

COMPANY RESULTS

Mapletree Pan Asia Commercial Trust (MPACT SP)

3QFY25: Strength in Singapore overcomes weaknesses overseas

The Singapore portfolio provided resiliency with strong positive rental reversion of 16.9% from VivoCity and stable occupancy at MBC. NPI from Hong Kong dropped 7.5% yoy, succumbing to continued negative rental reversion. NPI from Japan declined 31.6% yoy due to non-renewal by Seiko Instrument and weak JPY. MPACT trades at FY26 distribution yield of 7.0% and P/NAV of 0.69x, which has factored in dimmer outlook for its overseas properties. Maintain BUY. Target price: S\$1.60.

3QFY25 RESULTS

Year to 31 Mar (S\$m)	3QFY25	yoy % chg	Remarks
Gross Revenue	223.7	-7.4	Divestment of Mapletree Anson was completed on 31 Jul 24.
Net Property Income	166.9	-8.5	Growth from VivoCity and other SG properties.
Distributable Income	104.7	-9.2	Overseas contribution dampened by weakness of JPY and CNH.
DPU (S cents)	2.00	-9.1	Finance costs decreased 9.7% yoy.

Source: MPACT, UOB Kay Hian

RESULTS

- Mapletree Pan Asia Commercial Trust (MPACT) reported DPU of 2.00 S cents for 3QFY25 (-9.1% yoy), which is below our expectations.
- Headwinds from overseas assets.** Gross revenue and NPI declined 7.4% and 8.5% yoy respectively due to divestment of Mapletree Anson (completion: 31 Jul 24), lower contributions from the overseas properties and headwinds from a strong SGD. MPACT benefitted from lower utility costs with a new electricity contract at lower tariffs kicking in starting Nov 24. NPI margin was stable qoq at 74.6%. Net finance costs dropped 9.7% yoy due to interest cost saving and debt reduction post-divestment of Mapletree Anson.
- VivoCity: Upgrading at Basement 2.** VivoCity turned in a stellar performance with NPI growth of 1.4% yoy and positive rental reversion of 16.9%. The mall maintained high occupancy of 99.9%. The reconfiguration of basement 2 at VivoCity is progressing well. The AEI is executed in two key stages. The number of food kiosks will increase from 21 to 24 during Phase 1. Retail NLA will increase by 14,000sf through the conversion of carpark and space reconfiguration in Phase 2. The AEI is on track for completion by end-25 and projected to deliver ROI of 10%.
- Festival Walk: Intensifying marketing efforts to arrest the decline.** NPI from Festival Walk declined 7.5% yoy with continued negative rental reversion of 7.2%. Occupancy edged slightly higher by 0.7ppt qoq to 97.1%. Consumer spending is weak due to high interest rates and softening of the property market. The retail sector is affected by outbound travel and cross-border consumption in Shenzhen, triggered by the strong HKD. MPACT has intensified marketing efforts through high-impact celebrity appearances and immersive themed experiences to draw shoppers. The decline in tenant sales has moderated to -1.5% yoy in 3QFY25 (2QFY25: -12.5% yoy).

KEY FINANCIALS

Year to 31 Mar (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	826	958	913	910	911
EBITDA	580	673	633	627	627
Operating profit	579	672	633	627	627
Net profit (rep./act.)	477	577	285	389	386
Net profit (adj.)	418	427	403	389	386
EPU (S\$ cent)	8.8	8.1	7.7	7.4	7.3
DPU (S\$ cent)	9.6	8.9	8.2	8.4	8.3
PE (x)	13.6	14.7	15.7	16.3	16.4
P/B (x)	0.7	0.7	0.7	0.7	0.7
DPU Yld (%)	8.0	7.4	6.8	7.0	6.9
Net margin (%)	57.8	60.2	31.2	42.7	42.3
Net debt/(cash) to equity (%)	69.4	68.6	63.6	65.0	66.3
Interest cover (x)	3.6	3.0	2.9	2.9	2.8
ROE (%)	6.3	6.1	3.0	4.2	4.2
Consensus DPU (S\$ cent)	-	-	8.1	8.3	8.7
UOBKH/Consensus (x)	-	-	1.01	1.01	0.95

