

REITs

S-REITs Monthly Update (Sep 26)

Highlights

- An influx of safe-haven liquidity and low domestic interest rates have led to a record volume of transaction for commercial properties, encompassing office and retail properties. Thus, the S-REIT sector is supported by firm asset valuation and continued low cost of debt.
- Maintain OVERWEIGHT. The S-REIT sector is a major laggard. Thus, S-REITs are likely to be more resilient. BUY CAREIT (Target: S\$1.39), CICT (Target: S\$3.06), LREIT (Target: S\$0.79), MPACT (Target: S\$1.71), NTTDCR (Target: US\$1.29) and UIBREIT (Target: S\$1.16).

Analysis

- The FSTREI corrected 5.7% in Sep 26, underperforming the STI's dip of 1.4%. Yield for 10-year Singapore government bonds rose 23bp to 2.58%. US core PCE inflation was stable at 3.0% yoy in Aug 26.
- KDCREIT is acquiring 88.6% effective interest in Tokyo Data Centre 4 and 5**, two freehold, hyperscale fully fitted colocation DCs located in Inzai City, Greater Tokyo, Japan. The two DCs provide an NPI yield of 4-5%, compared with other comparable transactions at low-4%. The aggregate purchase consideration (100% basis) of JPY190.0b (S\$1,548.5m) represents a 2.1% discount to the latest valuation. The two DCs are 100% occupied and provide an attractive built-in contractual rental escalation of 2.8%. Management estimated the acquisition to be accretive by 2.6%.
- KREIT has agreed to divest its 99.38% interest in T Tower**, a freehold Grade A office building in Seoul, to a South Korea-based real estate fund. The agreed value for the entire property is KRW348.8b, representing a 37.2% premium to its May 19 acquisition price and a 7.4% premium to its Aug 26 valuation in local currency terms. The transaction implies an exit NPI yield of 3.9%. Together with the divestment of KR Ginza II in Tokyo and assuming net proceeds were used to repay debt, aggregate leverage would decline from 40.0% to 38.0% on a pro forma basis. KREIT intends to use up to S\$25m of net sale proceeds for open-market unit buybacks.
- OpenAI to set up office at Shaw Tower**. OpenAI is reportedly in talks to lease 100,000sf across five floors at the redeveloped Shaw Tower on Beach Road, marking a potential major expansion of its Singapore presence. The proposed office would represent a substantial increase from its current coworking space at CapitaSpring and signals confidence in Singapore as a base for its regional operations. While the lease has yet to be confirmed, the prospective move highlights the growing demand for premium office space from artificial intelligence companies expanding in Singapore.

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OVERWEIGHT (Maintained)

Segmental Rating

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

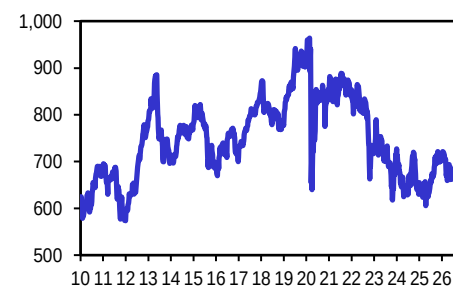
Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (\$)	Target Price (\$)
CAREIT	CAREIT SP	BUY	1.04	1.39
CICT	CICT SP	BUY	2.23	3.06
LREIT	LREIT SP	BUY	0.545	0.79
MPACT	MPACT SP	BUY	1.22	1.71
NTTDCR USD	NTTDCR SP	BUY	0.925	1.29
UIBREIT	UIBREIT SP	BUY	0.81	1.16

Source: UOB Kay Hian

FTSE ST All-Share REITS Index (FSTREI)



