

UI Boustead REIT (UIBREIT SP)

1HFY27: Steady Progress On Leasing And Co-development

Highlights

- UIBREIT delivered a maiden DPU of 3.71 S cents, which is 0.8% above the forecast contained in its IPO prospectus. Share of JV results was 31.6% above the forecast, driven by Razer SEA HQ and 6 Tampines Industrial Avenue 5 due to cost savings from lower electricity tariffs.
- Occupancy for logistics properties in Singapore dipped 2ppt qoq to 98% due to downsizing of 40,000sf by a tenant at 12 Changi North Way. Logistics properties in Singapore provided strong reversion of +9.2% in 2QFY27.
- UIBREIT provides attractive DPU yields of 9.0% for FY27 and 8.8% for FY28. Maintain BUY. Target price: S\$1.16.

1HFY27 Results

Year to 31 Mar (\$m)	1HFY27	Forecast	% Variance	Remarks
Gross Revenue	68.5	70.2	-2.5	Temporary lower occupancy and weaker Japanese yen.
Net Property Income (NPI)	54.5	55.5	-1.8	
Share of Results for JVs	6.0	4.6	+31.6	Cost savings from lower electricity tariffs
Net Finance Costs	(8.1)	(7.6)	+6.5	Higher borrowing costs in Japan.
Distributable Income	50.9	50.5	+0.8	
DPU (S cents)	3.71	3.68	+0.8	

Source: UIBREIT, UOB Kay Hian

Analysis

- UI Boustead REIT (UIBREIT) delivered a maiden DPU of 3.71 S cents, which is 0.8% above the forecast contained in its IPO prospectus and in line with our expectation. The results cover property income earned from its listing on 12 Mar 26-30 Sep 26 (six months and 20 days).
- NPI affected by transitional vacancy.** Gross revenue and NPI came in 2.5% and 1.8% respectively, below the forecast for 1HFY27, reflecting lower occupancy and a weaker Japanese yen against the Singapore dollar. NPI margin was 79.6%, compared with the forecast margin of 79.1%, with lower property operating expenses partially offsetting pressure on rental income.
- Stronger JV contributions compensated for the NPI shortfall.** The share of JV results reached S\$6.0m, 31.6% above the forecast, driven by better performances at Razer SEA HQ and 6 Tampines Industrial Avenue 5 due to cost savings from lower electricity tariffs. Net finance costs were 6.5% above forecasts at S\$8.1m, mainly because of higher borrowing costs in Japan.

Key Financials

Year to 31 Mar (\$m)	2027F*	2028F	2029F
Net turnover	133	132	135
EBITDA	85	94	96
Operating profit	85	94	96
Net profit (rep./act.)	77	85	90
Net profit (adj.)	77	85	90
EPU (\$ cent)	5.6	6.2	6.5
DPU (\$ cent)	7.0	6.9	7.2
PE (x)	14.0	12.7	12.1
P/B (x)	0.9	0.9	1.0
DPU yld (%)	9.0	8.8	9.2
Net margin (%)	57.6	64.3	66.6
Net debt/(cash) to equity (%)	56.5	59.9	61.7
Interest cover (x)	5.5	5.8	5.7
ROE (%)	n.a.	7.4	7.9
Consensus DPU (\$ cent)	2.9	6.9	7.0
UOBKH/Consensus (x)	2.46	1.01	1.03

*12.65-month period from 12 Mar 26 to 31 Mar 27

Source: UI Boustead REIT, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	S\$0.785
Target Price	S\$1.16
Upside	47.8%

Stock Data

Sector	Real Estate
Bloomberg ticker	UIBREIT SP
Shares issued (m)	1,367.6
Market cap (\$m)	1,073.5
Market cap (US\$m)	837.4
3-mth avg daily t'over (US\$m)	4.6

Price Performance (%)

52-week high/low				S\$0.855/S\$0.75
1mth	3mth	6mth	1yr	YTD
(3.1)	(3.1)	(6.0)	n.a.	n.a.

Major Shareholders (%)

BP - Real Estate Investments	19.0
Amova Asset Mgmt	6.1

Balance Sheet Metrics

FY27 NAV/Share (\$)	0.84
FY27 Net Debt/Share (\$)	0.48

Price Chart



Source: Bloomberg

Company Description

UIBREIT invests in business space, hi-specs industrial, logistics and general industrial assets with an initial focus on Singapore and Japan.

