

SECTOR UPDATE

REITs – Singapore

S-REITs Monthly Update (Dec 24)

The Fed is expected to proceed with rate cuts at a cautious and gradual 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 REIT LREIT (Target: S\$0.77). BUY logistics REIT FLT (Target: S\$1.33).

WHAT HAPPENED IN DECEMBER

- **FSTREI slipped 1.3% and underperformed the STI's gain of 1.3% in December.** US core PCE inflation was stable at 2.8% yoy in Nov 24. Yield for 10-year Singapore government bonds rose 18bp mom to 2.92% in December.
- **CLAR is acquiring DHL Indianapolis Logistics Centre** in Whiteland, a sub-market in southeast Indianapolis, from DHL USA for S\$150.3m (US\$115.8m). The acquisition would increase CLAR's logistics AUM in the US by 35.3% to S\$587.5m. Its logistics footprint would expand to 20 properties across four cities with a total GFA of 5.1m sf. DHL USA will leaseback the Class A logistics property for 11 years till Dec 35 with built-in rental escalation at 3.5% per year. It has options to renew for two additional five-year terms. The property is well-positioned to serve as a regional distribution hub for Indianapolis and the Midwest markets. It is less than 45km away from Downtown Indianapolis and Indianapolis International Airport, which is among the top five cargo airports in the US.
- **DCREIT increases stake in Frankfurt data centre to 65%.** DCREIT completed the acquisition of an additional 15.1% interest in the fully fitted freehold Frankfurt data centre for €71.0m (US\$75.1m) on 6 Dec 24. It now owns a 65% interest in the Frankfurt data centre. The purchase consideration represents a discount of 17.8% to the latest valuation of US\$628.7m. The acquisition was funded with its multi-currency credit facilities. The acquisition is estimated to be accretive to pro forma 2023 DPU by 3.1%. NAV per unit would increase 4.3% to US\$0.72. Aggregate leverage would rise by 2.1ppt to 36.6%.
- **CDREIT makes maiden foray in PBSA segment.** CDREIT completed the acquisition of an operational purpose-built student accommodation (PBSA) with 404 beds and an adjacent vacant freehold land at Benson Yard for £37.3m (S\$63.9m) on 19 Dec 24. The property is within the Liverpool city centre and in close proximity to higher education institutions, such as University of Liverpool and Liverpool John Moores University. It is also near a wide range of amenities, including entertainment, retail and dining options. The vacant freehold land has planning consent for a 144-key hotel (management is exploring the feasibility of building a PBSA block). The acquisition is accretive to pro forma 1H24 DPS by 1.3%.

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

Name	Ticker	Rec	Curncy	Price	Target	Mkt Cap (US\$m)	DPU (¢)		Yield (%)		Yield Spread* (%)		Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
				31 Dec 24	Price		Curr	Fwd	Curr	Fwd	Curr	Fwd			
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.93	2.59	10,356	10.7	11.4	5.6	5.9	2.6	3.0	3.0	39.4	3.5
CapLand Ascendas	CLAR SP	BUY	S\$	2.57	3.74	8,314	15.4	16.2	6.0	6.3	3.1	3.4	3.7	38.9	3.7
Mapletree Log Trust	MLT SP	HOLD	S\$	1.27	1.45	4,723	8.4	8.3	6.6	6.6	3.7	3.7	3.5	40.2	2.8
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.21	1.71	4,683	8.3	8.5	6.8	7.0	3.9	4.1	2.8	38.4	2.3
Mapletree Ind Trust	MINT SP	BUY	S\$	2.21	3.05	4,627	13.6	14.1	6.2	6.4	3.3	3.5	4.7	39.1	4.4
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.18	2.64	3,541	9.1	10.6	4.2	4.9	1.3	1.9	5.1	39.7	6.3
Frasers Centrepoint	FCT SP	BUY	S\$	2.11	2.79	2,819	12.0	12.0	5.7	5.7	2.7	2.8	3.4	38.5	2.1
Suntec REIT	SUN SP	NR	S\$	1.17	1.18	2,513	6.2	6.4	5.3	5.4	2.4	2.5	1.9	42.3	4.0
Keppel REIT	KREIT SP	BUY	S\$	0.87	1.25	2,459	5.8	6.2	6.7	7.1	3.7	4.2	3.0	41.9	4.6
Frasers L&C Trust	FLT SP	BUY	S\$	0.88	1.33	2,434	6.4	6.1	7.3	6.9	4.4	4.0	5.0	33.0	4.2
CapLand Ascott	CLAS SP	BUY	S\$	0.87	1.38	2,428	5.5	5.9	6.3	6.8	3.4	3.8	3.6	38.3	n.a.
PARAGON REIT	PGNREIT SP	NR	S\$	0.88	n.a.	1,837	4.6	4.4	5.2	5.0	2.3	2.1	3.4	35.9	3.1
PLife REIT	PREIT SP	BUY	S\$	3.75	5.12	1,799	14.4	15.0	3.8	4.0	0.9	1.1	10.2	37.5	15.8
ESR-REIT	EREIT SP	NR	S\$	0.255	n.a.	1,509	2.1	2.1	8.2	8.2	5.3	5.3	2.6	36.0	3.2
QUE REIT	OUEREIT SP	NR	S\$	0.285	n.a.	1,151	2.0	2.2	7.0	7.7	4.1	4.8	2.2	39.3	2.8
Lendlease REIT	LREIT SP	BUY	S\$	0.55	0.77	987	3.9	3.9	7.1	7.1	4.1	4.1	2.9	40.7	4.7
Cromwell REIT EUR	CERT SP	NR	€	1.58	n.a.	925	14.2	14.0	9.0	8.9	6.6	6.5	3.6	41.0	4.7
CapLand China Trust	CLCT SP	NR	S\$	0.72	n.a.	911	6.1	6.2	8.5	8.6	5.6	5.7	3.2	41.6	1.8
Far East HTrust	FEHT SP	BUY	S\$	0.61	0.82	904	4.0	4.1	6.6	6.7	3.7	3.8	2.9	30.8	n.a.
Starhill Global	SGREIT SP	NR	S\$	0.50	n.a.	842	3.8	3.8	7.6	7.6	4.7	4.7	3.1	37.2	8.0

