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Singapore REITs sector – Outlook muddled by Middle East conflict

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Summary Points

- Year-to-date (YTD) share price underperformance amid inflation concerns and shifting interest rate expectations.
- Tempered down our distribution per unit (DPU) growth expectations but still project positive growth ahead. Sector valuations have become more undemanding, and we see selective bottom-up investment opportunities.
- Top picks: **CapitaLand Ascendas REIT [CLAR SP; FV: SGD3.28]**, **CapitaLand India Trust [CLINT SP; FV: SGD1.37]**, **Keppel DC REIT [KDCREIT SP; FV: SGD2.78]** and **Parkway Life REIT [PREIT SP; FV: SGD4.83]**.

Preferred S-REIT picks

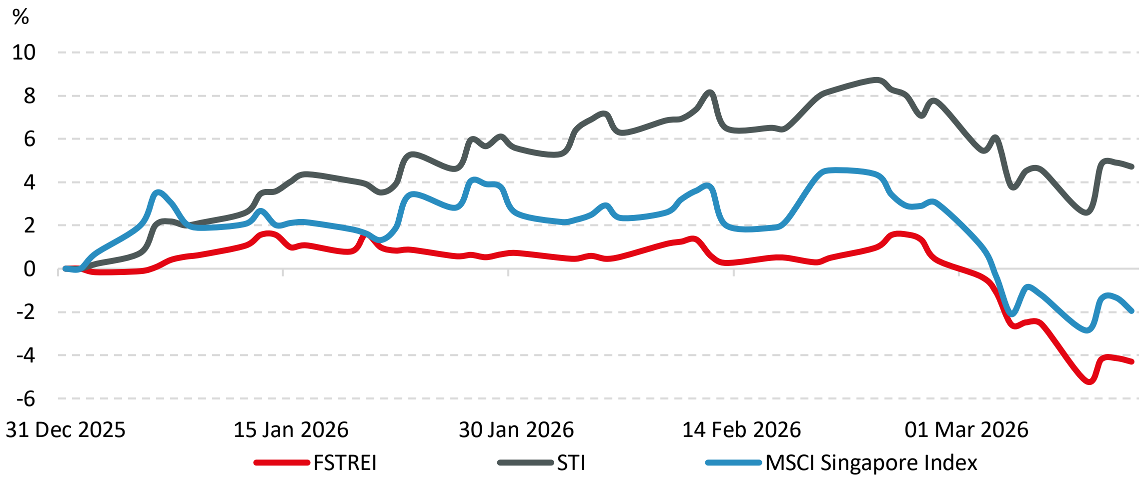
REIT	Last Close (SGD)	Fair Value (SGD)	Rating
CLAR SP	2.54	3.28	BUY
KDCREIT SP	2.26	2.78	BUY
PREIT SP	3.99	4.83	BUY
CLINT SP	1.00	1.37	BUY

Source: Bloomberg, OCBC Group Research
As at 12 Mar 2026 closing prices

Underperformance of S-REITs sector widened following Middle East conflict – The share price performance of the S-REITs sector has lagged, with the FTSE ST All-Share REIT Index (FSTREI Index) delivering total returns (including distributions) of -4.3% YTD, as at 12 Mar 2026. This paled in comparison to the broader Singapore market, with the Straits Times Index (STI) and MSCI Singapore Index recording total returns of 4.7% and -2.0% during the same period, respectively. The FSTREI Index traded within a tight range of -0.2% to +1.6% during the first two months of the year.

However, share price performance slumped into negative territory after the start of the Middle East conflict at the end of Feb 2026. Although S-REITs are typically viewed as a defensive asset class, the surge in oil prices has raised concerns about inflation. As a result, expectations of rate cuts by the US Federal Reserve (Fed) have been pushed back, and long-end yields have risen. Based on the Fed funds futures, the market is now pricing in slightly less than one rate cut (~0.8) by the Fed in 2026, as compared to ~2.5 cuts previously expected at the end of Feb.

Exhibit 1: Total returns trend of FSTREI, STI and MSCI Singapore Index YTD

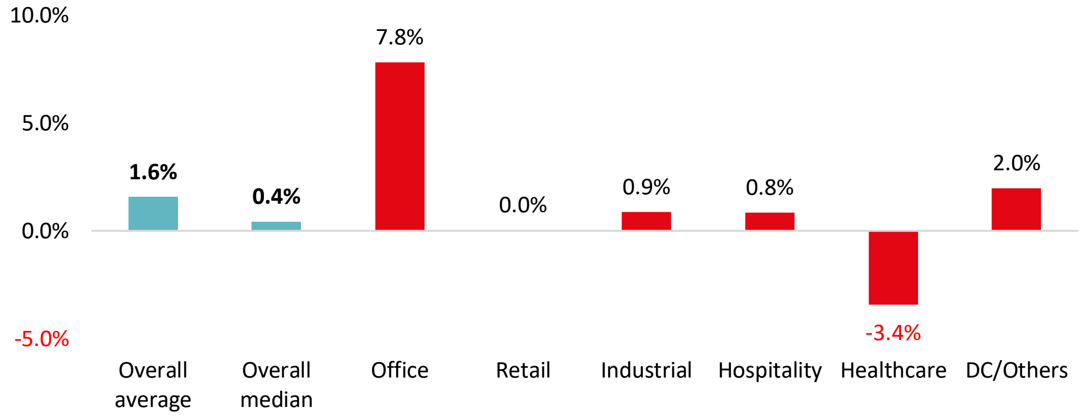


Source: Bloomberg, OCBC Group Research, as at 12 Mar 2026

Fundamentals remain sound, but prolonged conflict may exert downward pressure on distributions and weigh on valuations – Notwithstanding the recent volatility in financial markets, we believe the sector's fundamentals remain resilient. Looking at the recently concluded 4Q25 earnings season, S-REITs under our coverage which reported quarterly or half-yearly DPU figures registered an average increase of 1.6% (median: +0.4%) on a year-on-year (YoY) basis.

This marks an inflection point after several quarters of negative DPU growth, which had been weighed down by higher borrowing costs. Of the 16 S-REITs under coverage that declared distributions, nine were in-line with our expectations, four exceeded or slightly exceeded expectations and three fell short or slightly short. Within this group, eight recorded YoY DPU growth, seven saw declines and one was unchanged.

