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KEY HIGHLIGHTS

Results

CapitaLand Integrated Commercial Trust Page 2
(CICT SP/BUY/\$1.74/Target: S\$2.02)

3Q23: Resilient growth from both retail and office in Singapore.

Mapletree Industrial Trust (MINT SP/BUY/\$2.13/Target: S\$2.69) Page 5
2QFY24: Osaka data centre to start contributing in 3QFY24.

Mapletree Logistics Trust (MLT SP/BUY/\$1.47/Target: S\$1.72) Page 8
2QFY24: Weathering near-term headwinds from China.

TRADERS' CORNER Page 11

Oversea-Chinese Banking Corp (OCBC SP): Trading SELL

SATS (SATS SP): Trading SELL

KEY INDICES

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	32417.6	(1.1)	(2.1)	(3.3)	(2.2)
S&P 500	4117.4	(0.5)	(2.5)	(4.0)	7.2
FTSE 100	7291.3	(0.9)	(1.5)	(4.2)	(2.2)
AS30	6943.4	(1.0)	(1.2)	(4.2)	(3.9)
CSI 300	3562.4	1.4	1.5	(3.4)	(8.0)
FSSTI	3061.9	(0.3)	(0.5)	(4.8)	(5.8)
HSCEI	5979.0	2.0	0.9	(2.8)	(10.8)
HSI	17398.7	2.1	0.6	(2.3)	(12.0)
JCI	6758.8	0.7	(1.3)	(2.6)	(1.3)
KLCI	1441.9	0.1	0.1	1.2	(3.6)
KOSPI	2302.8	0.2	(3.0)	(6.6)	3.0
Nikkei 225	30991.7	1.3	(0.9)	(2.7)	18.8
SET	1388.2	1.2	(2.4)	(5.7)	(16.8)
TWSE	16134.6	0.4	(1.9)	(1.3)	14.1
BDI	1563	(6.0)	(23.6)	(8.1)	3.2
CPO (RM/mt)	3637	1.2	(3.2)	(0.2)	(10.2)
Brent Crude (US\$/bbl)	89	(1.2)	(0.5)	(6.2)	4.1

Source: Bloomberg

TOP TRADING TURNOVER

Company	Price (\$)	Chg (%)	5-day ADT (\$m)
United Overseas Bank	27.03	(0.9)	91.1
DBS Group Holdings	33.13	(0.0)	80.2
Oversea-Chinese Banking Corp	12.76	(0.7)	46.2
Singapore Telecommunications	2.35	(0.8)	45.5
Singapore Airlines	6.06	(2.4)	37.4

TOP GAINERS

Company	Price (\$)	Chg (%)	5-day ADT (\$m)
Hotel Properties	3.84	6.4	0.0
Bumitama Agri	0.58	4.5	0.2
Digital Core REIT Management	0.50	4.2	1.1
ESR-LOGOS REIT	0.26	4.0	3.3
CapitaLand Ascott Trust	0.93	3.9	8.8

TOP LOSERS

Company	Price (\$)	Chg (%)	5-day ADT (\$m)
Sri Trang Agro-Industry	0.52	(9.6)	0.0
Cromwell REIT SGD	1.68	(5.6)	0.1
Cromwell REIT EUR	1.16	(4.9)	0.5
Fraser And Neave	1.00	(2.9)	0.0
AIMS APAC REIT	1.19	(2.5)	2.7

*ADT: Average daily turnover

KEY ASSUMPTIONS

GDP (% yoy)	2022	2023F	2024F
US	2.1	2.0	1.0
Euro Zone	3.5	0.5	0.8
Japan	1.0	1.5	1.0
Singapore	3.6	0.7	3.0
Malaysia	8.7	4.0	4.6
Thailand	2.6	3.1	3.5
Indonesia	5.4	5.1	5.2
Hong Kong	-3.5	4.6	3.0
China	3.0	5.0	4.6
CPO (RM/mt)	5,088	4,000	4,200
Brent (Average) (US\$/bbl)	99.0	81.0	84.0

Source: Bloomberg, UOB ETR, UOB Kay Hian

COMPANY RESULTS

CapitaLand Integrated Commercial Trust (CICT SP)

3Q23: Resilient Growth From Both Retail And Office In Singapore

Singapore provided resilient growth with office and retail leases registering positive rent reversions of 7.8% and 8.8% respectively in 3Q23. Retention rate was high at 82.9% for retail and 90.4% for office. CICT will stay defensive by optimising yield from its properties, including through asset enhancement initiatives. CICT provides 2024 distribution yield of 6.1%. Maintain BUY. Target price: S\$2.02.

3Q23 RESULTS

Year to 31 Dec (S\$m)	3Q23	yoy % chg	Remarks
Gross Revenue			
Retail	142.3	+2.0	Benefitting from recovery in retail rents.
Office	131.4	+4.2	Organic growth from existing properties.
Integrated Developments	117.6	+8.4	Comprises Raffles City Singapore, Funan, Plaza Singapura and The Atrium.
Total	391.3	+4.6	
Net Property Income (NPI)			
Retail	98.8	-1.1	Affected by higher operating expenses, including utilities.
Office	93.3	-2.2	New leases contribute to cash flow starting 2Q23.
Integrated Developments	82.9	+6.3	
Total	275.0	+0.6	

Source: CICT, UOB Kay Hian

RESULTS

- CapitaLand Integrated Commercial Trust (CICT) provided its 3Q23 business update:
- **Growth led by integrated developments.** Gross revenue and NPI increased 4.6% and 0.6% respectively in 3Q23 due to higher rental income from existing properties. Gross turnover rents range from 5% to 15% of gross rental income. Operating expenses rose in tandem with higher occupancy and shopper traffic. Integrated developments, comprising Raffles City, Funan, Plaza Singapura & The Atrium and CapitaSpring, registered growth in gross revenue and NPI of 8.4% and 6.3% yoy respectively.
- **Retail: Downtown malls outperforming and catching up.** CICT achieved positive rent reversions of 7.8% for its retail properties based on average to average basis in 9M23 (suburban: 7.4% and downtown: 8.4%). Retention rate was high at 82.9%. Leasing enquiries were mainly from the food & beverage, beauty & health and fashion sectors. Tenant sales psf increased 4.0% (suburban: 3.0% and downtown: 6.3%). Occupancy for its retail properties edged higher by 0.3ppt qoq to 99.0%.
- **Office: Resiliency from Singapore.** CICT achieved positive rent reversions of 8.8% for its office properties in 9M23. Retention rate was high at 90.4%. Leasing enquiries were mainly from the financial services, legal and manufacturing & distribution sectors. Average rent increased 0.4% qoq to S\$10.45psf pm. Occupancy for its office properties improved 1.0ppt qoq to 96.4%, led by Singapore (+1.4ppt qoq to 98.0%). Overseas, occupancy was stable at 95.5% for Germany but eased 0.9ppt qoq to 87.7% for Australia.

