

SECTOR UPDATE

REITs – Singapore

S-REITs Monthly Update (Nov 24)

The Fed is expected to proceed with rate cuts in a gradual and measured pace. Government bond yields have stabilised after the initial kneejerk surge in response to the re-election of Donald Trump as President of the US. Many blue-chip S-REITs have already corrected and are trading at attractive yields of 6-7%. Maintain OVERWEIGHT. BUY data centre REITs DCREIT (Target: US\$0.95) and MINT (Target: S\$3.05). BUY retail REITs FCT (Target: S\$2.79) and LREIT (Target: S\$0.77).

WHAT HAPPENED IN NOVEMBER

- **FSTREI corrected 3.8% and massively underperformed the STI's gain of 5.1% in November.** US core PCE inflation was stable at 2.8% yoy in Oct 24. Yield for 10-year Singapore government bonds eased 8bp mom to 2.74% in November.
- **KDCREIT acquiring SGP7 and SGP8.** KDCREIT is acquiring two AI-ready hyperscale data centres SGP7 and SGP8 located at 82 Genting Lane in Singapore from a 60:40 joint venture between Keppel's Connectivity Division and Cuscaden Peak Investments for S\$1.38b. SGP7 and SGP8 are purpose-built and designed for AI inference workload. They offer ultra-low latency connectivity being near a cable landing station. The proposed acquisition is accretive to pro forma 1H24 DPU by 8.1%.
- **CICT has completed the divestment of 21 Collyer Quay,** a 21-storey Grade A office building at Raffles Place, for S\$688m on 11 Nov 24 (valuation). The buyer is said to be the family of founder of hotpot chain Haidilao. The exit yield is attractive at below 3.5%. We estimate the divestment gain at about S\$35m. Management does not expect any material impact on DPU and NAV per unit. CICT's pro forma aggregate leverage as of Jun 24 is expected to decline from 39.9% to 38.3%. The lower gearing provides financial flexibility for CICT to pursue yield-accretive acquisitions of integrated developments.
- **CLAR developing logistics property in the US.** CLAR has acquired a parcel of land at 178 & 179 Quality Drive in the city of Summerville, a sub-market of Charleston, South Carolina, in the US. The land will be developed into a new logistics property Summerville Logistics Center at an estimated total cost of S\$94.8m. This is CLAR's first development project in the US. Key features for the two single-storey buildings with NLA of 548,862sf include high ceilings with a clear height of 9.8m and a rear loading configuration. The stabilised NPI yield for the first year is 7.2% post-transaction costs.
- **PGNREIT divesting Figtree Grove.** PGNREIT has entered into a put and call option to divest its 85% stake in Figtree Grove Shopping Centre at Wollongong, Australia for A\$192m (5% premium above valuation). The divestment is expected to complete in 1Q25.

OVERWEIGHT

(Maintained)

SEGMENTAL RATING

S-REITs	OVERWEIGHT
Healthcare REITs	MARKET WEIGHT
Hospitality REITs	OVERWEIGHT
Industrial REITs	OVERWEIGHT
Office REITs	MARKET WEIGHT
Retail REITs	OVERWEIGHT

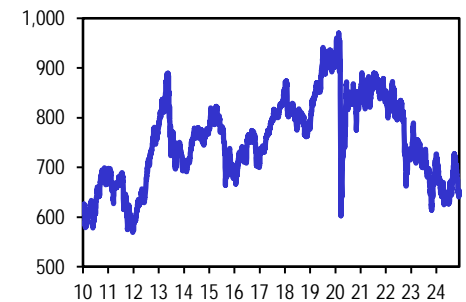
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (\$)	Target Price (\$)
FCT	BUY	2.13	2.79
DCREIT (US\$)	BUY	0.615	0.95
LREIT	BUY	0.56	0.77
MINT	BUY	2.32	3.05

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)



Source: UOB Kay Hian

ANALYST(S)

