Mapletree Logistics Trust (MLT SP)

1QFY27: Gradually Trimming Exposure To Greater China

HOLD (Maintained)

Share Price	S$1.24
Target Price	S$1.29
Upside	+4.0%

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Highlights

- Positive rental reversion eased to 2.3% in 1QFY27 (4QFY26: 4.2%), excluding China. Negative rental reversion in China moderated to 1.8%.
- Mapletree Investments has partnered China Life to launch Mapletree China Logistics Renminbi Fund, which acquired two logistics properties in Wuxi from MLT for Rmb724m (S$138m).
- We observed broad-based moderation in rental reversion. Maintain HOLD for FY27 DPU yield of 5.6%. Target price: S$1.29.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	yoy % Chg	Remarks
Gross Revenue	178.9	0.8	Mapletree Joo Koon Logistics Hub and acquisition in India.
Net Property Income (NPI)	151.4	2.0	Held back by divestments and regional currency weaknesses.
Borrowing Costs	(38.3)	-2.7	Lower SORA for unhedged Singapore dollar borrowings.
Distributable Income	93.0	1.1	
DPU (S cents)	1.816	0.2	

Source: MLT, UOB Kay Hian

Analysis

- Mapletree Logistics Trust (MLT) reported DPU of 1.816 S cents for 1QFY27 (+0.2% yoy), supported by a stable operating performance and lower borrowing costs. The results were in line with our expectations.
- **Headwinds from strong Singapore dollar.** Gross revenue and NPI increased 0.8% and 2.0% yoy respectively in 1QFY27, driven by contributions from the India acquisition, full-quarter contribution from Mapletree Joo Koon Logistics Hub in Singapore (completion: May 25) and stronger contributions from existing assets. Regional currencies depreciated against the Singapore dollar (JPY: -9.8% yoy and KRW: -11.1% yoy). Excluding forex volatility, gross revenue and NPI have risen by 2.0% and 3.1% respectively.
- **Softer leasing environment.** Portfolio rental reversion moderated to +0.9% in 1QFY27 (4QFY26: +3.3%), though rental reversion excluding China remained positive at 2.3% (4QFY26: 4.2%). China's rental reversion improved slightly to -1.8% from -2.0% in the previous quarter and -7.5% a year ago, indicating that market conditions in China are gradually stabilising. Positive rental reversions were seen in Vietnam (4.7%), Singapore (4.1%), Japan (3.8%), India (3.2%) and South Korea (3.0%).
- **Lower occupancy.** Portfolio occupancy eased 0.5ppt qoq to 96.4% as of Jun 26, reflecting lower occupancies in Singapore (-0.6ppt qoq to 95.9%), China (-0.4ppt qoq to 93.8%) and Australia (-4.7ppt qoq to 95.3%).

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	727	708	708	711	715
EBITDA	518	512	488	491	494
Operating profit	518	512	488	491	494
Net profit (rep./act.)	184	254	254	254	254
Net profit (adj.)	278	238	254	254	254
EPU (S$ cent)	5.5	4.7	4.9	4.9	4.9
DPU (S$ cent)	8.1	7.3	6.9	6.9	6.9
PE (x)	22.5	26.5	25.1	25.3	25.5
P/B (x)	0.9	1.0	1.0	1.0	1.1
DPU yld (%)	6.5	5.9	5.6	5.6	5.6
Net margin (%)	25.2	35.9	35.9	35.7	35.5
Net debt/(cash) to equity (%)	73.2	73.5	75.9	78.6	81.4
Interest cover (x)	3.4	3.5	3.1	3.0	3.0
ROE (%)	2.5	3.6	3.6	3.7	3.7
Consensus DPU (S$ cent)	-	-	7.2	7.4	7.4
UOBKH/Consensus (x)	-	-	0.96	0.93	0.94

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	MLT SP
Shares issued (m)	5,119.9
Market cap (S$m)	6,348.7
Market cap (US$m)	4,913.8
3-mth avg daily t'over (US$m)	16.1

Price Performance (%)

52-week high/low: S$1.36/S$1.12

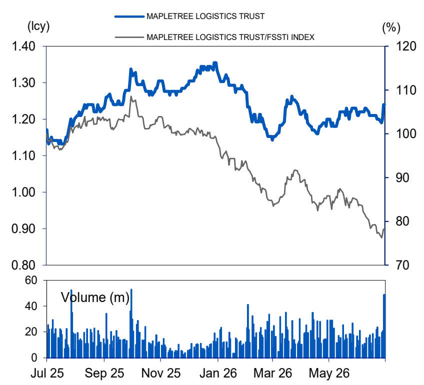
1mth	3mth	6mth	1yr	YTD
0.8	1.4	(8.5)	5.7	(5.0)

Major Shareholders	%
Temasek Hldgs	34.3

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.24
FY26 Net Debt/Share (S$)	1.02

Price Chart



Source: Bloomberg

Company Description

MLT is an Asia-focused logistics REIT with logistics properties across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam.