KEY FINANCIALS

Year to 31 Dec (S\$m)	2021	2022	2023F	2024F	2025F
Net turnover	1,305	1,442	1,558	1,609	1,624
EBITDA	862	947	1,013	1,051	1,062
Operating profit	862	947	1,013	1,051	1,062
Net profit (rep./act.)	1,083	723	745	714	716
Net profit (adj.)	813	756	745	714	716
EPU (S\$ cents)	12.4	11.4	11.2	10.7	10.7
DPU (S\$ cents)	10.4	10.6	10.6	10.6	10.6
PE (x)	14.0	15.3	15.5	16.3	16.3
P/B (x)	0.8	0.8	0.8	0.8	0.8
DPU Yld (%)	6.0	6.1	6.1	6.1	6.1
Net margin (%)	83.0	50.2	47.8	44.4	44.1
Net debt/(cash) to equity (%)	57.2	66.3	65.9	65.7	65.6
Interest cover (x)	5.1	4.2	3.8	3.1	3.1
ROE (%)	8.1	5.2	5.3	5.1	5.1
Consensus DPU (S\$ cent)	n.a.	n.a.	11.0	11.1	11.5
UOBKH/Consensus (x)	-	-	0.97	0.96	0.92

Source: CapitaLand Integrated Commercial Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.74
Target Price	S\$2.02
Upside	+16.1%
(Previous TP)	S\$2.09

COMPANY DESCRIPTION

CICT is the first and largest S-REIT listed on the SGX. It was established as CapitaLand Mall Trust (CMT) in Jul 02 and was renamed CICT in Nov 20 following the merger with CapitaLand Commercial Trust (CCT).

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	CICT SP
Shares issued (m):	6,654.6
Market cap (S\$m):	11,579.0
Market cap (US\$m):	8,454.9
3-mth avg daily t'over (US\$m):	20.3

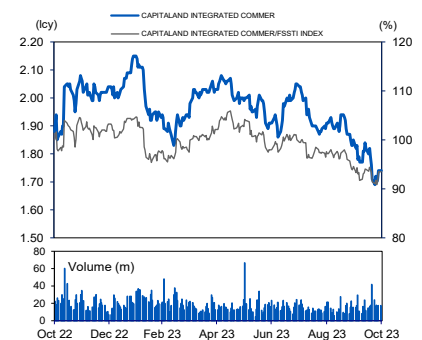
Price Performance (%)

52-week high/low	S\$2.15/S\$1.69			
1mth	3mth	6mth	1yr	YTD
(4.9)	(15.1)	(13.9)	(9.4)	(14.7)

Major Shareholders

Temasek Hldgs	24.0
FY23 NAV/Share (S\$)	2.12
FY23 Net Debt/Share (S\$)	1.40

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- Integrated developments: Providing resiliency and diversification.** Committed occupancy for integrated developments was stable at 98.0% in 3Q23. CICT benefits from higher room rates at the two hotels at Raffles City Singapore and serviced residence at CapitaSpring, which provide an uplift from variable rents.
- Prudent capital management.** Aggregate leverage is stable at 40.8% as of Sep 23. Average cost of debt was relatively stable at 3.3%. The bulk of refinancing for 2024 will occur in 2H24. Management estimated average cost of debt at 3.5-3.9% for 2024.

STOCK IMPACT

- Staying defensive due to heightened uncertainties.** CICT will stay defensive by optimising yield from its properties, including through asset enhancement initiatives, which supports valuations of its properties. Management will drive occupancy and rents higher, while managing operating cost prudently.
- Retail market remains resilient.** Leasing activities remained strong, supported by retailers' optimism on consumer sentiment. Demand was driven by F&B operators and services (wellness and travel). Recovery for Orchard Road is supported by recovery in tourism due to strong pipeline of MICE events and sell-out concerts. Rents at Orchard Road increased by 3.8% yoy to S\$35.75psf, while rents at suburban malls jumped by 3.1% yoy to S\$31.45psf in 3Q23. CBRE expects higher retail rents in 2023 due to tourism recovery and below-average new retail supply.
- Shadow office space significantly absorbed.** According to CBRE, rents for Grade A office space in core CBD increased 2.2% yoy and 0.4% qoq to S\$11.85psf/month in 3Q23 as vacancy tightened significantly by 0.8ppt qoq to 3.2%. There was healthy demand from private wealth, asset management and consumer goods companies. The positive momentum was underpinned by limited supply, companies tightening hybrid work arrangements and completion of IOI Central Boulevard Towers being delayed to 1Q24. CBRE estimated that the amount of shadow space was halved to 0.33m sf compared to a record high of 0.7m sf in 1Q23. CBRE expects rents for Grade A office space in core CBD to increase 1.5-2.0% in 2023 (previous: flat).
- Close to securing replacement tenant for Gallileo.** Management sees pick-up in leasing interest in Frankfurt from financial services, renewable energy and aviation sectors. Gallileo will undergo asset enhancement initiative (AEI) for 18 months after the lease with Commerzbank expires in Jan 24. CICT is in advanced negotiations with a prospective replacement tenant from the financial services industry.

EARNINGS REVISION/RISK

- We trimmed our 2024 DPU forecast by 3% after fine-tuning cost of debt on refinancing borrowings of S\$1,530m (15% of total borrowings).

VALUATION/RECOMMENDATION

- Maintain BUY.** Our target price of S\$2.02 is based on the Dividend Discount Model (cost of equity: 7.25%, terminal growth: 2.2%).

SHARE PRICE CATALYST

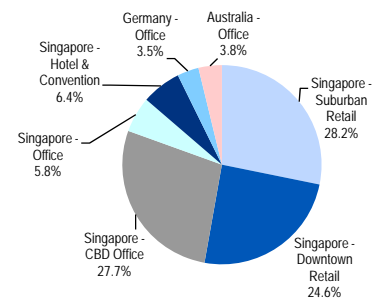
- Steady recovery in shopper traffic and tenant sales at CICT's downtown malls driven by workers returning to offices and recovery in visitor arrivals.
- Asset enhancement and redevelopment of existing properties.

