CapitaLand Malaysia Trust (CLMT MK)

Robust Enquiries For i-TechValley Assets

Highlights

- CLMT continues to look for opportunities to expand its industrial portfolio in Johor, supported by improving cross-border connectivity, incentives under the JS-SEZ, and CapitaLand's established business network in Singapore.
- We came away from the site visit with a positive view on the leasing prospects for i-TechValley, supported by a robust pipeline of enquiries. The assets are expected to generate a net yield of 6.0-6.5%, with rental rates of RM2.50-2.80psf.
- Maintain BUY with an unchanged target price of RM0.80. CLMT remains one of our top picks, offering attractive yields of 8.9% and 9.3% for 2026 and 2027 respectively.

Analysis

- **TechValley a key asset to watch for in 2027.** We conducted a site visit to CLMT's Johor industrial locations at Nusajaya Tech Park (NTP), Senai Airport City (SAC) and i-TechValley. Recall that in Dec 25, CLMT entered into a forward-purchase agreement to acquire five detached factories in i-TechValley from subsidiaries of AME Elite for RM220.8m, with a total built-up area of about 524,000sf and progressive completion targeted from 1Q27 to 1Q28. The forward-purchase arrangement appears favourable on hindsight as CLMT had locked in the acquisition price amid rising land and construction costs, while the scarcity of remaining land within i-TechValley should also support demand.
- **Leasing enquiries for i-TechValley remain robust,** mainly from high-tech manufacturing and semiconductor related companies looking to expand from Singapore into Johor. Enquiries are supported by Capitaland's established industrial network in Singapore, where it works with EDB Singapore and industry associations. However, we gather that prospective tenants generally prefer facilities that are immediately available, which makes it more difficult to secure firm commitments while the factories are still under construction. Nevertheless, CLMT remains confident in securing tenants once the facilities are completed, at rental rates of RM2.50-2.80psf, which would imply a gross yield of >7.3% and net yield of 6.0-6.5%.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	454.8	476.8	508.3	523.2	538.5
Operating profit	234.3	257.5	277.3	285.8	292.2
Net profit (rep./act.)	187.2	181.7	179.7	187.3	192.3
Net profit (adj.)	138.3	161.5	179.7	187.3	192.3
EPU (sen)	4.8	4.8	5.3	5.5	5.7
DPU (sen)	4.7	4.8	5.2	5.4	5.6
PE (x)	12.2	12.1	11.0	10.6	10.3
P/B (x)	0.6	0.6	0.6	0.6	0.6
DPU Yld (%)	7.9	8.3	8.9	9.3	9.5
Net margin (%)	30.4	33.9	35.3	35.8	35.7
Net debt/(cash) to asset (%)	39.6	37.4	36.9	37.0	37.1
Interest cover (x)	2.5	2.7	2.9	2.9	3.0
Consensus DPU (sen)	-	-	5.2	5.3	5.6
UOBKH/Consensus (x)	-	-	1.0	1.0	1.0

Source: CLMT, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM0.585
Target Price	RM0.80
Upside	36.8%

Stock Data

Sector	Real Estate
Bloomberg ticker	CLMT MK
Shares issued (m)	3,365.1
Market cap (RMm)	1,985.4
Market cap (US$m)	493.3
3-mth avg daily t'over (US$m)	0.2

Price Performance (%)

52-week high/low: RM0.7 /RM0.58

1mth	3mth	6mth	1yr	YTD
(4.8)	(4.1)	(11.9)	(4.8)	(5.6)

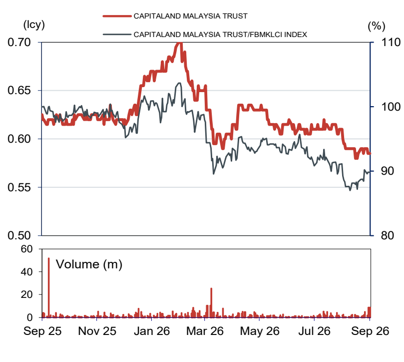
Major Shareholders (%)

CMMT Investment	32.4
Employees Provident Fund	18.2
DFA Investment Dimensions Group	16.2
Amanah Saham Nasional	11.0

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.93
FY26 Net Debt/Share (RM)	0.62

Price Chart



Source: Bloomberg

Company Description

CapitaLand Malaysia Trust is a real estate investment trust. The trust makes long-term investments in income-producing real estate primarily used for retail purposes and located in Malaysia.