Source: UOB Kay Hian

Top-20 S-REITs Ranked By Market Capitalisation – Vital Statistics

Name	Ticker	Rec	Currency	Price 30 Sep 26	Target Price	Mkt Cap (US\$m)	--- DPU (¢) ---		--- Yield (%) ---		-- Yield Spread* (%) --		Interest Coverage (x)	Aggregate Leverage (%)	WALE (years)
CapLand Int Comm Trust	CICT SP	BUY	S\$	2.23	3.06	13,929	11.7	12.6	5.2	5.7	2.7	3.1	3.9	37.4	3.0
CapLand Ascendas	CLAR SP	BUY	S\$	2.26	3.25	8,843	14.9	16.3	6.6	7.2	4.0	4.7	3.5	39.7	4.0
Mapletree Pan Asia	MPACT SP	BUY	S\$	1.22	1.71	5,053	8.0	8.1	6.5	6.6	3.9	4.1	3.3	37.7	2.3
Keppel DC REIT	KDCREIT SP	BUY	S\$	2.11	2.77	4,537	11.3	11.5	5.4	5.5	2.8	2.9	6.9	34.0	6.7
Mapletree Log Trust	MLT SP	HOLD	S\$	1.09	1.15	4,388	6.9	6.9	6.3	6.3	3.7	3.8	2.9	40.5	2.5
Mapletree Ind Trust	MINT SP	SELL	S\$	1.86	1.74	4,161	11.5	11.7	6.2	6.3	3.6	3.7	4.0	37.5	4.5
Frasers Centrepoint	FCT SP	BUY	S\$	2.09	2.93	3,339	12.7	13.2	6.1	6.3	3.5	3.7	3.7	40.4	1.7
Keppel REIT	KREIT SP	BUY	S\$	0.85	1.05	3,316	5.4	5.3	6.4	6.3	3.8	3.7	2.7	40.0	4.5
Suntec REIT	SUN SP	BUY	S\$	1.33	1.64	3,086	7.6	7.9	5.7	5.9	3.1	3.4	2.2	43.0	2.4
Frasers L&C Trust	FLT SP	BUY	S\$	0.88	0.96	2,625	6.0	5.9	6.8	6.7	4.2	4.1	4.6	35.4	4.9
CapLand Ascott	CLAS SP	BUY	S\$	0.83	1.03	2,492	6.2	6.3	7.5	7.7	4.9	5.1	2.9	37.7	n.a.
PLife REIT	PREIT SP	BUY	S\$	4.01	4.88	2,050	17.9	18.3	4.5	4.6	1.9	2.0	8.2	33.8	14.6
OUE REIT	OUEREIT SP	NR	S\$	0.345	n.a.	1,496	2.4	2.5	7.0	7.2	4.4	4.7	2.8	41.5	2.2
Centurion Acc REIT	CAREIT SP	BUY	S\$	1.04	1.39	1,408	7.2	8.2	6.9	7.9	4.3	5.3	5.9	29.9	n.a.
Lendlease REIT	LREIT SP	BUY	S\$	0.545	0.79	1,343	3.7	3.7	6.7	6.8	4.2	4.2	2.1	38.9	4.7
ESR-REIT	EREIT SP	NR	S\$	2.08	n.a.	1,319	22.0	21.6	10.6	10.4	8.0	7.8	2.6	41.4	4.8
NTT DC REIT USD	NTTDCR SP	BUY	US\$	0.925	1.29	963	7.9	8.2	8.5	8.8	3.3	3.6	4.7	31.0	4.3
Stoneweg EU Trust EUR	SERT SP	NR	€	1.47	n.a.	927	13.2	13.6	9.0	9.3	5.4	5.7	2.5	41.9	4.9
AIMS APAC REIT	AAREIT SP	NR	S\$	1.43	n.a.	923	10.0	11.0	7.0	7.7	4.4	5.1	2.7	24.9	3.6
Starhill Global	SGREIT SP	NR	S\$	0.505	n.a.	920	3.7	3.8	7.4	7.5	4.8	4.9	3.1	35.8	7.2

