%	33%	83%	3.8%	0.8%	0.1%	4.7%
Weighted average		69.7	4.5	38%	23%	73%	3.4%	0.6%	0.2%	4.2%

Source: Companies, Refinitiv, DBS Bank

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Are we stressed by interest coverage ratios?

Where will interest coverage ratios land?
With the assumed higher interest rate obligations, our FY24F interest coverage ratios (ICRs) are generally lower than levels seen in 1Q23, despite EBITDA growth of 4.0% (improved ICR ratios in hotels and China retail for strong EBITDA growth) that somewhat help alleviate the interest burden for most S-REITs. Overall, we will see ICR declining from an average of 4.6x (ranging from 2.6x to 9.4x) to a range of 4.0x.

In scenarios where there is "no growth" or a 10% decline in EBITDA when compared against assumed FY24F interest rates, we will see average ICRs declining to c.3.6x, although we note that office (SG and US focused) S-REITs' ICR ratios could decline to 2.4x-2.5x, which is close to the MAS's guidelines of 2.5x.

While we understand that most S-REITs remain bank covenants, the potential drop in ICR ratios towards 2.5x will mean lower flexibility for the S-REITs.

ICR ratios in different scenarios

			Estimated	Scenarios		
Subsector	EBTIDA growth	ICR (1Q23)	ICR (FY24F)	ICR (no growth)*	ICR (10% decline)*	Key remarks
	(%)	(x)	(x)	(x)	(x)	
Office	4%	2.9	2.8	2.7	2.5	• Suntec's ICR ratios could potentially decline to 1.8x with peers' ratios ranging between 2.3x to 3.0x.
Retail	3%	4.2	3.7	3.6	3.4	• Generally healthy with most retail S-REITs reporting >3.0x ICR ratios.
China retail	3%	3.8	4.4	4.3	4.0	
US office	0%	3.4	2.7	2.7	2.4	• Fairly stretched with Prime and MUST seeing ICRs falling to 2.1x to 2.4x.
Hotels	11%	3.5	3.7	3.4	3.4	• ICR ratios are generally improving, mainly on the back of strong EBITDA growth with a potential upside if RevPAR outperforms.
Industrial	5%	5.3	5.0	4.8	4.5	• Most stable subsector, in our view, with most REITs' ICRs north of 4.0x in the worst-case scenario.
European	5%	4.4	3.9	3.7	3.5	• Generally stable even if interest rates spike.
Healthcare	2%	9.4	6.7	6.6	6.1	• Highest subsector due to Plife's high ICR ratio, but should see limited downside given exposure to the JPY.
Average	4%	4.6	4.1	4.0	3.7	

**The scenarios of "no-growth" and "10% decline" measure the impact of ICRs with FY23F EBITDA or a 10% cut in FY23F EBITDA, respectively*

Source: Companies, DBS estimates

Metrics by REIT

		DBS estimates			Scenario analysis	
REIT	Sector	EBTIDA growth (%)	Current ICR (1Q23) (x)	FY24F ICR (x)	ICR (no growth)*	ICR (10% decline)*
Office REIT	Office	3%	3.4	3.3	3.2	3.0
Suntec REIT	Office	2%	2.2	2.0	1.9	1.8
KREIT	Office	7%	3.2	2.6	2.4	2.3
OUE CT	Office	4%	2.4	2.8	2.7	2.5
MPACT	Office	5%	3.5	3.5	3.3	3.1
FCT	Retail	7%	4.4	4.2	3.9	3.8
LREIT	Retail	4%	2.0	3.6	3.4	3.2
Paragon REIT	Retail	2%	6.8	3.9	3.9	3.6
SGREIT	CN Retail	0%	3.5	3.3	3.3	3.0
CLCT	CN Retail	7%	3.4	3.9	3.7	3.5
Sasseur REIT	CN Retail	0%	4.1	5.0	5.0	4.5
Plife REIT	Healthcare	2%	15.6	11.2	10.9	10.0
First REIT	Healthcare	2%	3.1	2.3	2.2	2.0
KORE	US office	2%	3.6	3.3	3.3	3.0
MUST	US office	-2%	2.9	2.4	2.4	2.1
Prime	US office	-1%	3.8	2.5	2.5	2.2
Cromwell REIT	European	2%	5.0	3.9	3.8	3.5
Elite REIT	European	9%	3.8	2.5	2.4	2.2
ARA US	Hotels	1%	2.6	2.4	2.1	2.2
CLAS	Hotels	15%	4.4	4.9	4.4	4.4
CDL HT	Hotels	10%	3.5	3.3	2.9	3.0
Far East HT	Hotels	14%	3.6	3.5	3.0	3.2
Frasers HT	Hotels	15%	3.4	2.4	2.2	2.1
AIMS A REIT	Industrial	1%	3.8	4.1	4.0	3.7
CLAR	Industrial	2%	4.5	4.4	4.4	4.0
Industrial REIT	Industrial	25%	2.9	3.1	2.5	2.8
ESR LOGOS	Industrial	5%	2.7	3.2	3.0	2.9
Daiwa Hse LT	Industrial	0%	11.4	8.6	8.5	7.7
Digital Core REIT	Industrial	1%	5.5	3.5	3.4	3.1
KDC REIT	Industrial	6%	6.8	6.4	6.0	5.7
FLCT	Industrial	3%	8.4	7.5	7.3	6.8
MINT	Industrial	2%	4.8	5.3	5.1	4.7
MLT	Industrial	3%	4.0	4.8	4.6	4.3
Sabana REIT	Industrial	2%	3.8	3.9	3.9	3.5
Weighted average		4.0%	4.6	4.1	4.0	3.7