- **Moderation in negative rental reversion in China.** 3PL providers and e-commerce players have completed their consolidation. Logistics markets in Western and Central China have stabilised. In Eastern China, new supply has moderated and vacancy is hovering around 18%. Northern China, including Beijing, is troubled by large new supply and elevated vacancy of 28%. Tenants are still renewing leases on a short-term basis. Management expects negative reversions at low single digits during upcoming quarters.
- **Exposure to Hong Kong and China accounted for 41% of AUM.** MLT had previously identified a divestment pipeline of S$1b, with roughly half located in Hong Kong and China. Progress has been slow with only S$300m of divestments completed to date. Management attributed the slow pace to weak demand and wide bid-ask spreads. Given that the assets continue to enjoy healthy occupancy and generate income, MLT is not prepared to accelerate sales at deeply discounted prices.
- **Exploring alternative capital recycling avenues in China.** Sponsor Mapletree Investments has partnered China Life to launch its first China logistics private renminbi-denominated fund, thus expanding its domestic capital-raising platform in China. The Mapletree China Logistics Renminbi Fund has Rmb1.5b in assets under management and comprises five stabilised logistics properties in Nanjing, Wuxi and Chengdu. China Life will manage the fund, while Mapletree Investment serves as co-general partner and asset manager. The Mapletree China Logistics Renminbi Fund could acquire selective China assets from MLT. This "China-for-China" approach is gaining traction and provides MLT with an additional exit channel.
- **Executing capital recycling strategy.** After the quarter, MLT announced the proposed divestment of Mapletree (Wuxi) Logistics Park and Mapletree Wuxi New District Logistics Park to Mapletree China Logistics Renminbi Fund, and sale of 39 Changi South Avenue 2 in Singapore. The three divestments have a combined value of S$155m and were transacted at premium of 4% above valuations, creating capacity for future accretive acquisitions. Management targets to complete S$200m-300m of divestments in FY27. MLT plans to redeploy the capital for acquisitions in Singapore and emerging Asian markets, such as India, Malaysia and Vietnam.
- **Prudent capital management.** Aggregate leverage was stable at 40.5% as of Jun 26 despite additional borrowings for land premiums and capex, while 82% of debt has been hedged into fixed rates. MLT has a well-staggered debt maturity profile with average debt duration of 3.5 years. Average borrowing cost was maintained at 2.6% in 1QFY27. Management guided cost of debt at 2.7-2.8% due to upward pressure from Japanese yen-denominated borrowings, which accounted for 26% of total borrowings.

Valuation/Recommendation

- **Portfolio rejuvenation through selective divestments and disciplined acquisitions.** MLT is focused on sustaining occupancy, rental stability and cost efficiency, given ongoing headwinds from currency volatility and higher-for-longer borrowing costs. Tenants serving domestic consumption accounted for 85% of MLT's revenue, while export businesses accounted for a smaller 15% of revenue. MLT is affected by the strong Singapore dollar as overseas logistics properties accounted for 70% of gross revenue in FY26.
- **Pursuing redevelopment projects in Singapore.** MLT intends to pursue a new redevelopment project in the eastern part of Singapore. We expect MLT to redevelop 9 Changi South Street 2 and 15 Changi South Street 2, which are located adjacent to each other.
- **Maintain HOLD.** Our target price of S$1.29 is based on the Dividend Discount Model (cost of equity: 6.75%, terminal growth: 1.5%).

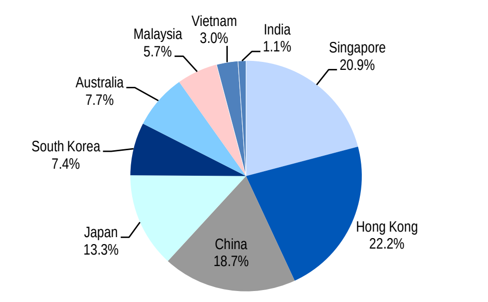
Earnings Revision/Risk

- We maintain our existing DPU forecasts.

Share Price Catalyst

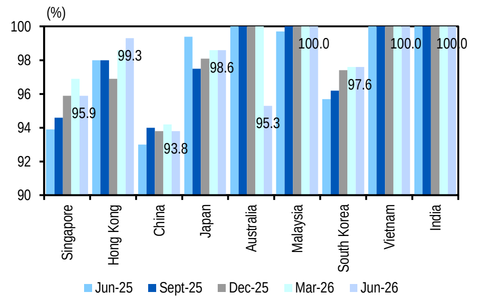
- a) Repositioning towards modern logistics facilities, domestic consumption and e-commerce; and b) redevelopment projects in Singapore and Malaysia.