Source: Mapletree Pan Asia Commercial Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.20
Target Price	S\$1.60
Upside	33.3%
(Previous TP)	S\$1.71

COMPANY DESCRIPTION

MPACT invests in income-producing real estate used for office and/or retail purposes in key gateway markets of Asia. It debuted on SGX Main Board on 27 Apr 11 and completed the merger with Mapletree North Asia Commercial Trust on 21 Jul 22.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MPACT SP
Shares issued (m):	5,263.9
Market cap (S\$m):	6,316.7
Market cap (US\$m):	4,692.2
3-mth avg daily t'over (US\$m):	11.1

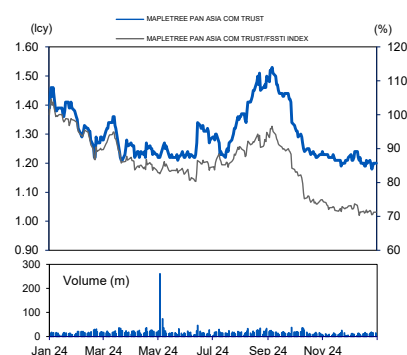
Price Performance (%)

52-week high/low	S\$1.54/S\$1.17			
1mth	3mth	6mth	1yr	YTD
(0.8)	(10.4)	(5.5)	(16.1)	(0.8)

Major Shareholders

Temasek Hldgs	57.0
FY25 NAV/Share (S\$)	1.73
FY25 Net Debt/Share (S\$)	1.13

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- Japan: NPI from Japan declined 31.6% yoy.** Occupancy dipped 14.8ppt yoy to 82.6% due to non-renewal by Seiko Instrument for the lease at Makuhari Bay Tower. Fujitsu, the sole tenant at Fujitsu Makuhari Building, has notified MPACT of its intention to not renew its lease upon expiry on 31 Mar 26. We expect occupancy to further decline to 74% in 1QFY27. Occupancies and rents in the Makuhari sub-market of Chiba, Japan is under pressure. MPACT will re-let the properties to new tenants, explore a potential change of use (subject to government approvals) and pursue divestment opportunities. The three properties accounted for 5.4% of MPACT's FY24 NPI.
- Resilient balance sheet.** MPACT has deleveraged through the divestment of Mapletree Anson. Its aggregate leverage had receded by 2.6ppt yoy to 38.2% as of Dec 24. Adjusted interest coverage ratio is healthy at 2.8x. Its debt maturity profile is well staggered with average term to debt maturity at 3.1 years and no single financial year having more than 23% of debt refinancing. Average all-in cost of debt was stable at 3.52% in 9MFY25. Management guided stable cost of debt at mid-3% in FY25.

STOCK IMPACT

- Pan Asian play on commercial properties.** MPACT benefits from resiliency and growth of its Singapore properties. VivoCity continues to be enhanced and benefits from the recovery in tourism and expansion at Resorts World Sentosa (RWS). Mapletree Business City (MBC) should see progressive backfilling of vacant space. An anchor tenant from the banking sector has recently renewed its lease at MBC.
- China portfolio could deteriorate.** Offices in Beijing saw decline in average rents accelerating to 10.7% in 2024. The Lufthansa sub-market experienced consolidation and space reduction by financial, technology and pharmaceutical companies. According to CBRE, vacancy rate remains elevated at 21%. Business Parks in Shanghai saw decline in average rents of 4.9% in 2024. According to CBRE, vacancy rate remains elevated at 23.6%. New supply of 9.9m sf of business park space was delivered in 2024 and another 10.2m sf projected be completed in 1H25. Some landlords in Zhangjiang have adopted flexible rent-free policies, which create intense competition for MPACT's Sandhill Plaza. Occupancy eased 2.8ppt qoq to 84.3% due to non-renewal by 2-3 tenants at Sandhill Plaza. Negative rental reversion at MPACT's China properties could worsen compared to -2.9% incurred in 9MFY25.

