Mapletree Logistics Trust (MLT SP)

2QFY27: Unlock Value Through Divestment Of 201 Keppel Road

Highlights

- 2QFY27 DPU of 1.816 S cents (+0.1% yoy) was above our expectation. Growth was supported by Joo Koon Logistics Hub, organic growth in Singapore and an acquisition in India. Rental reversion improved to +2.1% as China's rental declines moderated. Occupancy for China portfolio has gradually improved since bottoming in 1QFY26.
- Sponsor Mapletree Investments is exploring redevelopment options for 201 Keppel Road. The property is currently valued at S$51.2m based on industrial use. MLT could unlock value by divesting the 24-hectare site to its sponsor based on rezoning to mixed residential and commercial use.
- Upgrade to BUY. Target price: S$1.23.

2QFY27 Results

Year to 31 Mar (S$m)	2QFY27	yoy % Chg	Remarks
Gross Revenue	180.0	+1.4	Acquisition of logistics property in India and organic growth in Singapore.
Net Property Income (NPI)	154.8	+1.0	One-off adjustments to property taxes.
Borrowing Costs	(38.6)	+1.0	Cost of debt inched 0.1ppt yoy higher to 2.7% in 2QFY27.
Distributable Income	93.3	+0.9	
DPU (S cents)	1.816	+0.1	

Source: MLT, UOB Kay Hian

Analysis

- Mapletree Logistics Trust (MLT) reported a DPU of 1.816 S cents for 2QFY27 (+0.1% yoy), which is above our expectation.
- **Revenue growth driven by Singapore and India.** Gross revenue and NPI increased 1.4% and 1.0% yoy respectively in 2QFY27. Growth came from Mapletree Joo Koon Logistics Hub (occupancy: 99%), acquisition of logistics property at Bhiwandi, Mumbai, Maharashtra, India and organic growth in Singapore, partially offset by divestments. Renminbi and Australian dollar appreciation supported its quarterly revenue. Property expenses increased 12.2% qoq due to higher property taxes.
- **Drag from China has moderated.** Portfolio rental reversion improved to +2.1% in 2QFY27 (1QFY27: +0.9%), while reversion excluding China increased to +4.2% (1QFY27: +2.3%). South Korea led at +6.3%, followed by Singapore and Vietnam at +5.3%, India at +3.3%, Malaysia at +2.8% and Japan at +1.8%. China remained negative at -1.7% but has improved compared to -3.0% a year ago.
- **Portfolio occupancy stable at 96.4% as of Sep 26.** Singapore improved 0.5ppt qoq to 96.4%, China 0.6ppt to 94.4% and South Korea 0.8ppt to 98.4%. These gains offset weaker occupancy in Japan (-1.0ppt qoq to 97.6%) and India (-14.7ppt to 85.3%). India experienced transitional downtime, with vacancy expected to be backfilled in 3QFY27. Malaysia and Vietnam remain fully occupied. Portfolio WALE was unchanged at 2.5 years.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	727	708	717	711	713
EBITDA	518	512	522	502	504
Operating profit	518	512	522	502	504
Net profit (rep./act.)	184	254	261	261	259
Net profit (adj.)	278	238	299	261	259
EPU (S$ cent)	5.5	4.7	5.8	5.0	5.0
DPU (S$ cent)	8.1	7.3	7.0	7.0	6.9
PE (x)	19.0	22.5	18.1	20.9	21.2
P/B (x)	0.8	0.8	0.8	0.9	0.9
DPU yld (%)	7.7	6.9	6.6	6.6	6.5
Net margin (%)	25.2	35.9	36.4	36.8	36.4
Net debt/(cash) to equity (%)	73.2	73.5	70.3	73.0	76.4
Interest cover (x)	3.4	3.5	3.4	3.0	2.9
ROE (%)	2.5	3.6	3.7	3.7	3.7
Consensus DPU (S$ cent)	-	-	7.2	7.2	7.3
UOBKH/Consensus (x)	-	-	0.97	0.97	0.95

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Upgraded)

Share Price	S$1.05
Target Price	S$1.23
Upside	17.1%
Previous TP	S$1.13

Stock Data

Sector	Real Estate
Bloomberg ticker	MLT SP
Shares issued (m)	5,139.0
Market cap (S$m)	5,395.9
Market cap (US$m)	4,182.2
3-mth avg daily t'over (US$m)	11.6

Price Performance (%)

52-week high/low				S$1.37/S$1.03
1mth	3mth	6mth	1yr	YTD
(0.9)	(10.3)	(10.3)	(18.6)	(20.5)

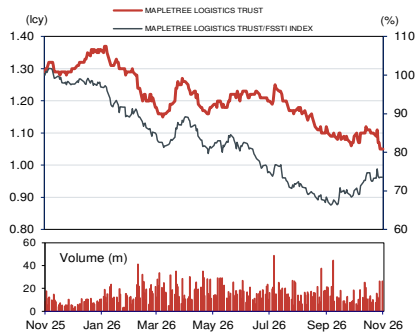
Major Shareholders (%)

Temasek Hldgs	34.3

Balance Sheet Metrics

FY27 NAV/Share (S$)	1.25
FY27 Net Debt/Share (S$)	0.96

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.