Exhibit 2: YoY DPU growth breakdown by sub-sector of S-REITs and property trusts under coverage

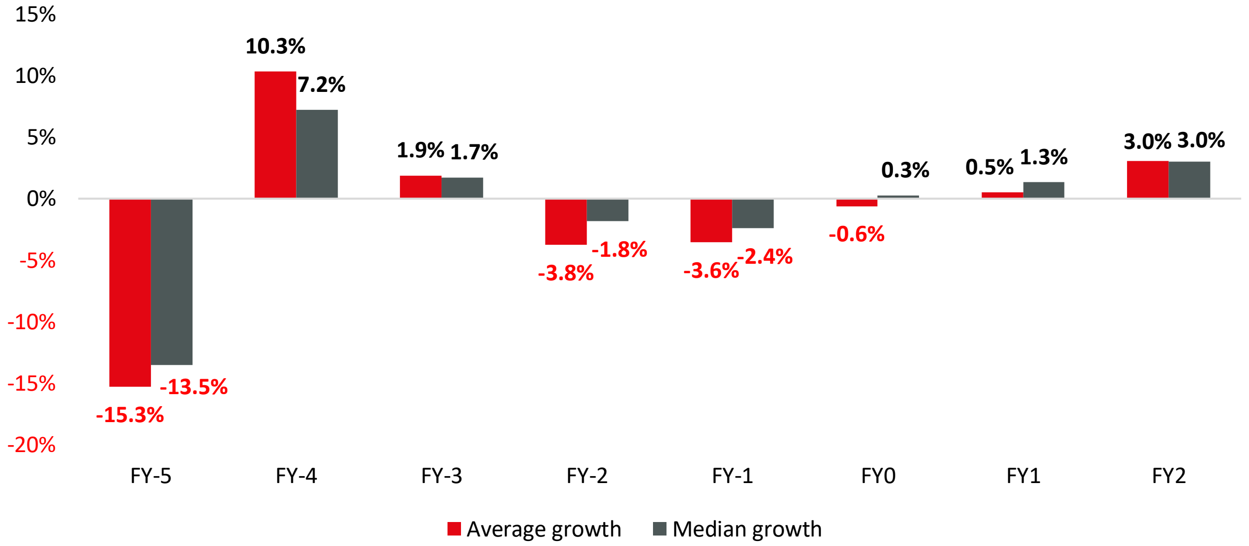


Source: REIT Managers, OCBC Group Research estimates. Note: DC refers to data centres

Following adjustments to our assumptions, we trimmed our DPU forecasts by an average of 1.4% for the current financial year (FY1) and 1.9% for the next financial year (FY2). Despite these downward revisions, we still expect average (median) DPU growth of 0.5% (1.3%) in FY1 and 3.0% (3.0%) in FY2.

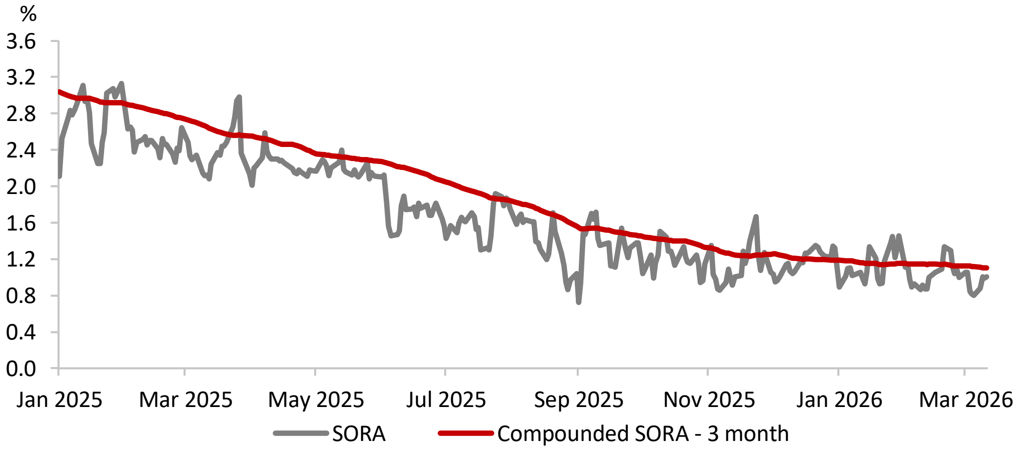
OCBC Group Research's base case assumes Brent crude prices normalise to below USD70/bbl by mid-year. Our moderately severe scenario models Brent at around USD100/bbl through mid-year before easing towards a well-supplied 2026 equilibrium. Under an acute scenario where the conflict persists, Brent could spike to around USD140/bbl and remain elevated through mid-year. Key risks arise from second-order effects, including pressure on tenants and the impact of higher interest rates, both of which could introduce downside risk to our DPU forecasts. An increase in long-end yields would also likely weigh on valuations of the S-REITs sector given the compression in yield spreads. At the time of writing, the Singapore Overnight Rate Average (SORA) has remained stable, ranging between 0.80% and 1.06% month-to-date (as at 12 Mar), compared with 1.00% on 27 Feb 2026. Meanwhile, the 3-month compounded SORA stood at 1.11% (as at 12 Mar), indicating that funding conditions for S-REITs remain conducive.

