Mapletree Pan Asia Commercial Trust (MPACT SP)

1QFY27: Green Shoots In Hong Kong And Japan

BUY (Maintained)	
Share Price	S$1.36
Target Price	S$1.75
Upside	+28.7%

Analyst(s)
Jonathan Koh, CFA, MSc Econ
jonathankoh@uobkh.com
+65 6590 6620

Highlights

- NPI from VivoCity grew 8.9% yoy in 1QFY27, supported by a positive rental reversion of 13.5% and high occupancy of 99.7%. Several leases for new IT tenants are progressively commencing at MBC in 2QFY27 and 3QFY27.
- Festival Walk recorded the second consecutive quarter of healthy tenant sales growth at 4% yoy with sustained spending on luxury goods. Strong demand within central Tokyo has spilled over to the Makuhari sub-market. MPACT has initiated discussions with several potential new tenants.
- Maintain BUY with a target price of S$1.75 due to resiliency from Singapore and an attractive FY27 DPU yield of 5.9%.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	yoy % Chg	Remarks
Gross Revenue	206.5	-5.6	Divestment of two Japan properties (completion: Aug 25) and Festival
Net Property Income (NPI)	154.8	-6.8	Walk Tower (completion: Feb 26). JPY depreciated 9.8% yoy against SGD.
Finance Expenses	(40.9)	-18.4	Lower interest rates and debt repayment using divestment proceeds.
Distributable Income	104.2	-2.4	
DPU (S cents)	1.96	-2.5	

Source: MPACT, UOB Kay Hian

Analysis

- Mapletree Pan Asia Commercial Trust (MPACT) reported DPU of 1.96 S cents for 1QFY27 (-2.5% yoy), which is in line with our expectation.
- **Singapore: VivoCity leading the charge.** VivoCity delivered an NPI growth of 8.9% yoy and a positive rental reversion of 13.5% in 1QFY27, supported by contribution from the completed Basement 2 AEI. Tenant sales and shopper traffic increased 4.9% and 5.0% yoy, respectively, while committed occupancy remained near full at 99.7%. Management expects VivoCity to remain a key earnings driver given its dominant market position and ability to introduce new concepts and experiential retail offerings.
- **MBC secured several IT tenants.** Occupancy at Mapletree Business City (MBC) eased 2.1ppt qoq to 94.3% due to transitional leasing downtime, although management highlighted that several leases for new IT tenants are progressively commencing in 2QFY27 and 3QFY27. A sizeable committed lease for 100,000sf is scheduled to commence in Nov 26. Singapore NPI grew 1.0% yoy, driven primarily by VivoCity. Singapore now contributes 68% of portfolio NPI, reinforcing its role as MPACT's core earnings anchor.

Key Financials

Year to 31 Mar (S$m)	2025	2026	2027F	2028F	2029F
Net turnover	909	867	806	819	830
EBITDA	634	606	567	576	584
Operating profit	633	606	567	576	584
Net profit (rep./act.)	578	255	369	376	382
Net profit (adj.)	421	425	369	376	382
EPU (S$ cent)	8.0	8.1	7.0	7.1	7.2
DPU (S$ cent)	8.0	8.0	8.0	8.1	8.2
PE (x)	16.3	16.1	18.7	18.3	18.1
P/B (x)	0.7	0.8	0.8	0.8	0.8
DPU yld (%)	6.2	6.1	6.1	6.2	6.3
Net margin (%)	63.6	29.4	45.7	45.9	46.0
Net debt/(cash) to equity (%)	60.6	57.5	58.8	60.1	61.4
Interest cover (x)	2.9	3.3	3.3	3.3	3.3
ROE (%)	6.1	2.7	3.9	4.0	4.1
Consensus DPU (S$ cent)	-	-	8.1	8.3	8.6
UOBKH/Consensus (x)	-	-	0.98	0.97	0.95

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

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	MPACT SP
Shares issued (m)	5,281.2
Market cap (S$m)	6,865.5
Market cap (US$m)	5,374.2
3-mth avg daily t'over (US$m)	11.1

Price Performance (%)

52-week high/low S$1.50/S$1.15

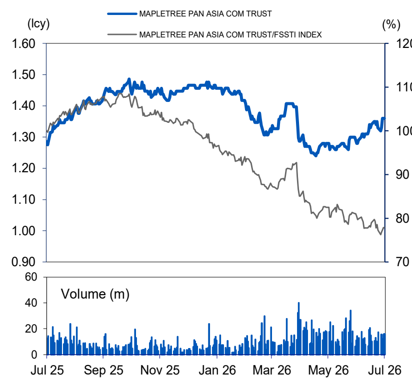
1mth	3mth	6mth	1yr	YTD
(0.8)	(11.6)	(11.6)	6.6	(11.6)

Major Shareholders	%
Temasek Hldgs	56.7

Balance Sheet Metrics

FY26 NAV/Share (S$)	1.71
FY26 Net Debt/Share (S$)	1.03

Price Chart



Source: Bloomberg

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.