EARNINGS REVISION/RISK

- We trimmed our FY25 and FY26 DPU forecast by 1% due to expectations of lower occupancies for Gateway Plaza in Beijing and Sandhill Plaza in Shanghai.

VALUATION/RECOMMENDATION

- Maintain BUY.** We have raised our assumption for risk-free rate from 2.75% to 3.00% due to the elevated Singapore government yield. Our target price of S\$1.60 is based on DDM (cost of equity: 7.0% (previous: 6.75%), terminal growth: 2.0%).

SHARE PRICE CATALYST

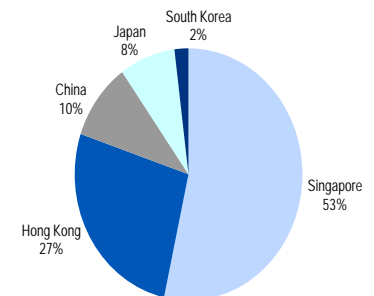
- Resilient growth from VivoCity and MBC in Singapore.
- MPACT has four properties located in the HarbourFront area, which accounted for 49% of its portfolio valuation. It will benefit from the development of Greater Southern Waterfront and rejuvenation of Sentosa Island and Pulau Brani.

KEY OPERATING METRICS

	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	yoy Chg	qoq Chg*
DPU (S cents)	2.2	2.29	2.09	1.98	2.00	-9.1%	-4.3%
Occupancy	96.7%	96.1%	94.0%	90.3%	90.0%	-6.7ppt	-0.3ppt
Aggregate Leverage	40.8%	40.5%	40.5%	38.4%	38.2%	-2.6ppt	-0.2ppt
All-in-Financing Cost	3.33%	3.35%	3.54%	3.56%	3.52%	0.19ppt	-0.04ppt
% Borrowing in Fixed Rates	85.0%	77.1%	78.9%	83.6%	81.5%	-3.5ppt	-2.1ppt
WALE by NLA (years)	2.5	2.4	2.5	2.3	2.2	-0.3yrs	-0.1yrs
Debt Maturity (years)	2.8	3.0	3.1	3.3	3.1	0.3yrs	-0.2yrs
Rental Reversions	4.1%	2.9%	5.2%	4.1%	4.6%	0.5%	-0.6%

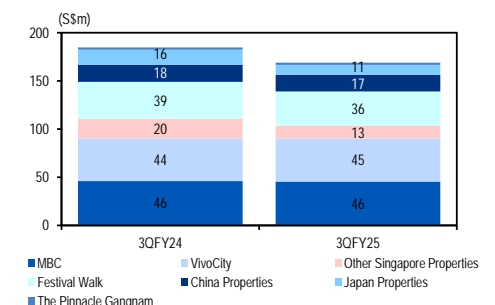
Source: MPACT, UOB Kay Hian * hoh % chg for DPU & rental reversions