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

Name	Ticker	Rec	Curncy	Price		Mkt Cap (US\$m)	DPU (¢)		Yield (%)		Yield Spread* (%)		Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
				29 Nov 24	Price		Curr	Fwd	Curr	Fwd	Curr	Fwd			
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.96	2.59	10,677	10.7	11.4	5.5	5.8	2.7	3.0	3.0	39.4	3.5
CapLand Ascendas	CLAR SP	BUY	S\$	2.62	3.74	8,599	15.4	16.2	5.9	6.2	3.1	3.4	3.7	38.9	3.7
Mapletree Ind Trust	MINT SP	BUY	S\$	2.32	3.05	4,925	13.6	14.1	5.9	6.1	3.1	3.3	4.7	39.1	4.4
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.23	1.71	4,833	8.3	8.5	6.7	6.9	3.9	4.1	2.8	38.4	2.3
Mapletree Log Trust	MLT SP	HOLD	S\$	1.28	1.45	4,829	8.4	8.3	6.5	6.5	3.7	3.7	3.5	40.2	2.8
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.22	2.64	3,415	9.1	10.6	4.1	4.8	1.3	2.0	5.1	39.7	6.3
Fraser's Centrepoint	FCT SP	BUY	S\$	2.13	2.79	2,890	12.0	12.0	5.6	5.6	2.8	2.8	3.4	38.5	2.1
Fraser's L&C Trust	FLT SP	BUY	S\$	0.91	1.44	2,555	6.6	6.7	7.3	7.3	4.5	4.5	5.0	33.0	4.2
CapLand Ascott	CLAS SP	BUY	S\$	0.89	1.38	2,522	5.5	5.9	6.1	6.6	3.3	3.8	3.6	38.3	n.a.
Suntec REIT	SUN SP	HOLD	S\$	1.14	1.18	2,486	6.2	6.4	5.5	5.6	2.7	2.8	1.9	42.3	4.0
Keppel REIT	KREIT SP	BUY	S\$	0.855	1.25	2,453	5.8	6.2	6.8	7.2	4.0	4.4	3.0	41.9	4.6
PLife REIT	PREIT SP	BUY	S\$	3.80	5.12	1,850	14.4	15.0	3.8	3.9	1.0	1.1	10.2	37.5	15.8
PARAGON REIT	PGNREIT SP	NR	S\$	0.86	n.a.	1,822	4.6	4.4	5.3	5.1	2.6	2.3	3.4	35.9	3.1
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.26	n.a.	1,550	2.1	2.1	8.1	8.1	5.3	5.3	2.6	36.0	3.2
OUE REIT	OUREIT SP	NR	S\$	0.275	n.a.	1,127	2.0	2.2	7.3	8.0	4.5	5.2	2.2	39.3	2.8
Lendlease REIT	LREIT SP	BUY	S\$	0.56	0.77	1,005	3.9	3.9	6.9	6.9	4.1	4.1	2.9	40.7	4.7
Cromwell REIT EUR	CERT SP	NR	€	1.62	n.a.	963	14.2	14.0	8.8	8.6	6.7	6.5	3.6	41.0	4.7
Far East HTrust	FEHT SP	BUY	S\$	0.615	0.82	925	4.0	4.1	6.5	6.7	3.7	3.9	2.9	30.8	n.a.
CapLand China Trust	CLCT SP	NR	S\$	0.715	n.a.	918	6.1	6.2	8.5	8.7	5.7	5.9	3.2	41.6	1.8
Starhill Global	SGREIT SP	NR	S\$	0.50	n.a.	855	3.8	3.8	7.6	7.6	4.8	4.8	3.1	37.2	8.0

