UOBKayHian

Sector – Update | Singapore

Thursday, 10 September 2026

REITs

New Normal Of Higher Bond Yields… Elsewhere

Highlights

- The risk-free rate for our DDM is now based on each country's 10-year government bond yield weighted by the REIT's geographical disposition. Target prices for CICT, FCT, LREIT are relatively unchanged due to their outsized exposure to home base in Singapore at 93%, 100% and 91% respectively. Target price for CLAS was cut severely by 27.5% due to exposures to Australia (10.5%), the UK (11.5%) and the US (18.4%), while FLT was cut by 27.8% due to exposures to Australia (46.8%) and the UK (9.8%).
- Maintain OVERWEIGHT. BUY CICT (Target: S$3.06), MPACT (Target: S$1.71), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

Analysis

- **US and Japan weathering fiscal strain.** The US faces persistent budget deficits amounting to 6% of GDP, rising entitlement spending and annual interest costs exceeding US$1t, while government debt is projected to reach 142% of GDP by 2031. Japan has an even heavier debt burden at 233% of GDP in 2026, compounded by rising debt-servicing costs, an ageing population and a shrinking workforce. Expansionary spending and permanent tax cuts could further weaken Japan's finances. Both the US and Japan face deteriorating fiscal sustainability. While not yet in a full-blown fiscal crisis, US treasury and Japan JGB yields are now structurally higher.
- **Conversely, Singapore is recognised for its fiscal austerity and conservatism.** The stable government bond yields in Singapore stand in stark contrast to rising yields in many developed countries, such as the US, the UK, France, Japan and even Germany. Singapore has attracted safe-haven liquidity inflows, especially during periods of crises and uncertainties, reflecting the government's fiscal conservatism and the country's financial and systemic resilience. Singapore's government has persistently generated budget surplus. Recurring net investment return contributions, which averaged S$25.1b over the past five years during 2021-25, accounted for about one-fifth of the government's annual operating expenditure. Singapore's safe-haven status has become even more internationally recognised in recent years.
- **Singapore is an oasis of calm.** Singapore 10-year government bond yield has risen by a smaller 24bp ytd to 2.36%, much more resilient compared to a larger increase of 63bp ytd to 4.80% for US 10-year treasury bonds and 82bp to 2.88% for Japan 10-year JGB.

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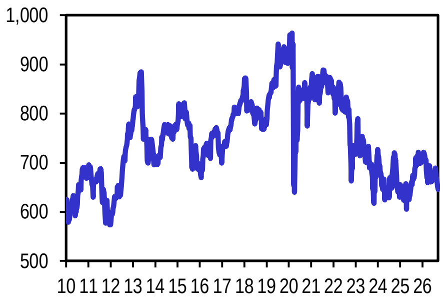
OVERWEIGHT (Maintained)

Sector Picks

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
CICT	CICT SP	BUY	2.32	3.06
MPACT	MPACT SP	BUY	1.23	1.71
NTTDCR (USD)	NTTDCR SP	BUY	0.945	1.29
UIBREIT	UIBREIT SP	BUY	0.80	1.16

Source: UOB Kay Hian

FTSE ST All-Share REITS Index (FSTREI)



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 9 Sep 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.32	3.06	14,594	5.0	5.0	5.4	5.6	57.8	37.4	1.08
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.23	1.71	5,143	6.5	6.5	6.6	6.6	63.8	37.7	0.71
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.945	1.29	977	8.2	8.4	8.6	8.8	45.5	31.0	0.83
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.80	1.16	865	n.a.	8.8	8.6	9.0	65.9	36.4	0.94

