

COMPANY RESULTS

Mapletree Pan Asia Commercial Trust (MPACT SP)

2QFY25: Stung By Non-renewal And Revaluation Losses From Japan

MPACT's 2QFY25 DPU of 1.98 S cents met our expectations. Singapore properties were resilient. There were signs of a sequential recovery in shopper traffic and tenant sales at Festival Walk in Hong Kong. It unfortunately suffered a valuation decline of S\$114m for three office properties at the Makuhari sub-market of Chiba, Japan. MPACT trades at an FY26 distribution yield of 6.4% and P/NAV of 0.78x, which we deem attractive for a blue chip S-REIT. Maintain BUY. Target price: S\$1.71.

2QFY25 RESULTS

Year to 31 Mar (S\$m)	2QFY25	yoy % chg	Remarks
Gross Revenue	225.6	-6.1	Growth from VivoCity and other SG properties.
Net Property Income	167.7	-8.5	Overseas contribution dampened by weakness of JPY.
Distributable Income	104.0	-11.9	Absence of property tax refund related to VivoCity recorded in 2QFY24.
DPU (S cents)	1.98	-11.6	Finance costs decreased 2.6% yoy.

Source: MPACT, UOB Kay Hian

RESULTS

- Mapletree Pan Asia Commercial Trust (MPACT) reported DPU of 1.98 S cents for 2QFY25 (-11.6% yoy), which is in line with our expectations.
- Impacted by divestment of Mapletree Anson.** Gross revenue and NPI dropped 6.1% and 8.5% yoy respectively in 2QFY25 due to the divestment of Mapletree Anson (completion: 31 Jul 24), lower contributions from the overseas properties and headwinds from a strong Singapore dollar. Property operating expenses were higher due to the absence of property tax refunds related to VivoCity recorded in 2QFY24. On a constant currency basis, gross revenue and NPI declined by a smaller 5.4% and 7.9% yoy respectively.
- Singapore: Anchor of stability.** Excluding Mapletree Anson, Singapore's gross revenue increased 0.7% yoy in 2QFY25. VivoCity registered strong positive rental reversion 17.3% and maintained high occupancy of 99.3%. Mapletree Business City saw a smaller positive rental reversion of 2.5% but occupancy was stable at 92.5%. Occupancy for other Singapore properties, such as mTower and Bank of America HarbourFront, improved 1.9ppt qoq to 97.9% and achieved a positive rental reversion of 8.8%.
- Hong Kong: Signs of stabilisation and sequential recovery.** Festival Walk saw a sequential improvement in shopper traffic (+7.9% qoq) and tenant sales (+3.1% qoq) in 2QFY25 despite the negative impact from increased outbound travel caused by the strong Hong Kong dollar. Occupancy eased 3.2ppt qoq to 96.4%. Negative rental reversion moderated to -6.1% in 2QFY25 (2QFY24: -9.5%). NPI was stable at S\$75.4m in 1HFY25, supported by higher auxiliary income from its atrium space, carpark and ice-skating ring. MPACT has intensified marketing efforts through high-impact celebrity appearances and events to raise profile and draw shoppers.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2023	2024	2025F	2026F	2027F
Net turnover	826	958	915	914	917
EBITDA	580	673	631	626	624
Operating profit	579	672	631	626	624
Net profit (rep./act.)	477	577	295	414	411
Net profit (adj.)	418	427	412	414	411
EPU (S\$ cent)	8.8	8.1	7.8	7.9	7.8
DPU (S\$ cent)	9.6	8.9	8.3	8.5	8.4
PE (x)	15.1	16.3	17.0	16.9	17.1
P/B (x)	0.8	0.8	0.8	0.8	0.8
DPU Yld (%)	7.2	6.7	6.2	6.4	6.3
Net margin (%)	57.8	60.2	32.2	45.3	44.8
Net debt/(cash) to equity (%)	69.4	68.6	62.1	63.0	64.0
Interest cover (x)	3.6	3.0	2.9	3.0	2.9
ROE (%)	6.3	6.1	3.2	4.5	4.5
Consensus DPU (S\$ cent)	-	-	8.2	8.6	8.9
UOBKH/Consensus (x)	-	-	1.01	0.99	0.95

