

Company update

# Mapletree Logistics Trust

Research Team

Singapore | Real Estate

Rating BUY (as at 22 January 2025)  
Last Close SGD 1.27  
Fair Value SGD 1.61

## Subdued set of results as expected

- **3QFY25 (financial year ending Mar 2025) distribution per unit (DPU) fell 11.1% year-on-year (YoY) to 2.003 Singapore cents**
- **Portfolio occupancy improved by 0.3 percentage points (ppt) quarter-on-quarter (QoQ) to 96.3%; overall 3QFY25 portfolio rental reversions back to positive territory at 3.4% despite drag from China**
- **Aggregate leverage ratio almost unchanged at 40.3%**

## Investment thesis

Mapletree Logistics Trust (MLT) has a diversified logistics portfolio spread across key markets in Asia such as Singapore, Hong Kong, Japan, Australia, Vietnam, China and India. Management has strong execution capabilities, and its portfolio capital recycling strategy has also resulted in net divestment gains being distributed to unitholders. Although MLT has exhibited resiliency in the past and will also continue to be a beneficiary from the structural shift towards e-commerce growth trends ahead, it will be adversely impacted by rising borrowing costs, FX fluctuations and more challenging operating conditions in China which are expected to weigh on its distributable income growth in the near term.

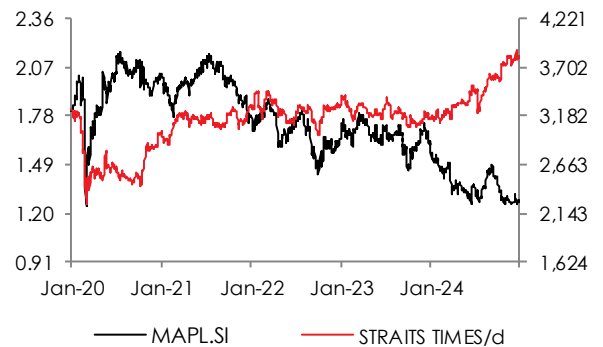
## Investment summary

- **3QFY25 DPU slipped 11.1% YoY but met our expectations** – MLT reported a subdued set of 3QFY25 results which came in within our expectations. Gross revenue and net property income (NPI) fell 0.9% and 1.4% YoY to SGD182.4m and SGD157.2m, respectively. This was the result of weaker contributions from China and FX headwinds (mainly KRW, HKD and JPY) but partially offset by stronger contributions from Singapore, Australia and Hong Kong. On a constant currency basis, MLT's gross revenue would have increased 0.6% and NPI would have been flat YoY. Overall borrowing costs rose 8.7% YoY. Coupled with lower distributions of divestment gains and a slightly larger unit base, MLT's DPU dipped 11.1% YoY to 2.003 Singapore cents. If we exclude the distribution of divestment gains for both quarters,

## Security information

Ticker	MAPL.SI
Market Cap (SGD b)	6.4
Daily turnover (SGD m)	27.1
Free Float	67%
Shares Outstanding (m)	5,046
Top Shareholder	Temasek Holdings Pte. Ltd. 33.1%

## Price performance chart



## Financial summary

SGD m	FY24	FY25E	FY26E
Gross revenue	733.9	728.4	751.4
Net property income	634.9	628.8	648.3
Total return for the period	330.0	326.6	338.6
Distributable income	447.1	407.0	415.1
DPU (\$ cents)	9.00	8.08	8.17

## Key ratios

	FY24	FY25E	FY26E
DPU yield (%)	7.1	6.4	6.4
P/NAV (x)	0.9	0.9	0.9
ROE (%)	4.8	4.8	4.9
Gearing (%)	38.9	39.0	39.1

Source: Refinitiv, REIT Manager, Internal estimates

MLT's adjusted DPU would have been lower by 7.5% YoY to 1.855 Singapore cents. Cumulatively, MLT's 9MFY25 NPI was down 1.5% YoY to SGD472.5m, while DPU saw a decline of 10.2% to 6.098 Singapore cents. This accounted for 75.4% of our initial FY25 forecast.

