

SECTOR UPDATE

REITs – Singapore

S-REITs Monthly Update (Dec 23)

There are healthy signs that inflationary pressure has abated. Maintain **OVERWEIGHT**. **BUY** CDREIT (Target: S\$1.41), FCT (Target: S\$2.42), FEHT (Target: S\$0.76), KREIT (Target: S\$1.06), LREIT (Target: S\$0.80) and MINT (Target: S\$2.69).

WHAT HAPPENED IN DECEMBER

- **Visa-free travel between Singapore and China.** Singapore and China have announced a 30-day mutual visa exemption arrangement during the 19th Joint Council for Bilateral Cooperation meeting held in Beijing. The Chinese no longer need to apply for a visa when they visit Singapore and can stay for up to 30 days without a visa. The changes will take effect in early-24. According to Singapore Tourism Board, the average length of stay for Chinese visitors is 5.2 days during 10M23.
- **MUST has commenced execution of its Recapitalisation Plan** after obtaining approvals from unitholders during its EGM held on 14 Dec 23. All its 12 lenders have obtained the necessary approvals for the restructuring of existing facilities and waiver of breach of financial covenants and have entered into the Master Restructuring Agreement. MUST has also completed the divestment of Park Place at Chandler, Arizona to sponsor Manulife Insurance for US\$98.7m on 15 Dec 23.
- **CLAS is divesting three hotels in Osaka, Japan** to an unrelated third party for a total of ¥10.7b (S\$99.8m), which is 15% above book value. CLAS will recognise a net gain of ¥1.1b (S\$10.1m). These properties are situated outside the prime districts in Osaka. CLAS' serviced residences have performed strongly following Japan's full reopening of its borders. RevPAU for its serviced residences was 198% higher yoy in 3Q23, exceeding pre-COVID-19 levels by 17% on a same-store basis.
- **FSTREI surged 8.9% in December, outperforming the STI's healthy 5.4% gain.** US CPI eased 0.1ppt mom to 3.1% in Nov 23, indicating continued disinflation. Yield for 10-year Singapore government bonds receded 26bp mom to 2.71% in December.
- **Top outperformer:** US REITs PRIME, MUST, KORE and UHU gained massively by 95.1%, 53.8%, 47.1% and 20.2% respectively. Blue chip S-REITs MPACT and CICT also rallied 14.6% and 13.2% respectively. China-based CLCT gained 14.8%.
- **Top underperformer:** ELITE declined 3.6% after announcing 214-for-1,000 preferential offering at an issue price of £0.27 per unit.