KEY OPERATING METRICS – CICT

	3Q22	4Q22	1Q23	2Q23	3Q23	yoy % change	qoq % change*
DPU (S cents)	n.a.	5.36	n.a.	5.30	n.a.	n.a.	n.a.
NAV per unit (S\$)	n.a.	2.12	n.a.	2.12	n.a.	n.a.	n.a.
Occupancy	95.1%	95.8%	96.2%	96.7%	97.3%	2.2ppt	0.6ppt
Aggregate Leverage	41.2%	40.4%	40.9%	40.4%	40.8%	-0.4ppt	0.4ppt
All-in-Financing Cost	2.5%	2.7%	3.1%	3.2%	3.3%	0.8ppt	0.1ppt
% Borrowing in Fixed Rates	80%	81%	77%	78%	78%	-2ppt	0ppt
WALE by Gross Rental	3.8	3.7	3.7	3.6	3.5	-0.3yrs	-0.1yrs
Debt Maturity	4.1	3.9	4.2	4.3	4.1	0yrs	-0.2yrs

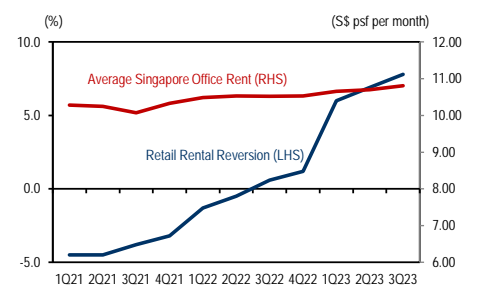
Source: CICT, UOB Kay Hian * hoh % chg for DPU and NAV per unit.

GROSS REVENUE BY ASSET TYPE (1H23)



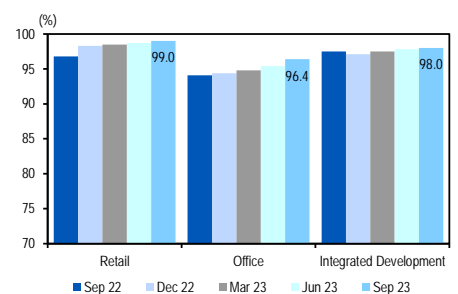
Source: CICT

RENTAL REVERSION FOR RETAIL AND AVERAGE SINGAPORE OFFICE RENT



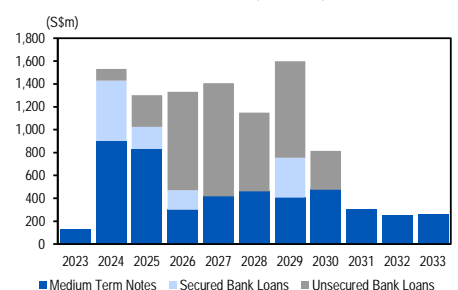
Source: CICT

OCCUPANCY RATES



Source: CICT

DEBT MATURITY PROFILE (JUN 23)



Source: CICT

PROFIT & LOSS

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Net turnover	1,441.7	1,558.2	1,608.9	1,624.3
EBITDA	946.8	1,013.5	1,051.1	1,061.6
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	946.8	1,013.5	1,051.1	1,061.6
Associate contributions	42.5	16.0	20.9	20.9
Net interest income/(expense)	(226.5)	(264.4)	(337.4)	(346.4)
Pre-tax profit	730.0	765.1	734.6	736.1
Tax	(4.1)	(14.3)	(20.0)	(20.0)
Minorities	(2.5)	(6.0)	(0.4)	(0.4)
Net profit	723.4	744.8	714.2	715.7
Net profit (adj.)	756.1	744.8	714.2	715.7

CASH FLOW

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Operating	1,023.5	1,023.4	1,057.7	1,052.4
Pre-tax profit	762.8	765.1	734.6	736.1
Associates	(42.5)	(16.0)	(20.9)	(20.9)
Working capital changes	(151.9)	23.2	10.4	3.2
Other operating cashflows	455.1	251.1	333.6	334.0
Investing	(926.0)	30.0	30.0	30.0
Capex (growth)	(1,153.9)	0.0	0.0	0.0
Capex (maintenance)	(126.9)	(30.0)	(30.0)	(30.0)
Proceeds from sale of assets	331.1	0.0	0.0	0.0
Others	23.6	60.0	60.0	60.0
Financing	(214.3)	(1,048.1)	(1,083.2)	(1,082.2)
Distribution to unitholders	(684.8)	(707.7)	(709.8)	(709.8)
Issue of shares	(3,684.8)	0.0	0.0	0.0
Proceeds from borrowings	4,376.1	(23.9)	(20.0)	(10.0)
Others/interest paid	(220.8)	(316.5)	(353.4)	(362.4)
Net cash inflow (outflow)	(116.7)	5.3	4.4	0.2
Beginning cash & cash equivalent	365.1	248.4	253.7	258.1
Ending cash & cash equivalent	248.4	253.7	258.1	258.3

BALANCE SHEET

Year to 31 Dec (\$m)	2022	2023F	2024F	2025F
Fixed assets	23,750.1	23,831.8	23,831.8	23,831.8
Other LT assets	587.6	579.0	579.0	579.0
Cash/ST investment	248.4	253.7	258.1	258.3
Other current assets	80.5	68.4	70.5	71.2
Total assets	24,666.6	24,733.0	24,739.5	24,740.3
ST debt	1,155.0	431.3	431.3	431.3
Other current liabilities	485.0	526.7	542.7	547.5
LT debt	8,430.2	9,130.0	9,110.0	9,100.0
Other LT liabilities	317.0	317.7	323.9	325.8
Shareholders' equity	14,073.4	14,119.6	14,123.9	14,128.0
Minority interest	205.9	207.7	207.7	207.7
Total liabilities & equity	24,666.6	24,733.0	24,739.5	24,740.3

