

Singapore REITs Sector

Stronger distributions meet renewed rate uncertainty

- **S-REITs are lagging the market again, but for a different reason this time.** The FTSE ST All-Share REIT Index was down 8.2% year-to-date, compared with a 24.6% gain for the FTSE Straits Times Index. The gap has widened since our last update, and this time the driver is not softer results – most REITs that reported over June to August actually grew their distributions – but a renewed scare over where interest rates are headed.
- **The Fed's next move looks less certain than it did a few months ago.** The Federal Reserve held its Fed funds rate at 3.50% to 3.75% at its July meeting, but three of its policymakers dissented in favour of a hike, and markets are now pricing in roughly a 60% chance of a 25 basis point increase in September. Oil prices climbing towards the US\$80 to US\$120 per barrel range on Iran-related supply disruption around the Strait of Hormuz, together with a slower-than-expected normalisation of global supply chains, have revived inflation concerns that many investors thought were behind us.
- **Could this still be a buying opportunity?** Singapore's underlying property fundamentals have not deteriorated – offices, industrial space and even retail rents kept grinding higher in the second quarter, and most REIT managers delivered distribution growth despite the higher-for-longer rate backdrop. But a renewed and unexpected hike would be a fresh headwind for yield-sensitive REIT prices, so near-term volatility looks likely to stay.
- **Growth was broad-based across Singapore-centric REITs.** CapitaLand Integrated Commercial Trust grew its distribution per unit (DPU) 7.1% year-on-year in the first half of 2026, and Suntec REIT's DPU jumped 24.8% on lower financing costs and a strong Singapore office and retail showing. Centurion Accommodation REIT, newly listed, beat its own prospectus forecasts. Not every REIT had it easy: Mapletree Industrial Trust's DPU fell 4.9% on North American vacancies, Daiwa House Logistics Trust's DPU dropped 18.8% on Japan portfolio weakness, and Keppel REIT's DPU slipped 4.0% on an enlarged unit base from an acquisition-related equity raise.
- **We favour REITs that can keep growing their distributions rather than simply chasing yield.** The Lion-Philip S-REIT ETF now trades at 1.0x price-to-book, below its historical average of 1.16x. Its forward distribution yield has risen to 5.8%, above the long-term average distribution yield of 5.1%. Among mid-cap REITs, CapitaLand India Trust, Digital Core REIT and Stoneweg Europe Stapled Trust stand out for growth potential. AIMS APAC REIT and Parkway Life REIT have also shown more defensive distribution profiles. Looking at 1H26 DPU trends, data centre and prime office REITs were standout gainers. Keppel DC REIT and OUE REIT achieved double-digit DPU growth in 1H26.

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Singapore REITs have widened their gap with the broader market

As at 4 September 2026, the FTSE ST All-Share REIT Index was down 8.2% year-to-date, compared with a 24.6% gain for the FTSE Straits Times Index.

The underperformance reflects a shift towards pricing in an upward trend in US interest rates. Markets had spent much of the first half of 2026 anticipating that the Fed's next move would be a cut. That narrative has now reversed.

That said, despite the spike in oil prices, the majority of the REITs posted healthy underlying operating performance.

Both factors matter for REITs, as they can affect borrowing costs, asset valuations, operating expenses and investor appetite for yield-sensitive stocks.

Markets are now expecting at least one rate hike by the end of 2026. This has led investors to reassess duration risk, especially for sectors like REITs that are sensitive to interest rates. Higher-for-longer interest rates and elevated energy costs have kept sentiment cautious towards the REIT sector.

Figure 1: Year-to-date performance of FTSE ST All-Share REIT and FTSE STI indices



Source: FactSet, 7 Sep 2026

Higher U.S. Treasury yields point to a Fed pivot from possible cut to possible hike

U.S. Treasury yields have moved higher as markets reassess the Fed's policy path.

The Federal Reserve kept its benchmark rate unchanged at 3.50% to 3.75% at its July 2026 meeting, but the decision was far from unanimous, with three of the Fed's policymakers dissenting in favour of an immediate hike.

That split vote has left markets uneasy about the Fed's tolerance for near-term inflation, and JPMorgan Wealth Management strategists now expect a 25 basis point

hike at the September meeting – a reversal from their earlier base case of no changes for the rest of 2026.

Futures markets are pricing in roughly a 60% probability of that September hike.

The main driver is energy. Oil prices have climbed towards the US\$80 to US\$120 per barrel range, largely on Iran-related disruption to shipping through the Strait of Hormuz, compounded by a slower-than-expected normalisation of global supply chains.

Markets are pricing in this hawkish shift. CME FedWatch data, as of 7 September 2026, shows a 60.4% probability of a 25 basis point hike at the 16 September meeting, with the probability of at least two hikes rising further by December.

This has pushed the U.S. 10-year Treasury yield towards 4.8%, with the yield at 4.78% as at 7 September 2026.

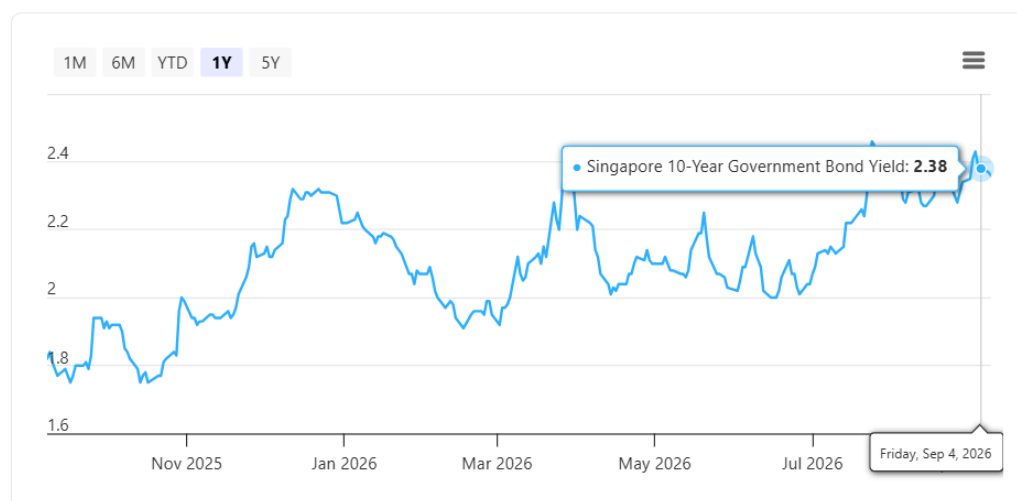
In Singapore, the domestic interest rates have been rising as well. The Singapore 10-year government bond yield stood at 2.38% as at 4 September 2026, up 0.53 percentage points over the past year.

For Singapore REITs, this matters because higher risk-free yields make REIT distributions less attractive on a relative basis. To maintain an attractive yield spread, REIT yields may need to rise, which usually means REIT prices come under pressure.