- **Overall positive portfolio rental reversions returned to positive territory of 3.4% in 3QFY25 despite continued drag from China (-10.2%)** – MLT's overall portfolio occupancy recorded a second consecutive quarter of 0.3 ppt QoQ improvement, thus ending the quarter at 96.3%. Vietnam, Australia and India maintained their 100% occupancy rate while Japan was not far behind at 98.8%. China's occupancy rose 0.4 ppt sequentially to 93.5%, but rents were once again weak as rental reversions came in at -10.2% in 3QFY25 (2QFY25: -12.2%). However, strength in other areas of its portfolio helped to offset this and overall portfolio rental reversions reversed from -0.6% in 2QFY25 to +3.4% in 3QFY25. The largest boost came from Australia (+27.9% but for a small lease) and Singapore (+7.5%). Excluding China, MLT's portfolio rental reversions would have been +5.4%. Management expects rental reversions in China to stay in the negative low-teens level for another quarter or two, before easing to negative high single-digit level. However, there are uncertainties over tariff outcomes from Trump's administration and this could dampen sentiment and economic outlook in China. There are also some concerns in Korea and Hong Kong due to higher upcoming supply, which will result in a moderation in rental reversions in both markets.
- **Continued capital recycling as aggregate leverage ratio was almost unchanged at 40.3%** – From a balance sheet perspective, MLT's aggregate leverage ratio inched up marginally from 40.2% (as at 30 Sep 2024) to 40.3%. 82% of its total debt has been hedged, while its overall cost of borrowing was unchanged QoQ for the fourth consecutive quarter at 2.7%. This is expected to increase to ~2.9% in FY26. MLT continued its capital recycling activities, with the announcement and/or completion of divestment of four properties in 3QFY25 and another two properties to be divested post 3QFY25. We trim our DPU forecasts slightly as we factor in a larger number of units outstanding. We also raise our cost of equity assumption from 6.4% to 6.6% due to a higher risk-free rate of 2.75% and slightly higher beta. Consequently, our fair value estimate is reduced from SGD1.68 to SGD1.61.

## ESG Updates

- MLT's ESG rating was upgraded due largely to improvements in its talent management practices. It has a formal talent pipeline strategy and is on par with industry peers in talent management practices. MLT also leads industry peers in its green building efforts. MLT highlighted its commitment to achieve carbon neutrality for Scope 1 and 2 emissions by 2030, which is aligned with the Mapletree Group's long-term target of net zero emissions by 2050. Other targets by MLT include expanding its self-funded solar energy generating capacity to 100 MWp by 2030 and achieving green certification for more than 80% of its portfolio by gross floor area (GFA) by 2030 (45% as at 30 Sep 2024).

## Potential catalysts

- Stronger-than-expected recovery in logistics rents.
- DPU accretive acquisitions.
- Distribution of divestment gains from capital recycling activities.

## Investment risks

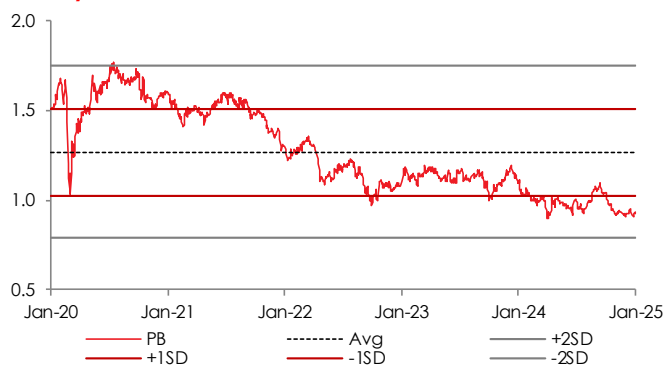
- Rental default by key tenant(s) would lead to potential loss of income and downtime.
- Any spike in interest rates could raise the borrowing costs of MLT.
- Foreign currency risks given exposure to different countries.

### Valuation analysis

	Price/Earnings		Price/Book		EV/EBITDA		Dividend Yield (%)		ROE (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
MAPLETREE LOGISTICS TRUST (MAPL.SI)	20.9	19.3	0.9	0.9	21.4	20.8	6.4	6.3	4.8	4.9
CAPITALAND ASCENDAS REIT (CAPD.SI)	18.4	17.1	1.1	0.6	19.2	18.8	5.8	5.9	6.3	6.5
ESR REIT (ESRO.SI)	17.3	14.5	0.8	0.8	17.1	15.9	8.2	8.2	4.6	6.2
FRASERS LOGISTICS & COMMERCIAL TRUST (FRAE.SI)	16.0	15.7	0.8	0.8	18.9	18.0	7.6	7.7	4.6	4.9
MAPLETREE INDUSTRIAL TRUST (MAPI.SI)	16.6	16.4	1.2	1.2	19.5	18.6	6.0	6.2	7.3	7.5