\* Yield spread above 10-year government bond yield

Source: Bloomberg, UOB Kay Hian

### S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

### S-REIT YIELD SPREAD



Source: UOB Kay Hian

### PEER COMPARISON

Name	Ticker	Rec	Curr	Price 29 Nov 24	Target Price	Mkt Cap (US\$m)	Yield (%)				Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
							Hist	Curr	Fwd 1Y	Fwd 2Y			
<b>HEALTHCARE</b>													
First REIT	FIRT SP	NR	S\$	0.255	n.a.	399	9.7	9.4	9.8	10.2	78.1	40.3	0.90
PLife REIT	PREIT SP	BUY	S\$	3.80	5.12	1,850	3.9	3.8	3.9	4.7	57.4	35.3	1.61
<b>HOSPITALITY</b>													
CapLand Ascott	CLAS SP	BUY	S\$	0.89	1.38	2,522	7.4	6.1	6.6	6.9	68.1	38.3	0.78
CDL HTrust	CDREIT SP	BUY	S\$	0.855	1.50	802	6.7	6.7	7.6	7.8	64.6	38.8	0.58
Far East HTrust	FEHT SP	BUY	S\$	0.615	0.82	925	6.7	6.5	6.7	6.2	38.3	30.8	0.67
Frasers HTrust	FHT SP	NR	S\$	0.42	n.a.	604	5.4	5.2	5.2	8.1	58.6	34.9	0.64
<b>INDUSTRIAL</b>													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.27	n.a.	771	7.4	7.3	7.5	7.6	66.9	33.4	0.98
CapLand Ascendas	CLAR SP	BUY	S\$	2.62	3.74	8,599	5.8	5.9	6.2	6.4	67.5	38.9	1.16
Daiwa Hse Log Trust	DHLT SP	NR	S\$	0.59	n.a.	307	8.8	8.5	8.5	8.5	73.7	39.2	0.86
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.615	0.95	797	6.0	5.8	6.5	6.5	57.7	34.8	0.91
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.26	n.a.	1,550	9.9	8.1	8.1	8.1	66.2	36.0	0.88
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.22	2.64	3,415	4.2	4.1	4.8	5.4	59.4	39.7	1.61
Mapletree Ind Trust	MINT SP	BUY	S\$	2.32	3.05	4,925	5.8	5.9	6.1	6.2	61.7	39.1	1.35
Mapletree Log Trust	MLT SP	HOLD	S\$	1.28	1.45	4,829	7.0	6.5	6.5	6.5	82.6	40.2	0.96
<b>OFFICE</b>													
Keppel REIT	KREIT SP	BUY	S\$	0.855	1.25	2,453	6.8	6.8	7.2	7.1	81.1	41.3	0.66
<b>RETAIL</b>													
Frasers Centrepoint	FCT SP	BUY	S\$	2.13	2.79	2,890	5.7	5.6	5.6	5.8	49.1	38.5	0.93
Lendlease REIT	LREIT SP	BUY	S\$	0.56	0.77	1,005	6.9	6.9	6.9	6.8	85.8	40.7	0.73
Sasseur REIT	SASSR SP	BUY	S\$	0.70	0.98	654	8.9	8.6	9.3	9.7	40.4	25.5	0.82
PARAGON REIT	PGNREIT SP	NR	S\$	0.86	n.a.	1,822	5.8	5.3	5.1	5.2	47.5	35.9	0.92
Starhill Global	SGREIT SP	NR	S\$	0.50	n.a.	855	7.3	7.6	7.6	7.8	65.9	37.2	0.70
<b>DIVERSIFIED</b>													
CapLand China Trust	CLCT SP	NR	S\$	0.715	n.a.	918	9.4	8.5	8.7	8.8	90.8	41.6	0.60
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.96	2.59	10,677	5.5	5.5	5.8	5.9	66.2	39.4	0.92
Frasers L&C Trust	FLT SP	BUY	S\$	0.91	1.44	2,555	7.5	7.3	7.3	7.4	53.5	33.0	0.80
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.23	1.71	4,833	7.2	6.7	6.9	6.8	67.7	38.4	0.72
OUE Comm REIT	OUECT SP	NR	S\$	0.275	n.a.	1,127	7.6	7.3	8.0	7.6	72.3	39.3	0.46
Suntec REIT	SUN SP	HOLD	S\$	1.14	1.18	2,486	6.3	5.5	5.6	5.6	69.5	42.3	0.54
<b>INTERNATIONAL (US/EUROPE)</b>													
Cromwell REIT EUR	CERT SP	NR	€	1.62	n.a.	963	9.7	8.8	8.6	8.2	83.4	41.0	0.79
Elite UK REIT GBP	ELITE SP	BUY	£	0.30	0.38	224	11.4	10.0	10.3	10.4	83.8	45.1	0.77
IREIT Global	IREIT SP	NR	S\$	0.28	n.a.	281	9.5	n.a.	n.a.	n.a.	67.4	36.9	0.50
KepPacOak REIT USD	KORE SP	BUY	US\$	0.22	0.38	230	11.4	0.0	0.0	19.2	81.7	42.7	0.31
Prime US REIT USD	PRIME SP	BUY	US\$	0.165	0.36	216	16.4	2.1	2.5	28.1	94.5	47.8	0.30
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.45	0.64	263	10.6	9.2	9.8	10.3	76.6	39.9	0.61