Portfolio Valuation By Country



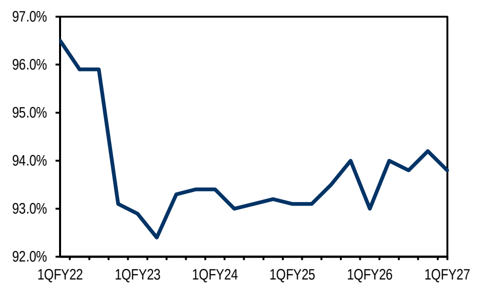
Source: MLT

Occupancy Levels By Country



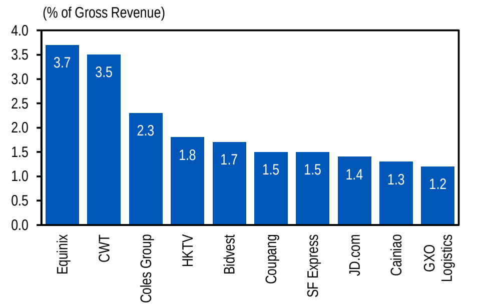
Source: MLT

Occupancy Rate – Mainland China



Source: MLT

Top 10 Tenants By Gross Revenue



Source: MLT

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	708.3	708.0	711.3	714.9
EBITDA	511.6	488.4	491.1	494.0
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	511.6	488.4	491.1	494.0
Total other non-operating income	16.0	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(147.0)	(160.0)	(162.7)	(165.7)
Pre-tax profit	380.6	328.4	328.4	328.4
Tax	(101.8)	(49.3)	(49.3)	(49.3)
Minorities	(1.7)	(0.8)	(0.8)	(0.8)
Perpetual Securities	(22.6)	(24.3)	(24.3)	(24.3)
Net profit	254.5	254.1	254.1	254.0
Net profit (adj.)	238.4	254.1	254.1	254.0

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	13,244.9	12,941.7	12,941.7	12,941.7
Other LT assets	208.5	165.8	165.8	165.8
Cash/ST investment	299.0	320.6	337.7	325.2
Other current assets	133.6	112.4	111.9	112.5
Total assets	13,885.9	13,540.4	13,557.1	13,545.2
ST debt	373.8	436.1	436.1	436.1
Other current liabilities	359.8	329.7	328.0	329.9
LT debt	5,208.1	5,040.0	5,170.0	5,280.0
Other LT liabilities	697.7	729.2	729.2	729.2
Shareholders' equity	7,221.2	6,981.6	6,869.9	6,746.1
Minority interest	25.4	23.9	23.9	23.9
Total liabilities & equity	13,885.9	13,540.4	13,557.1	13,545.2

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	542.1	438.8	434.0	437.0
Pre-tax profit	364.6	328.4	328.4	328.4
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(55.3)	13.1	1.1	1.2
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	232.8	97.3	104.5	107.4
Investing	(52.2)	0.0	0.0	0.0
Capex (growth)	(151.2)	0.0	0.0	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	96.7	0.0	0.0	0.0
Others	2.4	0.0	0.0	0.0
Financing	(482.8)	(430.8)	(437.4)	(424.3)
Distribution to unitholders	(376.1)	(354.3)	(358.4)	(362.4)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	71.4	99.8	100.0	120.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(178.1)	(176.3)	(179.0)	(182.0)
Net cash inflow (outflow)	7.1	8.0	(3.3)	12.7
Beginning cash & cash equivalent	299.0	302.3	310.3	307.0
Changes due to forex impact	(3.9)	0.0	0.0	0.0
Ending cash & cash equivalent	302.3	310.3	307.0	319.6

Key Metrics

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	72.2	69.0	69.0	69.1
Pre-tax margin	53.7	46.4	46.2	45.9
Net margin	35.9	35.9	35.7	35.5
ROA	1.8	1.9	1.9	1.9
ROE	3.6	3.6	3.7	3.7
Growth				
Turnover	(2.6)	(0.0)	0.5	0.5
EBITDA	(1.3)	(4.5)	0.6	0.6
Pre-tax profit	39.0	(13.7)	0.0	(0.0)
Net profit	38.6	(0.2)	0.0	(0.0)
Net profit (adj.)	(14.1)	6.6	0.0	(0.0)
EPU	(15.3)	5.8	(0.8)	(0.8)
Leverage				
Debt to total capital	43.7	44.5	45.3	46.2
Debt to equity	77.8	80.4	83.1	86.2
Net debt/(cash) to equity	73.5	75.9	78.6	81.4
Interest cover (x)	3.5	3.1	3.0	3.0