

COMPANY RESULTS

Mapletree Logistics Trust (MLT SP)

4QFY25: Risk From Protracted Trade War

Management cautioned that a protracted trade war could affect demand for warehouse space, thereby reducing occupancy and rental rates. China incurred a negative rental reversion of -9.4% in 4QFY25 and the weakness could potentially persist for the next four quarters. The pace of divestment is expected to slow down, as potential buyers turn more cautious. MLT has corrected 8.7% ytd and provides FY26 distribution yield of 6.8% (FLT: 7.3%). Maintain HOLD. Target price: S\$1.31.

4QFY25 RESULTS

Year to 31 Mar (S\$m)	4Q FY25	yoy % chg	Remarks
Gross Revenue	179.6	-0.8	Lower contribution from China and depreciation of AUD and KRW
Net Property Income (NPI)	152.8	-1.6	against the SGD. Borrowing costs increased 4.0% yoy.
Distributable income	99.1	-10.3	Includes distribution of divestment gains of S\$7.7m vs S\$12.0m last year.
DPU (S cent)	1.955	-11.6	Number of units increased 1.5% yoy.

Source: MLT, UOB Kay Hian

RESULTS

- Mapletree Logistics Trust (MLT) reported DPU of 1.955 S cents for 4QFY25 (-11.6% yoy), which is below our expectation.
- Headwinds from China and a strong Singapore dollar.** Gross revenue and NPI declined 0.8% and 1.6% yoy respectively in 4QFY25 due to lower contribution from China, absence of contribution from divested properties and currency weakness from the Australian dollar (-4.6% yoy) and Korean won (-9.1% yoy) against the Singapore dollar. Borrowing costs increased 4% yoy.
- Suffered revenue contraction in China and South Korea.** MLT achieved a positive rental reversion of 5.1% in 4QFY25, powered by Singapore (+7.0%), Japan (+15.7%) and South Korea (+4.7%). China incurred a negative rental reversion of 9.4% (Tier 1 cities: +0.3%, Tier 2 cities: -10.8%). Excluding China, positive rental reversion was stronger at 6.9% on a portfolio-wide basis. Revenue from China declined 15.7% yoy in 4QFY25 due to seven consecutive quarters of continued negative rental reversions. Revenue from South Korea also declined 11.7% yoy due to the Korean won's weakness against the Singapore dollar.
- Portfolio occupancy was stable at 96.2%** as of Mar 25. Occupancies in Japan and China improved 0.9ppt and 0.5ppt respectively to 99.7% and 94.0% in 4QFY25. Occupancies in Singapore, Malaysia and Vietnam dipped 0.4ppt, 0.4ppt and 2.2ppt qoq respectively to 95.9%, 97.1% and 97.8%. These transitional vacancies are expected to be backfilled with demand from domestic enterprises. Australia and India maintained full occupancy.
- Cost of debt still on the rise.** Aggregate leverage was stable at 40.7% as of Mar 25. Average cost of debt was stable at 2.7% in 4QFY25. MLT previously guided higher cost of debt of 3.0% at end-FY26 due to loan refinancing and replacement of hedges at higher interest rates. Higher borrowing costs could exert downward pressure on distributions.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2024	2025	2026F	2027F	2028F
Net turnover	734	727	727	731	736
EBITDA	508	518	505	508	512
Operating profit	508	518	505	508	512
Net profit (rep./act.)	303	184	268	265	266
Net profit (adj.)	281	278	268	265	266
EPU (S\$ cent)	5.7	5.5	5.3	5.2	5.1
DPU (S\$ cent)	9.0	8.1	7.9	7.8	7.7
PE (x)	20.5	21.1	22.1	22.5	22.6
P/B (x)	0.8	0.9	0.9	0.9	1.0
DPU Yld (%)	7.8	6.9	6.8	6.7	6.6
Net margin (%)	41.3	25.2	36.9	36.3	36.1
Net debt/(cash) to equity (%)	67.0	73.2	76.3	79.7	83.2
Interest cover (x)	3.7	3.4	2.9	2.9	2.8
ROE (%)	4.0	2.5	3.7	3.8	3.9
Consensus DPU (S\$ cent)	-	-	7.9	8.0	8.4
UOBKH/Consensus (x)	-	-	1.00	0.97	0.92