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	65.7	65.0	65.3	65.4
Pre-tax margin	50.6	49.1	45.7	45.3
Net margin	50.2	47.8	44.4	44.1
ROA	3.1	3.0	2.9	2.9
ROE	5.2	5.3	5.1	5.1
Growth				
Turnover	10.5	8.1	3.3	1.0
EBITDA	9.8	7.0	3.7	1.0
Pre-tax profit	(33.8)	4.8	(4.0)	0.2
Net profit	(33.2)	3.0	(4.1)	0.2
Net profit (adj.)	(6.9)	(1.5)	(4.1)	0.2
EPU	(8.1)	(1.8)	(4.4)	(0.1)
Leverage				
Debt to total capital	40.2	40.0	40.0	39.9
Debt to equity	68.1	67.7	67.6	67.5
Net debt/(cash) to equity	66.3	65.9	65.7	65.6
Interest cover (x)	4.2	3.8	3.1	3.1

COMPANY RESULTS

Mapletree Industrial Trust (MINT SP)

2QFY24: Osaka Data Centre To Start Contributing In 3QFY24

MINT achieved positive rental revision of 8.8% in 2QFY24 for renewed leases across all property segments in Singapore. The acquisition of Osaka data centre was completed on 28 Sep 23 (only three days of contributions in 2QFY24) and will contribute more meaningfully in 3QFY24. MINT provides FY24 distribution yield of 6.2% (DCREIT: 7.4% and KDCREIT: 5.9%). Maintain BUY. Target price: S\$2.69.

2QFY24 RESULTS

Year to 31 Mar (\$m)	2Q FY24	yoy % chg	Remarks
Gross Revenue	174.1	-0.8	Average rental rates in Singapore and North America increased 0.5% and
Net Property Income (NPI)	128.6	-1.4	0.4% qoq respectively.
Distributable income	94.1	+3.5	Include capital distribution of S\$3.2m.
DPU (S cent)	3.32	-1.2	Number of units increased 4.8% yoy.

Source: MINT, UOB Kay Hian

RESULTS

- Mapletree Industrial Trust (MINT) reported 2QFY24 DPU of 3.32 S cents (-1.2% yoy), which is in line with our expectations.
- Resilient financial performance.** Gross revenue and NPI declined marginally by 0.8% and 1.4% yoy respectively in 2QFY24. Distribution declared by JV increased 23.4% yoy to S\$8.5m. Distributable income, which included release of compensation from the compulsory acquisition of land at 2 and 4 Loyang Lane and divestment gain from 65 Tech Park Crescent, increased by a healthy 3.5% yoy.
- Broad-based positive rental reversion.** MINT achieved positive rental revision of 8.8% for renewed leases across all property segments in Singapore in 2QFY24 (flatted factories: +9.9%, business park: +8.8%, stack-up/ramp-up buildings: +7.6% and hi-tech buildings: +4.7%). The average rental rate of the Singapore and North America portfolios increased 0.5% and 0.4% qoq respectively to S\$2.19psf pm and US\$2.42psf pm.
- Portfolio occupancy was stable at 93.2%.** Occupancy for data centres improved 0.3ppt qoq to 93.4% due to the acquisition of the Osaka data centre. Occupancies for hi-tech buildings and flatted factories were stable at 84.8% and 98.8% respectively. Committed occupancy at Mapletree Hi-Tech Park@Kallang Way improved 4.1ppt qoq to 48.2%.
- Osaka data centre to start contributing in 3QFY24.** MINT has completed the acquisition of a data centre in Osaka, Japan at a purchase consideration of ¥52.0b on 28 Sep 23 (only three days of contributions in 2QFY24). The data centre is being fitted out over four phases. The Osaka data centre provides long WALE of 19.1 years.

KEY FINANCIALS

Year to 31 Mar (\$m)	2022	2023	2024F	2025F	2026F
Net turnover	610	685	695	725	740
EBITDA	409	451	455	477	488
Operating profit	409	451	455	477	488
Net profit (rep./act.)	433	282	366	382	395
Net profit (adj.)	416	388	366	382	395
EPU (S\$ cent)	16.1	14.6	13.3	13.8	14.3
DPU (S\$ cent)	13.8	13.6	13.2	13.7	14.2
PE (x)	13.2	14.6	16.0	15.4	14.9
P/B (x)	1.1	1.1	1.2	1.2	1.2
DPU Yld (%)	6.5	6.4	6.2	6.4	6.7
Net margin (%)	71.0	41.1	52.7	52.6	53.4
Net debt/(cash) to equity (%)	45.6	47.6	47.5	47.3	47.1
Interest cover (x)	5.8	4.6	4.6	4.4	4.5
ROE (%)	9.4	5.3	6.8	7.1	7.3
Consensus DPU (S\$ cent)	n.a.	n.a.	13.2	13.5	14.0
UOBKH/Consensus (x)	-	-	1.00	1.02	1.01

Source: Mapletree Industrial Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$2.13
Target Price	S\$2.69
Upside	+26.3%
(Previous TP)	S\$2.74)

COMPANY DESCRIPTION

MINT invests in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MINT SP
Shares issued (m):	2,832.9
Market cap (S\$m):	6,034.0
Market cap (US\$m):	4,406.0
3-mth avg daily t'over (US\$m):	7.5

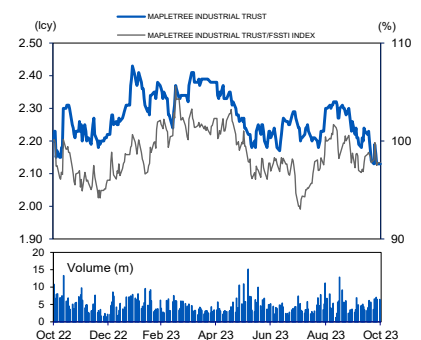
Price Performance (%)

52-week high/low	S\$2.43/S\$2.13			
1mth	3mth	6mth	1yr	YTD
(5.3)	(7.0)	(10.5)	(5.3)	(4.1)

Major Shareholders

Temasek Hldgs	27.3
FY24 NAV/Share (S\$)	1.84
FY24 Net Debt/Share (S\$)	0.93

PRICE CHART



Source: Bloomberg

ANALYST(S)

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• **Prudent capital management.** Aggregate leverage improved 0.3ppt qoq to 37.9% as of end-Sep 23. MINT issued two series of notes, ¥6.5b of 1.686% fixed-rate notes due 2035 (tenure: 12 years) and ¥10.0b of 1.85% fixed-rate notes due 2038 (tenure: 15 years), to fund the acquisition of a data centre in Osaka, Japan (equity: 40%, debt: 60%). Average cost of debt improved 0.3ppt qoq to 3.2%. Management guided average cost of debt at 3.2-3.5% for 2HFY24. Cost of debt is expected to increase slightly in FY25 due to replacement of expiring interest rate swaps.