Figure 2: Yield of US 10-year Treasury bond



Source: Beansprout, 7 Sep 2026

Figure 3: Singapore 10-year government bond yield

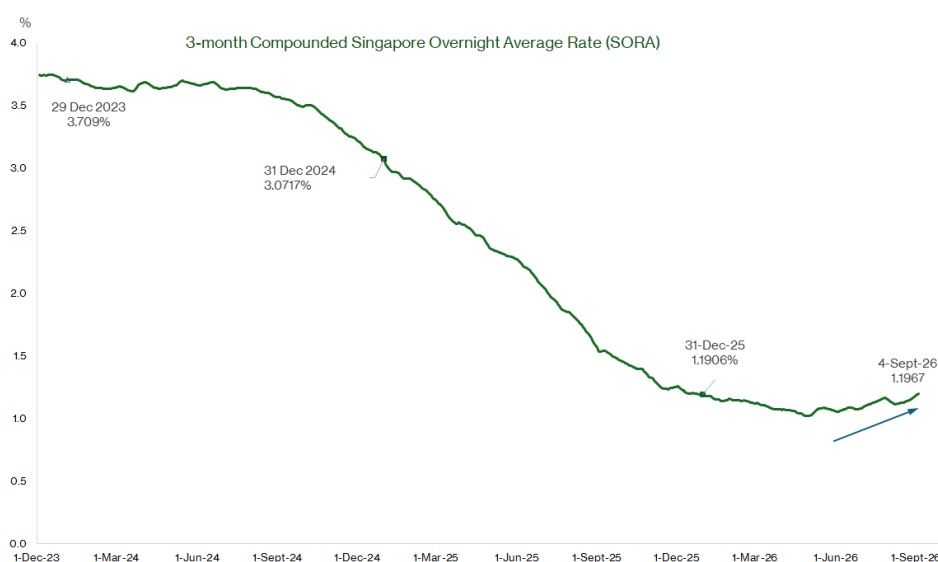
Source: Beansprout, 7 Sep 2026

Is this still a buying opportunity for S-REITs?

The renewed rate uncertainty makes it harder to call a broad-based recovery in the S-REIT sector in the near term, in our view.

The three-month SORA has already ticked up to around 1.2% as at 4 September 2026, from about 1.0% at end-May. This matters because many REITs still have debt that needs to be refinanced or repriced over time.

If SORA continues to rise, interest expenses could increase again, putting pressure on distributable income and distribution per unit.

Figure 4: 3-month Singapore Overnight Average Rate is trending up

Source: Monetary Authority of Singapore

That said, the operating picture reported this results season was considerably better than the share price performance would suggest. Singapore's office, retail and industrial rental markets continued to strengthen through the second quarter, and the majority of REITs we tracked grew their distributions year-on-year, several by double digits.

Selectivity still matters more than ever. REITs backed by structurally supported Singapore demand – offices, logistics, data centres and worker or student accommodation – again delivered some of the strongest growth this quarter.

REITs facing segment-specific headwinds, such as US data-centre lease non-renewals or a weaker Japanese yen, had a tougher time regardless of the broader rate backdrop.

Data centre REITs stay in growth mode

Data centre REITs continue to be among the more resilient parts of the S-REIT sector, supported by structural undersupply in key markets and continued demand from cloud, AI and enterprise customers.

Keppel DC REIT's 1H26 results extended its run of consistent growth. Gross revenue climbed 14.5% year-on-year to S\$242.0 million, partly driven by positive rental reversion of 10%. Net property income increased 15.1% to S\$210.4 million.

Keppel DC REIT's 1H26 distributable income rose 18.5% year-on-year to S\$150.7 million. DPU grew 11.3% to 5.714 cents. Growth was also driven inorganically by the acquisition of Tokyo Data Centre 3 and an increased effective interest in Keppel DC Singapore 3 & 4.

The balance sheet stayed conservative. Aggregate leverage improved 110 basis points to 34.0%, leaving S\$673 million of debt headroom. 1H26 cost of debt was at 2.6%, among the lowest in the REIT space. Interest coverage was 6.9x, slightly lower compared to 7.2x as at 31 March 2026.

Portfolio metrics softened slightly quarter-on-quarter. Occupancy eased to 92.5% from 95.6% in 1Q2026. Contracted power capacity was stable, at 95%. WALE extended to 6.7 years, from 6.5 years in 1Q26. Finance costs increased 25.2% year-on-year to S\$30.7 million due to acquisition loans drawn in 4Q2025.

Keppel DC REIT continues to point to structural tailwinds – global data centre demand is projected to grow at a 25% CAGR to 256GW by 2030 – as it evaluates further hyperscale opportunities in Singapore, Japan, South Korea and Europe.

Digital Core REIT reported 1H26 gross revenue declined 0.4% year-on-year to US\$88.6 million. The decline was due to the redevelopment of Linton Hall. Net property income (NPI) fell 5.7% to US\$43.7 million. DPU was unchanged year-on-year at 1.80 US cents, translating to a forward distribution yield of about 7.4%.

Away from Linton Hall, the picture was healthy. Portfolio occupancy improved 20 basis points quarter-on-quarter to 97.3%, with Northern Virginia, Silicon Valley and Toronto fully occupied. Rental reversions came in at a strong 25% on new and renewed leases.

Gearing edged up 20 basis points quarter-on-quarter to 39.2%. All-in cost of debt was 3.6%, relatively stable, marginally higher by 10 bps quarter-on-quarter. Interest coverage ratio remains strong, at 3.2x.

Linton Hall's redevelopment remains on track for completion in December 2026. It has secured a ten-year lease with an investment-grade global cloud customer. The asset is poised to generate about 35% higher net rent than the previous lease. Moreover, it will significantly extend portfolio weighted average lease expiry to about 5.3 years.

NTT DC REIT, which only listed more recently, delivered an even stronger set of numbers. First-quarter FY2026/27 distributable income of US\$22.6 million beat its own IPO prospectus projection by 10.6%, even as gross revenue of US\$58.1 million came in slightly below projection; lower real estate taxes, operating expenses and finance costs, together with favourable foreign exchange movements, more than made up the difference.

Portfolio occupancy rose 0.8 percentage points quarter-on-quarter to 95.9%, with committed occupancy – including leases signed but not yet commenced – reaching 99.2%. Rental reversions were a robust 13.4%, led by a 23% uplift on the renewal of the SG1 NTT Master Services Agreement. Aggregate leverage rose to 31.0% from 29.2% as debt increased to fund growth, though the cost of debt eased slightly to 3.98% and interest cover improved to 4.7x.

Data centre REITs continue to offer some of the clearest structural growth stories in the S-REIT sector, even as individual results can be lumpy around redevelopment and ramp-up phases.

Industrial and logistics REITs: Singapore holds firm

Industrial and logistics assets are fairly resilient.

CapitaLand Ascendas REIT's (CLAR) reported gross revenue of S\$805.5 million, up 6.7% year-on-year. NPI grew 6.2% to S\$556.1 million in 1H26. CLAR completed several acquisitions across Singapore, Europe, the US and Japan, with close to S\$1.8 billion of acquisitions in 1H26 alone.

Distributable income increased 8.6% year-on-year to S\$359.4 million. DPU was broadly stable at 7.482 Scts, up 0.1% year-on-year. DPU decreased by 0.8% quarter-on-quarter, led by an enlarged unit base from an April 2026 equity raise.

CLAR reported rental reversions at 8.5% in 1H26. New leases at 27 International Business Park were signed at around S\$5.00 per square foot, well above surrounding market rents of about S\$3.50 psf. Occupancy dipped to 89.1% from 90.5%, largely because newly completed redevelopments such as Geneo and 27 IBP are still in their initial lease-up phase. Excluding these two assets which completed in 2Q26, occupancy was broadly stable near 90.3%.

Aggregate leverage improved 2.3 percentage points to 39.7% after the equity raise, with cost of debt stable at 3.5%. CLAR completed or announced close to S\$1.8 billion of acquisitions in 1H26 alone.

