

COMPANY RESULTS

Mapletree Pan Asia Commercial Trust (MPACT SP)

4QFY24: Turning Around Towards An Upward Trajectory

MPACT's Singapore portfolio, including VivoCity, MBC, mTower, Mapletree Anson and BOAHF, has grown from strength to strength. NPI from Festival Walk edged higher by 2.9% yoy in 4QFY24, supported by higher auxiliary income from the atrium space, car park and ice-skating ring. The outlook for offices in Tokyo has improved with vacancies declining across all segments. MPACT trades at an attractive FY25 distribution yield of 7.0% and P/NAV of 0.72x. Maintain BUY. Target price: S\$1.89.

4QFY24 RESULTS

Year to 31 Mar (\$m)	4QFY24	yoy (% chg)	Remarks
Gross Revenue	239.2	+2.6	Growth from VivoCity, MBC and Festival Walk.
Net Property Income	183.1	+3.2	
Distributable Income	120.5	+2.5	Finance costs increased 10.8% yoy.
DPU (S cents)	2.29	+1.8	Turnaround from -9.1% yoy in 3QFY24.

Source: MPACT, UOB Kay Hian

RESULTS

- Mapletree Pan Asia Commercial Trust (MPACT) reported DPU of 2.29 S cents for 4QFY24 (+1.8% yoy), which is in line with our expectation.
- Improved cost efficiency.** Gross revenue and NPI grew 2.6% and 3.2% yoy respectively in 4QFY24, aided by a 9.8% yoy decline in utilities expenses. NPI margin improved 0.5ppt yoy to 76.5%, which underscores MPACT's operational excellence and resiliency.
- Singapore: Core holdings generated stellar growth.** MBC and VivoCity performed stoically and generated NPI growth of 6.7% and 6.2% yoy respectively in 4QFY24. MBC achieved positive rental reversion of 6.7% in FY24, although occupancy eased 1ppt qoq to 96.0% in 4QFY24. VivoCity was fully occupied in 4QFY24. It set a new record for tenant sales of S\$1.1b and benefitted from rental uplift of 14.0% in FY24.
- Hong Kong: Boost from auxiliary income.** NPI from Festival Walk edged higher by 2.9% yoy in 4QFY24, supported by higher auxiliary income from atrium space, car park and ice-skating ring. Festival Walk maintained high occupancy of 99.7% and negative rental reversion has narrowed to -8.7% in FY24 (FY23: -12.7%). The shopping mall has weathered rising northbound cross-border travel driven by a strong Hong Kong dollar (HKD). The recovery from Festival Walk was slower than anticipated as higher rents locked in before the COVID-19 pandemic would only be fully flushed out in FY25.
- Japan: Hit by weakness in Japanese yen.** Occupancy for Japan was stable at 97.9% as of Mar 24 but subsequently dropped 4.1ppt to 93.8% due to non-renewal by NTT Urban Development at mBay Point. Seiko Instrument's lease at SII Makuhari is expiring in Jun 24. Management has ramped up leasing efforts at its three office properties, namely mBay Point, Fujitsu Makuhari and SII Makuhari, to adapt to changing market conditions in Chiba. Rental reversion was mildly negative at -1.9% in FY24. NPI from Japan dipped 4.3% yoy in 4QFY24. The Japanese yen weakened 11.1% yoy against the Singapore dollar.

KEY FINANCIALS

Year to 31 Mar (\$m)	2023	2024	2025F	2026F	2027F
Net turnover	826	958	971	981	991
EBITDA	580	673	679	686	693
Operating profit	579	672	679	686	693
Net profit (rep./act.)	477	577	428	435	439
Net profit (adj.)	418	427	428	435	439
EPU (S\$ cent)	8.8	8.1	8.1	8.3	8.3
DPU (S\$ cent)	9.6	8.9	8.8	8.9	9.0
PE (x)	14.3	15.5	15.5	15.3	15.1
P/B (x)	0.7	0.7	0.7	0.7	0.7
DPU Yld (%)	7.6	7.1	7.0	7.1	7.1
Net margin (%)	57.8	60.2	44.1	44.3	44.3
Net debt/(cash) to equity (%)	69.4	68.6	68.8	69.8	70.8
Interest cover (x)	3.6	3.0	2.7	2.7	2.7
ROE (%)	6.3	6.1	4.5	4.6	4.7
Consensus DPU (S\$ cent)	n.a.	n.a.	8.7	9.0	9.3
UOBKH/Consensus (x)	-	-	1.01	0.99	0.96