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	S\$1.16
Target Price	S\$1.31
Upside	12.9%
(Previous TP)	S\$1.35)

COMPANY DESCRIPTION

MLT is an Asia-focused logistics REIT with a portfolio of 180 logistics properties with AUM of S\$13.3b across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam as of Mar 25.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MLT SP
Shares issued (m):	5,066.7
Market cap (S\$m):	5,877.4
Market cap (US\$m):	4,480.4
3-mth avg daily t'over (US\$m):	21.8

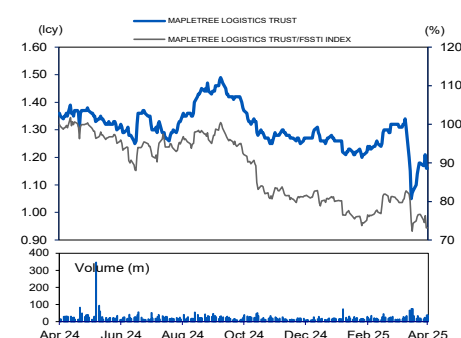
Price Performance (%)

52-week high/low		S\$1.51/S\$1.03		
1mth	3mth	6mth	1yr	YTD
(12.1)	(8.7)	(17.7)	(13.4)	(8.7)

Major Shareholders

	%
Temasek Hldgs	33.5
FY26 NAV/Share (S\$)	1.28
FY26 Net Debt/ Share (S\$)	1.07

PRICE CHART



Source: Bloomberg

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- **NAV per unit declined 2.2% qoq to S\$1.31.** MLT suffered a currency translation loss of S\$116m. It incurred fair value loss on investment properties of S\$62m, primarily from China, South Korea and Singapore. Lower valuation for properties in China was due to lower rents and lower occupancies. Properties in Northern China also suffered a cap rate expansion of about 25bp.

STOCK IMPACT

- **A word of caution.** Management expects tenants to take a cautious approach to leasing and expansion due to the changing trade policy landscape. A protracted trade war could affect demand for warehouse space, thereby reducing occupancy and rental rates. Overall, tenants serving domestic consumption accounted for 85% of MLT's revenue, while export businesses accounted for the balance 15% of revenue. Properties in Australia, Japan and South Korea cater mainly to domestic demand. The proportion of tenants in the export sector is 10% for Malaysia, 15% for China, 20% for Hong Kong, 25% for Singapore and 30% for Vietnam.
- **Negative impact from reciprocal tariffs.** In Singapore, some shipping, freight and semiconductor companies had experienced suspension of orders, which resulted in an ad hoc increase in demand for warehouse space. In Vietnam, stranded shipping containers piled up at the port as some footwear, apparel and solar panel companies experienced cancellation of orders.
- **China remains the pain point.** Management expects the negative rental reversion in China to persist at high-single-digit potentially for another four quarters in FY26. Occupancy could remain firm due to an aggressive stance to retain tenants by offering attractive tenant incentives. Leases in China have short WALE of 1.4 years. There are huge uncertainties on whether tariffs of 145% on imports from China threatened by the Trump Administration would be fully implemented.
- **Divestment gains to be retained going forward.** MLT has announced or completed divestments of 14 properties with older specifications and limited redevelopment potential in FY25 totalling S\$209m at average premium to valuation of 17%. The pace of divestment is expected to slow down, as potential buyers turn more cautious. Management has adopted a conservative approach of not paying out any divestment gains going forward, which dampens future distributions.
- **Redevelopment of 5A Joo Koon Circle** in Singapore (previously known as 51 Benoi Road) has received healthy interest from a broad range of industrial tenants. The six-storey Grade A ramp-up logistics property benefitted from 2.3x uplift to GFA. Around 46% of the total NLA of 848,000sf was pre-committed ahead of the temporary occupation permit in May 25 and another 30% of space is under active negotiation. New tenants were mainly from the third-party logistics, fast-moving consumer goods, e-commerce and supermarket industries.