Exhibit 3: Historical DPU growth and forecasts of S-REITs and property trusts under coverage (by sector)



Source: REIT Managers, OCBC Group Research estimates, as at 12 Mar 2026. Note: FY-5 to FY0 are historical data; FY1 and FY2 are forecasted figures

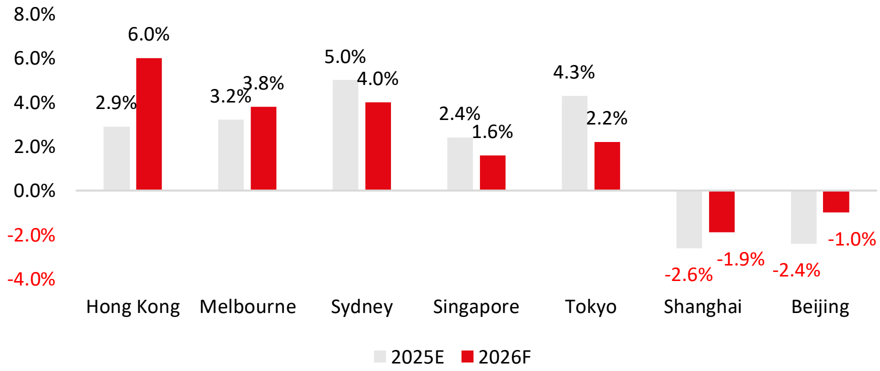
Exhibit 4: SORA and 3-month SORA trend



Source: Monetary Authority of Singapore, OCBC Group Research, as at 12 Mar 2026

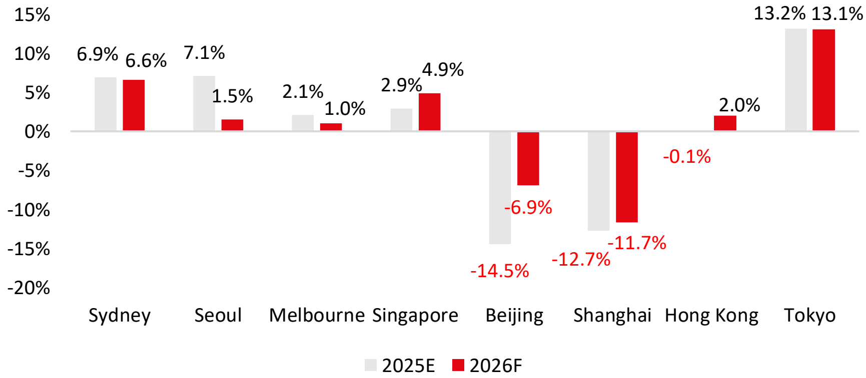
Operating trends largely healthy – Drawing reference from CBRE Research's data and forecasts, we note that rental growth prospects mostly point to improvement in 2026 as compared to 2025 for the retail, office and logistics sub-sectors in Asia Pacific. The operating landscape in China remains weak, as rental growth is forecasted by CBRE to remain negative across all these three sub-sectors for both Shanghai and Beijing in 2026. However, the magnitude of decline is expected to be less severe as compared to 2025. Assuming the Middle East conflict does not derail the rental outlook of the various sub-sectors and interest rates remain conducive, we believe this will provide a backdrop for positive DPU growth as highlighted earlier.

Exhibit 5: Retail rental growth of selected Asia-Pacific cities



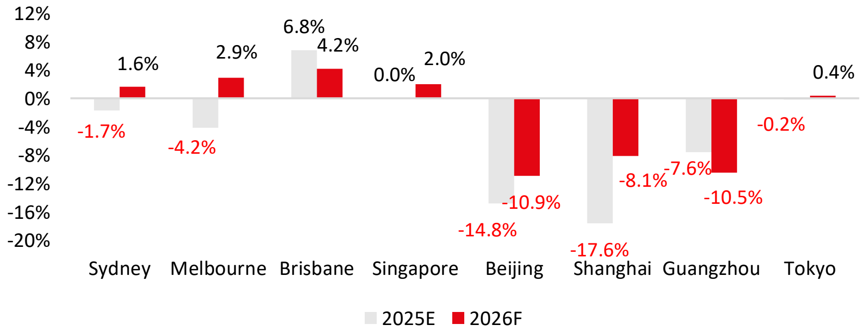
Source: CBRE Research, as at Jan 2026

Exhibit 6: Office rental growth of selected Asia-Pacific cities



Source: CBRE Research, as at Jan 2026

Exhibit 7: Logistics rental growth of selected Asia-Pacific cities



Source: CBRE Research, as at Jan 2026

Retail – Retail S-REITs delivered strong operating metrics for their Singapore assets this earnings season. Rental reversions remained positive, ranging from 12.4% for **OUE REIT's [OUEREIT SP; FV: SGD0.40]** Mandarin Gallery for FY25 to 16.2% for **Suntec REIT [SUN SP; FV: SGD1.43]** in 4Q25. Occupancy remained healthy with most names pushing above 99%, while OUEREIT was a key laggard at 95.7% as management executed on a pop-up strategy to drive footfall and tenant sales.

On the other hand, rental reversions in China/Hong Kong remained under pressure. **CapitaLand China Trust [CLCT SP; FV: SGD0.655]** ended the year with marginally higher occupancy quarter-on-quarter (QoQ) at 97.2%, but rental reversions deteriorated further in 4Q25, bringing full year reversion to -2.4%. Meanwhile, occupancy at **Mapletree Pan Asia Commercial Trust's [MPACT SP; FV: SGD1.49]** Festival Walk property in Hong Kong was flat QoQ, but rental reversions for 9MFY26 (financial year ending 31 Mar 2026) widened 0.4 percentage points (ppt) to -10.5%.

According to the Urban Redevelopment Authority (URA), retail rents grew another 0.6% QoQ in 4Q25, while island-wide retail vacancy improved 0.6ppt QoQ to 6.3%. Meanwhile, CBRE Research reported a 0.5% QoQ increase in island-wide prime retail rents for the quarter, lifting growth in 2025 to 2.4% and marking the first time island-wide average prime rents have surpassed pre-pandemic levels. For 2026, CBRE Research expects overall prime retail rents to grow 1-2%, supported by resilient consumer spending, tourism recovery, and limited new supply. Similarly, we expect retail rents in Singapore to increase by a low single digit level in 2026. Any negative rental impact from the retail sales leakage to Johor Bahru as a result of the Johor Bahru-Singapore Rapid Transit System (RTS) Link will likely only be felt in 2027.

Finally, the Singapore retail sales index slipped 0.4% YoY in January, missing our and Bloomberg consensus forecasts. Excluding motor vehicles, parts and accessories, retail sales fell 2.8% YoY. The decline is partly attributed to the shift in timing of the Lunar New Year. OCBC Group Research expects retail sales to expand 2-3% in 2026, notwithstanding a calibrated moderation in cost-of-living measures at Budget 2026. While the dip in the quantum of Community Development Council (CDC) disbursed in 2026 may weigh on tenant sales, especially for suburban malls, we think this should be well-contained barring a significant worsening of macroeconomic conditions due to the Middle East Conflict.

