UI Boustead REIT (UIBREIT SP)

1QFY27: Yen Weakness Offset By Lower Electricity Tariff

BUY (Maintained)	
Share Price	S$0.81
Target Price	S$1.16
Upside	+43.2%
Previous TP	S$1.17

Highlights

- Lease commencement for a global e-commerce player was delayed by one month but occupancy at UIB Konan Phase 2 has improved to 100% since Jun 26. We trim our DPU forecast by 0.8% for FY27 and 1.2% by FY28 due to weakness in the Japanese yen against the Singapore dollar.
- Investors have reacted violently to a slight miss in 1QFY27. Rent reversion for the Singapore portfolio should improve in 2HFY27. Development projects are scheduled for completion in 2Q27 for UIB Konan Phase 3 in Greater Osaka and 2Q28 for built-to-suit aerospace facility in Seletar Aerospace Park.
- Maintain BUY. UIBREIT provides an attractive DPU yield of 9.0% for FY27 and 8.8% for FY28 (CLAR: 5.9%, AAREIT: 6.1%). Our target price of S$1.16 is based on DDM (cost of equity: 7.25%, terminal growth: 1.2%).

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1QFY27 Results

Year to 31 Mar (S$m)	1Q FY27	Forecast	yoy % Chg	Remarks
Gross Revenue	37.2	38.6	-3.6	Japanese yen depreciated 1.8% against Singapore dollar.
Net Property Income (NPI)	29.2	30.5	-4.3	Lease commencement for e-commerce player delayed by one month.
Share of Results from JVs	3.3	2.5	+30.3	Cost savings from lower electricity tariff.

Source: UIBREIT, UOB Kay Hian

Analysis

- UI Boustead REIT (UIBREIT) reported NPI of S$29.2m for the period from its listing on 12 Mar 26 to 30 Jun 26 (1QFY27).
- **NPI was 4.3% below its IPO forecast** due to:
  a) The Japanese yen depreciated 1.8% against the Singapore dollar. UIBREIT had wanted to deploy NPI from Japan to fund reinvestment to UIB Konan Phase 3 at Greater Osaka, Japan. Thus, it did not hedge Japanese yen income, leading to lower contributions from Japan properties when translated to Singapore dollars.
  b) Lease commencement for a global e-commerce player occupying 125,000sf at UIB Konan Phase 2 (7.3% of total NLA) was delayed from May to June, causing loss of income for one month. Occupancy at UIB Konan Phase 2 has improved to 100% since Jun 26.
- **Contributions from JV income was 30.3% above forecast** at S$3.3m, driven by better performance at Razer SEA HQ and 6 Tampines Industrial Avenue 5 due to cost savings from lower electricity tariffs. UIBREIT has locked in electricity tariff rates at favourable levels for the next three years through to 2029 for its Singapore portfolio.
- **Committed portfolio occupancy reached 98.1%** as of Jun 26, up from 89.4% in Sep 25. Portfolio WALE was healthy at 5.4 years. 78% of leases expiring in the remainder of FY27 are already under advanced negotiations.

Key Financials

Year to 31 Mar (S$m)	2027F*	2028F	2029F
Net turnover	133	132	135
EBITDA	85	94	96
Operating profit	85	94	96
Net profit (rep./act.)	77	85	90
Net profit (adj.)	77	85	90
EPU (S$ cent)	5.6	6.2	6.5
DPU (S$ cent)	7.0	6.9	7.2
PE (x)	14.5	13.1	12.5
P/B (x)	1.0	1.0	1.0
DPU yld (%)	8.7	8.5	8.9
Net margin (%)	57.6	64.3	66.6
Net debt/(cash) to equity (%)	56.5	59.9	61.7
Interest cover (x)	5.5	5.8	5.7
ROE (%)	n.a.	7.4	7.9
Consensus DPU (S$ cent)	4.0	5.7	6.9
UOBKH/Consensus (x)	1.76	1.21	1.04

*12.65-month period from 12 Mar 26 to 31 Mar 27 Source: UI Boustead REIT, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	UIBREIT SP
Shares issued (m)	1,365.9
Market cap (S$m)	1,106.4
Market cap (US$m)	855.6
3-mth avg daily t'over (US$m)	3.8

Price Performance (%)

52-week high/low S$0.855/S$0.76

1mth	3mth	6mth	1yr	YTD
0.0	(3.0)	n.a.	n.a.	n.a.