- **NTP provides an established tenant base.** CLMT completed the acquisition of three Iskandar Puteri Facilities in Oct 25, located within Nusajaya Tech Park (NTP), an integrated industrial park jointly developed by CapitaLand and UEM Sunrise. The assets are leased to Edmund Optics, which occupies two factories, and Altek Medical, which occupies one, under six-year leases with renewal options for another six years. We also understand that Altek Medical operates two adjacent facilities of its own, with CLMT owning the factory in between, which in our view should support tenant stickiness given its established operations at the location.
- **SAC offers longer, staggered lease expiries.** CLMT completed the acquisition of three factories at SAC in Sep 25, which are fully committed with a WALE of 7.5 years. The three assets carry lease terms of seven, 10 and six years, respectively, with built-in rental escalations, providing a staggered expiry profile and reducing concentration of renewal risk. Management indicated that industrial leases generally carry an annual rental step-up of around 2%.
- **Other key takeaways.** More broadly, CLMT's Johor portfolio is focused on highquality industrial facilities. Within logistics, management tends to prefer distribution centres leased directly to established brands or serving regional markets, given stronger tenant credit quality and greater tenant stickiness from the operational set-up and fit-out invested in the facilities. Management sees the 50,000-150,000sf segment as the sweet spot for leasing, given the broader occupier pool. This should also translate into lower reletting risk compared with larger built-to-suit facilities.
- **Further room to scale industrial exposure.** CLMT currently has around RM433m of industrial and logistics assets in Malaysia, which will increase to ~RM650m upon completion of the five i-TechValley factories, lifting the segment to approximately 11.5% of portfolio AUM. This compares with management's target of 20% by 2028. Including i-TechValley, CLMT will have 11 factories in Johor, with management seeing potential to expand towards 20-30 over time. We believe CLMT stands to benefit from the JS-SEZ, with improved cross-border connectivity through the RTS Link and business facilitation measures making Johor increasingly accessible to Singapore-based companies. CapitaLand's established Singapore network should also provide an additional tenant-sourcing channel.

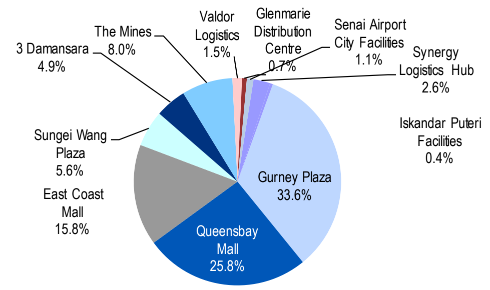
Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM0.80.** We remain positive on CLMT for its attractive dividend yield of 9%. Our DDM-based target price implies a 6.5% 2026 dividend yield (vs 10-year mean of 6.1%), based on a required rate of return of 8.5% and terminal growth rate of 1.5%.

Earnings Revision/Risk

- No earnings revision.

Revenue Breakdown (2Q26)



Source: CLMT, UOB Kay Hian

12-month Forward Yield Spread To MGS At 492bp

Source: CLMT, UOB Kay Hian

Environment, Social, Governance (ESG) Updates

Environmental

- CLMT is committed to working towards the long-term and annual targets under CapitaLand's 2030 SMP Framework to: a) cut carbon emission intensity by 78% by 2030, b) lower energy intensity by 35% by 2030, and c) reduce water intensity by 45% by 2030 (using 2009 as base year).

Social

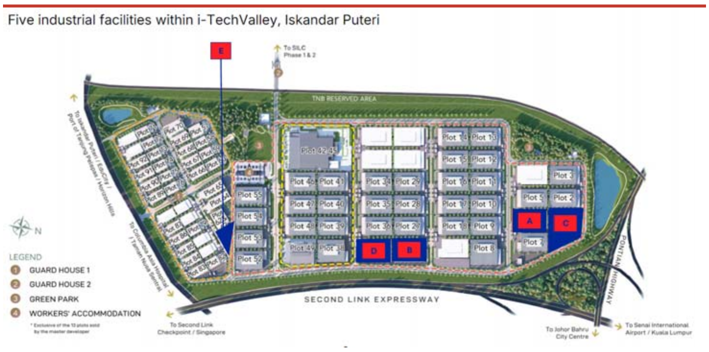
- About 20% of senior management comprises women. Staff engagement score was 81% with 98% survey participation.

Governance

- The Board comprises five independent directors and three non-independent directors. Female representation on the Board is 12.5%. There are four Board Committees – Audit Committee, Executive Committee, Nomination Committee and Remuneration Committee.