*Yield spread above 10-year government bond yield

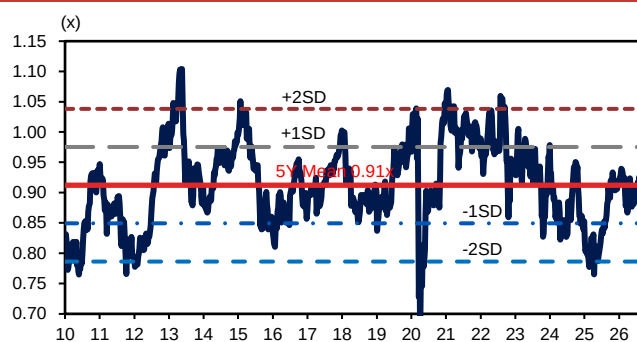
Source: Bloomberg, UOB Kay Hian

S-REIT Yield Spread



Source: UOB Kay Hian

S-REIT P/NAV



Source: UOB Kay Hian

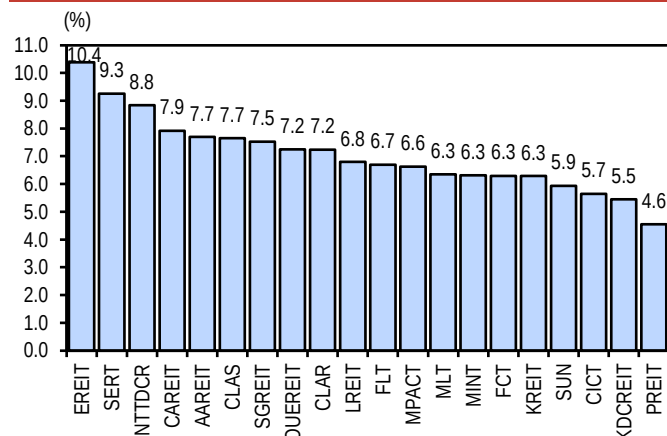
- **SUN's portfolio reconstitution** aims to strengthen its Singapore presence, while reducing overseas exposure, following its strategic review under its new sponsor. It will be marketing 177 Pacific Highway and 21 Harris Street in Sydney, alongside its 50% stake in Olderfleet, 477 Collins Street in Melbourne, for divestment. Management expects successful disposals to lower aggregate leverage to below 40%, from 43% as of Jun 26. The move would sharpen SUN's focus on its core Singapore assets and reduce foreign currency exposure. The divestment would improve interest coverage ratio, while creating headroom for acquisitions and unit buybacks.
- **NTTDCR was included in the FTSE EPRA Nareit Global Developed Index** with effect from 21 Sep 26. It passed all eligibility tests, including the EBITDA criteria and other liquidity requirements, during the latest quarterly review.
- **MLT is divesting its logistics property at 365 Fitzgerald Road** in Derrimut, Victoria, for A\$28m (S\$25.2m), a 3.7% premium to its latest valuation. The property, acquired in 2016 for A\$18m, has been vacant since Apr 26. Its divestment reflects MLT's strategy to sell older assets with limited development potential and release capital for investment in modern logistics facilities. The transaction is expected to be completed by 3QFY27.
- **Adrian Chui would step down as CEO** and executive director after more than nine years in the role at ESR-REIT. Chui will continue to carry out his duties and work with the board and sponsor ESR Group to ensure an orderly transition. The announcement did not provide a specific reason for his decision or name a successor. The board has expressed its appreciation for his leadership and contributions.
- **Top outperformers.** Two REITs with predominantly overseas exposures IREIT and DHLT rebounded 9.8% and 1.3% respectively in Sep 26. UIBREIT gained 1.3% due to inclusion in the FTSE Global Equity Index Series Asia Pacific Ex Japan Ex China Small Cap Index on 21 Sep 26 and iEdge S-REIT Index and iEdge S-REIT Leaders Index on 28 Sep 26. NTTDCR lost only a marginal 3.1%, supported by inclusion to the FTSE EPRA Nareit Global Developed Index with effect from 21 Sep 26.
- **Top underperformers.** US-based REITs PRIME, DCREIT and KORE dropped 21.1%, 9.9% and 6.4% respectively. Industrial REITs EREIT and CLAR dropped 9.2% and 7.8% respectively.