Mapletree Industrial Trust's (MINT) 1QFY27 gross revenue fell 7.7% year-on-year to S\$162.3 million. NPI decreased 8.5% year-on-year to S\$122.3 million in 1QFY27. The weaker 1QFY27 performance largely reflected the loss of income from three divested Singapore properties, North American lease non-renewals and a weaker US dollar. DPU fell 4.9% year-on-year to 3.11 cents, though it improved slightly quarter-on-quarter.

Gearing rose to 37.5% from 34.0%. Management is targeting S\$500 million to S\$600 million of divestments under its North American asset-recycling programme.

MINT's Singapore assets remained the bright spot within the portfolio. Its Singapore portfolio reported occupancy up 0.9 percentage points to 94.3%. The Singapore portfolio had rental reversions of 5.3% in 1H26.

North American occupancy fell 3.6 percentage points to 82.5%. There were pockets of encouraging news even in North America: a five-year lease extension at Sunnyvale Data Centre was signed at around a 20% rental reversion, and a new lease at Hawthorne Data Centre secured a high-single-digit reversion, with both due to start contributing from the third quarter of FY2026/27.

Mapletree Logistics Trust (MLT) delivered 1QFY27 gross revenue at S\$178.9 million, up 0.8% year-on-year. NPI grew 2.0% year-on-year to S\$156.4 million, helped by a full quarter's contribution from its India acquisition and the newly completed Mapletree Joo Koon Logistics Hub.

MLT's DPU edged up 0.2% year-on-year to 1.816 cents. Portfolio rental reversion moderated to 0.9% from 3.3% in 4QFY26. Assets in China continued to stabilise, with rental reversion improving to -1.8% from -2.0% in 4QFY26. Excluding China, MLT achieved stronger rental reversion in 1QFY27, at 2.3%.

Gearing was stable at 40.5%, with management targeting up to S\$300 million of divestments this financial year to redeploy into higher-growth Vietnam, Malaysia and India. Post 1QFY27, MLT announced divestments in China and Singapore, totalling about S\$155 million.

Daiwa House Logistics Trust's (DHLT) overseas exposure proved a bigger drag. 1H26 gross revenue fell 11.8% year-on-year to S\$25.7 million. NPI decreased 13.4% year-on-year to S\$19.5 million. The weaker performance was due to the Japanese yen depreciating 9.6% against the Singapore dollar, as well as softer Japan portfolio occupancy.

DPU fell 18.8% to 1.82 cents. Gearing held stable at 40.1% with interest coverage ratio at 4.8x. Looking ahead, DHLT faces near-term pressure on distributions as refinancing is completed at higher interest rates.

Taken together, industrial and logistics REITs illustrate how much performance now depends on geographic mix. Singapore-anchored portfolios kept benefiting from a rental upcycle now in its sixth year, while REITs with meaningful North American,

Japanese or Chinese exposure had a much tougher time navigating lease non-renewals, currency swings and market-specific vacancies.

Industrial data supports the resilience story

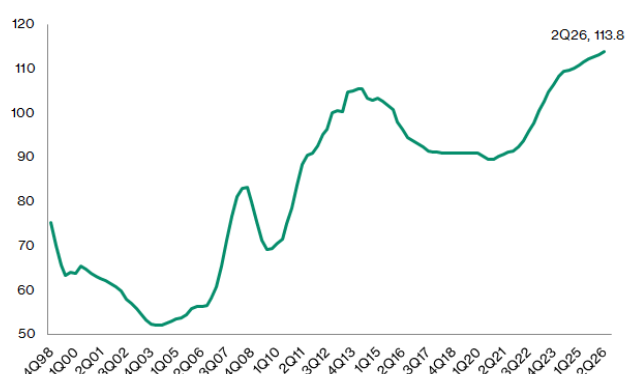
Singapore's industrial property market kept extending its multi-year upcycle in 2Q26. JTC's All Industrial Rental Index rose 0.5% quarter-on-quarter in 2Q26, marking its 23rd consecutive quarterly increase and pushing the index to its highest level since 2Q1996 – up 27.2% cumulatively since its pandemic-era trough.

Rental growth was again led by single-user factories (+0.7% quarter-on-quarter, occupancy 89.3%) and multi-user factories (+0.6%, occupancy 90.5%). Warehouses reported rental growth of +0.5% quarter-on-quarter and occupancy of 89.4%.

Business parks were the lone soft spot, with rents down 0.1%, even as occupancy there improved 1.2 percentage points to 77.9%.

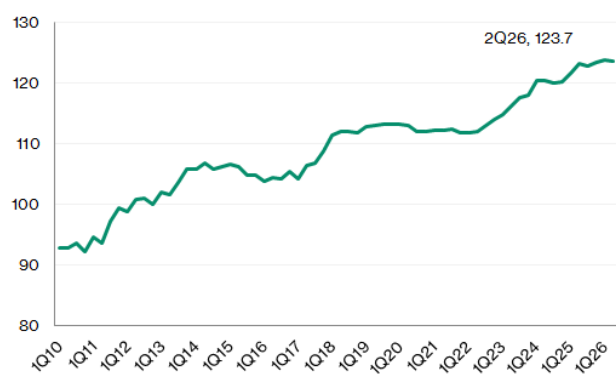
The All Industrial Price Index rose 0.6% quarter-on-quarter and 3.8% year-on-year, and supply remains manageable, with about 4.4 million square feet – just 0.7% of existing stock – due for completion in the second half of 2026.