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

BUY

(Maintained)

Share Price	S\$1.33
Target Price	S\$1.71
Upside	28.6%
(Previous TP)	S\$1.76)

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):	5,260.9
Market cap (S\$m):	6,997.0
Market cap (US\$m):	5,291.5
3-mth avg daily t'over (US\$m):	18.7

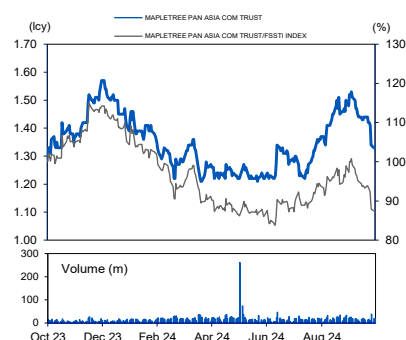
Price Performance (%)

52-week high/low	S\$1.58/S\$1.18			
1mth	3mth	6mth	1yr	YTD
(1.4)	8.3	13.5	3.6	(8.9)

Major Shareholders

	%
Temasek Hldgs	56.0
FY25 NAV/Share (S\$)	1.71
FY25 Net Debt/Share (S\$)	1.09

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- Japan: Marked down valuations for three properties in the Makuhari sub-market.** Fujitsu, the sole tenant at Fujitsu Makuhari Building, has notified MPACT of its intention to not renew its lease upon expiry on 31 Mar 26. Occupancies and rents in the Makuhari sub-market of Chiba, Japan are under pressure. MPACT has conducted an interim valuation for its three office properties in the Makuhari sub-market, which reduced valuation by 17% or S\$114m. Thus, NAV per unit declined 2% to S\$1.71. MPACT will re-let the properties to new tenants, explore a potential change of use (subject to government approvals) and pursue divestment opportunities. The three properties accounted for 5.4% of MPACT's FY24 NPI, of which 1.2% of NPI is derived from Fujitsu Makuhari Building.
- Resilient balance sheet.** MPACT has deleveraged through the divestment of Mapletree Anson. Its aggregate leverage had receded by 2.1ppt qoq to 38.4% as of Sep 24. Adjusted interest coverage ratio is healthy at 2.8x. Its debt maturity profile is well staggered with no single financial year having more than 24% of debt refinancing.
- Cost of debt expected to stabilise.** Average all-in cost of debt was stable at 3.56% in 2QFY25. Management guided stable cost of debt at mid-3% in FY25. The negative impact from replacement of swaps at higher interest rates in 2HFY25 and FY26 would be offset by the positive impact from the upcoming rate cuts.

STOCK IMPACT

- Pan Asian play on commercial properties.** MPACT benefits from resiliency and growth of its Singapore properties. VivoCity continues to be enhanced and benefits from the recovery in tourism and expansion at Resorts World Sentosa (RWS). Mapletree Business City (MBC) is able to maintain positive rental reversion and high occupancy due to its proximity to the CBD.
- Major revitalisation for basement 2 of VivoCity.** The reconfiguration of basement 2 at VivoCity is progressing well. The AEI is executed in two key stages, with phase 1 comprising an increase in the number of food kiosks from 21 to 24, and phase 2 increasing retail NLA by 14,000sf through the conversion of carpark and space reconfiguration. VivoCity's trade mix will be enhanced with attractive new offerings. The circulation of shopper traffic will be improved for seamless shopping experience. The AEI costs S\$42m and provides ROI of above 10%. It is scheduled for completion by end-25.
- Beneficiary of China's upcoming fiscal bonanza.** China's fiscal stimulus is expected to be approved by the Standing Committee of the National People's Congress when they meet on 4-8 Nov 24. President Xi Jinping has called on officials to "make every effort" to help the economy meet its annual growth target of around 5%. The authorities have recently cut interest rates, promised to inject capital into state-owned banks and ramped up support for the property and stock markets. A portion of the stimulus is expected to be targeted at reviving domestic consumption. MPACT benefits from China's fiscal stimulus as Greater China accounted for 37% of its portfolio valuation (Gateway Plaza in Beijing, Sandhill Plaza in Shanghai and Festival Walk in Hong Kong).