\* 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	OVERWEIGHT
Office REITs	OVERWEIGHT
Retail REITs	OVERWEIGHT

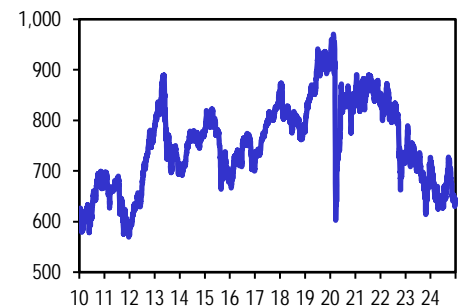
Source: UOB Kay Hian

TOP S-REIT PICKS

Company	Rec	Share Price (S\$)	Target Price (S\$)
DCREIT (US\$)	BUY	0.58	0.95
FLT	BUY	0.88	1.33
LREIT	BUY	0.55	0.77
MINT	BUY	2.21	3.05

Source: UOB Kay Hian

FTSE ST ALL-SHARE REITS INDEX (FSTREI)

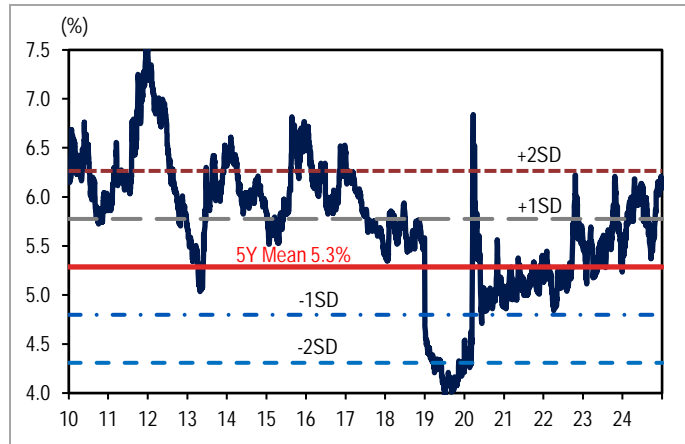


Source: UOB Kay Hian

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### S-REIT DISTRIBUTION YIELD