- **China rental pressure continues to ease unevenly.** There are early signs of rent stabilisation in West and Central China and moderating rental declines in East China as supply pressures eased. New supply remained concentrated in South and North China, where rents continued to decline. MLT's improving China occupancy and smaller negative reversions point to gradual stabilisation, although rental growth has yet to resume.
- **Capital recycling gathers pace.** MLT has executed S$243m divestments in 1HFY27 at an average 3.1% premium to valuation. These include the two Wuxi assets being sold to the sponsor-led RMB Fund with completion expected in Jan 27. The sales of 39 Changi South Avenue 2 in Singapore and 365 Fitzgerald Road in Victoria, Australia were already completed in Oct 26. Mapletree Northwest Logistics Park in Shanghai, China is scheduled to complete in 3QFY28 respectively. To date, MLT has completed over S$500m in divestments from its identified pipeline of S$1b.
- **Lower gearing reflects temporary refinancing effects.** Aggregate leverage fell 3.0ppt qoq to 37.5% as of Sep 26, as proceeds from S$400m of 3.5% perpetual securities issued in Aug 26 was temporarily utilised to repay bank loans ahead of redemption for the existing S$400m perpetual securities in Nov 26. Pro forma gearing without this timing difference is 40.4%.
- **Funding diversification and hedging temper financing risks.** MLT issued its maiden CNY500m three-year offshore renminbi bond at a 2.1% coupon. Debt hedged or drawn at fixed rates was 90% (83% excluding the perpetual refinancing timing effect). Average debt duration was 3.4 years, while interest coverage ratio was 2.9x. Average borrowing cost rose 0.1ppt yoy to 2.7% in 2QFY27, with FY27 guidance maintained at 2.7-2.8%. Management guided for higher cost of debt at 2.9-3.0% in FY28.

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 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.
- **Redeveloping Changi South to strengthen Singapore portfolio.** MLT plans to redevelop 9 and 15 Changi South Street 2 into its first modern ramp-up logistics facility in eastern Singapore. The five-storey Grade A ramp-up warehouse will increase GFA by 34% to 499,666sf. Construction for its fifth development in Singapore at an estimated cost of S$141m is expected to commence in 1Q27 and complete in 2Q29. The project targets demand for modern logistics space amid limited supply in the area.
- **Unlocking value of 201 Keppel Road.** Sponsor Mapletree Investments has deferred its call option over 201 Keppel Road, which allows MLT to retain rental income as Prima's lease is also extended to 31 Jan 28. The 24-hectare site with the historic Keppel Road flour mill is located within the Greater Southern Waterfront. It has a unique revolving restaurant on top of the flour mill's wheat grain silo, making the property a distinctive local landmark. The property could be redeveloped into a mixed-use development with residential and commercial components. 201 Keppel Road is currently valued at S$51.2m as of Mar 26. MLT could divest the property to Mapletree Investments based on the average of two independent valuations, which reflects the potential change of use.
- **Upgrade to BUY.** Our target price of S$1.23 is based on Dividend Discount Model (cost of equity: 7.45%, terminal growth: 2.0% (previous: 1.5%)). We raised terminal growth to 2.0% as negative reversion from China has eased.

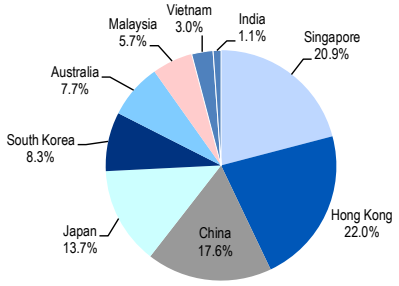
Earnings Revision/Risk

- We raised our DPU forecast by 1.8% for FY27 and 1.0% for FY28 due to higher rents in Singapore, Japan and India.