Exhibit 8: Key operating metrics for selected S-REITs with retail operations

REIT	Period ended 31 Dec 2025	Retail rental reversions	Retail occupancy	Tenant sales YoY	Shopper traffic YoY
CapitaLand China Trust (CLCT)	FY25	-2.4%	97.2%	2.1%	2.7%
Frasers Centrepoint Trust (FCT)	1QFY26	Undisclosed	98.1%	2.7%	1.3%
Mapletree Pan Asia Commercial Trust (MPACT)	9MFY26	VivoCity: 14.7% Festival Walk: -10.5%	VivoCity: 100% Festival Walk: 98.4%	VivoCity: 3.8% Festival Walk: -2.9%	VivoCity: 2.6% Festival Walk: 4.5%
OUE REIT (OUEREIT)	FY25	Mandarin Gallery: 12.4%	Mandarin Gallery: 95.7%	Mandarin Gallery: undisclosed	Mandarin Gallery: undisclosed
Starhill Global REIT (SGREIT)	1HFY26	Undisclosed	Singapore: 99.5%	2.9%	-1.2%
Suntec REIT (SUN)	4Q25	16.2%	Overall: 99.5% Suntec City Mall: 99.5% Marina Bay Link Mall: 98.9%	1%	-1%

Source: REIT Managers, OCBC Group Research; as at 31 Dec 2025.
Note: For Suntec REIT, retail rental reversions, tenant sales, and shopper traffic figures are for Suntec City Mall only. For CLCT, FY25 tenant sales would have increased 4.2% YoY excluding automobile sales.

Industrial – Industrial S-REITs under our coverage reported mostly resilient operating metrics. Occupancy was stable, with less than 1ppt change as compared to the preceding quarter. Meanwhile, rental reversions remained robust, with **CapitaLand Ascendas REIT [CLAR SP; FV: SGD3.28]**, **CapitaLand India Trust [CLINT SP; FV: SGD1.37]** and **Keppel DC REIT [KDCREIT SP; FV: SGD2.78]** reporting double-digit rental uplifts in FY25, while **Frasers Logistics & Commercial Trust [FLT SP; FV: SGD1.04]** kept up its positive rental momentum by delivering 36.4% rental reversion for its logistics & industrial portfolio for its 1QFY26 results. **Mapletree Logistics Trust [MLT SP; FV: SGD1.40]** continued to be the laggard, as rental reversions for the reporting quarter came in only at 1.1%. Even excluding China, its portfolio rental reversions were only slightly better at 1.7%.

Singapore's industrial market conditions remained firm. The JTC Price and Rental Index of All Industrial Space rose 1.4% and 0.5% QoQ in 4Q25, respectively. The former accelerated 80bps from the preceding quarter's growth, while rental growth was similar to that achieved in 3Q25. Business Park properties have come under pressure in recent times, but rental growth reversed from -0.2% in 3Q25 to +0.4% in 4Q25. Warehouse rentals accelerated in 4Q25, with an increase of 1.1% QoQ, versus 0.9% in the preceding quarter. Overall occupancy rate slipped 0.4ppt QoQ to 88.7%, with the drag coming from multiple-user and single-user factory spaces, but partially offset by the warehouse and business park segments. Within the logistics segment, CBRE Research expects rents in Singapore to rebound 2% in 2026 after coming in flat in 2025.

In Australia, the core logistics markets of Sydney (Outer Central West), Melbourne, and Brisbane registered YoY/QoQ market rental growth of 5.8%/0.4%, 3.9%/1.3%, and 4.3%/1.1% in 4Q25, according to data from JLL Research data. YoY rental growth moderated in Sydney (Outer Central West) and Brisbane, but accelerated in Melbourne.

Exhibit 9: Key operating metrics for industrial S-REITs under coverage

REIT	Period ended 31 Dec 2025	Rental reversions (average vs. average)	Industrial/data centre portfolio occupancy
CapitaLand Ascendas REIT (CLAR)	FY25	Overall: 12%, Singapore: 11.8%, US: 12.3%, Australia: 41%, UK/Europe: -0.9%	Overall: 90.9%, Singapore: 91.2%, US: 85.5%, Australia: 94.4%, UK/Europe: 92%
CapitaLand India Trust (CLINT)	FY25	21.0%	91.0%
Keppel DC REIT (KDCREIT)	FY25	45%	95.8%
Stoneweg Europe Stapled Trust (SERT)	FY25	UK/Europe: 8.5%	UK/Europe: 94.4%
Frasers Logistics & Commercial Trust (FLT)	1QFY26	36.4%	Overall: 99.7%; Australia: 100%; Europe 100%; UK: 100%; Singapore: 91.6%
Mapletree Industrial Trust (MINT)	3QFY26	Singapore overall: 7.1%; Hi-Tech Buildings and Business Space: 7.0%; General Industrial Buildings: 7.4%	Overall: 91.4%, Singapore: 93%, North America: 87.5%, Japan: 100%
Mapletree Logistics Trust (MLT)	3QFY26	1.1% (1.7% excluding China)	96.4%

Source: REIT Managers, OCBC Group Research; as at 31 Dec 2025.

Office – Rental reversions of office S-REITs held up well during the reporting period. This came in at high single-digits for the Singapore portfolio of **OUE REIT [OUEREIT SP; FV: SGD0.40]** and **Suntec REIT [SUN SP; FV: SGD1.43]**, and low-teens for **Keppel REIT [KREIT SP; FV: SGD1.06]** and **Stoneweg European REIT [SERT SP; FV: EUR1.88]**. **Mapletree Pan Asia Commercial Trust's [MPACT SP; FV: SGD1.49]** performance was more muted, ranging between -1.6% and 5.8% for its Singapore assets. Its China assets remained an area of weakness, as rental reversions came in at -21.2%.

Looking at overall market trends, rents for Singapore's core CBD Grade A market rose 0.8% QoQ to SGD12.30 per square foot per month (psf pm) in 4Q25, marking the fourth consecutive quarter of growth. Rents for the core CBD Grade B market increased 1.1% QoQ to SGD8.95 psf pm. Meanwhile, occupancy rate for the former rose 0.6ppt QoQ to 95.5%, underpinned by healthy demand and supply dynamics. CBRE Research expects rental growth in 2026 to come in around 5%, but we see downside risks amid an uncertain macroeconomic backdrop.