Source: Bloomberg, UOB Kay Hian

Geographical Breakdown Of AUM

(%)	Singapore	ASEAN	Hong Kong	Mainland China	South Korea	Australia	Japan	UK	Europe	North America	Others	Total
Healthcare												
PREIT	68.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	7.0	0.0	0.0	100.0
Hospitality												
CLAS	19.1	5.3	0.0	1.8	2.0	10.5	16.9	11.5	14.5	18.4	0.0	100.0
CDREIT	62.0	0.0	0.0	0.0	0.0	8.0	2.5	16.7	6.4	0.0	4.4	100.0
CAREIT	64.0	0.0	0.0	0.0	0.0	16.5	0.0	19.5	0.0	0.0	0.0	100.0
FEHT	97.5	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	100.0
Industrial												
CLAR	65.0	0.0	0.0	0.0	0.0	12.0	3.0	6.4	2.6	11.0	0.0	100.0
DCREIT	0.0	0.0	0.0	0.0	0.0	0.0	12.0	0.0	33.0	55.0	0.0	100.0
EREIT	71.7	0.0	0.0	0.0	0.0	18.4	9.9	0.0	0.0	0.0	0.0	100.0
KDCREIT	62.8	0.3	0.0	3.7	0.0	4.4	13.4	2.2	13.2	0.0	0.0	100.0
MINT	46.3	0.0	0.0	0.0	0.0	0.0	7.2	0.0	0.0	46.5	0.0	100.0
MLT	20.9	8.7	22.2	18.7	7.4	7.7	13.3	0.0	0.0	0.0	1.1	100.0
NTTDCR	18.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.5	63.9	0.0	100.0
UIBREIT	71.2	0.0	0.0	0.0	0.0	0.0	28.8	0.0	0.0	0.0	0.0	100.0
Office												
KREIT	78.7	0.0	0.0	0.0	2.2	18.4	0.7	0.0	0.0	0.0	0.0	100.0
Retail												
FCT	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
LREIT	91.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	0.0	0.0	100.0
SGREIT	70.0	16.2	0.0	0.3	0.0	12.3	1.2	0.0	0.0	0.0	0.0	100.0
Diversified												
CICT	92.8	0.0	0.0	0.0	0.0	3.4	0.0	0.0	3.7	0.0	0.0	100.0
FLT	12.3	0.0	0.0	0.0	0.0	46.8	0.0	9.8	31.1	0.0	0.0	100.0
MPACT	62.0	0.0	22.0	9.0	1.0	0.0	6.0	0.0	0.0	0.0	0.0	100.0
SUN	78.9	0.0	0.0	0.0	0.0	15.2	0.0	5.9	0.0	0.0	0.0	100.0

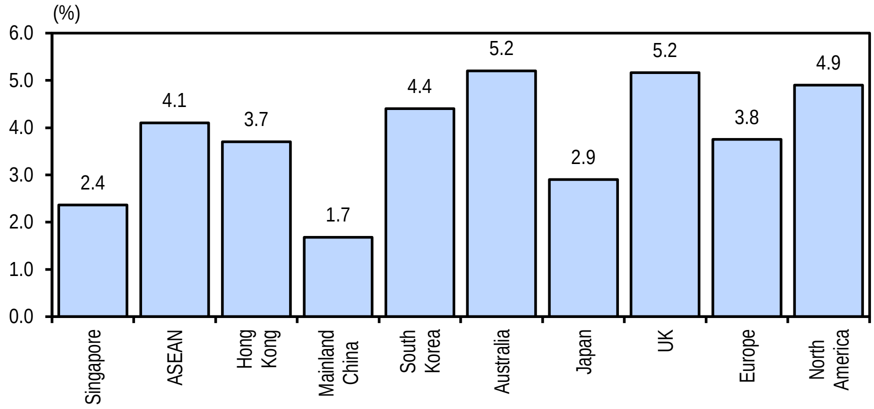
Source: Respectively S-REIT, UOB Kay Hian

Changes To Target Prices

	Share	------------- Target Price (S$) ------------				------- Cost of Equity (%) -----		------ Risk-free Rate (%) -----		------- Terminal Growth (%) -----	
	Price (S$)	Old	New	% Chg	% Upside	Old	New	Old	New	Old	New
PREIT	4.08	5.45	4.88	-10.5	19.6	6.0	6.1	2.5	2.6	2.8	2.5
CLAS	0.845	1.42	1.03	-27.5	21.9	6.75	8.15	2.5	3.9	2.5	2.2
CAREIT	1.13	1.55	1.39	-10.3	23.0	7.25	8.15	2.5	3.4	2.5	2.8
FEHT	0.545	0.85	0.79	-7.1	45.0	7.0	6.9	2.5	2.4	2.5	2.0
CLAR	2.35	3.78	3.25	-14.0	38.3	6.5	7.2	2.5	3.2	2.2	2.2
KDCREIT	2.18	2.99	2.77	-7.4	27.1	6.5	6.8	2.5	2.8	2.8	2.8
MINT	1.93	2.07	1.74	-15.9	-9.8	7.25	8.35	2.5	3.6	1.5	1.5
MLT	1.14	1.29	1.15	-10.9	0.9	6.75	7.35	2.5	3.1	1.5	1.5
NTTDCR USD	0.945	1.31	1.29	-1.5	36.5	8.6	8.7	4.1	4.2	2.5	2.5
UIBREIT	0.8	1.16	1.16	0.0	45.0	7.45	7.45	2.5	2.5	1.2	1.2
KREIT	0.855	1.13	1.05	-7.1	22.8	6.25	6.65	2.5	2.9	1.8	1.8
FCT	2.11	2.99	2.93	-2.0	38.9	6.5	6.4	2.5	2.4	2.2	2.0
LREIT	0.555	0.79	0.79	0.0	42.3	6.75	6.75	2.5	2.5	2.2	2.2
CICT	2.32	3.06	3.06	0.0	31.9	6.25	6.25	2.5	2.5	2.2	2.2
FLT	0.91	1.33	0.96	-27.8	5.5	6.75	8.4	2.5	4.4	2.5	2.5
MPACT	1.23	1.75	1.71	-2.3	39.0	6.5	6.6	2.5	2.6	2.0	2.0
SUN	1.42	1.75	1.64	-6.3	15.5	6.25	6.75	2.5	3.0	1.8	2.0