Figure 5: Rental index of all industrial property



Source: JTC

Figure 6: Rental index of business park



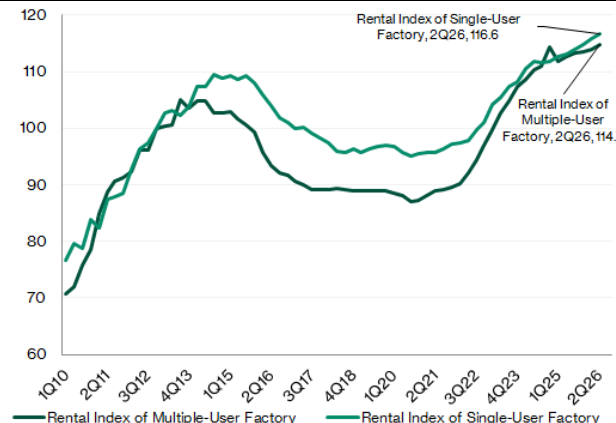
Source: JTC

Figure 7: Rental index of warehouse



Source: JTC

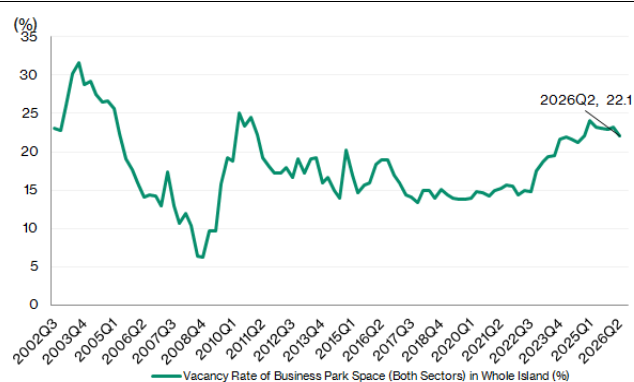
Figure 8: Rental index of factories



Source: JTC

Figure 9: Vacancy rate of all industrial property

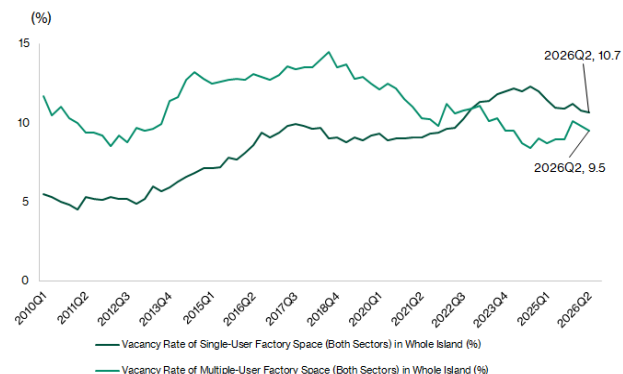
Source: JTC

Figure 10: Vacancy rate of business park

Source: JTC

Figure 11: Vacancy rate of warehouse space

Source: JTC

Figure 12: Vacancy rate of factory space

Source: JTC

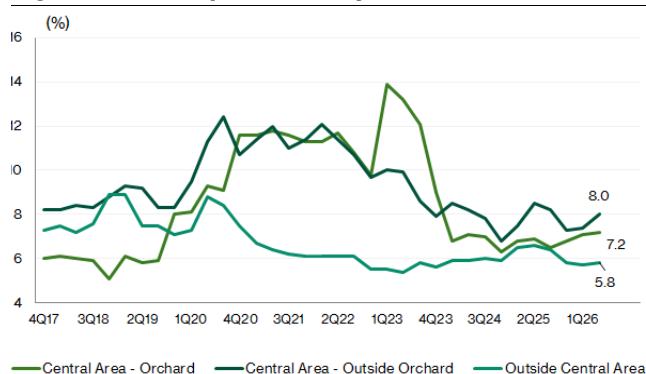
Retail REITs: Singapore holds up

Singapore holds up while China and business parks still adjusting.

Singapore's retail rental market firmed in 2Q26 after a soft patch.

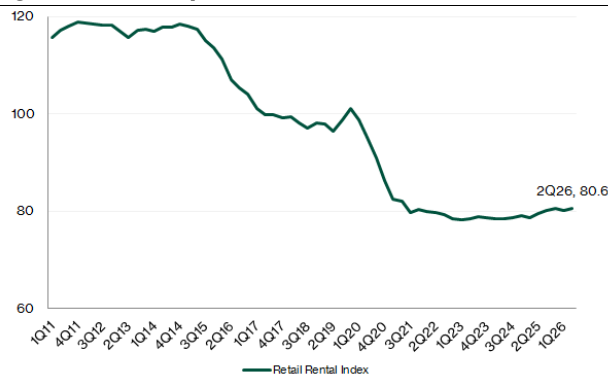
URA's retail rental index rose 0.6% quarter-on-quarter in 2Q26, reversing the 0.6% decline registered in 1Q26. URA retail vacancies were broadly higher, with overall vacancy rising marginally to 6.5% in 2Q26 from 6.3% in 1Q26.

Figure 13 Retail space vacancy rates



Source: URA

Figure 14 Retail space rental index



Source: URA

CapitaLand Integrated Commercial Trust's (CICT) results captured Singapore retail's continued resilience.

Portfolio DPU rose 7.1% year-on-year to 6.02 Scts in 1H26. Distributable income increased by a faster 13.3% to S\$466.7 million. Retail occupancy stayed high at 97.7%, with rental reversions of 4.0%. Shopper traffic was up 2.4% year-on-year, even as tourist arrivals softened in the second quarter.

Tourist arrivals fell 6.6% year-on-year in 2Q26 as the Middle East conflict disrupted airfares and flight schedules. For 1H26, Singapore tourist arrivals declined 2.0% year-on-year to 8.2 million.

The S\$3.9 billion Paragon acquisition was completed in July at a 3.9% net yield and will begin contributing from July 2026.

Other earnings contributors are ramp-up at Galileo and an ongoing asset-enhancement pipeline spanning Tampines Mall, Lot One and the S\$160 million Plaza Singapura/The Atrium@Orchard project.

CapitaLand China Trust (CLCT) reported 1H26 gross revenue at RMB822.6 million, down 5.2% year-on-year. On a same-store basis, excluding Yuhuating which was divested, revenue was roughly flat.

For 1H26, CLCT declared DPU of 2.45 Singapore cents, an increase of 2.9% year-on-year on a same-store basis. Management guided for a stable core DPU. CLCT is targeting to acquire a retail asset by end-2026, at around a 7% yield.

Aggregate leverage improved to 40.4% as at 30 June 2026, from 41.4% as at 31 March 2026.

Retail remains the main contributor, accounting for 70.7% of NPI. Occupancy remained healthy at 97.3%. Reflecting competition in the retail space, rental reversion came in at -2.7%. CLCT kept operations versatile, achieving growth in shopper traffic and tenant sales, up 3.2% and 2.6% respectively.

Business parks were the weaker segment, with occupancy down to 85.1%. Rental reversion was also negative, at -12.0%. On the other hand, the smaller logistics portfolio improved markedly, with reversion recovering to -1.2% from -20% in 2025.

Starhill Global REIT (SGREIT) reported full-year FY2025/26 results ending June. Revenue rose modestly by 0.2% year-on-year to S\$192.5 million. DPU grew 0.8% year-on-year to 3.68 Singapore cents.

SGREIT's Singapore portfolio is the main revenue contributor, at 61.5%. Revenue from the Singapore portfolio fell 1.3% year-on-year due to divestment of some strata units in Wisma Atria. Malaysia and Australia reported revenue growth of 0.5% and 7.6% year-on-year, respectively. Portfolio-wide occupancy rose to 97.2% from 94.6% a year earlier. Gearing stood at 35.8% with interest cover of 3.1x, comfortably above the sector average of 2.7x.

Lendlease Global Commercial REIT (LREIT) also reported FY2025/26 results for the year ended June. LREIT posted 2HFY2026 DPU growth of 3% year-on-year to 1.85 Scts, bringing full-year FY2026 DPU to 3.70 Scts, also up 3% year-on-year.

Retail rental reversion for the year came in at a strong 11.7%, and like-for-like tenant sales grew 4.0% (24.0% including the newly acquired PLQ Mall).

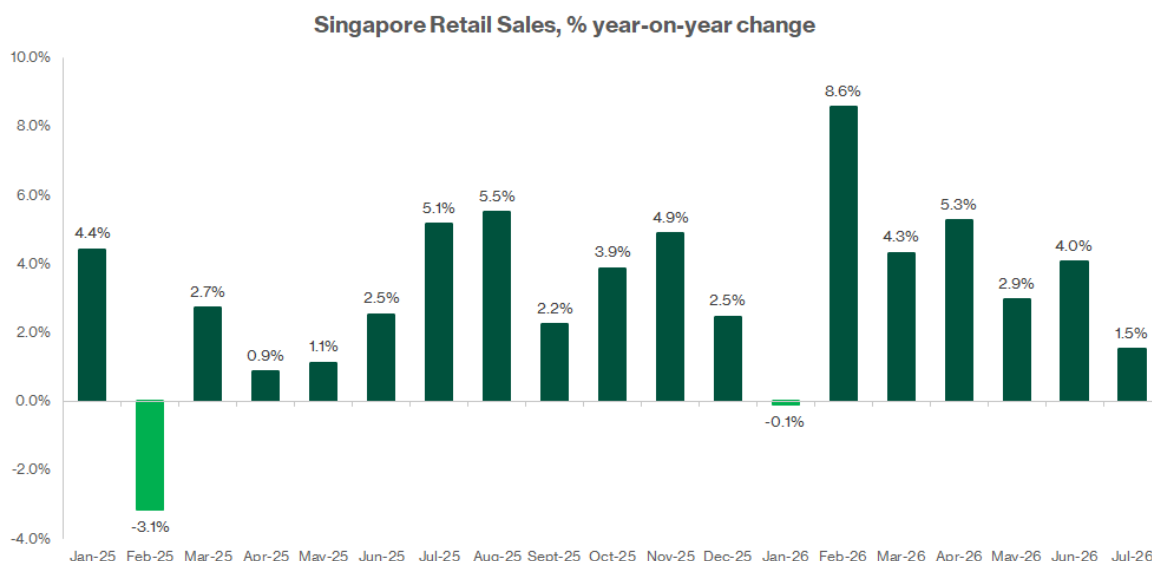
Aggregate leverage improved to 38.9% in FY26, from 42.6% in FY25. This was driven by the divestment of Jem's office component. Management flagged a pipeline of potential Sponsor-linked acquisitions including PLQ Office, Comcentre and Paya Lebar Green.