STOCK IMPACT

- **Outlook is clouded by geopolitical uncertainties** and tight financial conditions. Management will focus on tenant retention to ensure stable portfolio occupancy, while maintaining discipline in cost containment.
- **On the lookout for data centres to acquire.** Data centres in Japan provide positive yield spread with cap rates of 3-4%. MINT has the right of first refusal from the sponsor Mapletree Investments to acquire the remaining 50% stake in their second data centre, JV Mapletree Rosewood Data Centre Trust (MRODCT), which owns 13 data centres in the US. It is also keen to acquire high-tech, R&D and life science properties.
- **Asset recycling.** MINT is exploring the feasibility of recycling assets in Singapore to finance its expansion for data centres in Japan:
 - Three business park properties at International Business Park (The Strategy and The Synergy) and Changi Business Park (The Signature). Valuation for the three business park properties was S\$543m in aggregate as of Mar 23.
 - Several flatted factories with shorter land tenure.

• **Increasing geographical diversification.** We like MINT's ongoing expansion to acquire data centres in Japan coupled with asset recycling in Singapore, which brings MINT closer to being a pure play on data centres. Tapping on funding in Japanese yen will also reduce its cost of debt.

EARNINGS REVISION/RISK

- We trim our FY25 DPU forecast by 3.5% after fine-tuning our assumption for cost of debt.

VALUATION/RECOMMENDATION

• **Maintain BUY.** Our target price of S\$2.69 is based on DDM (cost of equity: 7.25%, terminal growth: 2.2%).

SHARE PRICE CATALYST

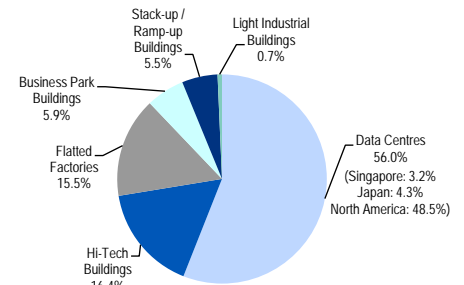
- Growth from data centres located in Japan and North America.
- Acquisition of the remaining 50% stake in portfolio of 13 data centres (second JV) from sponsor Mapletree Investments.
- Redevelopment projects in Singapore.

KEY OPERATING METRICS – MINT

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	yoy % Chg	qoq % Chg
DPU (S cents)	3.36	3.39	3.33	3.39	3.32	-1.2%	-2.1%
Occupancy	95.6%	95.7%	94.9%	93.3%	93.2%	-2.4ppt	-0.1ppt
Aggregate Leverage	37.8%	37.2%	37.4%	38.2%	37.9%	0.1ppt	-0.3ppt
Average Cost of Debt	2.9%	3.3%	3.5%	3.5%	3.2%	0.3ppt	-0.3ppt
% Borrowings in Fixed Rates	74.2%	74.3%	75.5%	78.0%	79.2%	5ppt	1.2ppt
WALE by Gross Rental (years)	4.0	3.9	3.9	3.9	4.2	0.2yrs	0.3yrs
Average Debt Maturity (years)	3.5	3.1	3.7	3.7	3.3	-0.2yrs	-0.4yrs
Passing Rents (S\$psf pm)	2.15	2.15	2.16	2.18	2.19	1.9%	0.5%
Tenant Retention	86.5%	92.2%	80.7%	83.0%	83.2%	-3.3ppt	0.2ppt

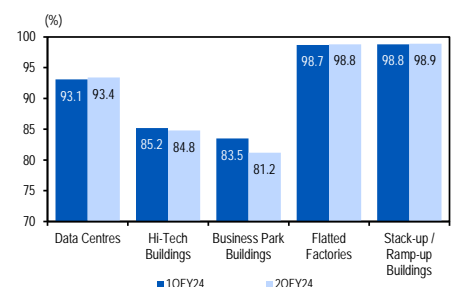
Source: MINT, UOB Kay Hian

PORTFOLIO VALUATION BY AUM (SEP 23)



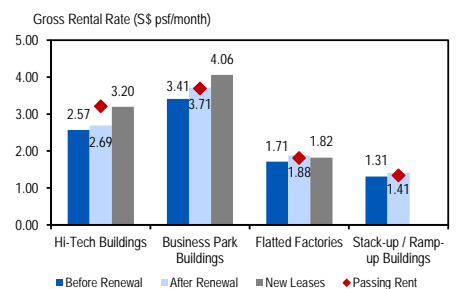
Source: MINT

SEGMENTAL OCCUPANCY RATES



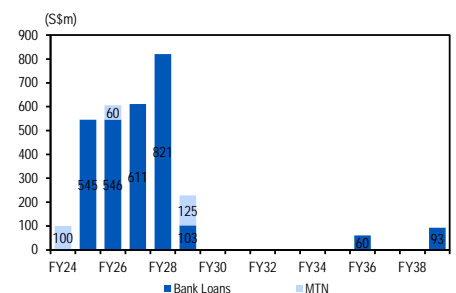
Source: MINT

RENTAL REVISIONS (SINGAPORE)



Source: MINT

DEBT MATURITY PROFILE (SEP 23)



Source: MINT

PROFIT & LOSS

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Net turnover	684.9	695.3	725.1	740.2
EBITDA	450.6	455.4	476.8	487.6
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	450.6	455.4	476.8	487.6
Associate contributions	67.9	33.1	35.7	38.4
Net interest income/(expense)	(96.9)	(100.0)	(108.7)	(108.7)
Pre-tax profit	315.1	388.4	403.8	417.3
Tax	(23.9)	(12.6)	(12.8)	(12.8)
Minorities	0.0	0.0	0.0	0.0
Preferred dividends	(9.5)	(9.5)	(9.5)	(9.5)
Net profit	281.7	366.4	381.6	395.0
Net profit (adj.)	388.2	366.4	381.6	395.0