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

BUY

(Maintained)

Share Price	S\$1.26
Target Price	S\$1.89
Upside	+50.0%
(Previous TP)	S\$1.86)

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):	5,253.0
Market cap (\$m):	6,618.8
Market cap (US\$m):	4,863.9
3-mth avg daily t'over (US\$m):	16.0

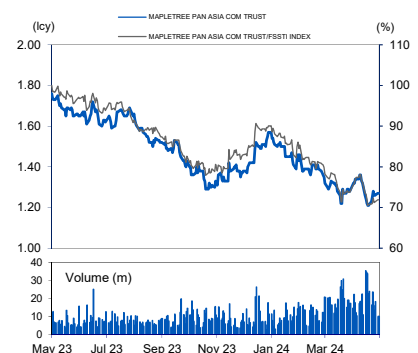
Price Performance (%)

52-week high/low			S\$1.76/S\$1.21	
1mth	3mth	6mth	1yr	YTD
(2.3)	(10.6)	(3.1)	(29.6)	(19.7)

Major Shareholders

	%
Temasek Hlds	56.0
FY25 NAV/Share (S\$)	1.74
FY25 Net Debt/Share (S\$)	1.23

PRICE CHART



Source: Bloomberg

ANALYST(S)

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

- **China: Weathering headwinds in Shanghai.** Occupancy eased 2.1ppt qoq to 87.5% in 4QFY24 due to lower occupancy at low-80% for Sandhill Plaza in Shanghai. China properties incurred negative rental reversion of -2.7%, although tenant retention rate was healthy at 72.4%. NPI from China properties dropped 6.0% yoy in 4QFY24.
- **Valuation for the Singapore portfolio increased 2.7%** driven by VivoCity (+S\$126m or +3.9%). Valuation of overseas properties declined 4.1% due to a dimmer outlook for China properties, conversion of SII Makuhari Building into a multi-tenanted building and the strong Singapore dollar (SGD). Overall, portfolio valuation eased slightly by 0.5%. NAV per unit was stable at S\$1.75.
- **Continuing to strengthen balance sheet.** Aggregate leverage was slightly elevated at 40.5% as of Mar 24. Average all-in cost of debt was stable at 3.35% in 4QFY24. MPACT has swapped HKD loans into CNH. Thus, CNH has expanded from 0.3% to 7.0% of total gross debt. MPACT has issued S\$200m of 10-year fixed rate senior green notes at 3.9% in Mar 24. Its debt maturity profile is well-staggered with no single financial year having more than 21% of debt refinancing.

STOCK IMPACT

- **Singapore is anchor and central to MPACT.** MPACT remains rooted and benefits from resilient growth in Singapore. We expect headwinds from the strong SGD on overseas contributions to ease over time. VivoCity provides steady growth with continual enhancements. We expect occupancy at MBC to ease 2.1ppt qoq to 93.9% in 2QFY25 as Google downsized by two floors with NLA of 60,000sf.
- **Outlook for offices in Tokyo has improved.** Several newer buildings have filled their vacancies as tenants upgraded to higher grade or more conveniently located buildings to attract and retain talents, prompting some landlords to raise rents. New supply has eased in 1Q24 and half of new buildings commenced operations at full or high occupancy. Vacancies declined and rents rose across all segments. Vacancy for Grade A offices in Tokyo eased 0.9ppt qoq to 4.8% in 1Q24. CBRE expects Grade A rents in Tokyo to increase moderately in the short term and jump 0.4% over the next 12 months.
- **Rents under pressure at Sandhill Plaza in Shanghai.** Supply of business park has exceeded demand for six consecutive quarters since 4Q22. According to CBRE, vacancy for business parks in Shanghai rose 2.7ppt yoy to 19.6% in 1Q24. Average rents declined 1.6% yoy and 0.8% qoq to Rmb138.40psm. Zhangjiang Science City, where Sandhill Plaza is located, has attracted chip design, semiconductor components, pharmaceutical and telecom companies. Around 600,000sqm of new business park is expected to enter the Shanghai market over the next six months, including Zhangjiang. Competition for tenants will intensify. Management cautioned weakness for Sandhill Plaza due to non-renewals. We expect occupancy for China properties to ease further to 85% by 2QFY25.