Across the retail sub-sector, Singapore's necessity-led, well-connected malls continued to hold rental power even as tourism tailwinds moderated. Overseas assets are showing modest improvement, as China and business-park-exposed portfolios remain works in progress.

Singapore retail sales grew around 4% year-on-year in 2Q26, supported by resilient discretionary spending, particularly on recreational goods, watches and jewellery, and electronics.

CBRE is maintaining its forecast for 1% to 2% full-year retail rental growth, supported by a healthy MICE and concert calendar and limited new supply over the next three years.

While retail REITs remain supported by positive rental growth and limited supply, the reopening and tourism tailwind is becoming less powerful.

Figure 15: Singapore retail sales grew 4.0% year-on-year in 2Q26

Source: Department of Statistics

Office REITs ride a sixth straight quarter of rent growth

Singapore's office market continued to strengthen in 2Q26. URA's Central Region Office Rental Index rose 0.8% quarter-on-quarter, reversing the 0.2% decline in the previous quarter.

CBRE's Core CBD Grade A rents also rose 0.8% quarter-on-quarter to S\$12.50 per square foot per month. This marked the sixth consecutive quarter of rental growth, bringing cumulative growth for 1H26 to 1.6%.

Vacancy in the Core CBD Grade A market remained tight at a record-low 3.3%.

Colliers' data also points to a stronger market, with CBD Grade A and Premium rents rising 1.9% quarter-on-quarter. This led Colliers to upgrade its full-year 2026 office rental growth forecast to 4% to 6%.

Islandwide office vacancy ticked up to 11.0%, from 10.8% in 1Q2026, mainly due to the completion of Shaw Tower, which added about 0.4 million square feet of new Downtown Core supply.

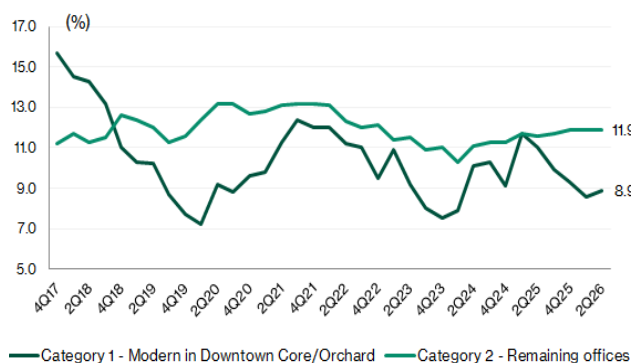
CBRE expects this to ease in 2H2026 as tenants complete their move-ins.

With Shaw Tower the only major office completion in 2026 and new supply expected to remain below average in 2027, the CBD office market should stay landlord-favourable.

Demand from financial services firms and AI companies taking dedicated space could continue to support rents.

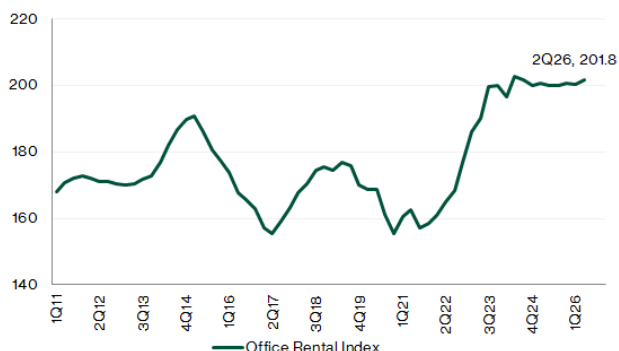
Singapore office REITs remain supported by tight CBD vacancy, limited new supply and steady rental growth.

Figure 16 Office space vacancy rates, by type



Source: URA

Figure 17 Office space rental index



Source: URA

OUE REIT stands out on hospitality rebound and capital recycling. OUE REIT's 1H26 results were among the stronger results reported by office-linked REITs.

OUE reported 1H26 DPU rose 28.6% year-on-year to 1.26 cents, supported by a recovery in hospitality income, capital recycling gains and lower financing costs. Revenue increased 3.8% to S\$136.1 million, while net property income grew 4.8% to S\$110.3 million.

Finance costs fell 16.6%, helped by proactive refinancing.

The Singapore office portfolio also remained resilient. Average passing rent rose 0.9% quarter-on-quarter to S\$11.10 per square foot per month, while rental reversion came in at 4.7% in 2Q26.

OUE REIT also benefited from its 19.9% stake in Sydney's Salesforce Tower, which contributed S\$2.2 million in associate income.

Balance sheet metrics were stable. Aggregate leverage stood at 41.5%, while the weighted average cost of debt improved to 3.6%.

Management also announced a proposed S\$500.0 million divestment of Crowne Plaza Changi Airport at a 4.3% exit yield and at a premium to valuation.

This forms part of its "Phase 3" value-crystallisation strategy. If completed, the divestment could free up about 5 percentage points of leverage headroom, giving OUE REIT more flexibility to pursue accretive acquisitions.

OUE REIT is benefiting from both stronger operating performance and active capital recycling, but investors should watch how management redeploys the divestment proceeds.

Suntec REIT delivered one of the sector's stronger prints. Distributable income rose 25.5% to S\$116.5 million.

Suntec REIT's 1H26 DPU jumped 24.8% year-on-year to 3.936 Scts, as lower financing costs and a strong Singapore office and retail portfolio more than offset a softer overseas showing.

Suntec City Office reached 100% committed occupancy and Suntec City Mall improved to 99.6%, with management guiding to around 5% office and close to 10% retail rental reversions for the full year.

Overseas, Australia's 177 Pacific Highway, 21 Harris Street and Olderfleet stayed fully occupied, though 55 Currie Street in Adelaide eased to 61.1%, while London's Minster Building remained Suntec REIT's weakest link at 85.4% occupancy following a 2025 tenant expiry.

A change in ownership of the REIT's manager was completed during the period, removing a longstanding governance overhang, though gearing at 43.0% remains among the highest in the sector.

Keppel REIT's (KREIT) results showed the office upcycle flowing through, even as an equity raise diluted per-unit distributions.

Distributable income rose a stronger 25.2% year-on-year to S\$119.6 million, largely on the back of the additional one-third stake in Marina Bay Financial Centre Tower 3 and Australia's Top Ryde Shopping Centre.