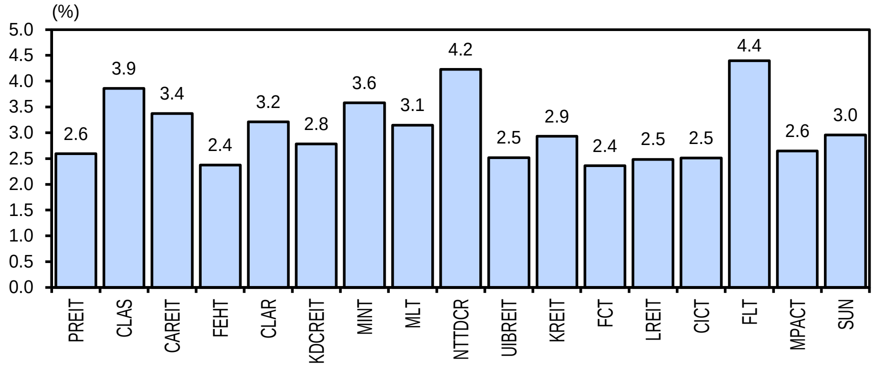
Source: UOB Kay Hian

10-year Government Bond Yields



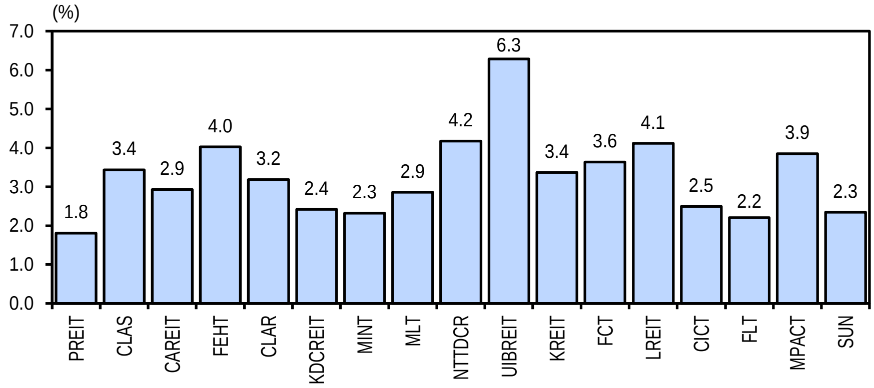
Source: Bloomberg, UOB Kay Hian

Risk-free Rate Weighted By Geographical Disposition



Source: UOB Kay Hian

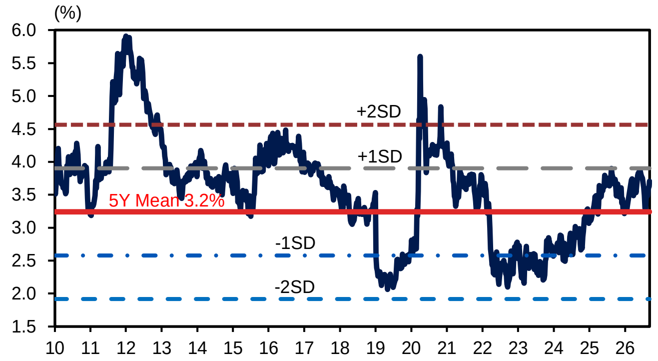
Yield Spread Above Reformulated Risk-free Rate