CASH FLOW

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Operating	448.1	439.2	470.1	478.2
Pre-tax profit	397.6	375.8	391.0	404.5
Associates	(67.9)	(33.1)	(35.7)	(38.4)
Working capital changes	16.1	(4.2)	5.5	2.8
Non-cash items	1.0	0.6	0.6	0.6
Other operating cashflows	101.2	100.0	108.7	108.7
Investing	(100.6)	(10.0)	(10.0)	(10.0)
Capex (growth)	(155.0)	(10.0)	(10.0)	(10.0)
Proceeds from sale of assets	26.1	0.0	0.0	0.0
Others	28.3	0.0	0.0	0.0
Financing	(350.5)	(424.6)	(450.1)	(462.2)
Distribution to unitholders	(225.1)	(363.5)	(378.8)	(392.2)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(24.4)	0.0	0.0	0.0
Others/interest paid	(101.0)	(61.2)	(71.4)	(69.9)
Net cash inflow (outflow)	(3.0)	4.6	10.0	6.0
Beginning cash & cash equivalent	149.6	146.6	151.2	161.1
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	146.6	151.2	161.1	167.2

BALANCE SHEET

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Fixed assets	7,658.7	7,658.7	7,658.7	7,658.7
Other LT assets	709.1	709.9	710.7	711.5
Cash/ST investment	146.6	151.2	161.1	167.2
Other current assets	32.4	39.7	41.2	41.9
Total assets	8,546.8	8,559.5	8,571.8	8,579.3
ST debt	0.2	0.2	0.2	0.2
Other current liabilities	338.0	341.1	348.1	351.6
LT debt	2,705.0	2,705.0	2,705.0	2,705.0
Other LT liabilities	127.7	134.4	136.8	138.1
Shareholders' equity	5,375.9	5,378.8	5,381.7	5,384.5
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	8,546.8	8,559.5	8,571.8	8,579.3

KEY METRICS

Year to 31 Mar (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	65.8	65.5	65.8	65.9
Pre-tax margin	46.0	55.9	55.7	56.4
Net margin	41.1	52.7	52.6	53.4
ROA	3.3	4.3	4.5	4.6
ROE	5.3	6.8	7.1	7.3
Growth				
Turnover	12.3	1.5	4.3	2.1
EBITDA	10.3	1.1	4.7	2.3
Pre-tax profit	(33.2)	23.3	4.0	3.3
Net profit	(35.0)	30.1	4.2	3.5
Net profit (adj.)	(6.6)	(5.6)	4.2	3.5
EPU	(9.4)	(8.9)	4.1	3.4
Leverage				
Debt to total capital	33.5	33.5	33.5	33.4
Debt to equity	50.3	50.3	50.3	50.2
Net debt/(cash) to equity	47.6	47.5	47.3	47.1
Interest cover (x)	4.6	4.6	4.4	4.5

COMPANY RESULTS

Mapletree Logistics Trust (MLT SP)

2QFY24: Weathering Near-term Headwinds From China

MLT achieved positive rental reversion of 0.6% and portfolio occupancy was stable at 96.9% in 2QFY24. Excluding China, positive rental reversion was much higher at 9.1%. On a constant currency basis, revenue and NPI would have grown by a stronger 6.1% and 5.7% yoy respectively. Management cautioned that weakness for China could persist for the next 12 months. MLT provides FY24 distribution yield of 5.9% (FLT: 7.0%). Maintain BUY. Target price: S\$1.72.

2QFY24 RESULTS

Year to 31 Mar (\$m)	2Q FY24	yoy % chg	Remarks
Gross Revenue	186.7	+1.5	Affected by depreciation of CNY, JPY and AUD against the SGD.
Net Property Income (NPI)	162.0	+1.2	
Distributable income	112.5	+4.2	Includes distribution of divestment gains of S\$8.8m.
DPU (S cent)	2.268	+0.9	Number of units increased 3.3% yoy.

Source: MLT, UOB Kay Hian

RESULTS

- Mapletree Logistics Trust (MLT) reported 2QFY24 DPU of 2.268 S cents (+0.9% yoy), which is slightly above expectations.
- Held back by strong Singapore Dollar.** Gross revenue and NPI grew 1.5% and 1.2% yoy respectively in 2QFY24 due to contributions from existing assets mainly in Singapore and Hong Kong, and recent acquisitions in Japan, Australia and South Korea. Growth was held back by depreciation of Chinese Yuan, Japanese Yen and Australian Dollar against the Singapore Dollar. On a constant currency basis, revenue and NPI would have grown by 6.1% and 5.7% yoy respectively.
- Geographical diversification cushioned negative impact from China.** MLT signed new/renewed leases for 9.2m sf of logistics space in 2QFY24 and achieved positive rental reversion of 0.2%. China registered negative rental reversion of -8.6% due to weakness in Tier 2 cities. Excluding China, positive rental reversion was much higher at 9.1%. Logistics properties in Hong Kong, Singapore and South Korea generated strong positive rental reversions of 16.5%, 8.1% and 7.7% respectively.
- Stable occupancies across markets.** Portfolio occupancy eased marginally by 0.2ppt qoq to 96.9%. Hong Kong, Malaysia, Vietnam, Australia and India have maintained near-full or 100% occupancy rates. There is transitional vacancy in Japan (-1.1ppt qoq to 98.9%), which is expected to be backfilled by 3QFY24.

KEY FINANCIALS

Year to 31 Mar (\$m)	2022	2023	2024F	2025F	2026F
Net turnover	679	731	743	754	771
EBITDA	503	512	532	558	572
Operating profit	503	512	532	558	572
Net profit (rep./act.)	767	550	350	324	333
Net profit (adj.)	179	279	310	324	333
EPU (S\$ cent)	4.5	6.3	6.5	6.5	6.7
DPU (S\$ cent)	8.8	9.0	8.7	8.0	8.0
PE (x)	32.7	23.4	22.8	22.5	22.0
P/B (x)	0.9	1.0	1.0	1.1	1.1
DPU Yld (%)	6.0	6.1	5.9	5.4	5.5
Net margin (%)	113.1	75.3	47.1	43.0	43.2
Net debt/(cash) to equity (%)	60.4	60.9	67.3	70.3	72.1
Interest cover (x)	5.4	4.2	3.8	3.4	3.4
ROE (%)	11.2	7.3	4.6	4.3	4.5
Consensus DPU (S\$ cent)	n.a.	n.a.	8.7	8.7	8.9
UOBKH/Consensus (x)	-	-	1.00	0.92	0.90

Source: Mapletree Logistics Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$1.47
Target Price	S\$1.72
Upside	+17.0%
(Previous TP)	S\$1.75)