- **Festival Walk maintained high occupancy of 98.5%.** It recorded tenant sales growth of 4% yoy in 1QFY27, the second consecutive quarter of sustained spending on higher-value luxury goods. MPACT completed the reconfiguration of 18,800sf of space across three floors into a curated mix of F&B, lifestyle, beauty and health concepts. The enhancement was operational since Jul 26 and generated ROI of close to 50%.
- **China: Occupancy remains under pressure.** Sandhill Plaza at Zhangjiang Science City in Shanghai is still troubled by oversupply. Thus, MPACT has to prioritise occupancy preservation over rental growth. China properties recorded a negative rental reversion of 29.2% in 1QFY27 due to softer leasing demand. Occupancy eased slightly by 1.5ppt qoq to 82.4%.
- **Japan: Green shoot for potential recovery.** Occupancy fell 19.1ppt qoq to 56.0% following the expiry of an anchor tenant at Fujitsu Makuhari Building. Management highlighted that performance outside the Makuhari sub-market is relatively stable. Tenants are finding rents within central Tokyo expensive and have started to look at alternatives outside central Tokyo, including the Makuhari sub-market. MPACT has received enquiries and has initiated discussions with several potential tenants.
- **Disciplined capital management.** MPACT redeemed S$250m of 3.5% perpetual securities and issued S$200m of fixed-rate green notes due 2033 at 2.53% in Jun 26, lowering its average cost of debt by 22bp qoq to 2.94%. Interest coverage ratio has also improved to 3.3x. Aggregate leverage rose 1.2ppt qoq to 37.7% as of Jun 26, while 77.4% of debt remains fixed or hedged. Management guided cost of debt at low-3% for FY27.

Valuation/Recommendation

- **Pan-Asian play anchored in Singapore.** MPACT benefits from resiliency of its Singapore properties. VivoCity benefits from the recent pick-up in tourist arrivals and MICE events, and the expansion at Resorts World Sentosa. MBC should see progressive commencement of new leases.
- **Circle Line Stage 6 opened for passenger service** on 12 Jul 26. The 4km extension adds three new stations and transforms the Circle Line into a fully orbital MRT line. It connects Marina Bay to HarbourFront, thus bringing tourists staying at downtown hotels to VivoCity and Sentosa. It provides direct travel options, bypassing crowded city-centre interchanges, such as City Hall and Raffles Place. Circle Line Stage 6 would have a positive impact on shopper traffic and tenant sales at VivoCity.
- **Green shoot in Hong Kong.** Residential rents in Hong Kong have been rising, supported by an inflow of skilled migrants under the talent admission scheme, growing numbers of overseas students and expatriate relocations. The resultant higher home prices support consumer spending through the "wealth effect". As residential property values rise, consumers feel wealthier and more confident, which translate to higher discretionary spending. A sustained recovery in home prices provides a tailwind for the retail sector.
- **Maintain BUY.** Our target price of S$1.75 is based on DDM (cost of equity: 6.5%, terminal growth: 2.0%).

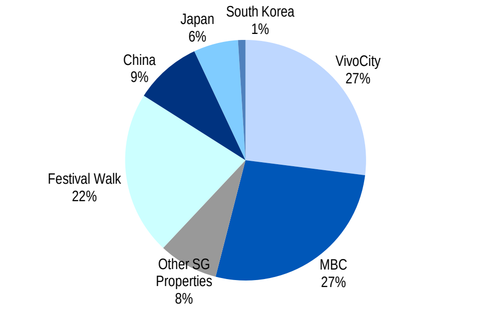
Earnings Revision/Risk

- We maintain our existing DPU forecasts.

Share Price Catalyst

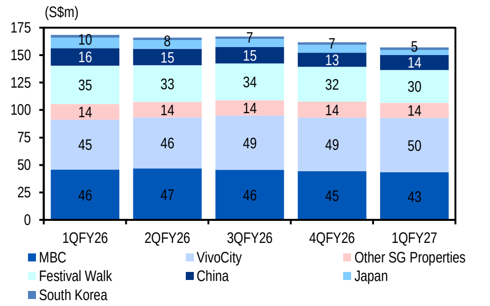
- Resilient growth from VivoCity and MBC in Singapore.
- MPACT's four Singapore properties located in the HarbourFront area accounted for 61% of its portfolio valuation. It benefits from the rejuvenation of Greater Southern Waterfront and Sentosa Island.

