

COMPANY UPDATE

Mapletree Industrial Trust (MINT SP)

Steady Progress To Strengthen Data Centre Portfolio

MINT has secured a replacement tenant from the healthcare services sector for its data centre at Brentwood, Tennessee. The new lease has a long duration of 30 years and provides rental escalation of 2% per year. Occupancy for its US data centres should recover back to 90%. MINT intends to acquire more data centres in Asia Pacific and Europe. It provides an attractive FY25 distribution yield of 6.2% (DCREIT: 5.4% and KDCREIT: 5.1%). Maintain BUY. Target price: S\$2.93.

WHAT'S NEW

- Leadership renewal.** CFO Ler Lily will be promoted to CEO with effect from 22 Jul 24. She was CFO of Mapletree Industrial Trust (MINT) since Nov 11 and played an instrumental role in supporting MINT's expansion into data centres in North America and Japan and development projects in Singapore. Khoo Geng Foong was appointed as CFO of MINT. She is currently the Head of Treasury at Mapletree Logistics Trust and is responsible for treasury and capital management.
- Secured replacement tenant at Brentwood, Tennessee.** Occupancy of US data centres eased 3.7ppt qoq to 86.2% in 4QFY24 due to non-renewal by AT&T for two data centres at Pewaukee, Wisconsin and Brentwood, Tennessee. Management has successfully secured a new lease with a healthcare services tenant for the data centre at Brentwood, which brings occupancy for US data centres back up to 90%. The new lease has long duration of 30-year and provides rental escalation of 2% per year.
- Working to source replacement tenant at San Diego, California.** The average rental rate of the North American portfolio increased 3.3% qoq to US\$2.51psf/month in 4QFY24 due to short-term extension for 12 months by AT&T for the data centre at San Diego, California. MINT could divest the San Diego data centre if it cannot find a replacement tenant when the AT&T lease expires in Dec 24. Potential buyers could be plentiful as San Diego is a vibrant Biotech-Life Science market.
- Backfilling vacant space at Mapletree Hi-Tech Park.** Biotronik, Berlin-based manufacturer of cardiovascular biomedical devices, is the anchor tenant at Mapletree Hi-Tech Park, accounting for 29% of NLA. Committed occupancy at Mapletree Hi-Tech Park improved 3.1ppt qoq to 51.9% in 4QFY24. Management continues to source for potential tenants in the advanced manufacturing, information & communication and automation & robotics industries, especially those requiring large and contiguous floor plates. It also targets companies engaged in R&D, testing and engineering services.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	685	697	727	743	758
EBITDA	451	455	474	485	496
Operating profit	451	455	474	485	496
Net profit (rep./act.)	282	111	378	379	392
Net profit (adj.)	388	318	378	379	392
EPU (S\$ cent)	14.4	11.3	13.3	13.3	13.8
DPU (S\$ cent)	13.6	13.4	13.5	13.5	13.9
PE (x)	15.2	19.3	16.3	16.3	15.8
P/B (x)	1.2	1.2	1.2	1.2	1.2
DPU Yld (%)	6.2	6.2	6.2	6.2	6.4
Net margin (%)	41.1	15.9	52.1	50.9	51.6
Net debt/(cash) to equity (%)	47.6	54.5	54.8	55.0	55.3
Interest cover (x)	4.6	4.5	4.4	4.1	4.2
ROE (%)	5.3	2.1	7.2	7.2	7.4
Consensus DPU (S\$ cent)	n.a.	n.a.	13.4	13.5	14.2
UOBKH/Consensus (x)	-	-	1.01	1.00	0.98

Source: Mapletree Industrial Trust, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	S\$2.18
Target Price	S\$2.93
Upside	+34.4%
(Previous TP)	S\$3.02

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):	2,835.4
Market cap (S\$m):	6,181.1
Market cap (US\$m):	4,582.0
3-mth avg daily t'over (US\$m):	8.5

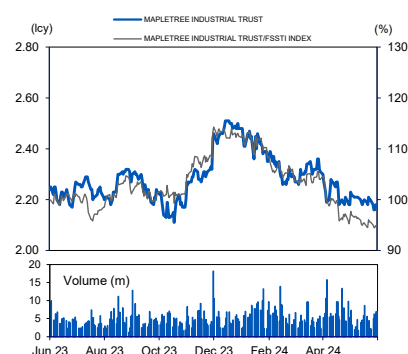
Price Performance (%)

52-week high/low	S\$2.51/S\$2.11			
1mth	3mth	6mth	1yr	YTD
(0.5)	(4.8)	(6.0)	0.0	(13.1)

Major Shareholders

Temasek Hldgs	27.0%
FY25 NAV/Share (S\$)	1.76
FY25 Net Debt/Share (S\$)	1.02

PRICE CHART



Source: Bloomberg

ANALYST(S)