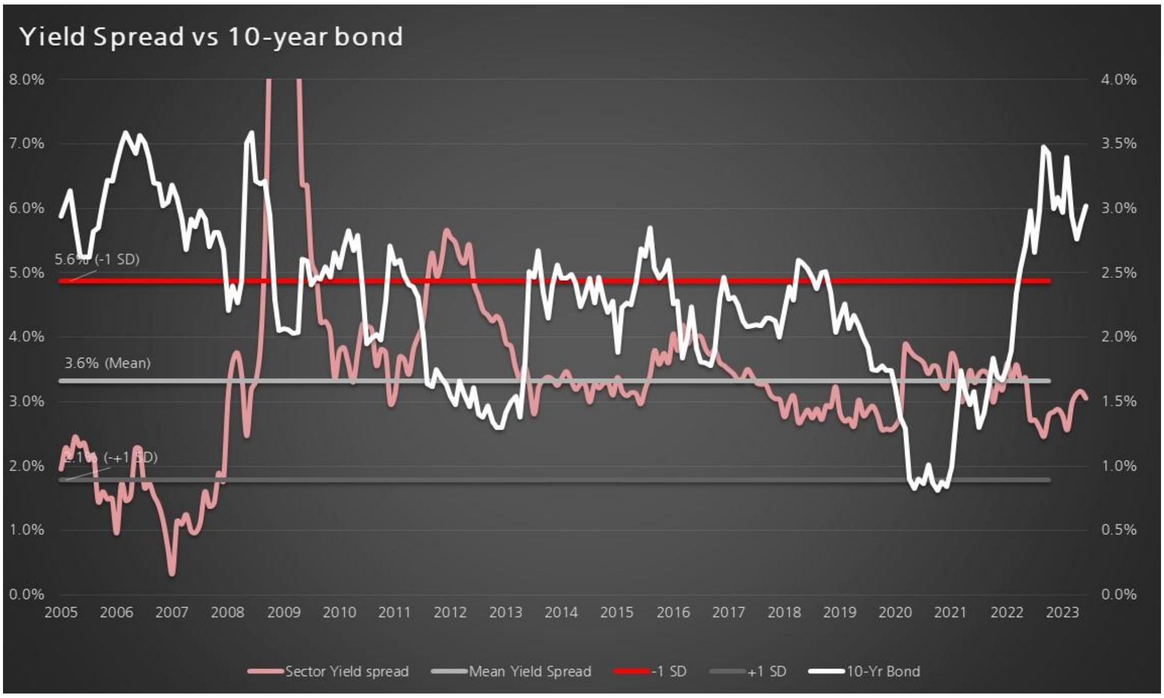
Source: Companies, Refinitiv, DBS Bank

Where should we be positioned

Investors have generally stayed cautious when it comes to S-REITs, with the sector underperforming the Straits Times Index (STI) in the month of May 23-June 23 as the Fed signalled more rate hikes in the upcoming period of July 23-Sept 23, which has been repriced into expectations. That said, we maintain our stance that S-REITs will see some respite upon a pause in rate hikes with a more meaningful rally in share prices due to expectations of a trajectory towards more normalised interest rates.

In terms of our picks, in a slow growth and high interest rate environment, we maintain our conservative stance of preferring resilient subsectors that we believe offer a good mix of growth and earnings visibility with minimal negative surprises on the interest rate front. We believe that the focus will then move towards the impact of a recession, and we believe that suburban retail (FCT, LREIT, CICT, MPACT) and industrial (CLAR, MLT) names offer better relative DPU resiliency with a capacity for upside surprises. We are also not taking our eyes off the hospitality subsector, which remains a dark horse that can surprise on the upside once China's reopening trajectory regains momentum. In this space, we like CLAS for its more global footprint and attractive yields.