PORTFOLIO VALUE BY COUNTRY



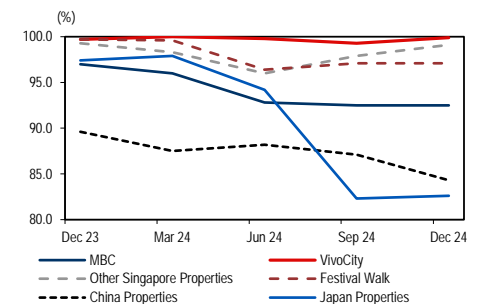
Source: MPACT

NPI BY COUNTRY



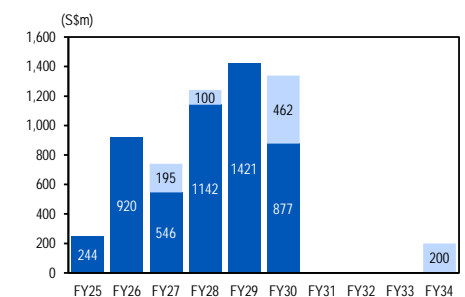
Source: MPACT

PORTFOLIO OCCUPANCY



Source: MPACT

DEBT MATURITY PROFILE



Source: MPACT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	958.1	912.7	909.8	911.1
EBITDA	673.4	633.0	626.5	627.1
Deprec. & amort.	1.1	0.1	0.0	0.0
EBIT	672.3	632.9	626.5	627.1
Total other non-operating income	149.3	(117.6)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(225.5)	(220.9)	(217.8)	(221.6)
Pre-tax profit	596.2	294.4	408.7	405.6
Tax	(19.5)	(9.4)	(20.0)	(20.0)
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	576.7	285.0	388.7	385.6
Net profit (adj.)	427.4	402.6	388.7	385.6

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	16,250.3	15,432.2	15,462.2	15,492.2
Other LT assets	211.2	221.1	221.1	221.1
Cash/ST investment	157.2	156.9	158.9	156.2
Other current assets	43.6	34.8	34.9	34.9
Total assets	16,662.3	15,845.0	15,877.1	15,904.5
ST debt	1,026.3	1,029.6	1,029.6	1,029.6
Other current liabilities	226.3	139.8	140.6	140.8
LT debt	5,624.1	5,070.0	5,160.0	5,245.0
Other LT liabilities	314.5	250.3	250.8	250.9
Shareholders' equity	9,458.4	9,344.1	9,284.8	9,226.9
Minority interest	12.8	11.3	11.3	11.3
Total liabilities & equity	16,662.3	15,845.0	15,877.1	15,904.5

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	725.0	459.1	604.2	603.8
Pre-tax profit	577.9	285.6	383.1	380.0
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	1.1	0.1	0.0	0.0
Associates	(6.4)	(4.0)	0.0	0.0
Working capital changes	0.1	(89.5)	0.8	0.2
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	152.3	266.9	220.3	223.7
Investing	(56.3)	745.0	(30.0)	(30.0)
Capex (growth)	(64.8)	(30.0)	(30.0)	(30.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	8.5	775.0	0.0	0.0
Financing	(719.9)	(1,204.4)	(572.2)	(576.4)
Distribution to unitholders	(465.2)	(430.7)	(442.4)	(437.9)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	(25.8)	(550.8)	90.0	85.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(228.9)	(223.0)	(219.8)	(223.6)
Net cash inflow (outflow)	(51.1)	(0.4)	2.0	(2.6)
Beginning cash & cash equivalent	216.1	157.2	156.9	158.9
Changes due to forex impact	(7.8)	0.0	0.0	0.0
Ending cash & cash equivalent	157.2	156.9	158.9	156.2

KEY METRICS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	70.3	69.4	68.9	68.8
Pre-tax margin	62.2	32.3	44.9	44.5
Net margin	60.2	31.2	42.7	42.3
ROA	3.4	1.8	2.5	2.4
ROE	6.1	3.0	4.2	4.2
Growth				
Turnover	16.0	(4.7)	(0.3)	0.1
EBITDA	16.2	(6.0)	(1.0)	0.1
Pre-tax profit	25.4	(50.6)	38.8	(0.8)
Net profit	20.8	(50.6)	36.4	(0.8)
Net profit (adj.)	2.1	(5.8)	(3.4)	(0.8)
EPU	(7.4)	(6.0)	(3.6)	(0.9)
Leverage				
Debt to total capital	41.3	39.5	40.0	40.4
Debt to equity	70.3	65.3	66.7	68.0
Net debt/(cash) to equity	68.6	63.6	65.0	66.3
Interest cover (x)	3.0	2.9	2.9	2.8
	70.3	69.4	68.9	68.8

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