Source: Bloomberg, UOB Kay Hian

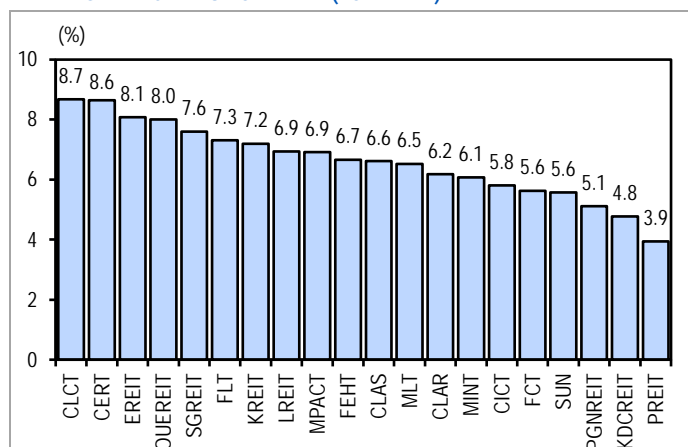
### TOP 10 OUTPERFORMERS AND TOP 10 UNDERPERFORMERS RANKED BY WEEKLY SHARE PRICE PERFORMANCE

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
Sasseur Reit	1.4	0.7	2.9	2.2	2.2	Frasers L&C Trust	-15.0	-16.5	-8.1	-18.0	-20.9
PLife REIT	0.5	1.3	6.1	11.8	3.5	KepPacOak REIT USD	-12.0	-15.4	57.1	-13.7	-41.3
Elite UK REIT GBP	0.0	5.3	27.7	3.2	7.1	Manulife REIT USD	-8.0	4.0	51.5	98.1	28.8
Cromwell REIT EUR	0.0	11.7	13.3	25.6	14.1	Prime US REIT USD	-7.3	-13.6	39.8	47.6	-24.4
AIMS APAC REIT	0.0	-2.3	-0.8	0.0	-2.3	ESR-LOGOS REIT	-7.1	-3.7	-10.3	-11.9	-18.8
Daiwa Hse Log Trust	0.0	1.7	2.6	1.7	-9.9	Utd Hampshire REIT USD	-6.2	1.1	11.1	7.1	-10.9
Far East HTrust	-0.8	-3.9	-2.4	-4.7	-7.5	Mapletree Pan Asia	-6.1	-10.2	0.8	-10.2	-21.7
Digi Core REIT USD	-1.6	0.8	6.0	0.0	-4.7	CapLand China Trust	-5.3	2.9	6.7	-11.7	-23.1
CapLand Ascott	-1.7	-2.2	-0.6	-3.8	-10.1	OUE REIT	-5.2	-5.2	1.9	7.8	-3.5
PARAGON REIT	-1.7	-3.9	0.6	6.2	-2.8	IREIT Global	-5.1	1.8	-15.2	-22.2	-30.9

Source: Bloomberg, UOB Kay Hian

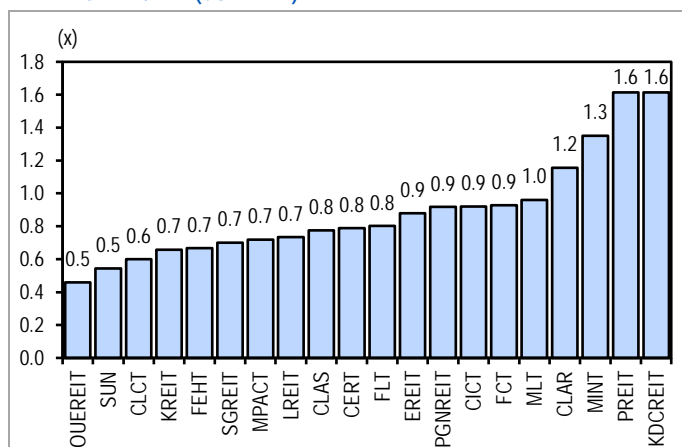
- **Top outperformer:** SASSR gained 1.4% due to anticipation of government policies to boost domestic consumption in China. PREIT gained 0.5% due to optimism over acquisition of 11 nursing homes in France from DomusVi. ELITE closed the month unchanged, supported by potential approval for redevelopment of its Peel Park site at Blackpool into a data centre campus.
- **Top underperformer:** FLT dropped 15% due to downgrade by a bulge bracket broker. US office REITs KORE, MUST and PRIME corrected 12%, 8% and 7.3% respectively.

### RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

### RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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