However, the enlarged unit base following the MBFC Tower 3 equity funding diluted DPU, which fell 4.0% year-on-year to 2.61 Scts.

Rental reversion stayed firm at 12.8%, with new Singapore leases signed at an average of S\$13.14 psf against expiring rents of S\$12.24 psf for FY2026 – implying further positive mark-to-market potential ahead.

Singapore occupancy improved to 98.1%, though Australia softened to 93.7%.

Aggregate leverage improved 7.9 percentage points to 40.0% after repaying an equity bridge loan.

KREIT's proposed divestment of Tokyo's KR Ginza II at a 9.7% premium to valuation should further strengthen the balance sheet once it completes in the third quarter.

Hospitality and accommodation REITs hold steady

CapitaLand Ascott Trust's 1H26 results were steady at the headline level.

DPS was flat year-on-year at 2.53 Singapore cents.

Income available for distribution rose 11% to S\$107.1 million, helped by non-periodic items such as realised exchange gains.

However, excluding these one-off items, core distribution income fell 10%. This reflected transitional drag from the closures of The Cavendish London and Madison Hamburg, ongoing asset enhancement works and foreign exchange effects.

Operating performance was still resilient. Same-store RevPAU grew 1% year-on-year, with 1H26 RevPAU at S\$147 and 2Q26 RevPAU at S\$156.

Average occupancy stood at about 78% to 79%.

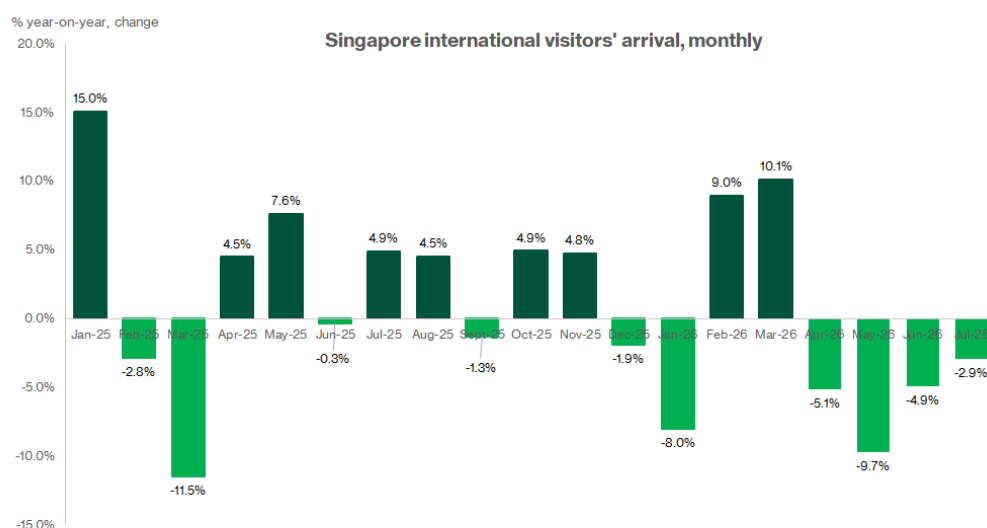
CapitaLand Ascott Trust also continued to reshape its portfolio. It acquired three rental housing assets in Japan and lined up a S\$360.0 million divestment of The Robertson House in Singapore at a 4.0% premium to book value.

The balance sheet remained manageable, with gearing at 37.7% as at 30 June 2026.

Cost of debt was stable at 2.8%, while interest cover stood at 2.9x.

CLAS continues to offer an attractive yield, but investors should look beyond the headline DPS and watch whether core distribution income recovers as portfolio transitions and asset enhancement works are completed.

Figure 18: Singapore's tourist arrivals, % change year-on-year



Source: Singapore Tourism Board

CDL Hospitality Trusts' (CDLHT) 1H26 DPS grew a healthy 8.6% to 2.15 Scts, helped by a 31.9% year-on-year fall in interest expense following proactive refinancing.

Revenue rose 1.4% year-on-year to S\$126.9 million.

Singapore hotels were the standout, with 1H26 RevPAR up 4.1% year-on-year to S\$172 on stronger occupancy, even as the broader travel backdrop turned more cautious.

Elsewhere in the portfolio, performance was much softer: Japan RevPAR fell 4.5% on weaker Chinese visitor demand, and Maldives RevPAR plunged 18.3% as the Middle East conflict disrupted flight connectivity and visitor arrivals fell 15.2% between March and June.

New Zealand, benefiting from the newly opened New Zealand International Convention Centre, was a bright spot overseas, with RevPAR up 10.4% in local currency terms.

Gearing stayed low at 35.3% with cost of debt down to 2.8%.

Investors remain focused on how CDLHT will fund the roughly S\$475 million forward purchase of Moxy Singapore Clarke Quay, due to complete around end-2026.

Centurion Accommodation REIT (CAREIT), which listed more recently as the first pure-play purpose-built worker and student accommodation REIT globally, delivered a strong debut set of results.

1H26 revenue of S\$108.9 million and NPI of S\$78.4 million beat its own IPO prospectus by 5.1% and 4.3% respectively.

1H26 DPU of 3.499 Scts beat prospectus by 9.6%.

Financial occupancy came in at 92.2% for its worker-accommodation (PBWA) portfolio and 98.8% for its student-accommodation (PBSA) portfolio

Gearing was low at 29.9%, leaving about S\$380 million of debt headroom to pursue a sponsor development pipeline of roughly 9,198 beds through 2026 to 2028.

Overseas REITs: fundamentals hold up beneath the currency noise

REITs with overseas exposure have seen a wider spread of outcomes, mainly due to currency swings and different local market conditions.

CapitaLand India Trust (CLINT) delivered resilient results despite INR depreciation eating into reported figures.

1H26 property income fell 7.8% year-on-year and NPI dropped 5.4%, but distributable income still rose 7.7% to S\$64.2 million.

DPU grew 1.0% to 4.0 Singapore cents (a stronger 13.0% in INR terms).

Committed occupancy held steady at 91%, with rental reversions of 24% over the trailing twelve months.

Gearing rose to 38.0% as CLINT continues to fund its data-centre pipeline – its 50MW Navi Mumbai Tower 1 was handed over in July 2026, with a committed pipeline of 200MW of data-centre capacity targeted by end-2026, a segment management expects to become "a more meaningful earnings contributor" from 2H26.

Stoneweg Europe Stapled Trust posted a broadly flat 1H26. Gross revenue and NPI both fell about 2.2-2.3% year-on-year on a reported basis, though like-for-like growth was a positive 1.3%.

Distribution per stapled security still edged up 1.4% to 6.642 Euro cents.

Occupancy stood at 93.7%, with rental reversion of 6.5% (logistics and light industrial +9.6%, offset by office at -4.1%).

Net gearing rose to 41.9% from 38.0%, at the upper end of management's targeted range, partly reflecting continued investment in the AiOnX data-centre fund, which management is targeting to grow to 15-25% of the portfolio by FY2028 from 7.2% currently.

United Hampshire US REIT (UHREIT) was one of the quarter's steadier overseas performers. 1H26 gross revenue rose 5.8% to US\$37.8 million.

DPU grew 3.4% to 2.16 US cents, supported by 97.6% committed occupancy and a 7.9-year weighted average lease expiry.

Aggregate leverage rose modestly to 40.4%, though the weighted average interest rate continued its multi-quarter decline to 4.89%.

UHREIT continued recycling capital, divesting the BJ's Quincy property at a 4.9% premium to valuation while funding smaller accretive acquisitions.