EARNINGS REVISION/RISK

- Our FY25 DPU was relatively unchanged at 8.8 S cents as we have already factored in potential weakness from MPACT's China properties.

VALUATION/RECOMMENDATION

- **Maintain BUY.** We roll over our valuation to the next financial year. Our target price of S\$1.89 is based on DDM (cost of equity: 6.75%, terminal growth: 2.2%).

SHARE PRICE CATALYST

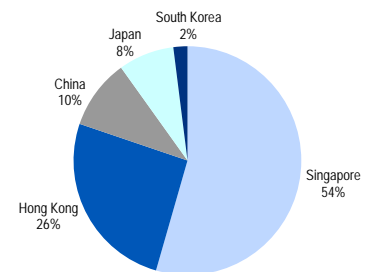
- Resilient growth from VivoCity and MBC in Singapore.
- MPACT has four properties located in the HarbourFront area, which accounted for 49% of its portfolio valuation. It will benefit from the development of Greater Southern Waterfront and rejuvenation of Sentosa Island and Pulau Brani.

KEY OPERATING METRICS

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	yoy Chg	qoq
DPU (S cents)	4.67	2.18	2.24	2.2	2.29	1.8%	2.2%
Occupancy	97.5%	95.7%	96.3%	96.7%	96.1%	-1.4ppt	-0.6ppt
Aggregate Leverage	40.9%	40.7%	40.7%	40.8%	40.5%	-0.4ppt	-0.3ppt
All-in-Financing Cost	2.68%	3.17%	3.34%	3.33%	3.35%	0.67ppt	0.02ppt
% Borrowing in Fixed Rates	75.5%	74.2%	79.9%	85.0%	77.1%	1.6ppt	-7.9ppt
WALE by NLA (years)	2.6	2.6	2.5	2.5	2.4	-0.2yrs	-0.1yrs
Debt Maturity (years)	3.0	2.9	3.0	2.8	3.0	0yrs	0.2yrs
Rental Reversions	1.9%	2.4%	3.2%	4.1%	2.9%	1.0%	-0.3%

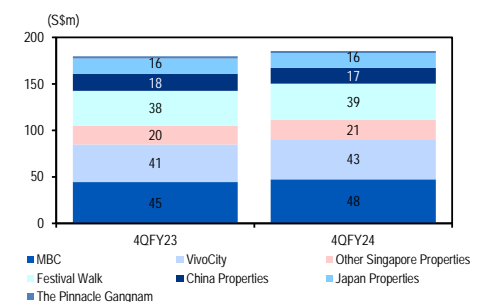
Source: MCT, UOB Kay Hian * hoh % chg for DPU & rental reversions