Source: UOB Kay Hian

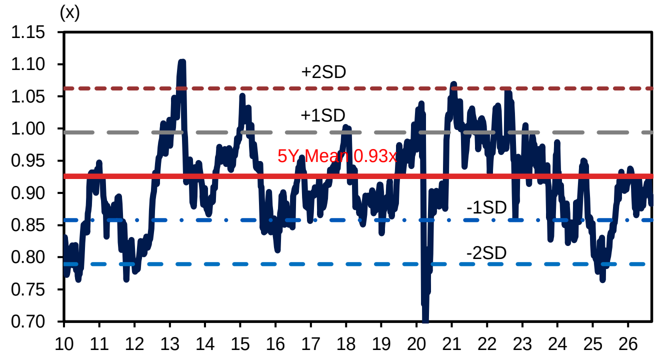
- **Refinement of methodology for valuing S-REITs.** The risk-free rate for our Dividend Discount Model (DDM) is now based on each country's 10-year government bond yield weighted by the REIT's geographical disposition. 10-year government bond yields are relatively lower at 2.4% in Singapore, 1.7% in China and 2.9% in Japan. Conversely, they are quite elevated at 5.2% in Australia and the UK and 4.9% in the US. Thus, S-REITs with sizeable exposure to Singapore, China and Japan would be less affected, while S-REITs with large exposure to Australia, the UK and the US would be the most affected.
- **The winners.** Target prices for CICT, FCT, LREIT are relatively unchanged due to their outsized exposure to home base in Singapore at 93%, 100% and 91% respectively. Target prices for UIBREIT and MPACT are also less affected. UIBREIT's overseas exposure is centred in Japan (29%). MPACT has exposure to Hong Kong (22%), China (9%) and Japan (6%). These S-REITs benefits from resiliency and low interest rates in Singapore.
- **The losers.** Target prices for CLAS and FLT were reduced most severely by 27.5% and 27.8% respectively. CLAS has sizeable exposure to Australia (10.5%), the UK (11.5%) and the US (18.4%). FLT has large exposure to Australia (46.8%) and the UK (9.8%). Target prices for MINT and MLT were reduced by 15.9% and 10.9% respectively. MINT has a large portfolio of data centres in the US (46.5%). MLT has logistics properties in Australia (7.7%), Malaysia (8.7%) and South Korea (7.4%).
- **Maintain OVERWEIGHT.** 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. The S-REIT sector is a major laggard. Thus, S-REITs are likely to be more defensive and resilient. BUY CICT (Target: S$3.06), MPACT (Target: S$1.71), NTTDCR (Target: US$1.29) and UIBREIT (Target: S$1.16).

