REITSAVVY · INVESTOR EDUCATION

A FIELD GUIDE

Shariah-Compliant *S-REITs*

What it means, who decides, how the screen works, and who qualifies.

01 **THE IDEA**

What makes a REIT Shariah-compliant?

A Shariah-compliant REIT earns its rent only from permissible activities and keeps its balance sheet within Islamic-finance limits on interest-bearing debt. The distinctive part is **who decides**.

In Singapore, Shariah compliance is **not self-declared** — a REIT cannot simply label itself compliant. Instead, an independent religious-and-financial screen classifies every listed REIT against a published rulebook, and the result is re-checked **every quarter**. A REIT can qualify for years, drop out for a quarter, and return.

This is different from a REIT that is *structured* as Shariah-compliant from inception, with its own company-level Shariah committee. Singapore's Sabana REIT was that model once, but it later removed its certification — so today the practical route to Shariah exposure in Singapore is **index screening of otherwise-conventional REITs**.

Why it matters. Compliance doesn't change the security — it widens the audience. A screened-in REIT becomes investable for Islamic investors on top of every conventional investor, without any change to how it trades.

02 **THE BENCHMARK**

The FTSE ST Singapore Shariah Index

The reference is the **FTSE ST Singapore Shariah Index** — the members of the FTSE ST All-Share Index that pass the Shariah screen. It sits within the broader FTSE SGX Shariah Index Series, launched jointly by FTSE Russell and the Singapore Exchange. Two bodies run it, and their roles are kept deliberately separate:

THE ADMINISTRATORS

FTSE Russell + SGX

Own and publish the index, supply the underlying data, and handle all calculation and periodic reviews. They bring commercial and index credibility — but make no religious judgements.

THE RELIGIOUS AUTHORITY

Yasaar Limited

A UK Shariah consultancy whose Shariah Board of scholars — spanning the major schools of thought — rules on each REIT's compliance and must approve every addition. They bring religious credibility.

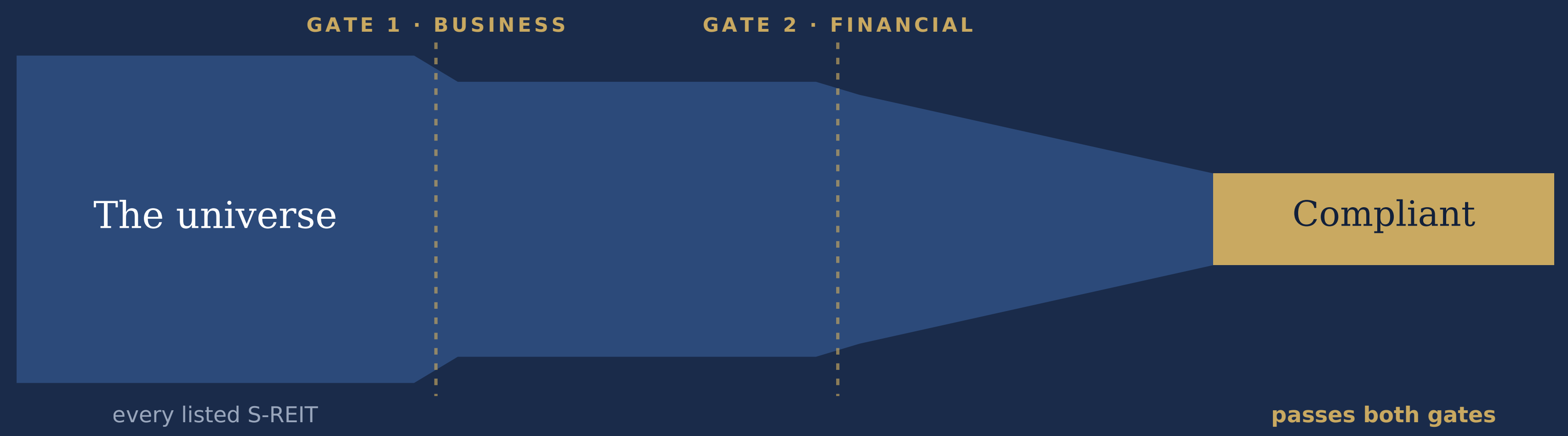
Why the split. Neither body is qualified to do the other's job. Keeping index administration and religious certification independent is what gives the screen both kinds of authority. Note: this is index-level screening — constituents are *not* certified by company-level Shariah committees.

03 THE RULEBOOK

How the screen works

Two gates, re-checked every quarter. A REIT must clear both to be included.

THE QUARTERLY SCREEN, IN ONE VIEW



GATE 1 **Business-activity screen**

Excluded outright if it derives meaningful income from any of these:

Conventional finance Non-Islamic banking, finance, insurance	**Alcohol & intoxicants** Whole chain — makers, distributors, bars	**Pork & non-halal food** Production, packaging, processing
Entertainment & hotels Casinos, gambling, cinema, music, adult, hotels	**Tobacco** All forms, processors and vendors	**Weapons & defence** Arms and defence manufacturing

Why hospitality is structurally out. Hotels fall under prohibited "entertainment," so hospitality REITs are ineligible by rule — not by their balance sheet.