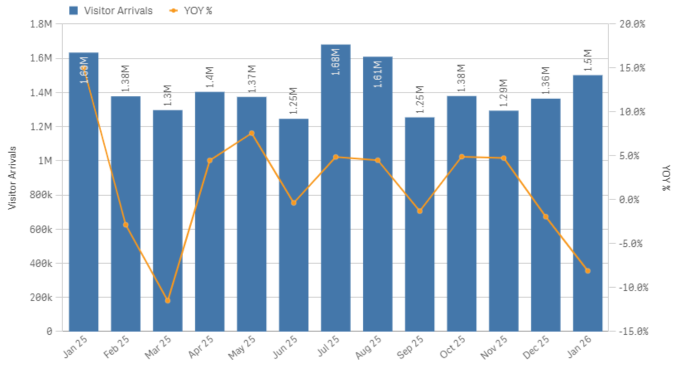
Exhibit 10: Key operating metrics for office REITs under coverage

REIT	Period ended 31 Dec 2025	Office rental reversions (average vs. average)	Office portfolio occupancy
Keppel REIT (KREIT)	FY25	11.5%	Overall: 96.7%, Singapore: 96.5%, North Asia: 100%, Australia: 96.5%
Mapletree Pan Asia Commercial Trust (MPACT)	3QFY26	Singapore: -1.6% to 5.8%, China: -21.2%, Japan: 0.4%, South Korea: 51.3%	Singapore: 93.5%-95.3%, China: 83.6%, Japan: 73.1%, South Korea: 99.9%
OUE REIT (OUEREIT)	FY25	Singapore: 9.1%	Singapore: 95.4%
Stoneweg European REIT (SERT)	FY25	UK/Europe: 10.8%	UK/Europe: 87.2%
Suntec REIT (SUN)	FY25	Singapore: 9.6%, Australia: 25.9% based on gross rents; 1% effective rents	Singapore: 98.2%, Australia: 90.6%, UK: 92.5%

Source: REIT Managers, OCBC Group Research; as at 31 Dec 2025.
Note: MPACT's Singapore metrics refer to Mapletree Business City and other Singapore properties, while its China metrics include Sandhill Plaza, which is a Business Park property located in Shanghai.

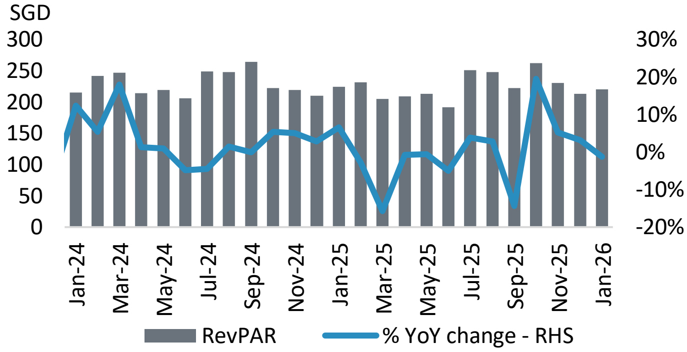
Hospitality – 2025 was a challenging year for hotels. Based on data from the Singapore Tourism Board (STB), revenue per available room (RevPAR) was down 0.4% to SGD224, as a 1% decline in average room rates was offset by a 0.5ppt improvement in occupancy to 81.9%. Industry-wide softness weighed on the results of S-REITs under our coverage with hospitality exposure. **OUE REIT's [OUEREIT SP; FV: SGD0.40]** FY25 RevPAR was down 6.6% at SGD255, in part due to execution misses and greater supply in the Orchard Road area, which detracted from the performance at Hilton Singapore Orchard. For **CapitaLand Ascott Trust [CLAS SP; FV: SGD1.01]**, Singapore RevPAR was stable YoY on a same store basis. Both REITs are guiding for a firmer FY26, in part due to a more exciting calendar of events. Furthermore, new hotel supply in the near future is expected to be limited, which should be supportive of room rates.

Exhibit 11: Monthly trend of visitor arrivals in Singapore



Source: Singapore Tourism Analytics Network

Exhibit 12: Singapore hotel industry RevPAR performance



Source: STB

Exhibit 13: Comparative performance amongst S-REITs with exposure to hospitality

REIT	Period ended 31 Dec 2025	ADR	Occupancy	RevPAR
Acrophyte Hospitality Trust	FY25	USD137 (-1.5% YoY)	69.4% (+0.7 ppt YoY)	USD95 (-0.5% YoY)
CapitaLand Ascott Trust	FY25	-	80% on a portfolio basis (+3 ppt YoY)	SGD161 (+3% YoY) on a portfolio basis SGD184 (+1% YoY) for Singapore market only
CDL Hospitality Trust	FY25	SGD230 (-6.5% YoY)	79.0% (+0.3 ppt YoY)	SGD182 (-6.2% YoY)
Far East Hospitality Trust	FY25	Hotels: SGD170 (-4.1% YoY) SRs: SGD270 (-0.2% YoY)	Hotels: 81.3% (+0.3 ppt YoY) SRs: 81.5% (-2.7 ppt YoY)	Hotels: SGD139 (-3.8% YoY) SRs: SGD220 (-3.4% YoY)
OUE REIT	FY25	-	-	Hilton Orchard: SGD260 (-10.3% YoY) Crowne Plaza Changi Airport: SGD246 (+1.7% YoY) Overall Portfolio: SGD255 (-6.6% YoY)

Source: REIT Managers, OCBC Group Research; as at 31 Dec 2025.
Note: Occupancy, ADR, and RevPAR figures for CDL Hospitality Trust and Far East Hospitality Trust are for Singapore assets only. For Far East Hospitality Trust, SRs refer to Serviced Residences. Please refer to the respective REITs' materials uploaded onto SGX for further details about operating metrics in other geographies.

Visitor arrivals continued to decline in Jan 2026, down 8.1% YoY to 1.5m. This was likely due to the timing shift of the Lunar New Year (from Jan to Feb), given that Chinese visitation also fell 27.8% YoY to 272k during the month. With the soft visitor numbers, it came as no surprise that RevPAR slipped 1.2% YoY to SGD220. Occupancy and average room rates dipped 0.6ppt and 0.4% YoY to 81.2% and SGD271, respectively.