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

Name	Ticker	Rec	Curncy	Price	Target	Mkt Cap	DPU (¢) ---		Yield (%) ---		Yield Spread* (%) ---		Interest	Aggregate	WALE
				29 Dec 23	Price	(US\$m)	Curr	Fwd	Curr	Fwd	Curr	Fwd	Coverage (x)	Leverage (%)	(years)
CapLand Int Comm	CICT SP	BUY	S\$	2.06	2.02	10,393	10.6	10.6	5.2	5.2	2.5	2.5	3.1	40.8	3.5
CapLand Ascendas	CLAR SP	BUY	S\$	3.03	3.13	10,088	15.4	15.5	5.1	5.1	2.4	2.4	4.0	37.2	3.9
Mapletree Log	MLT SP	BUY	S\$	1.74	1.72	6,569	8.7	8.0	5.0	4.6	2.3	1.9	3.8	38.9	3.0
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.57	1.68	6,246	9.1	8.8	5.8	5.6	3.1	2.9	3.0	40.7	2.5
MapletreeInd	MINT SP	BUY	S\$	2.51	2.69	5,389	13.2	13.7	5.3	5.5	2.6	2.8	4.6	37.9	4.2
Frasers L&C Trust	FLT SP	BUY	S\$	1.15	1.47	3,263	7.2	7.3	6.3	6.4	3.6	3.7	7.1	30.2	4.3
Frasers Centrepoint	FCT SP	BUY	S\$	2.26	2.42	2,932	11.7	12.0	5.2	5.3	2.5	2.6	3.5	39.3	2.0
CapLand Ascott	CLAS SP	BUY	S\$	0.99	1.25	2,823	5.6	6.1	5.7	6.2	3.0	3.5	4.2	35.2	n.a.
Suntec REIT	SUN SP	HOLD	S\$	1.23	1.12	2,701	7.3	6.4	5.9	5.2	3.2	2.5	2.0	42.7	2.8
Keppel REIT	KREIT SP	BUY	S\$	0.93	1.06	2,666	5.8	5.7	6.2	6.2	3.5	3.5	3.3	39.5	5.6
Keppel DC REIT	KDCREIT SP	NR	S\$	1.95	n.a.	2,544	9.9	9.8	5.1	5.0	2.4	2.3	5.4	37.2	7.8
PARAGON REIT	PGNREIT SP	NR	S\$	0.89	n.a.	1,902	4.6	5.1	5.2	5.8	2.5	3.1	3.8	30.1	3.1
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.32	n.a.	1,865	2.7	2.4	8.4	7.5	5.7	4.8	2.4	37.7	3.4
PLife REIT	PREIT SP	BUY	S\$	3.67	4.19	1,683	14.0	14.0	3.8	3.8	1.1	1.1	12.8	36.0	16.5
CapLand China Trust	CLCT SP	NR	S\$	0.93	n.a.	1,190	7.4	7.6	8.0	8.2	5.3	5.5	3.2	42.4	1.8
OUE Comm REIT	OUECT SP	NR	S\$	0.285	n.a.	1,185	2.1	2.0	7.4	7.0	4.7	4.3	2.4	39.4	3.3
Lendlease REIT	LREIT SP	BUY	S\$	0.645	0.80	1,124	4.4	4.3	6.9	6.7	4.2	4.0	3.9	40.6	5.3
CDL HTrust	CDREIT SP	BUY	S\$	1.11	1.41	1,048	6.1	7.0	5.5	6.3	2.8	3.6	2.9	38.4	n.a.
Far East HTrust	FEHT SP	BUY	S\$	0.67	0.76	1,009	4.1	4.3	6.2	6.5	3.5	3.8	3.7	32.2	n.a.
Starhill Global	SGREIT SP	NR	S\$	0.525	n.a.	898	3.9	3.9	7.4	7.4	4.7	4.7	3.3	37.4	4.2

* 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

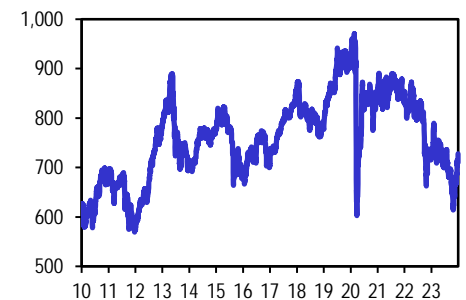
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
CDREIT	BUY	1.11	1.41
FCT	BUY	2.26	2.42
FEHT	BUY	0.665	0.76
KREIT	BUY	0.93	1.06
LREIT	BUY	0.645	0.80
MINT	BUY	2.51	2.69

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)