- **Temporary dip in logistics occupancy.** Portfolio committed occupancy stood at 97.3% as of Sep 26, excluding 84 Boon Keng Road, which was undergoing asset enhancement initiative (AEI). Singapore occupancy fell 1.2ppt qoq to 95.8%, due to lower logistics occupancy, caused by downsizing of 40,000sf by a tenant at 12 Changi North Way. Japan remained fully occupied. Singapore lease renewals achieved a positive rental reversion of 5.1% in 2QFY27, led by logistics at 9.2% and business space at 6.7%. Portfolio WALE was 5.4 years (Singapore: 5.0 years, Japan: 7.3 years).
- **Aggregate leverage was 35.8% as of Sep 26.** Pro forma leverage would increase to 38.1% after funding S\$25.2m capital commitments for two co-development projects at Seletar Aerospace Park in Singapore and Greater Osaka in Japan entirely through debt. Average all-in borrowing cost was 2.5% in 1HFY27. Management expects borrowing cost to stay within 2.7% in 2HFY27. Approximately 68% of debt was fixed rate. Interest coverage was healthy at 5.1x. FY27 yen distribution income was substantially hedged into Singapore dollars. There is no refinancing requirement until FY29.
- **Positive rental reversion in Singapore.** Leases representing 4% of gross rental income are due for renewal in 2HFY27, with 90% already under advanced negotiations. Ongoing discussions for lease renewals at business park property ALICE @ Mediapolis and hi-spec building 351 Braddell Road could provide rental uplift in 2HFY27.
- **Partnering sponsor for co-development in Singapore.** UIBREIT is developing a built-to-suit integrated aerospace facility with NLA of 252,113sf and development value of S\$104m at Seletar Aerospace Park. It holds a 51% stake in the co-development. The facility is fully leased to a leading global aerospace corporation on a triple net basis for 22.5 years with built-in rental escalations at 2-3%. The co-development provides an attractive yield on a cost of 8.6%. Construction has commenced in 2H26. The new facility should be operational starting 2Q28 and will contribute starting FY29. UIBREIT has the option to purchase the remaining 49% stake from its sponsor.
- **Developing UIB Konan Phase 3 in Greater Osaka.** UIBREIT has taken up a 24.26% stake in the co-development of UIB Konan Phase 3, a logistics project in Konan City, Shiga Prefecture in Japan, comprising two modern logistics facilities with total NLA of 508,880sf. It has signed letters of intent with prospective tenants covering 70% of NLA. The project provides an estimated yield on cost of 4.8% and is scheduled to complete by 2Q27.
- **AEI at 84 Boon Keng Road.** UIBREIT has commenced a S\$2.6m AEI at 84 Boon Keng Road (previously known as AUMOVIO Building Phase 3) to reposition the property from single-tenant use to multi-tenant use. Around 40% of its NLA is already pre-committed ahead of the targeted completion by end-26. It has secured higher rents at mid-to-high S\$3psf/month, compared with the previous low of S\$2psf/month. It continues to work on leasing up and is in advanced negotiations with another prospective tenant.

Valuation/Recommendation

- **Maintain BUY.** UIBREIT provides an attractive DPU yield of 9.0% for FY27 and 8.8% for FY28 (CLAR: 6.7%, AAREIT: 7.1%). Our target price of S\$1.16 is based on DDM (cost of equity: 7.25%, terminal growth: 1.2%).

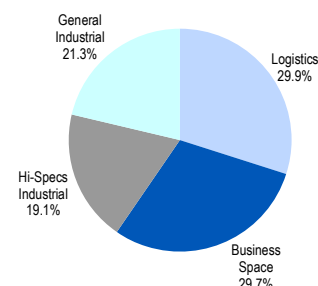
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

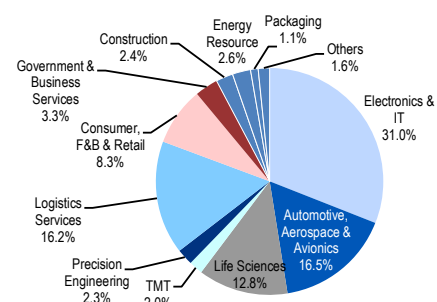
- Resilient growth across the business parks, hi-tech buildings, life sciences, logistics and data centre segments; contributions from development projects, redevelopment projects and AEIs.