However, the underlying operating picture has generally remained resilient.

Many overseas-focused REITs are still reporting positive rental reversions, stable occupancies and disciplined capital management.

This suggests that the headline numbers may look noisy, but the core property fundamentals have not broken down.

The key takeaway is that investors should separate currency translation effects from actual operating performance.

For overseas REITs, the more important questions are whether tenants are still renewing leases, whether occupancy is holding up, and whether managers are actively protecting distributions through hedging, refinancing and portfolio adjustments.

What do we focus on: distribution growth, not just yield

Uncertainty around Singapore government bond and T-bill yields has weighed on S-REITs.

When safer instruments offer attractive yields, REITs look less compelling by comparison, and that repricing has shown up in REIT prices. Against this backdrop, we would focus on REITs with stronger underlying assets and clearer levers for distribution growth.

This includes segments where demand has remained relatively steady, such as Singapore office, logistics, data centres and purpose-built accommodation.

Overseas-focused REITs that actively manage currency exposure may also be better placed to ride through volatility.

Many REIT managers have also locked in borrowing costs over longer tenors in recent years, giving them some buffer if interest rates stay elevated for longer.

Valuations have become more reasonable after the pullback. The Lion-Philip S-REIT ETF now trades at 1.0x price-to-book, below its historical average of 1.16x.

Its forward distribution yield has risen to 5.8%, above the long-term average distribution yield of 5.1%. However, we would not chase yield alone. The better approach is to look for REITs that can sustain and grow distributions through active portfolio management.

This could come from asset enhancements, accretive acquisitions, positive rental reversions or balance sheet discipline.

Performance is likely to remain uneven across the sector, depending on sub-sector exposure, geographic mix, debt structure and management execution.

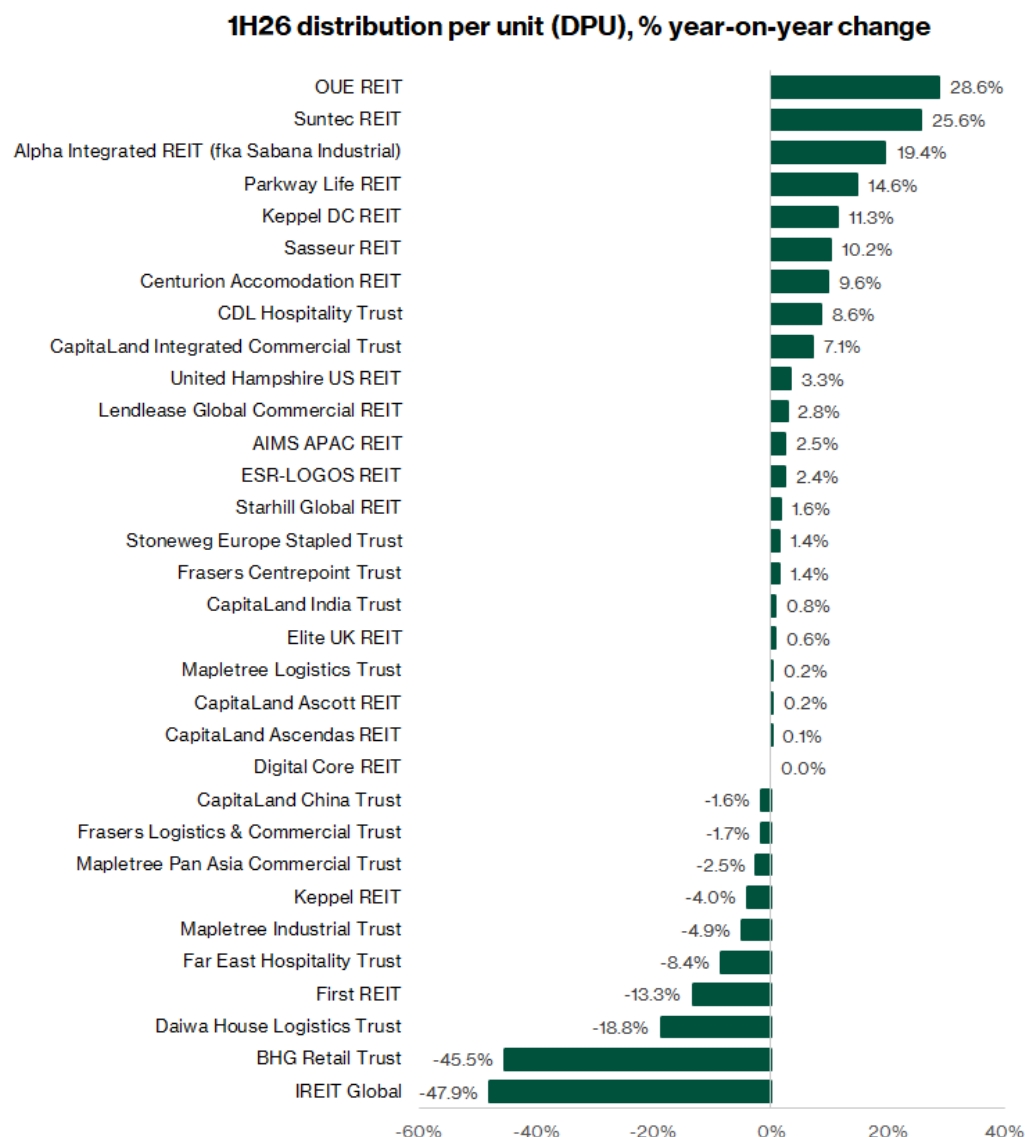
Among mid-cap REITs, CapitaLand India Trust, Digital Core REIT and Stoneweg Europe Stapled Trust stand out for growth potential. AIMS APAC REIT and Parkway Life REIT have also shown more defensive distribution profiles.

By contrast, many other S-REITs saw distributions decline, especially those with significant overseas exposure, which were hit by currency effects and higher borrowing costs.

Industrial and retail REITs with meaningful Singapore exposure proved comparatively more resilient. That pattern has carried into the latest results.

Looking at 1H26 DPU trends, data centre and prime office REITs were the standout gainers. Keppel DC REIT and OUE REIT both posted double-digit DPU growth in 1H26.