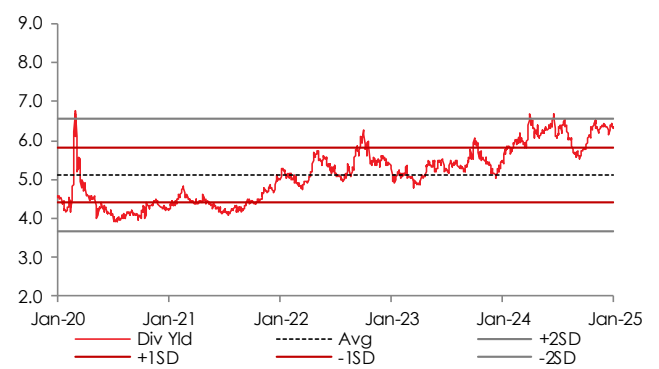
Source: Refinitiv

### Price/Book chart



Source: Refinitiv

### Dividend Yield chart



Source: Refinitiv

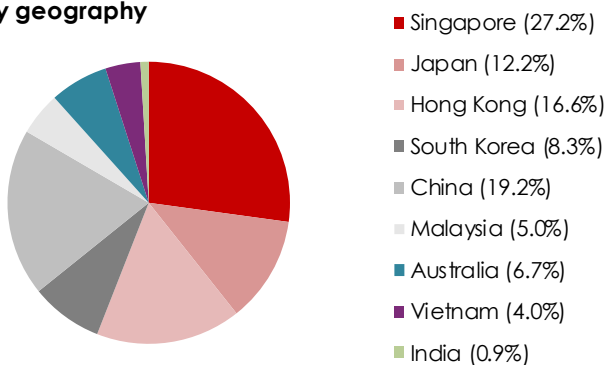
## Company overview (as of 31 March 2024)

### Company description

MLT, the first Asia-focused logistics REIT in Singapore, was listed on the SGX-ST main board on 28 July 2005. MLT's principal strategy is to invest in a diversified portfolio of income-producing logistics real estate and real estate-related assets. As at 31 March 2024, it has a portfolio of 187 logistics assets in Singapore, Hong Kong, Japan, Australia, China, Malaysia, South Korea, Vietnam and India with assets under management of SGD13.2b. MLT is managed by Mapletree Logistics Trust Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

### FY24 Gross Revenue Breakdown

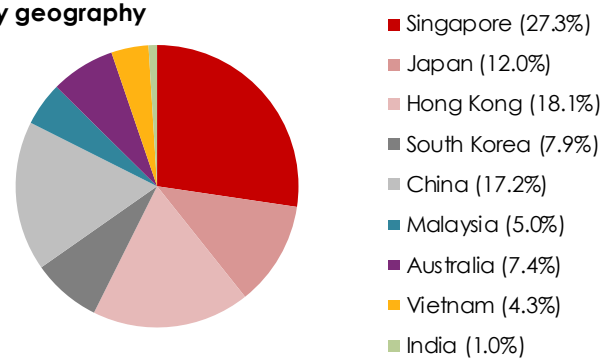
By geography



Source: REIT Manager

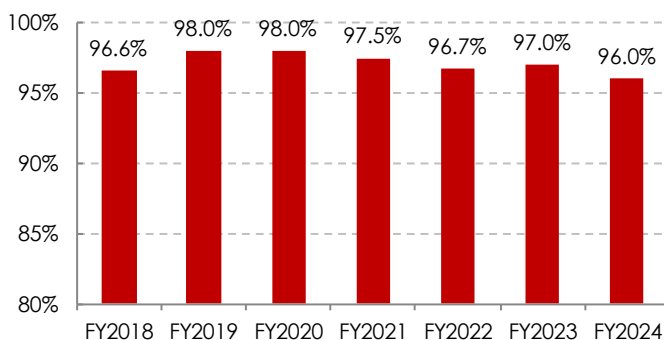
### FY24 NPI Breakdown

By geography



Source: REIT Manager

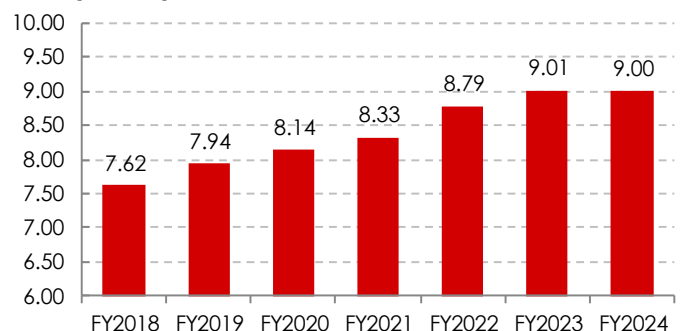
### Occupancy Trend



Source: REIT Manager

### Distribution per unit

DPU (\$ cents)