COMPANY DESCRIPTION

MLT is an Asia-focused logistics REIT with a portfolio of 193 logistics properties with AUM of S\$13.5b across Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea and Vietnam as of Jun 23.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	MLT SP
Shares issued (m):	4,960.3
Market cap (S\$m):	7,291.7
Market cap (US\$m):	5,324.3
3-mth avg daily t'over (US\$m):	16.1

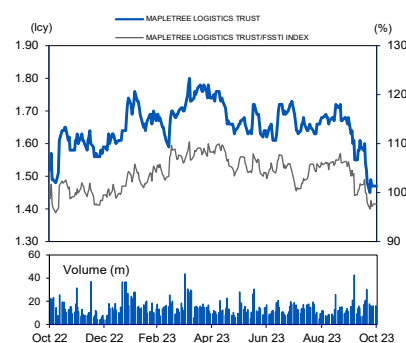
Price Performance (%)

52-week high/low	S\$1.80/S\$1.45			
1mth	3mth	6mth	1yr	YTD
(12.0)	(14.5)	(16.5)	(3.9)	(7.5)

Major Shareholders

Temasek Hldgs	33.0%
FY24 NAV/Share (S\$)	1.45
FY24 Net Debt/Share (S\$)	1.06

PRICE CHART



Source: Bloomberg

ANALYST(S)

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• **Prudent capital management.** Aggregate leverage eased slightly by 0.6ppt qoq to 38.9% as of Sep 23. Average cost of debt was stable at 2.5% in 2QFY24. 83% of MLT's total debt was hedged on fixed rates. Average debt duration is 3.8 years. Management guided average cost of debt at 3.0% in FY25.

STOCK IMPACT

- **Stability from geographical diversification.** Outlook is clouded by geopolitical uncertainties and tight financial conditions. Rental rates across most of MLT's markets are expected to remain stable despite economic slowdown. Unfortunately, rental reversion in China is likely to remain negative in the near term.
- **Focus on portfolio rejuvenation through asset recycling.** MLT has completed S\$904m of acquisitions, announced S\$152m of divestments and working on S\$370m of AEIs in 1HFY24 to rejuvenate its logistics portfolio.
- **Acquisition funded by divestments.** MLT is on the lookout for opportunities to acquire logistics properties in growth markets, such as India, Malaysia and Vietnam. Hong Kong and Japan are attractive due to tight supply, especially at prime locations. Australia and South Korea have experienced cap rate expansion but capital values remain elevated. Acquisitions will primarily be funded by proceeds from divestments.
- **Staying relevant by divesting older logistics properties.** MLT has divested five properties in Singapore (17% above valuation), Malaysia (11% above valuation) and Japan (12% above valuation) for an aggregate sale price of S\$152m in 1HFY24. Total divestment gains are estimated at S\$17.2m. Management targets to complete divestments of older logistics properties with low specifications worth S\$500m over the next few years.
- **Consumer confidence remains weak in China.** Consumers were mainly preoccupied with spending on services and domestic tourism during the Golden Week in October. Management expects demand to be soft over the next 12 months. Management expects negative rental reversion at high single-digit to low teens. Occupancy eased marginally by 0.4ppt qoq to 93.0% 2QFY24 (Tier 1: 95% versus Tier 2: 92%).

EARNINGS REVISION/RISK

- We trimmed our FY25 DPU forecast by 2% after fine-tuning our assumption for cost of debt.

VALUATION/RECOMMENDATION

- **Maintain BUY.** Our target price of S\$1.72 is based on Dividend Discount Model (cost of equity: 7.25%, terminal growth: 2.8%).

SHARE PRICE CATALYST

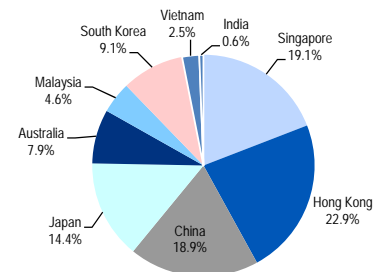
- Accretive acquisitions to rejuvenate and reposition towards modern specifications logistics facilities, domestic consumption and e-commerce.
- Positive contributions from redevelopment projects.

KEY OPERATING METRICS

Key Metrics	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	yoy % chg	qoq % chg
DPU (S cents)	2.248	2.227	2.268	2.271	2.268	0.9%	-0.1%
Occupancy	96.4%	96.9%	97.0%	97.1%	96.9%	0.5ppt	-0.2ppt
Aggregate Leverage	37.0%	37.4%	36.8%	39.50%	38.90%	1.9ppt	-0.6ppt
Weighted Financing Cost	2.5%	2.6%	2.7%	2.50%	2.50%	Oppt	Oppt
% Borrowing in Fixed Rates	82%	83%	84%	82.0%	83.0%	1ppt	1ppt
WALE by NLA (years)	3.3	3.2	3.1	3.1	3.0	-0.3yrs	-0.1yrs
Debt Maturity (years)	3.6	3.6	3.8	3.8	3.8	0.2yrs	0yrs
Rental Reversions	3.5%	2.9%	3.1%	4.2%	0.2%	-3.3ppt	-4ppt

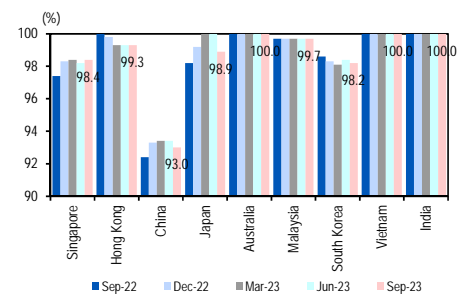
Source: MLT

AUM BY COUNTRY (SEP 23)



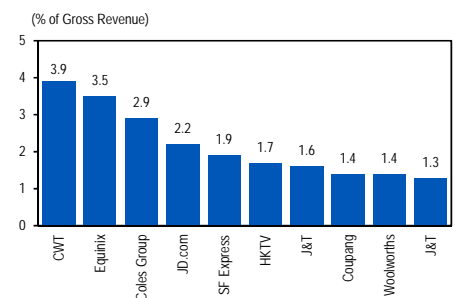
Source: MLT

OCCUPANCY LEVELS BY COUNTRY



Source: MLT

TOP 10 TENANTS BY GROSS REVENUE



Source: MLT

51 BENOI ROAD



Source: MLT

PROFIT & LOSS

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Net turnover	730.6	743.3	753.6	770.8
EBITDA	512.0	532.2	558.0	572.1
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	512.0	532.2	558.0	572.1
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(122.3)	(138.5)	(164.6)	(168.8)
Pre-tax profit	661.2	434.2	393.3	403.4
Tax	(88.4)	(58.6)	(46.7)	(47.9)
Minorities	(1.0)	(2.4)	(1.4)	(0.8)
Preferred dividends	(21.5)	(22.9)	(21.5)	(21.5)
Net profit	550.3	350.2	323.7	333.2
Net profit (adj.)	278.8	309.7	323.7	333.2