EARNINGS REVISION/RISK

- We cut FY27 DPU forecast by 3% due to non-renewal by Fujitsu, and we have assumed that MPACT will backfill half of the vacant space at Fujitsu Makuhari Building.

VALUATION/RECOMMENDATION

- Maintain BUY.** Our target price of S\$1.71 is based on DDM (cost of equity: 6.75%, terminal growth: 2.0%).

SHARE PRICE CATALYST

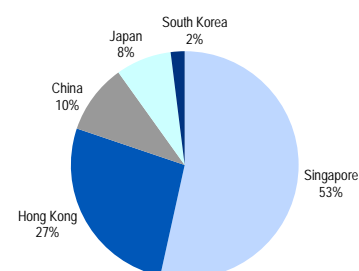
- Resilient growth from VivoCity and MBC in Singapore.
- MPACT has four properties located in the HarbourFront area, which accounted for 49% of its portfolio valuation. It will benefit from the development of Greater Southern Waterfront and rejuvenation of Sentosa Island and Pulau Brani.

KEY OPERATING METRICS

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	yoy Chg	qoq Chg*
DPU (S cents)	2.24	2.2	2.29	2.09	1.98	-11.6%	-13.5%
Occupancy	96.3%	96.7%	96.1%	94.0%	90.3%	-6ppt	-3.7ppt
Aggregate Leverage	40.7%	40.8%	40.5%	40.5%	38.4%	-2.3ppt	-2.1ppt
All-in-Financing Cost	3.34%	3.33%	3.35%	3.54%	3.56%	0.22ppt	0.02ppt
% Borrowing in Fixed Rates	79.9%	85.0%	77.1%	78.9%	83.6%	3.7ppt	4.7ppt
WALE by NLA (years)	2.5	2.5	2.4	2.5	2.3	-0.2yrs	-0.2yrs
Debt Maturity (years)	3.0	2.8	3.0	3.1	3.3	0.3yrs	0.2yrs
Rental Reversions	3.2%	4.1%	2.9%	5.2%	4.1%	0.9%	1.2%

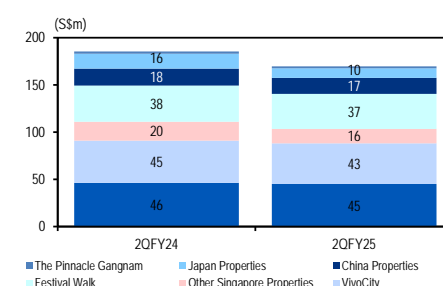
Source: MPACT, UOB Kay Hian * hoh % chg for DPU & rental reversions

PORTFOLIO VALUE BY COUNTRY



Source: MPACT

NPI BY COUNTRY



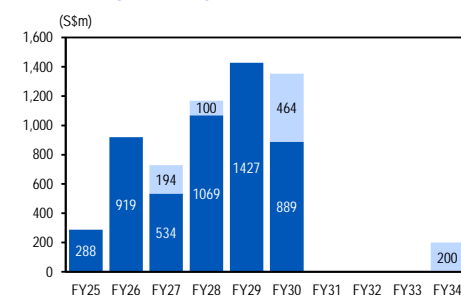
Source: MPACT

PORTFOLIO OCCUPANCY

	Sep 24	Jun 24	Mar 24	Dec 23	Sep 23	yoy Chg	qoq Chg
MBC	92.5%	92.8%	96.0%	97.0%	96.8%	-4.3%	-0.3%
VivoCity	99.3%	99.8%	100.0%	99.7%	100.0%	-0.7%	-0.5%
Other Singapore Properties	97.9%	96.0%	98.3%	99.3%	97.7%	0.2%	1.9%
Festival Walk	96.4%	99.6%	99.7%	100.0%	100.0%	-3.6%	-3.2%
China Properties	87.1%	88.2%	87.5%	89.6%	88.9%	-1.8%	-1.1%
Japan Properties	82.3%	94.2%	97.9%	97.4%	97.3%	-15.0%	-11.9%
The Pinnacle Gangnam	92.7%	96.8%	99.1%	99.3%	97.5%	-4.8%	-4.1%
MPACT's Portfolio	90.3%	94.0%	96.1%	96.7%	96.3%	-6.0%	-3.7%