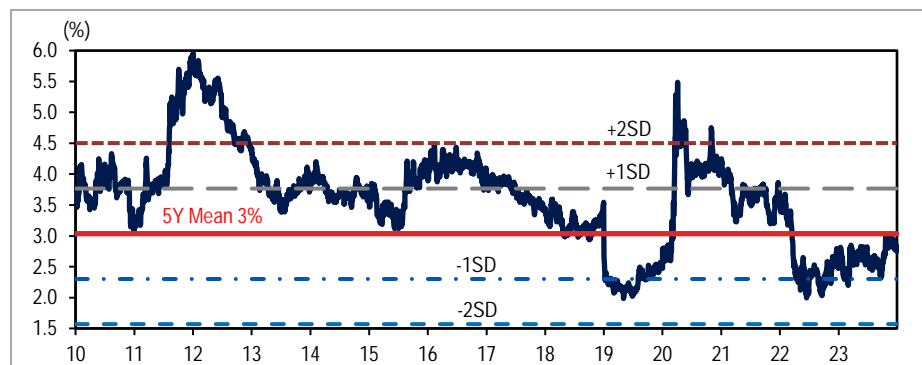


Source: UOB Kay Hian

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S-REIT YIELD SPREAD



Source: UOB Kay Hian

PEER COMPARISON

Name	Ticker	Rec	Curr	Price 30 Nov 23	Target Price	Mkt Cap (US\$m)	----- Yield (%) ----- Hist	Curr	Fwd 1Y	Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE													
First REIT	FIRT SP	NR	S\$	0.265	n.a.	417	10.0	9.4	9.4	10.2	74.3	39.0	0.87
PLife REIT	PREIT SP	BUY	S\$	3.67	4.19	1,683	3.9	3.8	3.8	3.9	59.3	35.9	1.60
HOSPITALITY													
CapLand Ascott	CLAS SP	BUY	S\$	0.99	1.25	2,823	5.7	5.7	6.2	6.3	74.5	35.2	0.86
CDL HTrust	CDREIT SP	BUY	S\$	1.11	1.41	1,048	5.1	5.5	6.3	6.3	65.5	38.4	0.79
Far East HTrust	FEHT SP	BUY	S\$	0.665	0.76	1,009	4.9	6.2	6.5	5.9	40.9	32.2	0.73
Frasers HTrust	FHT SP	NR	S\$	0.50	n.a.	722	4.9	5.3	5.5	6.1	54.9	34.0	0.75
INDUSTRIAL													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.30	n.a.	798	7.6	7.5	7.5	7.6	63.0	32.1	0.97
CapLand Ascendas	CLAR SP	BUY	S\$	3.03	3.13	10,088	5.2	5.1	5.1	5.1	64.3	37.2	1.30
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.65	0.69	725	6.2	5.7	5.4	5.0	54.2	34.4	0.78
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.32	n.a.	1,865	9.4	8.4	7.5	8.1	68.2	37.7	0.97
Keppel DC REIT	KDCREIT SP	NR	S\$	1.95	n.a.	2,544	5.2	5.1	5.0	5.5	60.6	37.2	1.40
Mapletree Ind Trust	MINT SP	BUY	S\$	2.51	2.69	5,389	5.4	5.3	5.5	5.7	57.4	37.9	1.33
Mapletree Log Trust	MLT SP	BUY	S\$	1.74	1.72	6,569	5.2	5.0	4.6	4.6	76.7	38.9	1.23
OFFICE													
Keppel REIT	KREIT SP	BUY	S\$	0.93	1.06	2,666	6.4	6.2	6.2	6.1	73.2	39.2	0.70
RETAIL													
Frasers CT	FCT SP	BUY	S\$	2.26	2.42	2,932	5.4	5.2	5.3	5.3	55.7	39.3	0.97
Lendlease REIT	LREIT SP	BUY	S\$	0.645	0.80	1,124	7.3	6.9	6.7	6.9	84.4	40.6	0.82
Sasseur REIT	SASSR SP	BUY	S\$	0.685	0.93	645	9.6	9.1	9.5	9.9	42.8	25.4	0.81
PARAGON REIT	PGNREIT SP	NR	S\$	0.89	n.a.	1,902	6.1	5.2	5.8	6.1	49.7	30.1	0.98
Starhill Global	SGREIT SP	NR	S\$	0.525	n.a.	898	7.2	7.4	7.4	7.6	64.6	37.4	0.72
DIVERSIFIED													
CapLand China Trust	CLCT SP	NR	S\$	0.93	n.a.	1,190	8.1	8.0	8.2	8.3	89.9	42.4	0.70
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.06	2.02	10,393	5.1	5.2	5.2	5.2	68.3	40.8	0.97
Frasers L&C Trust	FLT SP	BUY	S\$	1.15	1.47	3,263	6.1	6.3	6.4	0.0	46.5	30.2	0.98
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.57	1.68	6,246	6.1	5.8	5.6	5.6	74.7	40.7	0.90
OUE Comm REIT	OUECT SP	NR	S\$	0.285	n.a.	1,185	7.4	7.4	7.0	7.4	72.9	39.4	0.49
Suntec REIT	SUN SP	HOLD	S\$	1.23	1.12	2,701	7.2	5.9	5.2	5.4	70.2	42.7	0.59
INTERNATIONAL (US/EUROPE)													
Cromwell REIT EUR	CERT SP	NR	€	1.42	n.a.	883	12.1	11.3	11.5	11.5	80.3	41.2	0.63
Elite Comm REIT GBP	ELITE SP	NR	£	0.28	n.a.	172	17.2	13.2	14.3	14.3	90.9	45.8	0.55
IREIT Global	IREIT SP	NR	S\$	0.41	n.a.	413	9.7	6.8	7.6	8.6	62.8	36.9	0.54
Keppel REIT USD	KORE SP	BUY	US\$	0.38	0.56	392	15.5	13.3	12.9	12.7	69.2	38.4	0.47
Manulife REIT USD	MUST SP	BUY	US\$	0.08	0.13	142	59.4	0.0	0.0	0.0	139.4	56.0	0.20
Prime US REIT USD	PRIME SP	BUY	US\$	0.24	0.53	285	27.3	20.5	12.2	12.6	79.4	43.7	0.32
Ult Hampshire REIT USD	UHU SP	BUY	US\$	0.51	0.60	294	11.6	9.3	9.1	9.1	74.3	41.7	0.68

