

### COMPANY RESULTS

## Mapletree Industrial Trust (MINT SP)

1QFY25: Steady Execution In Singapore; Focused On Expansion In Data Centres

**MINT achieved broad-based positive rental revision of 9.2% in 1QFY25 for renewed leases across all property segments in Singapore. It has secured an established healthcare operator as a replacement tenant for data centre at Brentwood, Tennessee. It plans to recycle its assets and diversify into established data centre markets in Asia Pacific and Europe. MINT provides FY25 distribution yield of 5.9% (DCREIT: 6.3% and KDCREIT: 4.9%). Maintain BUY. Target price: S\$2.78.**

### 1QFY25 RESULTS

Year to 31 Mar (\$m)	1Q FY25	yoy % chg	Remarks
Gross Revenue	175.3	+2.7	Average rental rates in Singapore and North America increased 1.8% qoq.
Net Property Income (NPI)	132.5	+1.3	
Distributable income	97.3	+3.7	Interest expense declined 0.9% yoy.
DPU (S cent)	3.43	+1.2	Number of units increased 0.1% yoy.

Source: MINT, UOB Kay Hian

### RESULTS

- Mapletree Industrial Trust (MINT) reported DPU of 3.43 S cents for 1QFY25, which was in line with our expectation.
- Expanded into Japan's data centre market.** Gross revenue and NPI grew 2.7% and 1.3% yoy respectively due to the acquisition of a data centre in Osaka, Japan completed on 28 Sep 23. Distribution declared by its second data centre JV, Mapletree Rosewood Data Centre Trust (MRODCT), rose 46% yoy to S\$7.4m as distribution was withheld last year due to Cyxtera filing for chapter 11 bankruptcy. Cyxtera was subsequently acquired by Brookfield, merged with Evoque and rebranded as Centersquare.
- Broad-based positive reversion from all property segments in Singapore.** MINT achieved weighted average rental revision rate of 9.2% for its Singapore portfolio in 1QFY25 (flatted factories: 12.3%, business parks: 11.5% and stack-up/ramp-up buildings: 7.9%). The average rental rate of the Singapore portfolio increased 1.8% qoq to S\$2.26psf per month in 1QFY25.
- Singapore portfolio occupancy stable at 93.6%.** Occupancy for hi-tech buildings improved 0.7ppt qoq to 89.3%. Occupancy at Mapletree Hi-Tech Park further improved 2.2ppt qoq to 53.5% in 1QFY25. 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.
- Backfilled vacancy at Brentwood, Tennessee.** MINT has successfully secured a replacement tenant to fully lease 402 Franklin Road at Brentwood, Tennessee. Occupancy for its data centre portfolio improved 1.5ppt qoq to 89.2%. Portfolio WALE increased from 4.4 to 4.6 years due to the long lease commitment of 30 years from the new tenant, who is an established healthcare operator. The average rental rate of the North America portfolio was stable at US\$2.49psf/month.

### KEY FINANCIALS

Year to 31 Mar (\$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)	15.8	20.1	17.0	17.0	16.5
P/B (x)	1.2	1.3	1.3	1.3	1.3
DPU Yld (%)	6.0	5.9	5.9	5.9	6.1
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	14.1
UOBKH/Consensus (x)	-	-	1.01	1.00	0.99

Source: Mapletree Industrial Trust, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	S\$2.27
Target Price	S\$2.78
Upside	+22.5%

### 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):	6,436.3
Market cap (US\$m):	4,789.6
3-mth avg daily t'over (US\$m):	10.2

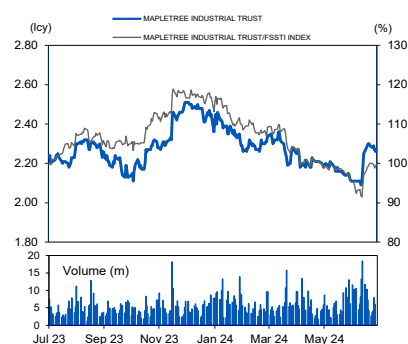
### Price Performance (%)

52-week high/low	S\$2.51/S\$2.09			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
6.1	0.0	(7.3)	(0.9)	(9.6)

### 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)

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- **Conservative capital management.** Aggregate leverage edged higher 0.4ppt qoq to 39.1% as of Jun 24. Interest coverage ratio was healthy at 4.3x. The average tenor of debt was 3.6 years.
- **Moderate increase in cost of debt.** Average cost of debt was stable at 3.2% in 1QFY25. About 82% of borrowings are hedged through interest rate swaps and fixed rate borrowings as of Jun 24. MINT has interest rate swaps of S\$300m-400m expiring in FY25, which have to be replaced by interest rate swaps at higher interest rates. Cost of debt is expected to increase slightly to 3.3-3.4% in FY25.
- **Gradually deleveraging through DRP.** MINT will be resuming its distribution reinvestment plan (DRP) for the 1QFY25 distribution.