Looking ahead, we expect Singapore hotels to turn in a firmer set of numbers for February – alongside stronger visitor arrivals – supported by the biennial Singapore Air Show, which reportedly drew a record 65k trade visitors in four days (as compared to ~60k in 2024). We view the ongoing Middle East conflict as a tail risk to STB's target of 17-18m tourist arrivals in 2026, though it helps that Singapore's top five source markets – China, Indonesia, Malaysia, Australia, and India – are regional and constituted 54.9% of total visitor arrivals in 2025.

CLAS is the only hospitality S-REIT under our coverage, and we like that it has a large and geographically diversified portfolio that will help to mitigate location-specific dips. A sizeable 65% exposure to stable income sources (i.e. master leases, management contracts with minimum guaranteed income, and living sector assets) based on FY25 gross profit should also provide some downside income protection.

Healthcare – For FY25, **Parkway Life REIT [PREIT SP; FV: SGD4.83]** reported an in-line set of results, while **First REIT's [FIRT SP; FV: SGD0.245]** results were a touch above our expectations. Amidst the recent geopolitical uncertainty, we continue to like the healthcare sub-sector for its defensive qualities. Our preferred play in this space remains PREIT, whose share price has held up relatively well YTD as compared to other S-REITs under our coverage. With Project Renaissance at Mount Elizabeth Hospital having been successfully completed, minimum rent from the Singapore hospitals is set to increase 24.3% to SGD99.1m in FY26. Looking ahead, PREIT has articulated a clear growth strategy with three areas of focus: (i) enhanced collaboration with its sponsor to enhance its Singapore portfolio; (ii) a five-year plan (pending further details) to rejuvenate and better position its Japan portfolio to capture rental growth; and (iii) potential acquisitions and asset enhancement initiatives (AEIs) in France.

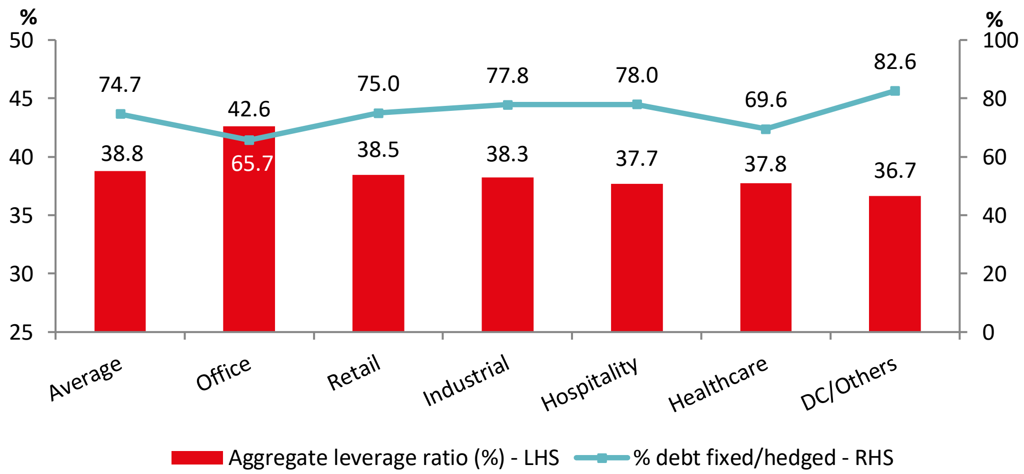
The strategic review for FIRT remains underway, but we see the window of opportunity for the REIT to pivot out of Indonesia into a different market narrowing. To recap, FIRT received a preliminary non-binding letter of intent (LOI) from PT Siloam International Hospitals Tbk (Siloam) to acquire its portfolio of hospital assets in Indonesia in early 2025. In our view, this will likely be dilutive to existing unitholders as FIRT would be hard-pressed to find assets in developed markets that provide similar yields as its Indonesia portfolio. However, the reset could be a positive in the longer run as the REIT shrugs off its emerging market risk premium and currency-related headwinds. We think Australia may be a potential market that FIRT is considering, given that (i) it is a developed market with well-developed legal frameworks; and (ii) market dynamics are favourable amidst high demand (underpinned by an ageing population and relatively high obesity levels) and a critical shortage of hospital beds. Unfortunately, with the market expecting the Reserve Bank of Australia (RBA) to hike rates in Mar - and potentially higher rates elsewhere amidst stagflation concerns brought about by the ongoing Middle East conflict – we think the macroeconomic set-up may make acquisitions more challenging to execute well.

Credit metrics back in focus amid potential interest rates increases – 2026 was expected to be a year of accelerated capital market activities for S-REITs, supported by a more favourable interest rate environment. While some capital recycling initiatives were announced early in the year, this momentum could take a pause due to the ongoing Middle East conflict, which has driven up oil prices and pushed long-end yields higher. A key concern now is whether these developments will lead to renewed inflationary pressures, and consequently higher borrowing costs. As a result, investors are likely to shift their attention back to the credit metrics of S-REITs. Those with a materially lower proportion of debt hedged and relatively higher aggregate leverage ratios may face greater scrutiny and weaker investor sentiment if the conflict turns out to be more prolonged than expected. Conversely, S-REITs with healthy balance sheets could take advantage of market dislocations to acquire quality assets at reasonable prices.

Across the S-REITs under our coverage, most credit indicators showed slight QoQ improvements. Aggregate leverage ratio was 38.8% on average (as at 31 Dec 2025), 0.1ppt lower QoQ. The average cost of debt fell by 5bps QoQ to 3.42%, and the interest coverage ratio improved from 3.6x to 3.7x. However, there was a dip in the proportion of debt hedged by 1.4ppt QoQ to 74.7%. S-REITs with comparatively lower levels of hedged debt include First REIT (46.1%), Keppel REIT (53.0% but this will increase to 62% if preferential offering proceeds were used to repay its equity bridging loan), Suntec REIT (65.0%), CapitaLand China Trust (68.0%) and Frasers Logistics & Commercial Trust (68.6%).