EARNINGS REVISION/RISK

- We cut our DPU forecasts for FY26 and FY27 by 4% due to the continued negative rental reversion in China and recent weakness in the Japanese yen, Korean won, Malaysian ringgit and Vietnam dong against the Singapore dollar.

VALUATION/RECOMMENDATION

- **Maintain HOLD.** Our target price of S\$1.31 is based on the Dividend Discount Model (cost of equity: 7.25%, terminal growth: 1.5%).

SHARE PRICE CATALYST

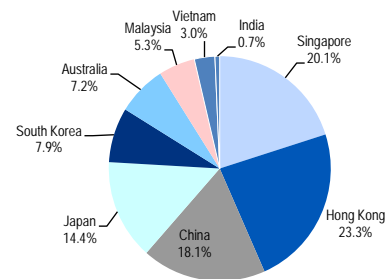
- Rejuvenating and repositioning towards modern specifications logistics facilities, domestic consumption and e-commerce.
- Positive contributions from redevelopment projects in Singapore and Malaysia.

KEY OPERATING METRICS

Key Metrics	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	yoy % Chg	qoq % Chg
DPU (S cents)	2.211	2.068	2.027	2.003	1.955	-11.6%	-2.4%
Occupancy	96.0%	95.7%	96.0%	96.3%	96.2%	0.2ppt	-0.1ppt
Aggregate Leverage	38.9%	39.6%	40.2%	40.3%	40.7%	1.8ppt	0.4ppt
Weighted Financing Cost	2.7%	2.7%	2.7%	2.7%	2.7%	0ppt	0ppt
% Borrowing in Fixed Rates	84%	83%	84%	82%	81%	-3ppt	-1ppt
WALE by NLA (years)	3.0	2.9	2.8	2.7	2.8	-0.2yrs	0.1yrs
Debt Maturity (years)	3.8	3.7	3.6	3.5	3.8	0yrs	0.3yrs
Rental Reversions	2.9%	2.6%	-0.6%	3.4%	5.1%	2.2ppt	1.7ppt

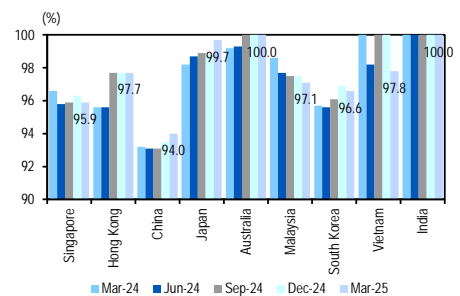
Source: MLT

PORTFOLIO VALUATION BY COUNTRY



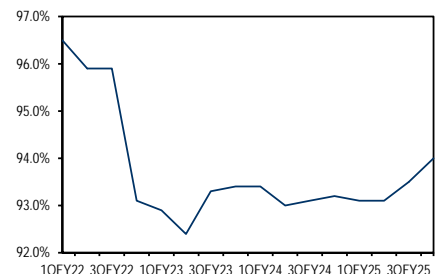
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OCCUPANCY LEVELS BY COUNTRY