Jonathan Koh, CFA, MSc Econ
 +65 6590 6620
 jonathankoh@uobkayhian.com

STOCK IMPACT

- **Increasing geographical diversification.** MINT intends to diversify into established data centre markets in Asia Pacific (Hong Kong, Japan and South Korea) and Europe (London, Dublin, Frankfurt, Amsterdam and Paris) to reduce concentration risk. Management plans to increase scale and deepen its presence in Japan. Data centres in Japan provide positive yield spread and funding in JPY would reduce its cost of debt.
- **Tapping on sponsor pipeline.** Sponsor Mapletree Investments has acquired a 43,056sf site at Fanling in New Territories District in Hong Kong for HK\$813m (S\$139m) through a land tender in 2021. It has developed a data centre with GFA of 216,785sf at the site, which is just 6km from Luohu District in Shenzhen. Hong Kong has reliable telecommunications infrastructure and power supply. The data centre at Fanling could serve cloud service providers based in Shenzhen and is part of its sponsor pipeline for the Asia Pacific region
- **Recycling assets.** Management plans to recycle its assets by divesting S\$200m-500m worth of properties in FY25:
 - a) Three business park properties at International Business Park (The Strategy and The Synergy) and Changi Business Park (The Signature) valued at S\$533m in aggregate as of Mar 24.
 - b) Three light industrial buildings valued at S\$53.2m as of Mar 24.
 - c) Some of its US data centres.

EARNINGS REVISION/RISK

- MINT has a 50% stake in the second data centre JV with its sponsor Mapletree Investments, Mapletree Rosewood Data Centre Trust (MRODCT), which owns 13 data centres in the US. It has the right of first refusal to acquire the remaining 50% stake in MRODCT.
- **MRODCT has interest rate swaps that expire in Jan 25**, which have to be replaced by interest rate swaps at higher interest rates. MRODCT's all-in cost of debt is expected to increase substantially by 2.5-3.0ppt to 5.0%. Thus, we have trimmed our FY26 DPU forecast by 3%.

VALUATION/RECOMMENDATION

- **Maintain BUY.** Our target price of S\$2.93 is based on DDM (cost of equity: 6.75%, terminal growth: 2.2%).

SHARE PRICE CATALYST

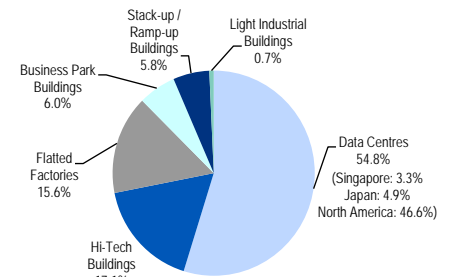
- Growth from data centres located in Singapore, Japan and the US.
- Acquisition of the remaining 50% stake in portfolio of 13 data centres (second JV) from sponsor Mapletree Investments.
- Redevelop flatted factories into hi-tech industrial parks in Singapore.

KEY OPERATING METRICS – MINT

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	yo y % chg	qo q % chg
DPU (S cents)	3.33	3.39	3.32	3.36	3.36	0.9%	0.0%
Occupancy	94.9%	93.3%	93.2%	92.6%	91.4%	-3.5ppt	-1.2ppt
Aggregate Leverage	37.4%	38.2%	37.9%	38.6%	38.7%	1.3ppt	0.1ppt
Average Cost of Debt	3.5%	3.5%	3.2%	3.1%	3.1%	-0.4ppt	0ppt
% Borrowings in Fixed Rates	75.5%	78.0%	79.2%	79.5%	84.6%	9.1ppt	5.1ppt
WALE by Gross Rental (years)	3.9	3.9	4.2	4.4	4.4	0.5yrs	0yrs
Average Debt Maturity (years)	3.7	3.7	3.3	3.4	3.8	0.1yrs	0.4yrs
Passing Rents (S\$psf pm)	2.16	2.18	2.19	2.21	2.22	2.8%	0.5%
Tenant Retention	80.7%	83.0%	83.2%	87.3%	80.1%	-0.6ppt	-7.2ppt