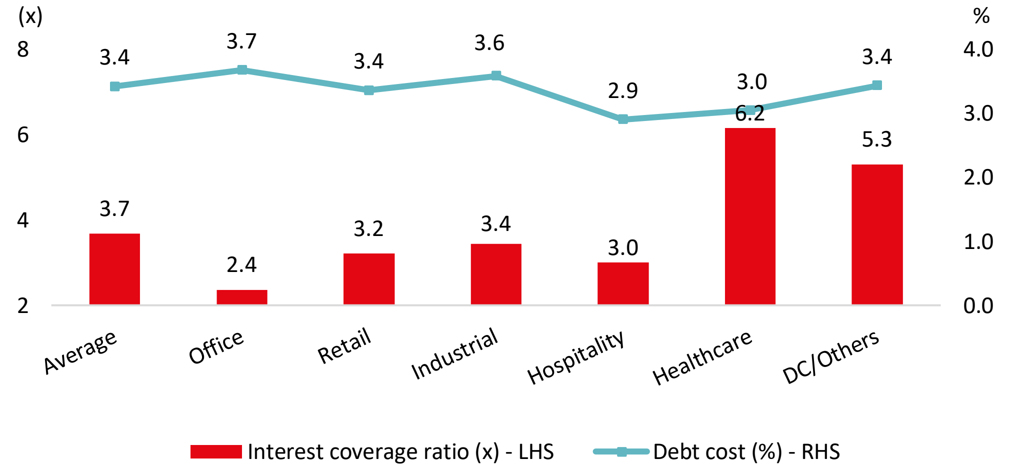
Based on guidance issued during the 4Q25 earnings season, most S-REITs under coverage expect debt costs to trend lower or remain stable in the coming quarters. However, a handful such as Frasers Logistics & Commercial Trust, Mapletree Logistics Trust and Mapletree Industrial Trust have signalled potential increases in borrowing costs. We will continue to monitor developments closely, particularly as some benchmark rates, including the Bank Bill Swap rate (BBSW) and Euribor, have moved higher since the start of the Middle East conflict.

Exhibit 14: Aggregate leverage ratio and debt hedging trend for S-REITs under coverage



Source: REIT Managers, OCBC Group Research, as at 31 Dec 2025. Note: DC refers to data centres

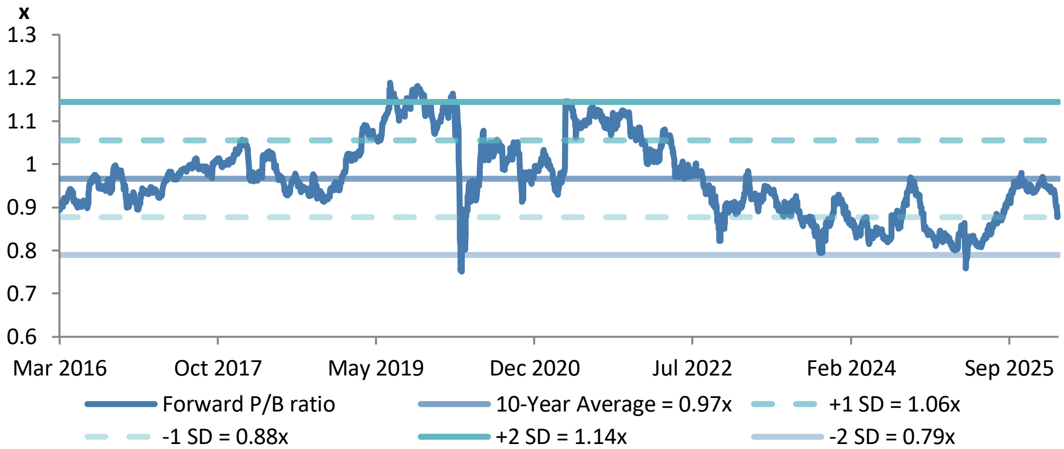
Exhibit 15: Interest coverage and borrowing costs trend for S-REITs under coverage



REIT Managers, OCBC Group Research, as at 31 Dec 2025. Note: DC refers to data centres

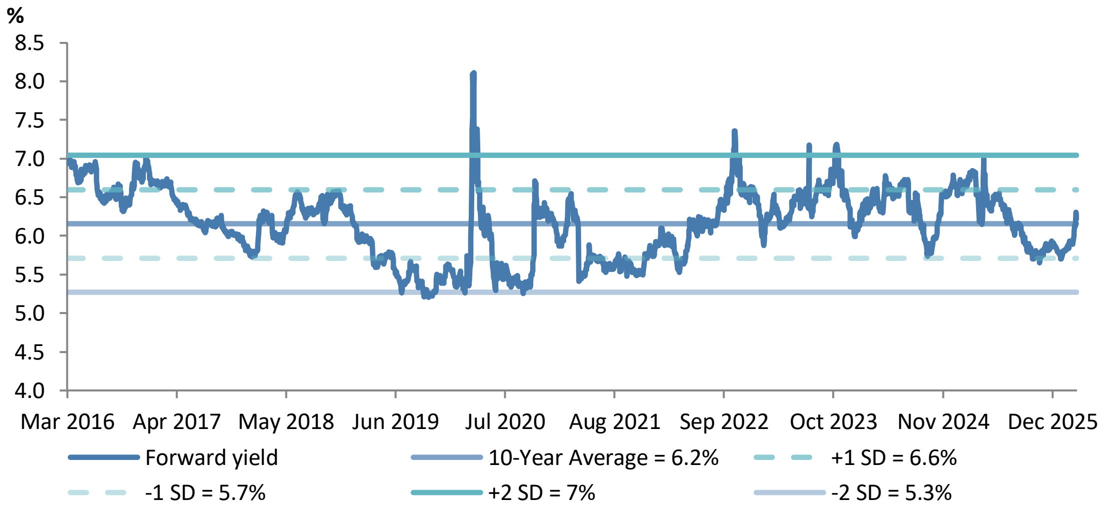
Sector valuations have become more undemanding – Using the iEdge S-REIT (SGREIT) index as the benchmark, valuations appear undemanding following the YTD underperformance. The forward price-to-book (P/B) multiple of the SGREIT Index stood at 0.88x, as at 12 Mar 2026, which is one standard deviation (s.d.) below its 10-year average of 0.97x. Forward distribution yield has risen from 5.8% at the end of 2025 to 6.2%, in-line with its 10-year average of 6.2%. Consequently, overall distribution yield spread between the SGREIT Index and the 10-year Singapore government bond yield was 417bps. This is 0.6 s.d. above the 10-year average of 388bps and 1.4 s.d. above the 5-year mean of 366bps. However, we note that long-end yields can fluctuate, and spreads can tighten quickly.