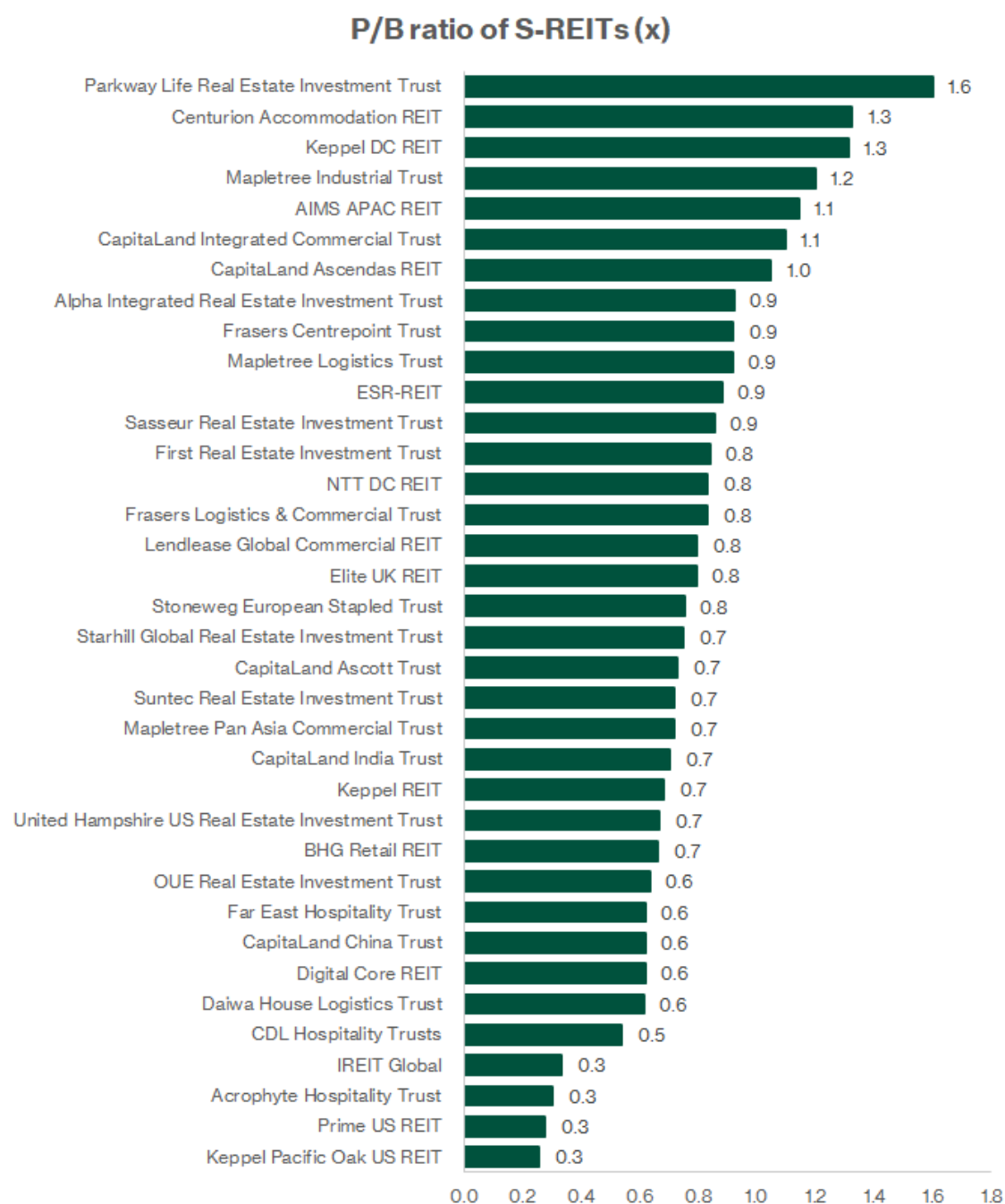
The key takeaway is that S-REITs are not a broad-based recovery trade today. We would focus on REITs with visible distribution growth, resilient assets and disciplined capital management, rather than simply buying the highest-yielding names.

Figure 19: 1H26 Distribution per unit (DPU), % year-on-year change

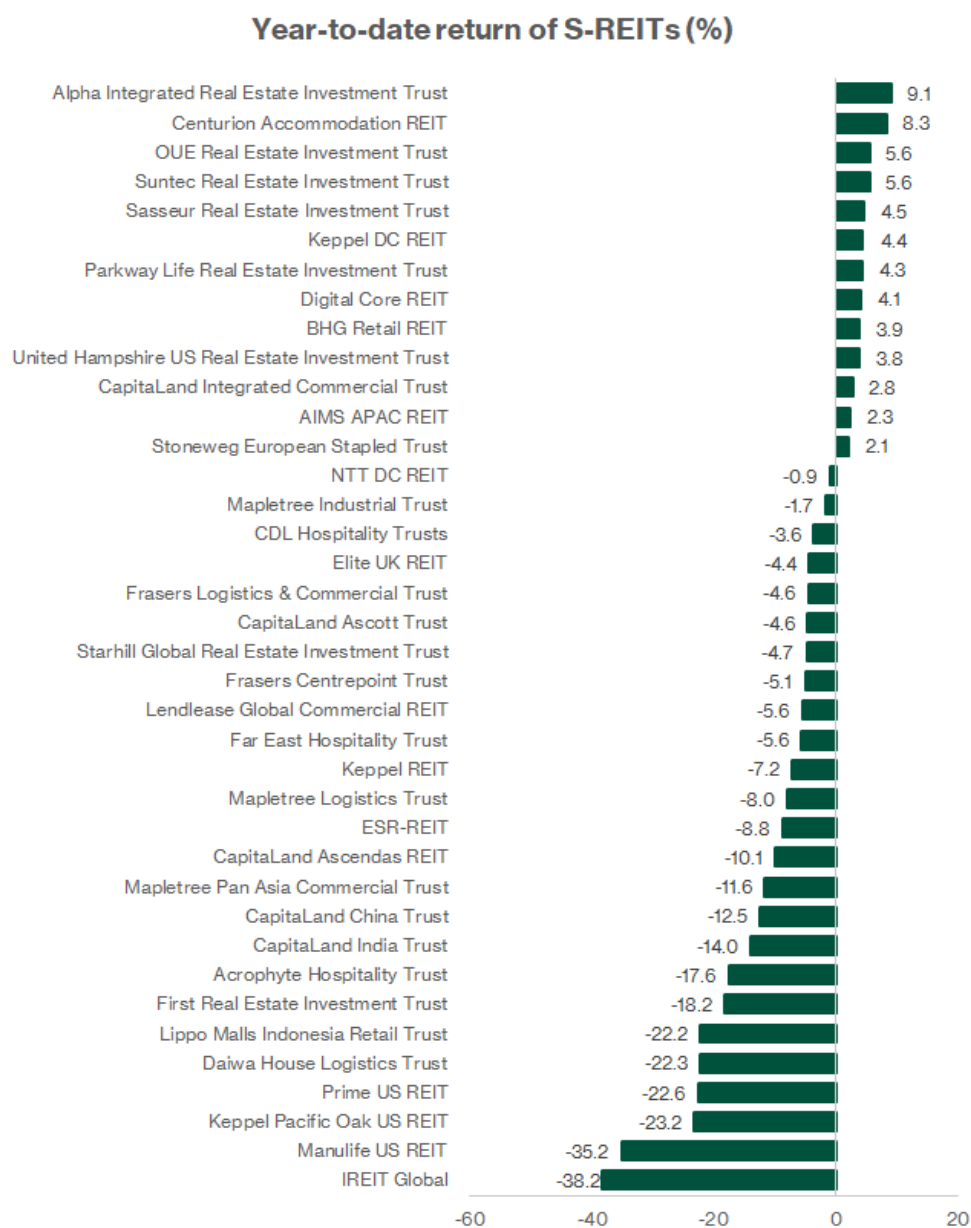
Source: Beansprout, Sep 2026

Note :

1. Prime US REIT increased PRIME's distributable income payout ratio from 10% to 50% for the advanced distribution for the period from 1 July 2025 to 5 October 2025 and further to 65% from 6 October 2025 onwards. 1H26 DPU +317% year-on-year.
2. Keppel Pacific Oak US REIT resumes distribution in 1H26, DPU US\$0.40.
3. Arophyte Hospitality Trust suspends distribution from 1H26 through 2H28.
4. Centurion Accommodation REIT 1H26 DPU vs forecast, +9.6%.

Figure 20: Price-to-book valuation of Singapore REITs

Source: FactSet, 8 September 2026

Figure 21: Year-to-date return of Singapore REITs

Source: FactSet, 8 September 2026

Disclosure Appendix

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