Portfolio Value By Country



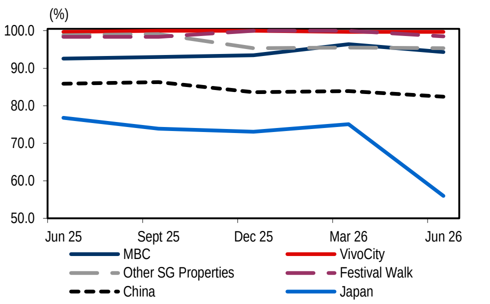
Source: MPACT

NPI By Country



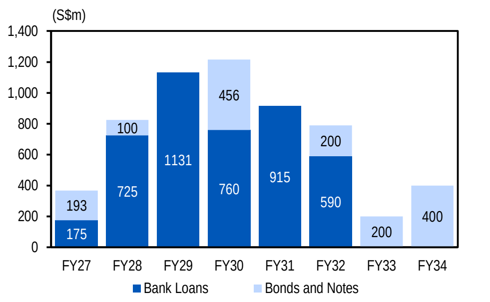
Source: MPACT

Portfolio Occupancy



Source: MPACT

Debt Maturity Profile



Source: MPACT

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	867.3	806.2	818.9	830.3
EBITDA	606.3	566.9	575.9	584.2
Deprec. & amort.	0.7	0.0	0.0	0.0
EBIT	605.6	566.9	575.9	584.2
Total other non-operating income	(170.3)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(185.2)	(172.3)	(173.6)	(176.7)
Pre-tax profit	250.1	394.5	402.2	407.5
Tax	4.7	(26.0)	(26.0)	(26.0)
Minorities	0.0	0.0	0.0	0.0
Perpetual Securities	0.0	0.0	0.0	0.0
Net profit	254.8	368.5	376.2	381.5
Net profit (adj.)	425.1	368.5	376.2	381.5

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	14,992.1	15,022.1	15,052.1	15,082.1
Other LT assets	146.8	135.7	135.7	135.7
Cash/ST investment	164.2	145.8	161.5	166.4
Other current assets	121.8	121.5	121.8	122.1
Total assets	15,424.9	15,425.1	15,471.2	15,506.3
ST debt	507.9	507.9	507.9	507.9
Other current liabilities	226.2	216.3	219.1	221.5
LT debt	5,048.8	5,120.0	5,220.0	5,310.0
Other LT liabilities	249.1	246.2	248.0	249.4
Shareholders' equity	9,381.6	9,323.5	9,264.9	9,206.2
Minority interest	11.2	11.2	11.2	11.2
Total liabilities & equity	15,424.9	15,425.1	15,471.2	15,506.3

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	586.0	535.4	550.1	557.8
Pre-tax profit	261.3	362.9	370.6	375.9
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.7	0.0	0.0	0.0
Associates	(10.6)	0.0	0.0	0.0
Working capital changes	(16.9)	(9.7)	2.5	2.1
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	351.6	182.1	177.0	179.7
Investing	305.1	(30.0)	(30.0)	(30.0)
Capex (growth)	(87.6)	(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	392.7	0.0	0.0	0.0
Financing	(891.8)	(523.8)	(504.4)	(522.9)
Distribution to unitholders	(422.9)	(421.1)	(429.2)	(434.7)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	(274.7)	71.2	100.0	90.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(194.3)	(173.9)	(175.2)	(178.3)
Net cash inflow (outflow)	(0.7)	(18.5)	15.7	4.9
Beginning cash & cash equivalent	171.4	164.2	145.8	161.5
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	170.7	145.8	161.5	166.4

Key Metrics

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	69.9	70.3	70.3	70.4
Pre-tax margin	28.8	48.9	49.1	49.1
Net margin	29.4	45.7	45.9	46.0
ROA	1.6	2.4	2.4	2.5
ROE	2.7	3.9	4.0	4.1
Growth				
Turnover	(4.6)	(7.0)	1.6	1.4
EBITDA	(4.4)	(6.5)	1.6	1.4
Pre-tax profit	(56.3)	57.8	2.0	1.3
Net profit	(55.9)	44.6	2.1	1.4
Net profit (adj.)	1.0	(13.3)	2.1	1.4
EPU	0.7	(13.5)	1.8	1.1
Leverage				
Debt to total capital	37.2	37.6	38.2	38.7
Debt to equity	59.2	60.4	61.8	63.2
Net debt/(cash) to equity	57.5	58.8	60.1	61.4
Interest cover (x)	3.3	3.3	3.3	3.3