Source: REIT Manager

## Company financials

### Income Statement

In Millions of SGD except Per Share	FY2020	FY2021	FY2022	FY2023	FY2024
12 Months Ending	31/3/2020	31/3/2021	31/3/2022	31/3/2023	31/3/2024
<b>Revenue</b>	<b>490.8</b>	<b>561.1</b>	<b>678.6</b>	<b>730.6</b>	<b>733.9</b>
- Cost of Revenue	108.1	126.6	166.3	186.8	191.9
<b>Gross Profit</b>	<b>382.6</b>	<b>434.6</b>	<b>512.2</b>	<b>543.9</b>	<b>541.9</b>
+ Other Operating Income	--	--	--	--	--
- Operating Expenses	-28.5	-12.1	3.3	-21.9	4.4
<b>Operating Income or Losses</b>	<b>411.2</b>	<b>446.6</b>	<b>508.9</b>	<b>565.7</b>	<b>537.5</b>
- Interest Expense	78.7	81.8	98.6	128.5	138.5
- Foreign Exchange Losses (Gains)	--	--	--	--	--
- Net Non-Operating Losses (Gains)	-114.1	-200.9	-583.3	-220.2	5.9
<b>Pretax Income</b>	<b>446.5</b>	<b>565.7</b>	<b>993.7</b>	<b>657.5</b>	<b>393.1</b>
- Income Tax Expense (Benefit)	51.2	101.7	210.3	88.4	63.1
<b>Income Before XO Items</b>	<b>395.3</b>	<b>464.0</b>	<b>783.4</b>	<b>569.0</b>	<b>330.0</b>
- Extraordinary Loss Net of Tax	--	--	--	--	--
- Minority/Non Controlling Interests (Credits)	1.1	1.3	1.0	2.4	2.6
<b>Net Income/Net Profit (Losses)</b>	<b>394.2</b>	<b>462.7</b>	<b>782.4</b>	<b>566.6</b>	<b>327.5</b>
<b>Net Inc Avail to Common Shareholders</b>	<b>377.2</b>	<b>445.7</b>	<b>762.9</b>	<b>545.1</b>	<b>303.1</b>
Abnormal Losses (Gains)	--	--	--	--	--
Tax Effect on Abnormal Items	--	--	--	--	--
<b>Normalized Income</b>	<b>374.2</b>	<b>464.0</b>	<b>783.4</b>	<b>569.0</b>	<b>330.0</b>
<b>Basic Earnings per Share</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
Basic Weighted Av g Shares	3,706.7	3,993.0	4,428.7	4,799.7	4,958.1
<b>Diluted EPS Before Abnormal Items</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Diluted EPS Before XO Items</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
<b>Diluted EPS</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>
Diluted Weighted Av g Shares	3,706.7	3,993.0	4,428.7	4,799.7	4,958.1

### Profitability Ratios

12 Months Ending	FY2020	FY2021	FY2022	FY2023	FY2024
	31/3/2020	31/3/2021	31/3/2022	31/3/2023	31/3/2024
<b>Returns</b>					
Return on Common Equity	7.80	8.02	11.09	7.19	4.05
Return on Assets	4.62	4.58	6.29	4.20	2.42
Return on Capital	4.07	3.47	2.85	2.62	2.60
Return on Invested Capital	5.62	4.46	3.54	3.58	3.41
<b>Margins</b>					
Operating Margin	83.78	79.59	75.00	77.43	73.25
Incremental Operating Margin	1.15	0.95	0.94	1.03	0.95
Pretax Margin	90.97	100.82	146.45	89.98	53.57
Income before XO Margin	80.33	82.46	115.31	77.54	44.62
Net Income Margin	76.85	79.43	112.44	74.60	41.31
Net Income to Common Margin	76.85	79.43	112.44	74.60	41.31
<b>Additional</b>					
Effective Tax Rate	11.46	17.98	21.16	13.45	16.05
Dv d Payout Ratio	74.75	70.01	48.29	77.74	136.75
Sustainable Growth Rate	7.74	7.96	11.03	7.14	3.99

### Credit Ratios

12 Months Ending	FY2020	FY2021	FY2022	FY2023	FY2024
	31/3/2020	31/3/2021	31/3/2022	31/3/2023	31/3/2024
Total Debt/EBIT	9.35	10.13	10.13	9.39	10.52
Net Debt/EBIT	8.95	9.48	9.46	8.82	9.92
EBIT to Interest Expense	4.82	5.23	5.07	4.12	3.71
Long-Term Debt/Total Assets	36.84	37.18	32.99	34.17	37.07
Net Debt/Equity	0.68	0.66	0.62	0.62	0.69

Source: Refinitiv

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