Source: MPACT

DEBT MATURITY PROFILE



Source: MPACT

PROFIT & LOSS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Net turnover	958.1	915.3	914.4	916.8
EBITDA	673.4	630.9	625.5	623.8
Deprec. & amort.	1.1	0.1	0.0	0.0
EBIT	672.3	630.8	625.5	623.8
Total other non-operating income	149.3	(116.7)	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(225.5)	(221.2)	(211.3)	(212.7)
Pre-tax profit	596.2	292.8	414.3	411.1
Tax	(19.5)	2.2	0.0	0.0
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	576.7	295.0	414.3	411.1
Net profit (adj.)	427.4	411.7	414.3	411.1

BALANCE SHEET

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Fixed assets	16,250.3	15,314.5	15,344.5	15,374.5
Other LT assets	211.2	193.2	193.2	193.2
Cash/ST investment	157.2	185.5	151.1	153.0
Other current assets	43.6	38.7	39.0	39.0
Total assets	16,662.3	15,732.0	15,727.9	15,759.8
ST debt	1,026.3	666.8	666.8	666.8
Other current liabilities	226.3	260.6	263.7	264.2
LT debt	5,624.1	5,240.0	5,270.0	5,340.0
Other LT liabilities	314.5	333.7	335.5	335.8
Shareholders' equity	9,458.4	9,219.8	9,180.8	9,141.9
Minority interest	12.8	11.1	11.1	11.1
Total liabilities & equity	16,662.3	15,732.0	15,727.9	15,759.8

CASH FLOW

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Operating	725.0	685.3	626.4	620.7
Pre-tax profit	577.9	294.1	408.9	405.7
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	1.1	0.1	0.0	0.0
Associates	(6.4)	(2.7)	0.0	0.0
Working capital changes	0.1	26.1	2.8	0.5
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	152.3	367.6	214.7	214.6
Investing	(56.3)	745.0	(30.0)	(30.0)
Capex (growth)	(64.8)	(30.0)	(30.0)	(30.0)
Capex (maintenance)	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	8.5	775.0	0.0	0.0
Financing	(719.9)	(1,402.0)	(630.8)	(588.8)
Distribution to unitholders	(465.2)	(435.4)	(447.9)	(444.5)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	(25.8)	(743.6)	30.0	70.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(228.9)	(223.1)	(212.9)	(214.3)
Net cash inflow (outflow)	(51.1)	28.3	(34.4)	1.9
Beginning cash & cash equivalent	216.1	157.2	185.5	151.1
Changes due to forex impact	(7.8)	0.0	0.0	0.0
Ending cash & cash equivalent	157.2	185.5	151.1	153.0

KEY METRICS

Year to 31 Mar (\$m)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	70.3	68.9	68.4	68.0
Pre-tax margin	62.2	32.0	45.3	44.8
Net margin	60.2	32.2	45.3	44.8
ROA	3.4	1.8	2.6	2.6
ROE	6.1	3.2	4.5	4.5
Growth				
Turnover	16.0	(4.5)	(0.1)	0.3
EBITDA	16.2	(6.3)	(0.8)	(0.3)
Pre-tax profit	25.4	(50.9)	41.5	(0.8)
Net profit	20.8	(48.9)	40.4	(0.8)
Net profit (adj.)	2.1	(3.7)	0.6	(0.8)
EPU	(7.4)	(3.8)	0.4	(1.0)
Leverage				
Debt to total capital	41.3	39.0	39.2	39.6
Debt to equity	70.3	64.1	64.7	65.7
Net debt/(cash) to equity	68.6	62.1	63.0	64.0
Interest cover (x)	3.0	2.9	3.0	2.9

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