Source: UOB Kay Hian

### S-REIT YIELD SPREAD



Source: UOB Kay Hian

### PEER COMPARISON

Name	Ticker	Rec	Curr	Price 31 Dec 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.	393	9.7	9.4	9.8	10.2	78.1	40.3	0.90
PLife REIT	PREIT SP	BUY	S\$	3.75	5.12	1,799	3.9	3.8	4.0	4.7	57.4	35.3	1.59
<b>HOSPITALITY</b>													
CapLand Ascott	CLAS SP	BUY	S\$	0.87	1.38	2,428	7.6	6.3	6.8	7.1	68.1	38.3	0.76
CDL HTrust	CDREIT SP	BUY	S\$	0.86	1.50	795	6.6	6.6	7.6	7.8	64.6	38.8	0.58
Far East HTrust	FEHT SP	BUY	S\$	0.61	0.82	904	6.7	6.6	6.7	6.3	38.3	30.8	0.66
Frasers HTrust	FHT SP	NR	S\$	0.585	n.a.	828	3.9	3.4	3.6	3.8	58.6	34.9	0.89
<b>INDUSTRIAL</b>													
AIMS APAC REIT	AAREIT SP	NR	S\$	1.25	n.a.	748	7.5	7.4	7.6	7.7	66.9	33.4	0.96
CapLand Ascendas	CLAR SP	BUY	S\$	2.57	3.74	8,314	5.9	6.0	6.3	6.5	67.5	38.9	1.13
Daiwa Hse Log Trust	DHLT SP	NR	S\$	0.58	n.a.	298	9.0	8.6	8.6	8.6	73.7	39.2	0.84
Digi Core REIT USD	DCREIT SP	BUY	US\$	0.58	0.95	754	6.4	6.2	6.9	6.9	57.7	34.8	0.86
ESR-LOGOS REIT	EREIT SP	NR	S\$	0.255	n.a.	1,509	10.1	8.2	8.2	8.2	66.2	36.0	0.86
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.18	2.64	3,541	4.3	4.2	4.9	5.5	59.4	39.7	1.59
Mapletree Ind Trust	MINT SP	BUY	S\$	2.21	3.05	4,627	6.1	6.2	6.4	6.6	61.7	39.1	1.29
Mapletree Log Trust	MLT SP	HOLD	S\$	1.27	1.45	4,723	7.1	6.6	6.6	6.5	82.6	40.2	0.95
<b>OFFICE</b>													
Keppel REIT	KREIT SP	BUY	S\$	0.87	1.25	2,459	6.7	6.7	7.1	7.0	81.1	41.3	0.67
<b>RETAIL</b>													
Frasers Centrepoint	FCT SP	BUY	S\$	2.11	2.79	2,819	5.7	5.7	5.7	5.9	49.1	38.5	0.92
Lendlease REIT	LREIT SP	BUY	S\$	0.55	0.77	987	7.0	7.1	7.1	7.0	85.8	40.7	0.72
Sasseur REIT	SASSR SP	BUY	S\$	0.68	0.98	625	9.2	8.8	9.6	10.0	40.4	25.5	0.80
PARAGON REIT	PGNREIT SP	NR	S\$	0.88	n.a.	1,837	5.7	5.2	5.0	5.1	47.5	35.9	0.94
Starhill Global	SGREIT SP	NR	S\$	0.50	n.a.	842	7.3	7.6	7.6	7.8	65.9	37.2	0.70
<b>DIVERSIFIED</b>													
CapLand China Trust	CLCT SP	NR	S\$	0.72	n.a.	911	9.4	8.5	8.6	8.8	90.8	41.6	0.60
CapLand Int Comm Trust	CICT SP	BUY	S\$	1.93	2.59	10,356	5.6	5.6	5.9	6.0	66.2	39.4	0.91
Frasers L&C Trust	FLT SP	BUY	S\$	0.88	1.33	2,434	7.7	7.3	6.9	7.1	53.5	33.0	0.78
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.21	1.71	4,683	7.4	6.8	7.0	7.0	67.7	38.4	0.71
OUE Comm REIT	OUECT SP	NR	S\$	0.285	n.a.	1,151	7.3	7.0	7.7	7.4	72.3	39.3	0.47
Suntec REIT	SUN SP	NR	S\$	1.17	1.18	2,513	6.1	5.3	5.4	5.5	69.5	42.3	0.56
<b>INTERNATIONAL (US/EUROPE)</b>													
Cromwell REIT EUR	CERT SP	NR	€	1.58	n.a.	925	9.9	9.0	8.9	8.4	83.4	41.0	0.77
Elite UK REIT GBP	ELITE SP	BUY	£	0.295	0.38	217	11.6	10.1	10.5	10.5	83.8	45.1	0.76
IREIT Global	IREIT SP	NR	S\$	0.285	n.a.	282	9.3	n.a.	n.a.	n.a.	67.4	36.9	0.51
KepPacOak REIT USD	KORE SP	BUY	US\$	0.205	0.38	214	12.2	0.0	0.0	20.6	81.7	42.7	0.29
Prime US REIT USD	PRIME SP	BUY	US\$	0.171	0.36	224	15.8	2.0	2.4	27.1	94.5	47.8	0.31
Utd Hampshire REIT USD	UHU SP	BUY	US\$	0.475	0.64	277	10.1	8.7	9.3	9.8	76.6	39.9	0.65