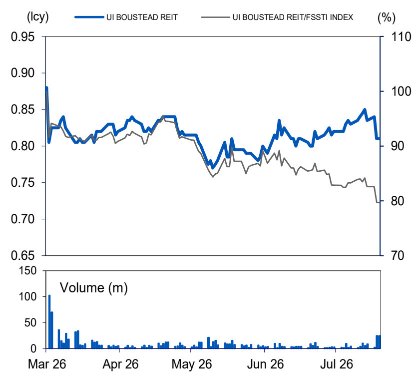
Major Shareholders

	%
BP - Real Estate Investments	19.0
Amova Asset Mgmt	6.1

Balance Sheet Metrics

FY26 NAV/Share (S$)	0.84
FY26 Net Debt/Share (S$)	0.48

Price Chart



Source: Bloomberg

Company Description

UIBREIT invests in business space, hi-specs industrial, logistics and general industrial assets with an initial focus on Singapore and Japan.

- **Positive leasing momentum in Singapore and Japan.** Occupancy for the Singapore portfolio improved 0.7ppt to 97.0%. UIBREIT secured a new lease with a globally recognised fast-food chain for its Singapore headquarters at 27 Tai Seng Street. It clocked positive rental reversion of 2.6% in 1QFY27. It has commenced the S$2.6m AEI at 84 Boon Keng Road to reposition the property from single-tenant to multi-tenant use, with 40% of its NLA already pre-committed ahead of completion by end-26.
- **Japan portfolio saw a strong turnaround.** Committed occupancy rose from 76.7% to 100.0%, supported by new leases from logistics, e-commerce and insurance tenants. Nippon Express expanded by 100,000sf at UIB Konan Phase 2. UIBREIT also secured a new lease with a major Japanese insurance corporation at Toyo MK Fuso Building. Both UIB Konan Phase 2 in Greater Osaka and Toyo MK Fuso Building in Tokyo reached full occupancy. The long WALE of 7.5 years in Japan provides income visibility.
- **Disciplined capital management.** UIBREIT maintained a prudent balance sheet with aggregate leverage of 36.4% as of Jun 26, all-in borrowing cost of 2.5%, 67% of debt fixed, and no refinancing requirements until FY29.

Valuation/Recommendation

- **UIBREIT remains confident** in the resilience of its Singapore and Japan portfolio, supported by strong occupancy, long lease tenures and high-quality multinational tenants, despite uncertainties arising from the Middle East conflict. Management remains committed to delivering its IPO forecast.
- **Actively pursuing development projects and asset enhancements.** UIBREIT committed S$74.7m of investment value across two co-development projects: UIB Konan Phase 3 in Japan and a built-to-suit aerospace facility in Singapore's Seletar Aerospace Park. It has also commenced a S$2.6m AEI at 84 Boon Keng Road to reposition the property from single-tenant to multi-tenant use, with 40% of its NLA already pre-committed ahead of completion.
- **Partnering sponsor in development project in Singapore.** UIBREIT is developing a build-to-suit integrated aerospace facility with NLA of 252,113sf and development value of S$104m at SAP. It holds a 51% stake in the co-development, while Boustead Singapore owns the remaining 49% stake. The facility will be fully leased to a leading global aerospace corporation on a triple net basis for 22.5 years with built-in rental escalations at 2-3%. The facility has aircraft hangars and a component repair & overhaul workshop. It offers scheduled and unscheduled maintenance, modifications, avionics installations, 24/7 aircraft-on-ground support and aircraft recompletion activities, including paint and interior finishing.
- **Cementing its lead in aerospace & avionics.** The development project provides an attractive yield on cost of 8.6%. UIBREIT's exposure to the high-value automotive, aerospace & avionics sector is expected to expand from 19.3% to 22.1% of rental income. Construction is scheduled to commence in 2H26 and the new facility should be operational starting 2Q28. It would contribute to financial performance in FY29. UIBREIT has the option to purchase the remaining 49% stake in the JV from its sponsor.
- **Maintain BUY.** UIBREIT provides an attractive DPU yield of 8.7% for FY27 and 8.5% for FY28 (CLAR: 5.9%, AAREIT: 6.1%). Our target price of S$1.16 is based on DDM (cost of equity: 7.25%, terminal growth: 1.2%).

Earnings Revision/Risk

- We trim our DPU forecast by 0.8% for FY27 and 1.2% by FY28 due to weakness in the Japanese yen against the Singapore dollar.

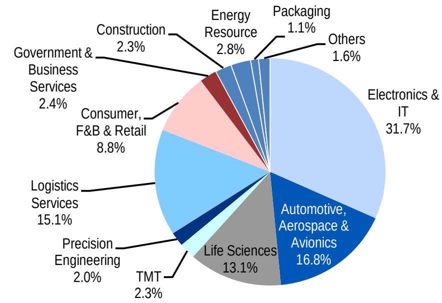
Share Price Catalyst

- Resilient growth across the business parks, hi-tech buildings, life sciences, logistics and data centre segments; and contributions from development projects, redevelopment projects and AEIs.