Top 10 Outperformers And Top 10 Underperformers Ranked By Monthly Share Price Performance

TOP OUTPERFORMERS (%)						TOP UNDERPERFORMERS (%)					
NAME	1MTH	3MTH	6MTH	1Y	YTD	NAME	1MTH	3MTH	6MTH	1Y	YTD
IREIT Global	9.8	-12.2	-23.4	-36.8	-37.9	Prime US REIT USD	-21.1	-28.0	-32.2	-41.1	-41.1
Elite UK REIT GBP	1.6	1.6	-5.9	-9.9	-11.1	Digi Core REIT USD	-9.9	-9.9	-6.2	-4.2	-10.8
Daiwa Hse Log Trust	1.3	-15.6	-16.5	-30.2	-28.3	ESR-REIT	-9.2	-11.1	-7.6	-25.7	-23.2
UIBREIT	1.3	1.3	0.6	-8.0	-8.0	Suntec REIT	-8.9	-8.3	-8.9	3.9	-7.6
Keppel REIT	-2.9	-1.2	-4.5	-15.7	-12.8	Centurion Acc REIT	-8.8	-1.9	-5.5	0.0	-6.3
NTT DC REIT USD	-3.1	-1.6	1.1	-7.5	-9.3	Far East HTrust	-8.0	-9.6	-8.0	-14.9	-15.6
CapLand Ascott	-3.5	-6.8	-6.3	-11.3	-13.6	CapLand Ascendas	-7.8	-9.2	-8.5	-18.9	-20.0
Lendlease REIT	-3.5	-4.4	1.9	-12.5	-11.8	Mapletree Log Trust	-6.8	-10.7	-5.2	-12.8	-17.4
PLife REIT	-3.6	-1.0	0.2	-2.7	-1.7	KORE REIT USD	-6.4	-12.1	-9.6	-30.4	-31.9
Frasers Centrepoint	-3.7	-7.5	-4.1	-9.9	-10.3	CapLand Int Comm Trust	-5.9	-5.9	-2.6	-2.6	-6.7

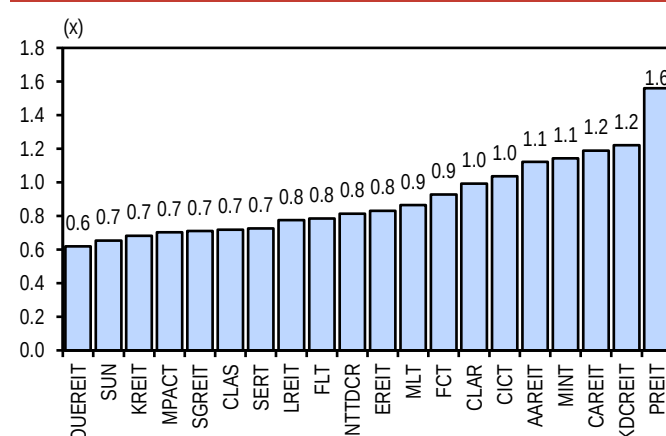
Source: Bloomberg, UOB Kay Hian

Ranking By Distribution Yield (Forward)



Source: UOB Kay Hian

Ranking By P/NAV (Current)