PORTFOLIO VALUATION BY COUNTRY



Source: MPACT

NET PROPERTY INCOME BY PROPERTY



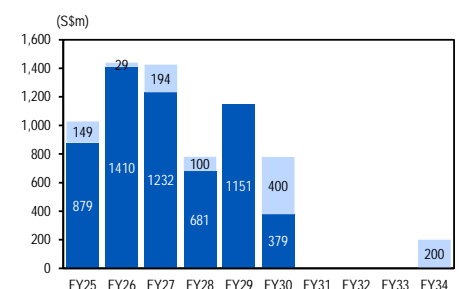
Source: MPACT

PORTFOLIO OCCUPANCY

	Mar 24	Dec 23	Sep 23	Jun 23	Mar 23	yoy Chg	qoq Chg
MBC	96.0%	97.0%	96.8%	95.9%	95.4%	0.6%	-1.0%
VivoCity	100.0%	99.7%	100.0%	99.3%	99.1%	0.9%	0.3%
Other Singapore Properties	98.3%	99.3%	97.7%	97.4%	95.9%	2.4%	-1.0%
Festival Walk	99.7%	100.0%	100.0%	99.6%	99.6%	0.1%	-0.3%
China Properties	87.5%	89.6%	88.9%	87.3%	86.5%	1.0%	-2.1%
Japan Properties	97.9%	97.4%	97.3%	97.3%	97.5%	0.4%	0.5%
The Pinnacle Gangnam	99.1%	99.3%	97.5%	99.1%	99.3%	-0.2%	-0.2%
MPACT's Portfolio	96.1%	96.7%	96.3%	95.7%	95.4%	0.7%	-0.6%

Source: MPACT

DEBT MATURITY PROFILE



Source: MPACT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	958.1	971.2	981.5	991.1
EBITDA	673.4	679.1	686.1	693.1
Deprec. & amort.	1.1	0.1	0.0	0.0
EBIT	672.3	679.0	686.1	693.1
Net interest income/(expense)	(225.5)	(251.0)	(251.2)	(253.7)
Pre-tax profit	596.2	428.1	435.0	439.4
Tax	(19.5)	0.0	0.0	0.0
Net profit	576.7	428.1	435.0	439.4
Net profit (adj.)	427.4	428.1	435.0	439.4

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	725.0	755.2	685.9	691.9
Pre-tax profit	577.9	421.5	428.4	432.8
Deprec. & amort.	1.1	0.1	0.0	0.0
Associates	(6.4)	0.0	0.0	0.0
Working capital changes	0.1	43.2	2.9	2.3
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	152.3	290.4	254.7	256.8
Investing	(56.3)	(30.0)	(30.0)	(30.0)
Capex (growth)	(64.8)	(30.0)	(30.0)	(30.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0
Others	8.5	0.0	0.0	0.0
Financing	(719.9)	(728.4)	(656.6)	(663.8)
Distribution to unitholders	(465.2)	(461.7)	(468.8)	(473.5)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	(25.8)	(14.1)	65.0	65.0
Others/interest paid	(228.9)	(252.6)	(252.8)	(255.3)
Net cash inflow (outflow)	(51.1)	(3.2)	(0.7)	(1.9)
Beginning cash & cash equivalent	216.1	157.2	154.0	153.3
Changes due to forex impact	(7.8)	0.0	0.0	0.0
Ending cash & cash equivalent	157.2	154.0	153.3	151.4

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	16,250.3	16,280.3	16,310.3	16,340.3
Other LT assets	211.2	211.2	211.2	211.2
Cash/ST investment	157.2	154.0	153.3	151.4
Other current assets	43.6	51.8	52.0	52.2
Total assets	16,662.3	16,697.3	16,726.8	16,755.1
ST debt	1,026.3	1,026.3	1,026.3	1,026.3
Other current liabilities	226.3	277.6	280.8	283.3
LT debt	5,624.1	5,610.0	5,675.0	5,740.0
Other LT liabilities	314.5	352.4	354.3	355.8
Shareholders' equity	9,458.4	9,418.2	9,377.7	9,337.0
Minority interest	12.8	12.8	12.8	12.8
Total liabilities & equity	16,662.3	16,697.3	16,726.8	16,755.1

KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	70.3	69.9	69.9	69.9
Pre-tax margin	62.2	44.1	44.3	44.3
Net margin	60.2	44.1	44.3	44.3
ROA	3.4	2.6	2.6	2.6
ROE	6.1	4.5	4.6	4.7
Growth				
Turnover	16.0	1.4	1.1	1.0
EBITDA	16.2	0.9	1.0	1.0
Pre-tax profit	25.4	(28.2)	1.6	1.0
Net profit	20.8	(25.8)	1.6	1.0
Net profit (adj.)	2.1	0.2	1.6	1.0
EPU	(7.4)	(0.0)	1.4	0.8
Leverage				
Debt to total capital	41.3	41.3	41.6	42.0
Debt to equity	70.3	70.5	71.5	72.5
Net debt/(cash) to equity	68.6	68.8	69.8	70.8
Interest cover (x)	3.0	2.7	2.7	2.7

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