Fourth Property At Seletar Aerospace Park

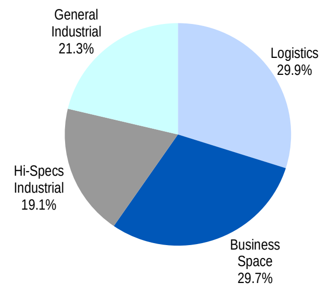
Source: UIBREIT

Tenant Mix By Gross Rental Income



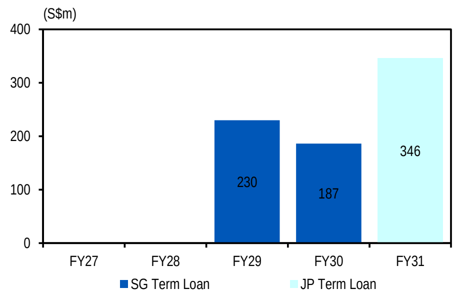
Source: UIBREIT

Portfolio Valuation By Asset Type



Source: UIBREIT

Debt Maturity Profile



Source: UIBREIT

Profit & Loss

Year to 31 Mar (S$m)	2027F*	2028F	2029F
Net turnover	133.3	132.4	135.0
EBITDA	84.8	93.9	95.9
Deprec. & amort.	0.0	0.0	0.0
EBIT	84.8	93.9	95.9
Total other non-operating income	0.0	0.0	0.0
Associate contributions	9.0	9.0	12.6
Net interest income/(expense)	(15.5)	(16.1)	(16.8)
Pre-tax profit	78.3	86.9	91.8
Tax	(1.6)	(1.7)	(1.8)
Minorities	0.0	0.0	0.0
Net profit	76.7	85.1	89.9
Net profit (adj.)	76.7	85.1	89.9

Balance Sheet

Year to 31 Mar (S$m)	2027F*	2028F	2029F
Fixed assets	1,703.5	1,726.4	1,731.4
Other LT assets	98.0	98.0	98.0
Cash/ST investment	36.0	36.7	36.9
Other current assets	49.7	50.1	50.2
Total assets	1,887.1	1,911.2	1,916.6
ST debt	0.0	0.0	0.0
Other current liabilities	18.3	19.0	19.4
LT debt	690.0	723.0	738.0
Other LT liabilities	22.1	22.6	22.8
Shareholders' equity	1,156.8	1,146.6	1,136.4
Minority interest	0.0	0.0	0.0
Total liabilities & equity	1,887.1	1,911.2	1,916.6

Cash Flow

Year to 31 Mar (S$m)	2027F*	2028F	2029F
Operating	31.2	104.7	109.7
Pre-tax profit	78.3	86.9	91.8
Tax	0.0	0.0	0.0
Deprec. & amort.	(2.5)	(2.2)	(2.2)
Associates	0.0	0.0	0.0
Working capital changes	(21.9)	0.8	0.4
Non-cash items	8.2	7.9	7.9
Other operating cashflows	(30.9)	11.3	11.8
Investing	(1,772.5)	(22.9)	(5.0)
Capex (growth)	(1,662.2)	0.0	0.0
Capex (maintenance)	(5.0)	(5.0)	(5.0)
Investment	(105.3)	(17.9)	0.0
Proceeds from sale of assets	0.0	0.0	0.0
Others	0.0	0.0	0.0
Financing	1,777.2	(81.0)	(104.5)
Distribution to unitholders	1,202.0	0.0	0.0
Issue of shares	(96.5)	(95.3)	(100.1)
Proceeds from borrowings	690.0	33.0	15.0
Loan repayment	0.0	0.0	0.0
Others/interest paid	(18.2)	(18.7)	(19.4)
Net cash inflow (outflow)	36.0	0.8	0.2
Beginning cash & cash equivalent	0.0	36.0	36.7
Changes due to forex impact	0.0	0.0	0.0
Ending cash & cash equivalent	36.0	36.7	36.9

Key Metrics

Year to 31 Mar (%)	2027F*	2028F	2029F
Profitability			
EBITDA margin	63.6	70.9	71.1
Pre-tax margin	58.7	65.6	68.0
Net margin	57.6	64.3	66.6
ROA	n.a.	4.5	4.7
ROE	n.a.	7.4	7.9
Growth			
Turnover	n.a.	(83.4)	1.9
EBITDA	n.a.	(81.5)	2.1
Pre-tax profit	n.a.	(81.5)	5.7
Net profit	n.a.	(81.5)	5.7
Net profit (adj.)	n.a.	(81.5)	5.7
EPU	n.a.	(81.6)	5.0
Leverage			
Debt to total capital	37.4	38.7	39.4
Debt to equity	59.6	63.1	64.9
Net debt/(cash) to equity	56.5	59.9	61.7
Interest cover (x)	5.5	5.8	5.7

*12.65-month period from 12 Mar 26 to 31 Mar 27.

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