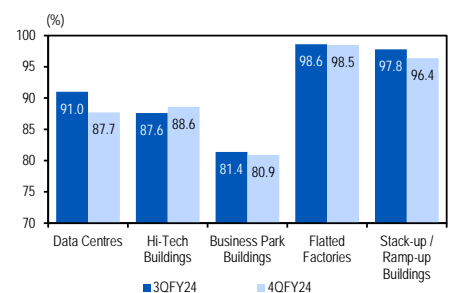
Source: MINT, UOB Kay Hian

PORTFOLIO VALUATION BY SEGMENTS



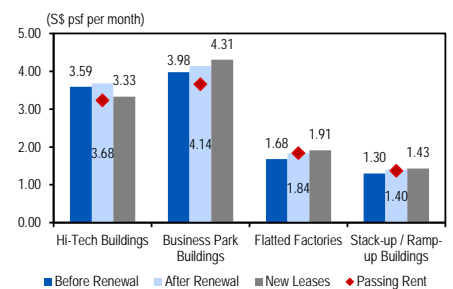
Source: MINT

SEGMENTAL OCCUPANCY RATES



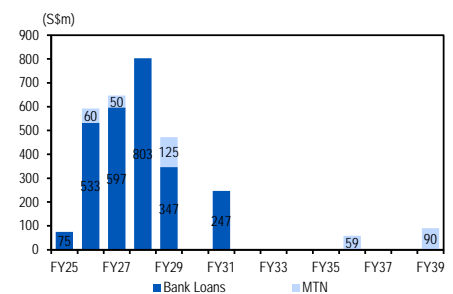
Source: MINT

RENTAL REVISIONS (SINGAPORE)



Source: MINT

DEBT MATURITY PROFILE



Source: MINT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	697.3	726.9	743.2	758.4
EBITDA	454.6	473.5	485.1	495.8
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	454.6	473.5	485.1	495.8
Associate contributions	(8.7)	34.3	32.7	35.5
Net interest income/(expense)	(101.9)	(107.2)	(117.0)	(117.4)
Pre-tax profit	136.6	400.7	400.8	413.9
Tax	(16.0)	(12.8)	(12.8)	(12.8)
Minorities	(0.1)	0.0	0.0	0.0
Preferred dividends	(9.5)	(9.5)	(9.5)	(9.5)
Net profit	111.0	378.4	378.5	391.7
Net profit (adj.)	318.4	378.4	378.5	391.7

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	432.8	486.9	475.9	486.4
Pre-tax profit	328.1	387.9	388.0	401.1
Associates	8.7	(34.3)	(32.7)	(35.5)
Working capital changes	(24.0)	25.6	3.0	2.8
Non-cash items	1.1	0.6	0.6	0.6
Other operating cashflows	118.9	107.2	117.0	117.4
Investing	(353.1)	(30.0)	(10.0)	(10.0)
Capex (growth)	(432.6)	(30.0)	(10.0)	(10.0)
Proceeds from sale of assets	50.2	0.0	0.0	0.0
Others	29.3	0.0	0.0	0.0
Financing	(106.3)	(451.6)	(466.1)	(477.0)
Distribution to unitholders	(374.3)	(382.1)	(382.3)	(395.5)
Issue of shares	201.6	0.0	0.0	0.0
Proceeds from borrowings	183.9	17.5	10.0	10.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(117.6)	(87.0)	(93.8)	(91.5)
Net cash inflow (outflow)	(26.7)	5.3	(0.2)	(0.6)
Beginning cash & cash equivalent	146.6	119.9	125.2	125.0
Changes due to forex impact	(0.0)	0.0	0.0	0.0
Ending cash & cash equivalent	119.9	125.2	125.0	124.4

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	7,847.9	7,877.9	7,887.9	7,897.9
Other LT assets	652.8	653.6	654.4	655.2
Cash/ST investment	119.9	125.2	125.0	124.4
Other current assets	43.8	41.2	42.0	42.8
Total assets	8,664.4	8,697.8	8,709.2	8,720.2
ST debt	0.6	0.6	0.6	0.6
Other current liabilities	224.4	247.3	251.1	254.6
LT debt	3,002.5	3,020.0	3,030.0	3,040.0
Other LT liabilities	148.2	145.0	146.3	147.6
Shareholders' equity	5,286.4	5,282.7	5,278.9	5,275.1
Minority interest	2.3	2.3	2.3	2.3
Total liabilities & equity	8,664.4	8,697.8	8,709.2	8,720.2

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	65.2	65.1	65.3	65.4
Pre-tax margin	19.6	55.1	53.9	54.6
Net margin	15.9	52.1	50.9	51.6
ROA	1.3	4.4	4.3	4.5
ROE	2.1	7.2	7.2	7.4
Growth				
Turnover	1.8	4.2	2.2	2.0
EBITDA	0.9	4.2	2.4	2.2
Pre-tax profit	(56.6)	193.2	0.0	3.3
Net profit	(60.6)	240.9	0.0	3.5
Net profit (adj.)	(18.0)	18.8	0.0	3.5
EPU	(21.3)	18.0	(0.1)	3.4
Leverage				
Debt to total capital	36.2	36.4	36.5	36.6
Debt to equity	56.8	57.2	57.4	57.6
Net debt/(cash) to equity	54.5	54.8	55.0	55.3
Interest cover (x)	4.5	4.4	4.1	4.2

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2024, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W