CASH FLOW

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Operating	609.7	1,074.8	510.1	525.5
Pre-tax profit	385.9	389.9	389.3	399.4
Working capital changes	34.9	37.9	4.1	6.8
Other operating cashflows	189.0	647.0	116.7	119.4
Investing	(230.7)	(998.3)	(100.0)	0.0
Capex (growth)	(221.2)	(1,013.6)	(100.0)	0.0
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	21.7	15.3	0.0	0.0
Others	(31.3)	0.0	0.0	0.0
Financing	(386.2)	(50.0)	(405.4)	(528.9)
Distribution to unitholders	(431.7)	(429.9)	(399.3)	(408.6)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	205.0	542.8	180.0	70.0
Others/interest paid	(159.5)	(162.9)	(186.1)	(190.3)
Net cash inflow (outflow)	(7.1)	26.5	4.7	(3.4)
Beginning cash & cash equivalent	338.6	302.5	329.0	333.7
Changes due to forex impact	(29.0)	0.0	0.0	0.0
Ending cash & cash equivalent	302.5	329.0	333.7	330.3

BALANCE SHEET

Year to 31 Mar (\$m)	2023	2024F	2025F	2026F
Fixed assets	12,769.4	13,367.9	13,467.9	13,467.9
Other LT assets	201.9	254.2	254.2	254.2
Cash/ST investment	302.5	329.0	333.7	330.3
Other current assets	149.3	122.4	123.9	126.2
Total assets	13,423.2	14,073.5	14,179.6	14,178.6
ST debt	374.1	550.2	550.2	550.2
Other current liabilities	335.7	392.3	397.4	405.8
LT debt	4,503.3	4,870.0	5,050.0	5,120.0
Other LT liabilities	687.7	668.2	668.2	668.2
Shareholders' equity	7,508.4	7,569.4	7,490.4	7,410.9
Minority interest	14.0	23.5	23.5	23.5
Total liabilities & equity	13,423.2	14,073.5	14,179.6	14,178.6

KEY METRICS

Year to 31 Mar (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	70.1	71.6	74.0	74.2
Pre-tax margin	90.5	58.4	52.2	52.3
Net margin	75.3	47.1	43.0	43.2
ROA	4.1	2.5	2.3	2.3
ROE	7.3	4.6	4.3	4.5
Growth				
Turnover	7.7	1.7	1.4	2.3
EBITDA	1.7	3.9	4.8	2.5
Pre-tax profit	(33.8)	(34.3)	(9.4)	2.5
Net profit	(28.3)	(36.4)	(7.6)	2.9
Net profit (adj.)	55.5	11.1	4.5	2.9
EPU	40.0	2.6	1.2	2.2
Leverage				
Debt to total capital	39.3	41.7	42.7	43.3
Debt to equity	65.0	71.6	74.8	76.5
Net debt/(cash) to equity	60.9	67.3	70.3	72.1
Interest cover (x)	4.2	3.8	3.4	3.4

TRADERS' CORNER



Oversea-Chinese Banking Corp (OCBC SP)

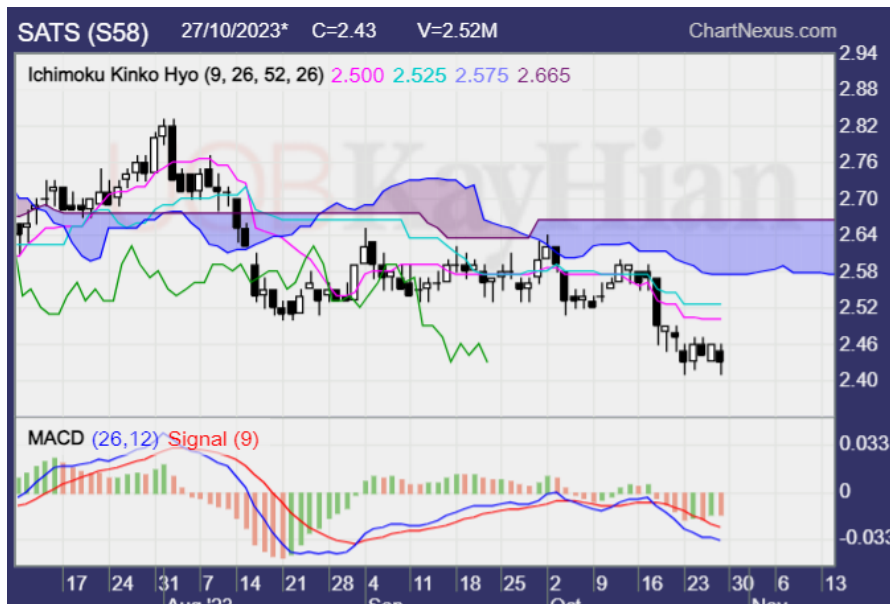
Trading Sell Range: S\$12.76-12.77
 Last price: S\$12.76
 Target price: S\$11.92
 Protective stop: S\$13.10

Price was unable to penetrate its recent price high, and formed a potential lower high. A lower low could be forming if it violates its recent low of S\$12.68. The MACD is moving lower after a bearish crossover. Price could be moving lower if it further breaks below its recent price low.

The potential downside target is S\$11.92. Stop-loss could be placed at S\$13.10.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$18.22.



SATS (SATS SP)

Trading Sell Range: S\$2.43-2.44
 Last price: S\$2.43
 Target price: S\$2.27
 Protective stop: S\$2.50

Price is trading below the cloud, keeping the downtrend intact. Conversion and base lines remain in a bearish crossover as well. The MACD is bearish and is moving lower. These could increase chances of the stock price moving lower.

The potential downside target is S\$2.27. Stop-loss could be placed at S\$2.50.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$2.99.

ANALYST

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