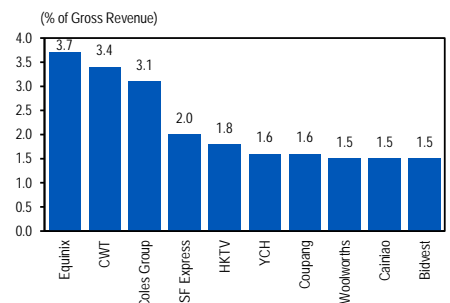
Source: MLT

OCCUPANCY RATE - MAINLAND CHINA



Source: MLT

TOP 10 TENANTS BY GROSS REVENUE



Source: MLT

PROFIT & LOSS

Year to 31 Mar (\$m)	2025	2026F	2027F	2028F
Net turnover	727.0	726.9	730.7	735.8
EBITDA	518.3	504.9	508.0	512.2
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	518.3	504.9	508.0	512.2
Total other non-operating income	(94.0)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(150.5)	(171.9)	(178.1)	(181.9)
Pre-tax profit	273.8	332.9	329.9	330.3
Tax	(64.9)	(40.0)	(39.6)	(39.6)
Minorities	(1.1)	(0.8)	(0.8)	(0.8)
Perpetual Securities	(24.2)	(24.3)	(24.3)	(24.3)
Net profit	183.5	267.9	265.2	265.6
Net profit (adj.)	277.6	267.9	265.2	265.6

BALANCE SHEET

Year to 31 Mar (\$m)	2025	2026F	2027F	2028F
Fixed assets	13,244.9	13,275.9	13,275.9	13,275.9
Other LT assets	208.5	208.5	208.5	208.5
Cash/ST investment	299.0	282.6	260.6	288.9
Other current assets	133.6	102.7	103.1	103.8
Total assets	13,885.9	13,869.6	13,848.0	13,877.0
ST debt	373.8	373.8	373.8	373.8
Other current liabilities	359.8	364.7	366.4	368.7
LT debt	5,208.1	5,320.0	5,430.0	5,590.0
Other LT liabilities	697.7	697.7	697.7	697.7
Shareholders' equity	7,221.2	7,088.1	6,954.8	6,821.5
Minority interest	25.4	25.4	25.4	25.4
Total liabilities & equity	13,885.9	13,869.6	13,848.0	13,877.0

CASH FLOW

Year to 31 Mar (\$m)	2025	2026F	2027F	2028F
Operating	611.2	462.9	462.8	467.5
Pre-tax profit	367.8	332.9	329.9	330.3
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	7.8	(3.6)	1.5	2.0
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	235.6	133.6	131.5	135.2
Investing	(314.7)	0.0	0.0	0.0
Capex (growth)	(432.2)	0.0	0.0	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	117.5	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Financing	(302.3)	(479.4)	(484.8)	(439.1)
Distribution to unitholders	(406.4)	(401.1)	(398.5)	(398.9)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	272.2	111.9	110.0	160.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(168.1)	(190.2)	(196.3)	(200.2)
Net cash inflow (outflow)	(5.8)	(16.5)	(22.0)	28.4
Beginning cash & cash equivalent	304.8	299.0	282.6	260.6
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	299.0	282.6	260.6	288.9

KEY METRICS

Year to 31 Mar (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	71.3	69.5	69.5	69.6
Pre-tax margin	37.7	45.8	45.2	44.9
Net margin	25.2	36.9	36.3	36.1
ROA	1.3	1.9	1.9	1.9
ROE	2.5	3.7	3.8	3.9
Growth				
Turnover	(0.9)	(0.0)	0.5	0.7
EBITDA	2.0	(2.6)	0.6	0.8
Pre-tax profit	(30.4)	21.6	(0.9)	0.1
Net profit	(39.5)	46.0	(1.0)	0.1
Net profit (adj.)	(1.2)	(3.5)	(1.0)	0.1
EPU	(2.7)	(4.4)	(1.8)	(0.7)
Leverage				
Debt to total capital	43.5	44.5	45.4	46.6
Debt to equity	77.3	80.3	83.4	87.4
Net debt/(cash) to equity	73.2	76.3	79.7	83.2
Interest cover (x)	3.4	2.9	2.9	2.8

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