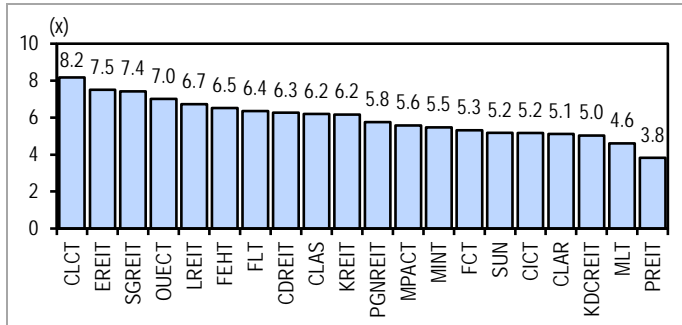
Source: Bloomberg, UOB Kay Hian

TOP-10 OUTPERFORMERS AND TOP-10 UNDERPERFORMERS RANKED BY WEEKLY SHARE PRICE PERFORMANCE

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
Prime US REIT USD	95.1	73.9	14.3	-40.7	-40.7	Elite Comm REIT GBP	-3.6	13.7	-6.8	-39.5	-39.5
Manulife REIT USD	53.8	40.4	-53.8	-73.3	-73.3	Frasers HTrust	-2.0	-2.0	5.3	11.2	11.2
KepPacOak REIT USD	47.1	70.5	19.0	-18.5	-18.5	Sasseur REIT	0.0	1.5	-2.8	-9.3	-9.3
Utd Hampshire REIT USD	20.2	17.4	14.8	8.6	8.6	AIMS APAC REIT	2.4	0.0	4.8	5.0	5.0
CapLand China Trust	14.8	5.1	-8.8	-17.0	-17.0	Far East HTrust	3.1	4.7	5.6	7.3	7.3
Mapletree Pan Asia	14.6	9.8	-3.1	-6.0	-6.0	Frasers L&C Trust	3.6	7.5	-8.0	-0.9	-0.9
CapLand Int Comm Trust	13.2	11.4	7.9	1.0	1.0	Frasers Centrepoint	3.7	3.2	3.2	7.6	7.6
IREIT Global	12.5	2.5	-8.0	-18.9	-18.9	Digi Core REIT USD	4.9	21.7	35.8	17.3	17.3
OUE Comm REIT	11.8	21.3	-13.6	-14.9	-14.9	Keppel DC REIT	6.0	-6.3	-9.7	10.2	10.2
First REIT	10.4	15.2	1.9	1.9	1.9	Lendlease REIT	6.6	18.3	-2.3	-8.5	-8.5

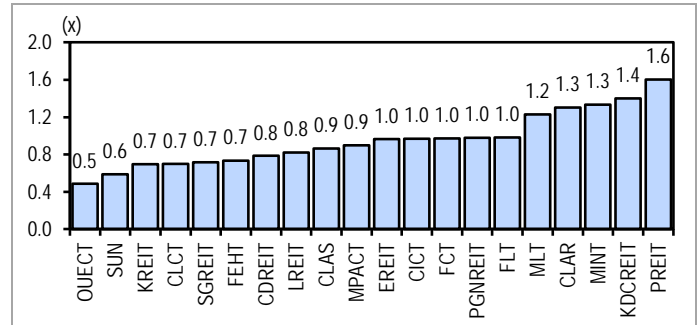
Source: Bloomberg, UOB Kay Hian

RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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