### STOCK IMPACT

- **Staying focused on data centres.** 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.
- **Working on asset recycling.** 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\$62m as of Mar 24.
  - c) Some of its US data centres.
- **Progressively ramping up Osaka data centre.** MINT has completed Phase 3 fit out works for the Osaka data centre for ¥5.2b (10% of purchase consideration) on 25 Jun 24. The last phase of fit out works is slated for completion by May 25.
- **Evaluating options for San Diego data centre.** AT&T extended the lease for the data centre at San Diego, California by 12 months. MINT could divest the San Diego data centre if it cannot find a suitable 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.

### EARNINGS REVISION/RISK

- We maintain our existing FY25 DPU forecast.

### VALUATION/RECOMMENDATION

- **Maintain BUY.** Our target price of S\$2.78 is based on DDM (cost of equity: 7.0%, terminal growth: 2.2%).

### SHARE PRICE CATALYST

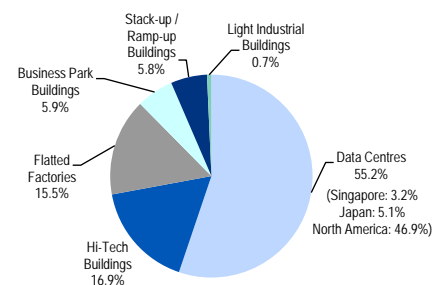
- Growth from data centres located in Singapore, Japan and the US.
- Acquisition of the remaining 50% stake in portfolio of 13 data centres (second JV) from sponsor Mapletree Investments.
- Redevelop flattened factories into hi-tech industrial parks in Singapore.

### KEY OPERATING METRICS

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	yoy % Chg	qoq % Chg
DPU (\$ cents)	3.39	3.32	3.36	3.36	3.43	1.2%	2.1%
Occupancy	93.3%	93.2%	92.6%	91.4%	91.9%	-1.4ppt	0.5ppt
Aggregate Leverage	38.2%	37.9%	38.6%	38.7%	39.1%	0.9ppt	0.4ppt
Average Cost of Debt	3.5%	3.2%	3.1%	3.1%	3.2%	-0.3ppt	0.1ppt
% Borrowings in Fixed Rates	78.0%	79.2%	79.5%	84.6%	82.1%	4.1ppt	-2.5ppt
WALE by Gross Rental (years)	3.9	4.2	4.4	4.4	4.6	0.7yrs	0.2yrs
Average Debt Maturity (years)	3.7	3.3	3.4	3.8	3.6	-0.1yrs	-0.2yrs
Passing Rents (\$\$psf pm)	2.18	2.19	2.21	2.22	2.26	3.7%	1.8%
Tenant Retention	83.0%	83.2%	87.3%	80.1%	70.7%	-12.3ppt	-9.4ppt

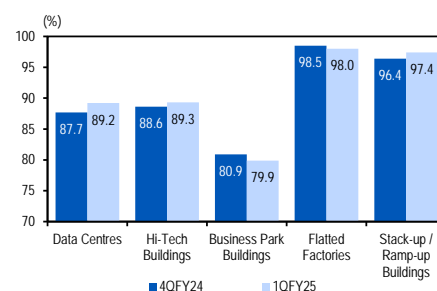
Source: MINT, UOB Kay Hian

### PORTFOLIO VALUATION BY SEGMENTS



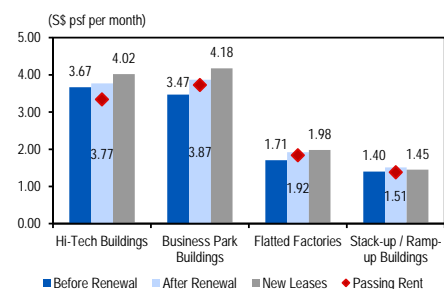
Source: MINT

### SEGMENTAL OCCUPANCY RATES



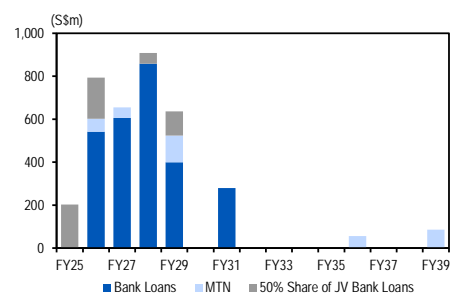
Source: MINT

### 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
<b>Total assets</b>	<b>8,664.4</b>	<b>8,697.8</b>	<b>8,709.2</b>	<b>8,720.2</b>
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
<b>Total liabilities &amp; equity</b>	<b>8,664.4</b>	<b>8,697.8</b>	<b>8,709.2</b>	<b>8,720.2</b>

### KEY METRICS

Year to 31 Mar (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
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
<b>Growth</b>				
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
<b>Leverage</b>				
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

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