S-REITs yield spread vs 10-year bond



Source: Refinitiv, DBS Bank

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Peer Comparison table

	CUR	Price	Rec	12-mth Target Price	Mkt Cap	Total Return	Yield (FY22/23)	Yield (FY23/24)	Yield (FY24/25)	P/B
Office										
KREIT	S$	0.90	BUY	1.15	3,368	34%	6.6%	6.7%	6.7%	0.66
MPACT	S$	1.60	BUY	2.00	8,383	31%	6.0%	5.6%	5.6%	0.91
Suntec	S$	1.26	HOLD	1.48	3,637	25%	7.1%	5.5%	5.0%	0.59
OUECT	S$	0.31	HOLD	0.35	1,696	20%	6.8%	6.8%	6.9%	0.50
							6.1%	5.9%	6.0%	0.83
Retail										
FCT	S$	2.13	BUY	2.60	3,625	22%	5.7%	5.7%	5.8%	0.96
LREIT	S$	0.65	BUY	1.00	1,480	54%	7.7%	7.5%	7.7%	0.77
PGNREIT	S$	0.94	BUY	1.10	2,642	17%	5.9%	5.8%	5.8%	1.02
SGREIT	S$	0.51	BUY	0.68	1,131	19%	7.5%	7.5%	7.5%	0.57
							6.3%	6.3%	6.3%	0.90
Retail Overseas										
CLCT	S$	1.00	BUY	1.45	1,572	53%	7.5%	8.2%	8.7%	0.72
SASSEUR	S$	0.71	BUY	1.05	719	58%	10.3%	10.4%	10.4%	0.91
							8.4%	8.9%	9.3%	0.78
Hotels										
ARA US REIT	US$	0.32	BUY	0.55	182	90%	9.7%	14.6%	16.8%	0.65
CLAS ("ART")	S$	1.07	BUY	1.30	3,299	27%	5.3%	6.0%	6.6%	0.86
CDREIT	S$	1.15	BUY	1.60	1,394	45%	4.9%	6.1%	6.9%	0.76
FEHT	S$	0.62	BUY	0.75	1,205	26%	5.3%	5.6%	6.5%	0.72
FHT	S$	0.55	BUY	0.58	888	9%	3.0%	4.1%	4.8%	0.65
							4.9%	5.7%	6.4%	0.78
Industrials										
AIMS	S$	1.22	BUY	1.60	843	23%	8.2%	8.0%	8.0%	0.98
CLAR ("A-REIT")	S$	2.67	BUY	3.40	9,646	43%	5.9%	5.8%	5.8%	1.19
Daiwa Log	S$	0.60	BUY	0.80	231	43%	7.9%	6.4%	7.1%	0.65
Digital Core	US$	0.49	BUY	0.90	263	93%	7.8%	7.6%	7.7%	0.58
EREIT	S$	0.34	BUY	0.42	1,186	26%	8.8%	7.8%	8.0%	0.79
MINT	S$	2.41	BUY	2.70	4,386	18%	5.6%	5.6%	5.7%	1.35
MLT	S$	1.61	BUY	1.88	5,832	22%	5.6%	5.4%	5.4%	1.12
KDCREIT	S$	2.09	BUY	2.35	3,477	17%	4.9%	4.8%	4.9%	1.56
FLT	S$	1.23	BUY	1.55	2,778	32%	6.2%	5.8%	5.8%	0.95
EC World	S$	0.29	FV	0.40	68	54%	16.4%	9.7%	8.9%	0.34
							6.0%	5.8%	5.9%	
Healthcare										
P-Life	S$	3.76	BUY	4.80	2,275	31%	3.8%	3.8%	3.1%	2.54
First REIT	S$	0.26	BUY	0.30	527	28%	10.4%	10.4%	3.1%	0.85
US Office										
KORE	US$	0.33	BUY	0.48	308	115%	17.6%	13.9%	13.3%	0.42
MUST	US$	0.16	BUY	0.24	251	211%	29.7%	23.7%	20.6%	0.20
Prime	US$	0.22	BUY	0.63	204	216%	29.8%	21.5%	19.7%	0.25
							24.8%	19.2%	19.2%	0.30
Europe/US										
Cromwell	EUR	1.56	BUY	2.10	1,030	35%	10.8%	10.4%	10.4%	2.30
IREIT	SG	0.415	BUY	0.60	572	45%	10.0%	10.0%	11.6%	0.50
Elite	GBP	0.28	HOLD	0.53	238	89%	16.4%	14.2%	13.8%	0.45
							12.4%	11.6%	11.9%	
Sector average							6.4%	6.2%	6.3%	0.84

Source: Bloomberg Finance L.P., Refinitiv, DBS Bank

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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