Source: Bloomberg, UOB Kay Hian

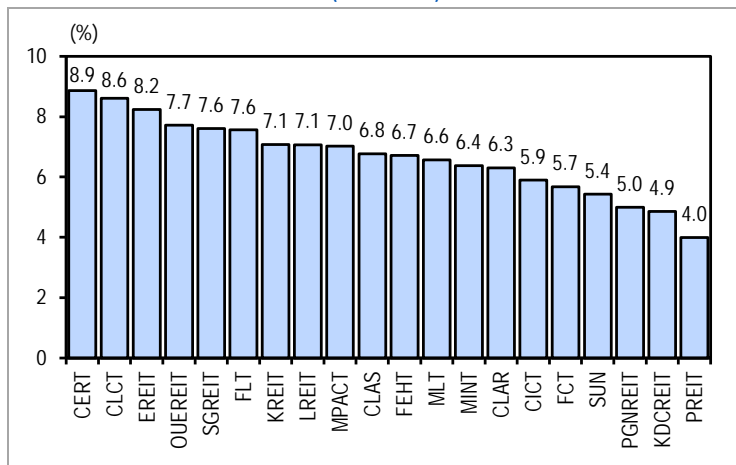
### TOP 10 OUTPERFORMERS AND TOP 10 UNDERPERFORMERS RANKED BY WEEKLY SHARE PRICE PERFORMANCE

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
Frasers HTrust	39.3	24.5	41.0	18.2	18.2	Manulife REIT USD	-13.6	-28.2	39.1	11.3	11.3
Utd Hampshire REIT USD	5.6	-3.1	20.3	-5.9	-5.9	KepPacOak REIT USD	-6.8	-24.1	53.0	-45.3	-45.3
Prime US REIT USD	3.6	-8.6	46.2	-21.6	-21.6	Digi Core REIT USD	-5.7	-5.7	1.8	-10.1	-10.1
OUE REIT	3.6	-10.9	9.6	0.0	0.0	Mapletree Ind Trust	-4.7	-9.1	4.7	-12.0	-12.0
Suntec REIT	2.6	-12.0	11.4	-4.9	-4.9	Frasers L&C Trust	-3.3	-23.5	-7.4	-23.5	-23.5
PARAGON REIT	2.3	-4.3	2.9	-0.6	-0.6	Sasseur REIT	-2.9	-5.6	0.7	-0.7	-0.7
IREIT Global	1.8	-6.6	1.8	-29.6	-29.6	Cromwell REIT EUR	-2.5	-1.2	12.9	11.3	11.3
Keppel REIT	1.8	-8.9	4.2	-6.5	-6.5	CapLand Ascott	-2.2	-10.8	-0.6	-12.1	-12.1
CapLand China Trust	0.7	-15.8	7.5	-22.6	-22.6	ESR-REIT	-1.9	-12.1	-5.6	-20.3	-20.3
CDL HTrust	0.6	-15.7	-9.5	-22.5	-22.5	CapLand Ascendas	-1.9	-10.1	0.4	-15.2	-15.2

Source: Bloomberg, UOB Kay Hian

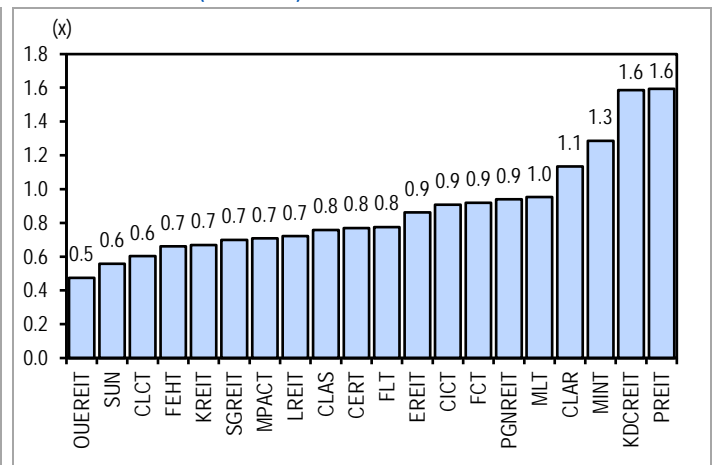
- **Top outperformer:** FHT gained a massive 39.3% due to renewed speculation over potential privatisation. SUN gained 2.6% after Gordon & Celine Tang made a conditional cash offer at S\$1.16 per unit. PRIME gained 3.6% due to inclusion in FTSE Global Small Cap Index with effect from 23 Dec 24.
- **Top underperformer:** US office REITs MUST and KORE corrected 13.6% and 6.8% respectively. FLT dropped 3.3% due to downgrade by a bulge bracket broker.

### RANKING BY DISTRIBUTION YIELD (FORWARD)



Source: UOB Kay Hian

### RANKING BY P/NAV (CURRENT)



Source: UOB Kay Hian

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