UI Boustead REIT (UIBREIT SP)

On Track To Meet Forecast; Expect Higher Reversions In 2HFY27

Highlights

- Management is confident of meeting FY27 IPO DPU forecast of 6.82 S cents due to a ramp-up in occupancy, lease renewals and stronger contributions from JVs, which offset the initial earnings shortfall in 1QFY27.
- Leases representing 11.2% of gross rental income are due for renewal over the rest of FY27, with 78% under advanced negotiations. ALICE@Mediapolis and 351 Braddell Road could provide a rental uplift in 2HFY27.
- Maintain BUY. Target price: S$1.16.

Analysis

- UI Boustead REIT (UIBREIT) is differentiated by:
  a) The sponsor, UIB Holdings, has a **proven track record in developing industrial properties**, particularly in Singapore and Japan. It has developed 20 of its 21 Singapore properties. 17 of the 20 properties are built-to-suit facilities developed on JTC land or JTC's direct land allocations, which serve as tenants' strategic infrastructure.
  b) UIBREIT has a **long portfolio WALE of 5.4 years** (top 10 tenants: 7.8 years), which provides income stability. Its second largest tenant, a leading global aerospace corporation, has committed to two leases for 23 years and one lease for 16 years.
- **Management is confident of meeting FY27 IPO DPU forecast** of 6.8 S cents due to a ramp-up in occupancy, lease renewals and stronger contributions from JVs, which offset the initial earnings shortfalls in 1QFY27.
- **Positive leasing momentum in Singapore.** Occupancy for the Singapore portfolio had improved 0.7ppt to 97.0% as of Jun 26. 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. UIBREIT has commenced a S$2.6m AEI at 84 Boon Keng Road to reposition the property from single-tenant use (previously occupied by AUMOVIO) to multi-tenant use. 40% of its NLA is already pre-committed ahead of the targeted completion by end-26. It has secured higher rents at mid-to-high S$3psf/month, compared with the previous low of S$2psf/month.
- **Positive rental reversion in Singapore.** UIBREIT registered positive rental reversion of 3.4% for business space in Singapore in 1QFY27. Leases representing 11.2% of gross rental income are due for renewal over the rest of FY27, with 78% already under advanced negotiations. Ongoing discussions for business park property ALICE @ Mediapolis and hi-spec building 351 Braddell Road could drive a rental uplift in 2HFY27.

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)	14.9	13.5	12.9
P/B (x)	1.0	1.0	1.0
DPU yld (%)	8.4	8.3	8.6
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)	2.9	6.9	7.0
UOBKH/Consensus (x)	2.43	1.00	1.03

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

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BUY (Maintained)

Share Price	S$0.835
Target Price	S$1.16
Upside	38.9%

Stock Data

Sector	Real Estate
Bloomberg ticker	UIBREIT SP
Shares issued (m)	1,367.6
Market cap (S$m)	1,141.9
Market cap (US$m)	893.9
3-mth avg daily t'over (US$m)	4.1

Price Performance (%)

52-week high/low				S$0.855/S$0.76
1mth	**3mth**	**6mth**	**1yr**	**YTD**
3.7	3.1	3.1	n.a.	n.a.

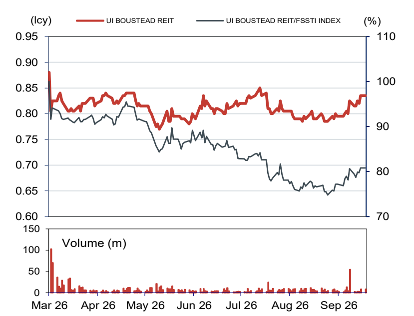
Major Shareholders (%)

BP - Real Estate Investments	19.0
Amova Asset Mgmt	6.1

Balance Sheet Metrics

FY27 NAV/Share (S$)	0.84
FY27 Net Debt/Share (S$)	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.