S-REIT Yield Spread



Source: UOB Kay Hian

S-REIT P/NAV



Source: UOB Kay Hian

Peer Comparison

Name	BBG Ticker	Trading Code	Rec	Curr	Price 9 Sep 26	Target Price	Mkt Cap (US$m)	Yield (%) Hist	Yield (%) Curr	Yield (%) Fwd 1Y	Yield (%) Fwd 2Y	Debt to Equity (%)	Debt to Assets (%)	P/NAV (x)
HEALTHCARE														
First REIT	FIRT SP	AW9U	NR	S$	0.21	n.a.	353	10.3	9.3	8.6	n.a.	96.3	45.7	0.91
PLife REIT	PREIT SP	C2PU	BUY	S$	4.08	4.88	2,106	3.7	4.4	4.5	4.5	53.4	33.7	1.59
HOSPITALITY														
CapLand Ascott	CLAS SP	HMN	BUY	S$	0.845	1.03	2,577	7.2	7.3	7.5	7.5	71.4	37.7	0.74
CDL HTrust	CDREIT SP	J85	BUY	S$	0.75	1.11	761	6.4	7.4	7.3	7.4	66.4	35.3	0.55
Cent Accom REIT	CAREIT SP	8C8U	BUY	S$	1.13	1.39	1,544	5.7	6.3	7.3	7.3	43.8	29.9	1.29
Far East HTrust	FEHT SP	Q5T	BUY	S$	0.545	0.79	888	6.8	6.4	6.8	7.0	42.6	32.8	0.62
INDUSTRIAL														
AIMS APAC REIT	AAREIT SP	O5RU	NR	S$	1.44	n.a.	938	6.8	6.9	7.6	8.0	54.5	24.9	1.13
CapLand Ascendas	CLAR SP	A17U	BUY	S$	2.35	3.25	9,283	6.4	6.4	7.0	7.3	72.8	39.7	1.03
Daiwa Hse Log Trust	DHLT SP	DHLU	NR	S$	0.40	n.a.	222	10.8	n.a.	n.a.	n.a.	78.9	40.1	0.64
Digi Core REIT USD	DCREIT SP	DCRU	BUY	US$	0.495	0.93	632	7.3	7.0	8.3	8.3	67.9	39.2	0.63
ESR-REIT	EREIT SP	9A4U	NR	S$	2.21	n.a.	1,415	9.9	10.0	9.8	10.0	99.2	41.4	0.88
Keppel DC REIT	KDCREIT SP	AJBU	BUY	S$	2.18	2.77	4,220	4.8	5.2	5.3	5.4	54.3	34.0	1.26
Mapletree Ind Trust	MINT SP	ME8U	SELL	S$	1.93	1.74	4,359	6.6	5.9	6.1	6.4	66.3	37.5	1.19
Mapletree Log Trust	MLT SP	M44U	HOLD	S$	1.14	1.15	4,633	6.4	6.0	6.1	6.1	85.2	40.5	0.91
NTT DC REIT USD	NTTDCR SP	NTDU	BUY	US$	0.945	1.29	977	8.2	8.4	8.6	8.8	45.5	31.0	0.83
UIBREIT	UIBREIT SP	UIBU	BUY	S$	0.80	1.16	865	n.a.	8.8	8.6	9.0	65.9	36.4	0.94
OFFICE														
Keppel REIT	KREIT SP	K71U	BUY	S$	0.855	1.05	3,367	6.1	6.3	6.3	6.1	78.2	40.0	0.69
RETAIL														
Frasers Centrepoint	FCT SP	J69U	BUY	S$	2.11	2.93	3,403	5.7	6.0	6.2	6.4	58.3	40.4	0.94
Lendlease REIT	LREIT SP	JYEU	BUY	S$	0.555	0.79	1,368	6.7	6.6	6.7	6.7	73.0	38.9	0.79
Starhill Global	SGREIT SP	P40U	NR	S$	0.525	n.a.	964	7.0	7.1	7.2	7.5	61.6	35.8	0.74
DIVERSIFIED														
CapLand China Trust	CLCT SP	AU8U	NR	S$	0.625	n.a.	868	7.7	7.6	7.7	8.0	94.8	40.4	0.60
CapLand Int Comm Trust	CICT SP	C38U	BUY	S$	2.32	3.06	14,594	5.0	5.0	5.4	5.6	57.8	37.4	1.08
Frasers L&C Trust	FLT SP	BUOU	BUY	S$	0.91	0.96	2,741	6.5	6.6	6.5	6.5	58.7	35.4	0.81
Mapletree Pan Asia	MPACT SP	N2IU	BUY	S$	1.23	1.71	5,143	6.5	6.5	6.6	6.6	63.8	37.7	0.71
OUE REIT	OUEREIT SP	TS0U	NR	S$	0.355	n.a.	1,554	6.3	6.8	7.0	7.2	79.1	41.5	0.64
Suntec REIT	SUN SP	T82U	BUY	S$	1.42	1.64	3,326	5.0	5.3	5.6	5.5	70.8	43.0	0.70
INTERNATIONAL (US / EUROPE)														
Stoneweg EU Trust EUR	SERT SP	SEB	NR	€	1.54	n.a.	995	8.7	8.6	8.8	9.4	93.2	43.6	0.76
Elite UK REIT GBP	ELITE SP	MXNU	BUY	£	0.31	0.39	278	9.8	9.7	9.6	10.0	58.1	34.8	0.71
IREIT Global	IREIT SP	UD1U	NR	S$	0.215	n.a.	229	7.5	6.8	6.8	6.8	94.9	45.5	0.46
KORE REIT USD	KORE SP	CMOU	BUY	US$	0.174	0.25	182	1.4	4.9	8.7	13.1	82.9	43.3	0.25
Prime US REIT USD	PRIME SP	OXMU	BUY	US$	0.143	0.21	206	4.3	11.5	12.9	12.5	87.5	44.9	0.27
Utd Hampshire REIT USD	UHU SP	ODBU	BUY	US$	0.485	0.69	295	9.1	9.5	10.2	10.4	73.8	40.4	0.67

Source: Bloomberg, UOB Kay Hian