Share Price Catalyst

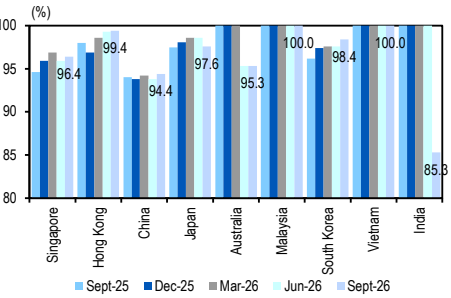
- Repositioning towards modern logistics facilities, domestic consumption and e-commerce; b) redevelopment projects in Singapore and Malaysia; and c) potential divestment of 201 Keppel Road.

Portfolio Valuation By Country



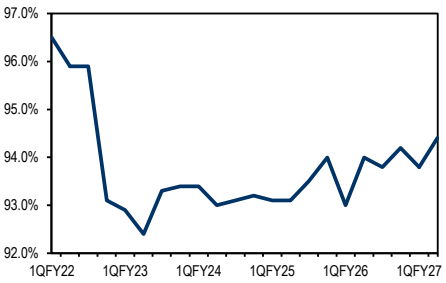
Source: MLT

Occupancy Levels By Country



Source: MLT

Occupancy Rate – Mainland China



Source: MLT

201 Keppel Road



Source: MLT

Profit & loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	**708.3**	**717.2**	**710.6**	**713.2**
EBITDA	511.6	521.7	501.7	503.6
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	511.6	521.7	501.7	503.6
Total other non-operating income	16.0	(38.0)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(147.0)	(151.5)	(167.8)	(171.9)
Pre-tax profit	**380.6**	**332.2**	**333.9**	**331.7**
Tax	(101.8)	(44.3)	(50.1)	(49.8)
Minorities	(1.7)	(1.0)	(0.8)	(0.8)
Perpetual Securities	(22.6)	(25.5)	(21.7)	(21.7)
Net profit	**254.5**	**261.4**	**261.3**	**259.4**
Net profit (adj.)	238.4	299.4	261.3	259.4

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	13,076.2	12,963.4	12,981.3	13,041.3
Other LT assets	208.7	186.3	186.3	186.3
Cash/ST investment	302.3	314.1	314.1	314.4
Other current assets	107.4	120.5	119.7	120.0
Total assets	**13,694.6**	**13,584.4**	**13,601.4**	**13,662.1**
ST debt	89.1	272.1	272.1	272.1
Other current liabilities	304.4	348.2	345.5	346.5
LT debt	5,400.2	5,010.0	5,130.0	5,290.0
Other LT liabilities	824.0	858.9	858.9	858.9
Shareholders' equity	7,054.0	7,071.5	6,971.2	6,870.8
Minority interest	22.9	23.7	23.7	23.7
Total liabilities & equity	**13,694.6**	**13,584.4**	**13,601.4**	**13,662.1**

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	**542.1**	**504.7**	**423.0**	**385.8**
Pre-tax profit	364.6	370.2	333.9	331.7
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)	16.1	(2.3)	0.9
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	232.8	118.4	91.4	53.2
Investing	**(52.2)**	**244.7**	**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	244.7	0.0	0.0
Others	2.4	0.0	0.0	0.0
Financing	**(482.8)**	**(737.6)**	**(423.0)**	**(385.4)**
Distribution to unitholders	(376.1)	(359.5)	(361.5)	(359.8)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	71.4	(207.2)	120.0	160.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(178.1)	(170.9)	(181.6)	(185.6)
Net cash inflow (outflow)	**7.1**	**11.8**	**(0.0)**	**0.3**
Beginning cash & cash equivalent	**299.0**	**302.3**	**314.1**	**314.1**
Changes due to forex impact	(3.9)	0.0	0.0	0.0
Ending cash & cash equivalent	**302.3**	**314.1**	**314.1**	**314.4**

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	72.2	72.7	70.6	70.6
Pre-tax margin	53.7	46.3	47.0	46.5
Net margin	35.9	36.4	36.8	36.4
ROA	1.8	1.9	1.9	1.9
ROE	3.6	3.7	3.7	3.7
Growth				
Turnover	(2.6)	1.3	(0.9)	0.4
EBITDA	(1.3)	2.0	(3.8)	0.4
Pre-tax profit	39.0	(12.7)	0.5	(0.6)
Net profit	38.6	2.7	(0.0)	(0.7)
Net profit (adj.)	(14.1)	25.6	(12.7)	(0.7)
EPU	(15.3)	24.3	(13.4)	(1.5)
Leverage				
Debt to total capital	43.7	42.7	43.6	44.7
Debt to equity	77.8	74.7	77.5	81.0
Net debt/(cash) to equity	73.5	70.3	73.0	76.4
Interest cover (x)	3.5	3.4	3.0	2.9

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