- **Japan portfolio saw a strong turnaround.** Committed occupancy rose from 76.7% to 100.0% as of Jun 26, supported by new leases from logistics, e-commerce and insurance tenants. A major Japanese insurance corporation commenced a new 57,000sf lease at Toyo MK Fuso Building in Tokyo in Feb 26. A global e-commerce player occupying 125,000sf has commenced its lease at UIB Konan Phase 2 in Greater Osaka in Jun 26. Both Toyo MK Fuso Building and UIB Konan Phase 2 have reached full occupancy. The long WALE of 7.5 years in Japan provides income visibility.
- **Partnering sponsor in development project in Singapore.** UIBREIT is developing a built-to-suit integrated aerospace facility with NLA of 252,113sf and development value of S$104m at Seletar Aerospace Park. It holds a 51% stake in the co-development, while Boustead Singapore owns the remaining 49%. 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%.
- **Cementing its lead in aerospace & avionics.** The development project provides an attractive yield on a cost of 8.6%. UIBREIT's exposure to the high-value automobile, aerospace and avionics sectors is expected to expand from 19.3% to 22.1% of rental income. The long-term lease lengthens portfolio WALE from 5.8 years to 6.4 years. Construction has commenced in 2H26. The new facility should be operational in 2Q28, and is expected to start contributing to financial performance in FY29. UIBREIT has the option to purchase the remaining 49% stake from its sponsor.
- **Potential to expand 26 Changi North Rise.** Safran is the sole tenant for two of UIBREIT's properties, namely 26 Changi North Rise and 11 Seletar Aerospace Link. UIBREIT could explore the potential expansion of 26 Changi North Rise, which has untapped plot ratio, due to the increase in Safran's defence business activities. The contemplated AEI could increase the overall GFA from 65,000sf to 117,000sf, about 1.8 times the original size.
- **Index inclusion a potential catalyst.** UIBREIT was included in the FTSE Global Equity Index Series Asia Pacific Ex Japan Ex China Small Cap Index on 21 Sep 26 and iEdge S-REIT Index and iEdge S-REIT Leaders Index on 28 Sep 26. It could be included in the FTSE EPRA NAREIT Developed Index, whereby eligibility requires audited results, which could be fulfilled when it publishes its first annual report in Jul 27. UIBREIT is highly liquid with three-month average daily turnover at US$4.1m.

Valuation/Recommendation

- **Maintain BUY.** UIBREIT provides an attractive DPU yield of 8.4% for FY27 and 8.3% for FY28 (CLAR: 6.6%, AAREIT: 7.1%). Our target price of S$1.16 is based on DDM (cost of equity: 7.25%, terminal growth: 1.2%).

Earnings Revision/Risk

- We maintain our existing DPU forecast.

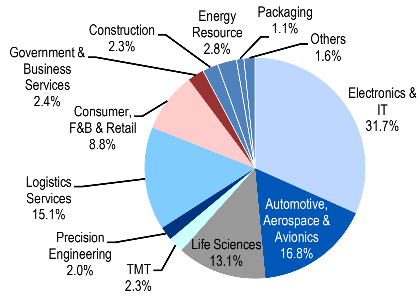
Share Price Catalyst

- 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.

Developing Built-to-Suit Facility At Seletar Aerospace Park

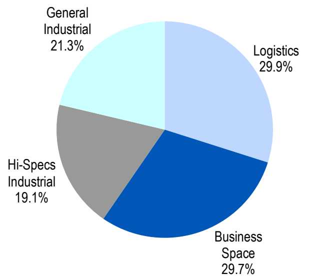
Source: UIBREIT

Tenant Mix By Gross Rental Income



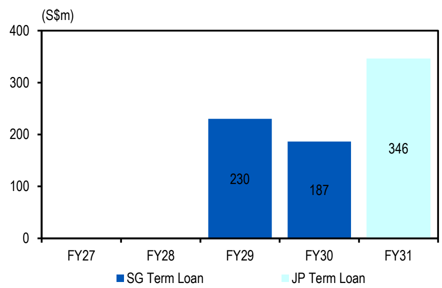
Source: UIBREIT

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
Perpetual Securities	**76.7**	**85.1**	**89.9**
Net profit	76.7	85.1	89.9
Net profit (adj.)	**133.3**	**132.4**	**135.0**

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)
Proceeds from sale of assets	(105.3)	(17.9)	0.0
Others	0.0	0.0	0.0
Financing	0.0	0.0	0.0
Distribution to unitholders	**1,777.2**	**(81.0)**	**(104.5)**
Issue of shares	1,202.0	0.0	0.0
Proceeds from borrowings	(96.5)	(95.3)	(100.1)
Loan repayment	690.0	33.0	15.0
Others/interest paid	0.0	0.0	0.0
Net cash inflow (outflow)	(18.2)	(18.7)	(19.4)
Beginning cash & cash equivalent	**36.0**	**0.8**	**0.2**
Changes due to forex impact	**0.0**	**36.0**	**36.7**
Ending cash & cash equivalent	0.0	0.0	0.0

Key Metric

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

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