Source: CLMT, UOB Kay Hian

Location Plan Of CLMT Sites

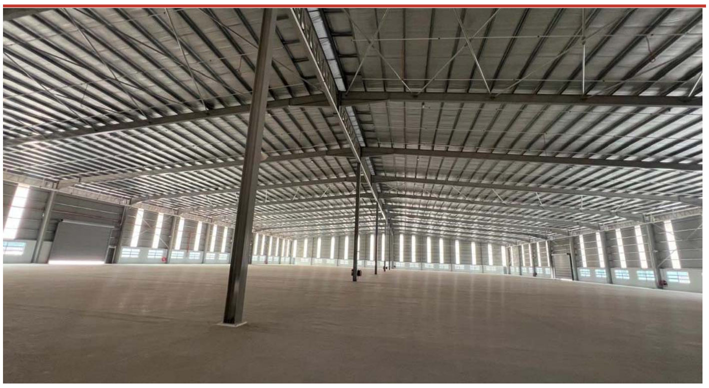


Source: CLMT, UOB Kay Hian

CLMT's Site Under Construction In i-TechValley

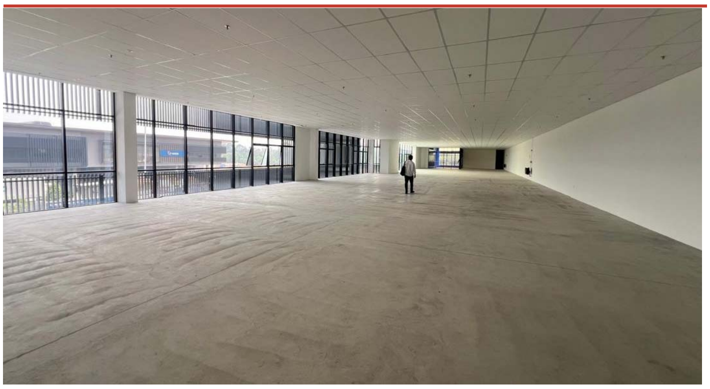
Source: CLMT, UOB Kay Hian

Exterior Of The Factory In i-Tech Valley



Source: Bloomberg, UOB Kay Hian

Interior Of The Factory In i-Tech Valley



Source: Bloomberg, UOB Kay Hian

One Of The Iskandar Puteri Facilities At NTP

Source: CLMT, UOB Kay Hian

One Of The Assets At SAC

Source: CLMT, UOB Kay Hian

One Of The Assets At SAC

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Profit & loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	477	508	523	539
EBITDA	259	280	289	295
Deprec. & amort.	2	3	3	3
EBIT	257	277	286	292
Associate contributions	0	0	0	0
Net interest income/(expense)	(96)	(98)	(98)	(100)
Pre-tax profit	186	180	187	192
Tax	(4)	0	0	0
Minorities	0	0	0	0
Net profit	182	180	187	192
Net profit (adj.)	161	180	187	192

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	5,494	5,514	5,534	5,554
Other LT assets	4	4	4	4
Cash/ST investment	83	129	148	166
Other current assets	40	39	40	41
Total assets	5,621	5,687	5,726	5,765
ST debt	121	121	121	121
Other current liabilities	250	270	273	277
LT debt	2,065	2,105	2,145	2,185
Other LT liabilities	0	0	0	0
Shareholders' equity	3,185	3,191	3,187	3,182
Minority interest	0	0	0	0
Total liabilities & equity	5,621	5,687	5,726	5,765

Cash flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	303	310	291	298
Profit fo the year	186	180	187	192
Tax	(4)	0	0	0
Deprec. & amort.	2	3	3	3
Associates	0	0	0	0
Working capital changes	22	30	3	3
Non-cash items	0	0	0	0
Other operating cashflows	98	98	98	100
Investing	(335)	(20)	(20)	(20)
Capex (growth)	(31)	(20)	(20)	(20)
Investment	4	4	4	4
Others	(308)	(4)	(4)	(4)
Financing	33	(243)	(253)	(260)
Dividend payments	(131)	(184)	(192)	(197)
Proceeds from borrowings	675	40	40	40
Loan repayment	(657)	0	0	0
Others/interest paid	147	(99)	(101)	(103)
Net cash inflow (outflow)	2	46	18	18
Beginning cash & cash equivalent	81	83	129	148
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	83	129	148	166

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	54.4	55.1	55.1	54.8
Pre-tax margin	38.9	35.3	35.8	35.7
Net margin	38.1	35.3	35.8	35.7
ROA	3.3	3.2	3.3	3.3
ROE	6.0	5.6	5.9	6.0
Growth				
Turnover	4.8	6.6	2.9	2.9
EBITDA	9.8	8.0	3.0	2.2
Pre-tax profit	(5.0)	(3.2)	4.2	2.7
Net profit	(2.9)	(1.1)	4.2	2.7
Net profit (adj.)	16.8	11.3	4.2	2.7
EPU	1.0	9.6	4.2	2.7
Leverage				
Debt to total capital	40.7	41.1	41.6	42.0
Debt to equity	68.6	69.8	71.1	72.5
Net debt/(cash) to equity	66.0	65.7	66.5	67.3
Interest cover (x)	2.7	2.9	2.9	3.0