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 30 Sep 26	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	AW9U	NR	S\$	0.205	n.a.	341	10.6	9.5	8.8	n.a.	96.3	45.7	0.89
PLife REIT	PREIT SP	C2PU	BUY	S\$	4.01	4.88	2,050	3.8	4.5	4.6	4.6	53.4	33.7	1.56
HOSPITALITY														
CapLand Ascott	CLAS SP	HMN	BUY	S\$	0.825	1.03	2,492	7.4	7.5	7.7	7.7	71.4	37.7	0.72
CDL HTrust	CDREIT SP	J85	BUY	S\$	0.725	1.11	729	6.6	7.6	7.5	7.7	66.4	35.3	0.53
Cent Accom REIT	CAREIT SP	8C8U	BUY	S\$	1.04	1.39	1,408	6.2	6.9	7.9	7.9	43.8	29.9	1.19
Far East HTrust	FEHT SP	Q5T	BUY	S\$	0.515	0.79	831	7.2	6.8	7.2	7.4	42.6	32.8	0.59
INDUSTRIAL														
AIMS APAC REIT	AAREIT SP	O5RU	NR	S\$	1.43	n.a.	923	6.9	7.0	7.7	8.0	54.5	24.9	1.12
CapLand Ascendas	CLAR SP	A17U	BUY	S\$	2.26	3.25	8,843	6.6	6.6	7.2	7.6	72.8	39.7	0.99
Daiwa Hse Log Trust	DHLT SP	DHLU	NR	S\$	0.405	n.a.	223	10.7	n.a.	n.a.	n.a.	78.9	40.1	0.65
Digi Core REIT USD	KDCREIT SP	DCRU	BUY	US\$	0.455	0.93	581	7.9	7.6	9.0	9.0	67.9	39.2	0.58
ESR-REIT	EREIT SP	9A4U	NR	S\$	2.08	n.a.	1,319	10.5	10.6	10.4	10.7	99.2	41.4	0.83
Keppel DC REIT	KDCREIT SP	AJBU	BUY	S\$	2.11	2.77	4,537	4.9	5.4	5.5	5.5	54.3	34.0	1.22
Mapletree Ind Trust	MINT SP	ME8U	SELL	S\$	1.86	1.74	4,161	6.8	6.2	6.3	6.6	66.3	37.5	1.14
Mapletree Log Trust	MLT SP	M44U	HOLD	S\$	1.09	1.15	4,388	6.7	6.3	6.3	6.4	85.2	40.5	0.87
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US\$	0.925	1.29	963	8.4	8.5	8.8	9.0	45.5	31.0	0.81
UIBREIT	UIBREIT SP	UIBU	BUY	S\$	0.81	1.16	868	n.a.	8.7	8.5	8.9	65.9	36.4	0.95
OFFICE														
Keppel REIT	KREIT SP	K71U	BUY	S\$	0.85	1.05	3,316	6.2	6.4	6.3	6.1	78.2	40.0	0.68
RETAIL														
Frasers Centrepoint	FCT SP	J69U	BUY	S\$	2.09	2.93	3,339	5.8	6.1	6.3	6.4	58.3	40.4	0.93
Lendlease REIT	LREIT SP	JYEY	BUY	S\$	0.545	0.79	1,343	6.8	6.7	6.8	6.9	73.0	38.9	0.78
Starhill Global	SGREIT SP	P40U	NR	S\$	0.505	n.a.	920	7.3	7.4	7.5	7.7	61.6	35.8	0.71
DIVERSIFIED														
CapLand China Trust	CLCT SP	AU8U	NR	S\$	0.62	n.a.	853	7.8	7.7	7.9	8.2	94.8	40.4	0.59
CapLand Int Comm Trust	CICT SP	C38U	BUY	S\$	2.23	3.06	13,929	5.2	5.2	5.7	5.8	57.8	37.4	1.04
Frasers L&C Trust	FLT SP	BUOU	BUY	S\$	0.88	0.96	2,625	6.8	6.8	6.7	6.7	58.7	35.4	0.79
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S\$	1.22	1.71	5,053	6.5	6.5	6.6	6.7	63.8	37.7	0.70
QUE REIT	OUEREIT SP	TS0U	NR	S\$	0.345	n.a.	1,496	6.5	7.0	7.2	7.5	79.1	41.5	0.62
Suntec REIT	SUN SP	T82U	BUY	S\$	1.33	1.64	3,086	5.3	5.7	5.9	5.9	70.8	43.0	0.65
INTERNATIONAL (US / EUROPE)														
Stoneweg EU Trust EUR	SERT SP	SEB	NR	€	1.47	n.a.	927	9.1	9.0	9.3	10.0	93.2	43.6	0.73
Elite UK REIT GBP	ELITE SP	MXNU	NR	£	0.32	n.a.	281	9.5	9.5	9.9	9.7	58.1	34.8	0.73
IREIT Global	IREIT SP	UD1U	NR	S\$	0.18	n.a.	190	8.8	8.1	8.1	8.1	94.9	45.5	0.39
KORE REIT USD	KORE SP	CMOU	BUY	US\$	0.16	0.25	167	1.6	5.3	9.4	14.3	82.9	43.3	0.23
Prime US REIT USD	PRIME SP	OXMU	NR	US\$	0.116	n.a.	167	5.3	8.6	11.2	n.a.	87.5	44.9	0.22
Utd Hampshire REIT USD	UHU SP	ODBU	BUY	US\$	0.465	0.69	284	9.4	9.9	10.7	10.8	73.8	40.4	0.64

Source: Bloomberg, UOB Kay Hian

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