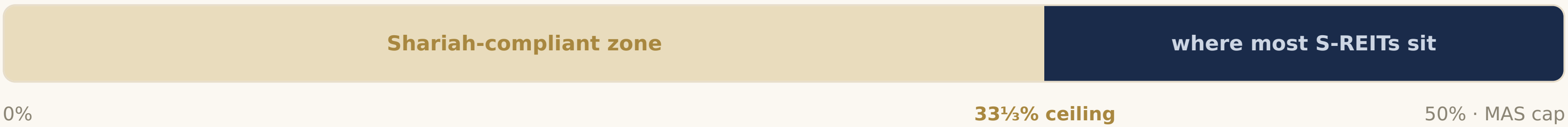
GATE 2 Financial-ratio screen

A balance-sheet test — the REIT must stay within these limits:

Interest-bearing debt ÷ total assets	< 33⅓%
Cash + interest-bearing securities ÷ total assets	< 33⅓%
Cash + receivables ÷ total assets	< 50%
Income from non-compliant sources ÷ revenue	< 5%

Why so few pass

The business rules rule out hospitality — but the **debt limit** is what filters most names out. A Shariah REIT's borrowings must stay under **33⅓% of assets**. Most S-REITs run higher gearing than that — so they simply carry too much debt to qualify.



Debt ÷ total assets. The compliant zone sits below the 33⅓% ceiling; most S-REITs gear above it — so they fall on the financial screen, not the business rules.

The cadence

MEASURED

End Feb · May · Aug · Nov

Financials as of quarter-end

PUBLISHED

Mid Mar · Jun · Sep · Dec

New list takes effect

Purification (cleansing). Yasaar publishes the share of index dividends drawn from impermissible sources, so investors can "cleanse" their income — donating that slice to charity rather than keeping it.

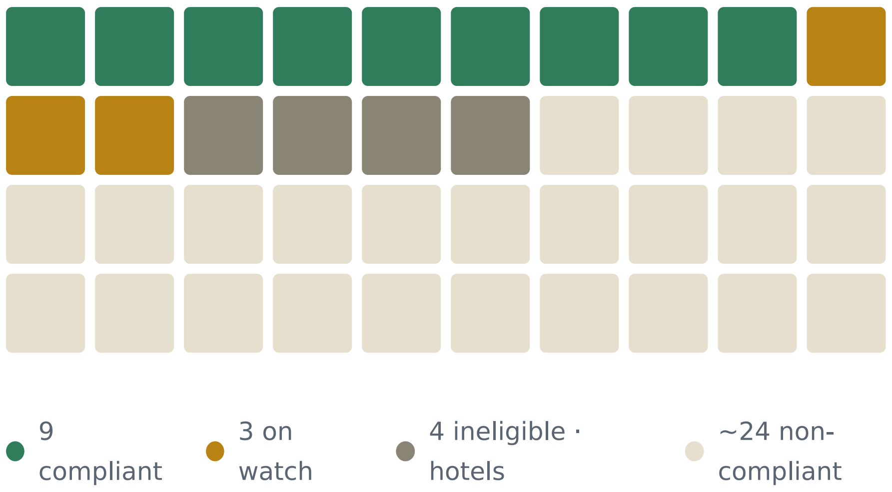
REITsavvy note: we flag names whose ratios sit in a 31.7%–35.0% tolerance band as *on watch*, and only change a status after two consecutive quarters outside the band.

04 **THE LIST · Q1 2026 REVIEW**

Who qualifies today

The universe at a glance

Each square = one S-REIT · Q1 2026



Point-in-time. This reflects the **Q1 2026 review** (Feb-2026 data, published mid-March). Because the screen re-runs quarterly, the list changes — always confirm against the latest FTSE ST Singapore Shariah Index factsheet before relying on it. All other S-REITs are treated as non-compliant on the financial screen.

COMPLIANT

9 REITs

MIT
Mapletree Industrial Trust
Industrial · Data centres

KDC
Keppel DC REIT
Data centres

PLIFE
Parkway Life REIT
Healthcare

FLCT
Frasers Logistics & Commercial Trust
Logistics · Commercial

AAREIT
AIMS APAC REIT
Industrial

OUE
OUE REIT
Commercial

DCR
Digital Core REIT
Data centres

CAREIT
Centurion Accommodation REIT
Workers' accommodation — not hotels

NTT
NTT DC REIT
Data centres

ON WATCH

3 REITs

ESR
ESR-REIT
Ratio in tolerance band

MLT
Mapletree Logistics Trust
Ratio in tolerance band

IREIT
IREIT Global
Ratio in tolerance band

STRUCTURALLY INELIGIBLE

Hospitality

CDLHT
CDL Hospitality Trusts
Hotels — Gate 1

FEHT
Far East Hospitality Trust
Hotels — Gate 1

CLAS
CapitaLand Ascott Trust
Hospitality — Gate 1

ACPH
Acrophyte Hospitality Trust
Hotels — Gate 1

PUT IT TO WORK

Screen the S-REIT market yourself.

The REITsavvy screener lets you filter and compare every Singapore REIT by yield, gearing, price-to-NAV and more — so you can research the market on your own terms.

Explore the S-REIT screener →

REITSAVVY · S-REITS PULSE

Investor education · Shariah-compliant S-REITs
Data as of Q1 2026 review

Source: **FTSE Russell / SGX** — FTSE SGX Shariah Index Series ground rules · Shariah screening by **Yasaar Limited**. Constituent classifications as of the Q1 2026 (March) review.