Exhibit 16: 12-month forward P/B trend of SGREIT Index



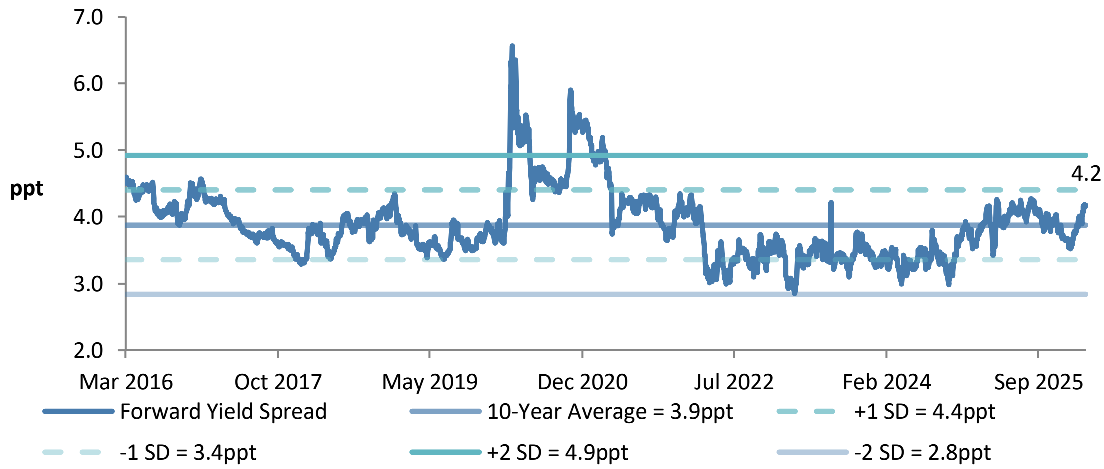
Source: Bloomberg, OCBC Group Research, as at 12 Mar 2026

Exhibit 17: 12-month forward distribution yield trend of SGREIT Index



Source: Bloomberg, OCBC Group Research, as at 12 Mar 2026

Exhibit 18: 10-year distribution yield spread between SGREIT Index and 10-year Singapore government bond yield



Source: Bloomberg, OCBC Group Research, as at 12 Mar 2026

Selective opportunities amid the pullback, but yields should be monitored carefully – We highlighted three key themes for investors in our previous report in Nov 2025, namely i) the inflection point for DPU growth remains intact but divergent outcomes are expected; ii) capital recycling in motion; and iii) defensive tilt amid macroeconomic uncertainties. While conditions remain fluid, we still see scope for DPU growth as highlighted earlier, albeit with downside risks. Geopolitical events also support maintaining a defensive stance within S-REIT allocations. While many S-REITs have positioned themselves for further capital recycling, activity is likely to slow given weaker investor sentiment. This makes equity fund raising more challenging. Notably, the IPO debut of UI Boustead REIT [non-rated] on the Mainboard of the Singapore Exchange was disappointing, with its share price closing 8.5% below its listing price of SGD0.88. Based on projections in the IPO prospectus and a closing price of SGD0.805, the stock is trading at a forward distribution yield of 8.4% for FY27.

In our previous report, we also cautioned that the share price performance of S-REITs could be constrained, as we expected the Federal Reserve to proceed with a more measured pace of rate cuts. Market expectations have since shifted closer to our house view, particularly after the rebound in oil prices.

Amid the pullback in share prices, we believe there are selective opportunities for income-oriented investors. From a bottom-up perspective, we believe greater emphasis will be placed on S-REITs capable of delivering solid and sustainable DPU growth. This must be underpinned by a quality portfolio, strong sponsor support and a visible acquisition pipeline. Balance sheet strength is especially important in today's uncertain macroeconomic and geopolitical environment, and we therefore favour S-REITs with healthy aggregate leverage ratios and prudent capital management. Diversification across geographies and sub-sectors should be considered, although we maintain our preference for Singapore assets, given the defensive and resilient nature of local capital values and funding costs.

Our overall stock picks are **CapitaLand Ascendas REIT [CLAR SP; FV: SGD3.28]**, **CapitaLand India Trust [CLINT SP; FV: SGD1.37]**, **Keppel DC REIT [KDCREIT SP; FV: SGD2.78]** and **Parkway Life REIT [PREIT SP; FV: SGD4.83]**. We continue to expect **CapitaLand India Trust** and **Parkway Life REIT** to be key beneficiaries of the Equity Market Development Programme (EQDP).

Exhibit 19: Preferred S-REIT picks

REIT	Ticker	Last Close (SGD)	Fair Value (SGD)	Distribution Yield FY1	Distribution Yield FY2	P/B FY1 (x)	P/B FY2 (x)	Potential Total Returns	Rating
CapitaLand Ascendas REIT	CLAR SP	2.54	3.28	6.3%	6.5%	1.1	1.1	35%	**BUY**
Keppel DC REIT	KDCREIT SP	2.26	2.78	4.8%	5.0%	1.3	1.3	28%	**BUY**
Parkway Life REIT	PREIT SP	3.99	4.83	4.4%	4.5%	1.5	1.5	26%	**BUY**
CapitaLand India Trust	CLINT SP	1.00	1.37	8.1%	8.7%	0.7	0.7	45%	**BUY**

Source: Bloomberg, OCBC Group Research estimates; as at 12 Mar 2026. Note: FY1 denotes current financial year; FY2 denotes next financial year. Figures are internal forecasts

Analyst Declaration

The analyst(s) who wrote this report and/or his or her respective connected persons hold financial interests in the following above-mentioned issuers or companies as at the time of the publication of this report: CapitaLand Ascendas REIT, Frasers Centrepoint Trust, Mapletree Industrial Trust

The analyst(s) does not receive compensation directly or indirectly related to the inclusion of specific recommendations or views in this report.

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