Portfolio Valuation By Asset Type



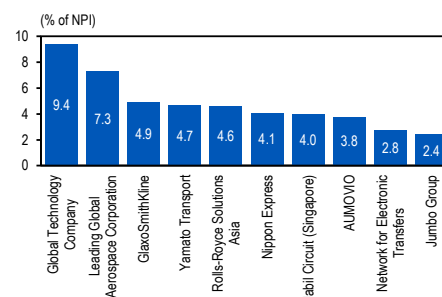
Source: UIBREIT

Tenant Mix By Gross Rental Income



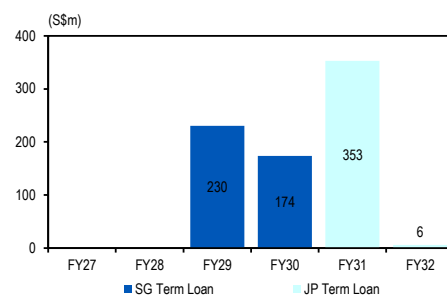
Source: UIBREIT

Top 10 Tenants By NPI



Source: UIBREIT

Debt Maturity Profile



Source: UIBREIT

Profit & loss

Year to 31 Mar (\$m)	2027F*	2028F	2029F
Net turnover	133.3	132.4	135.0
EBITDA	84.8	93.9	95.9
Deprec. & amort.	0.0	0.0	0.0
EBIT	84.8	93.9	95.9
Total other non-operating income	0.0	0.0	0.0
Associate contributions	9.0	9.0	12.6
Net interest income/(expense)	(15.5)	(16.1)	(16.8)
Pre-tax profit	78.3	86.9	91.8
Tax	(1.6)	(1.7)	(1.8)
Minorities	0.0	0.0	0.0
Perpetual Securities	76.7	85.1	89.9
Net profit	76.7	85.1	89.9
Net profit (adj.)	133.3	132.4	135.0

Cash Flow

Year to 31 Mar (\$m)	2027F*	2028F	2029F
Operating	31.2	104.7	109.7
Pre-tax profit	78.3	86.9	91.8
Tax	0.0	0.0	0.0
Deprec. & amort.	(2.5)	(2.2)	(2.2)
Associates	0.0	0.0	0.0
Working capital changes	(21.9)	0.8	0.4
Non-cash items	8.2	7.9	7.9
Other operating cashflows	(30.9)	11.3	11.8
Investing	(1,772.5)	(22.9)	(5.0)
Capex (growth)	(1,662.2)	0.0	0.0
Capex (maintenance)	(5.0)	(5.0)	(5.0)
Investment	(105.3)	(17.9)	0.0
Proceeds from sale of assets	0.0	0.0	0.0
Others	0.0	0.0	0.0
Financing	1,777.2	(81.0)	(104.5)
Distribution to unitholders	1,202.0	0.0	0.0
Issue of shares	(96.5)	(95.3)	(100.1)
Proceeds from borrowings	690.0	33.0	15.0
Loan repayment	0.0	0.0	0.0
Others/interest paid	(18.2)	(18.7)	(19.4)
Net cash inflow (outflow)	36.0	0.8	0.2
Beginning cash & cash equivalent	0.0	36.0	36.7
Changes due to forex impact	0.0	0.0	0.0
Ending cash & cash equivalent	36.0	36.7	36.9

*12.65-month period from 12 Mar 26 to 31 Mar 27.

Balance Sheet

Year to 31 Mar (\$m)	2027F*	2028F	2029F
Fixed assets	1,703.5	1,726.4	1,731.4
Other LT assets	98.0	98.0	98.0
Cash/ST investment	36.0	36.7	36.9
Other current assets	49.7	50.1	50.2
Total assets	1,887.1	1,911.2	1,916.6
ST debt	0.0	0.0	0.0
Other current liabilities	18.3	19.0	19.4
LT debt	690.0	723.0	738.0
Other LT liabilities	22.1	22.6	22.8
Shareholders' equity	1,156.8	1,146.6	1,136.4
Minority interest	0.0	0.0	0.0
Total liabilities & equity	1,887.1	1,911.2	1,916.6

Key Metric

Year to 31 Mar (%)	2027F*	2028F	2029F
Profitability			
EBITDA margin	63.6	70.9	71.1
Pre-tax margin	58.7	65.6	68.0
Net margin	57.6	64.3	66.6
ROA	n.a.	4.5	4.7
ROE	n.a.	7.4	7.9
Growth			
Turnover	n.a.	(0.6)	1.9
EBITDA	n.a.	10.8	2.1
Pre-tax profit	n.a.	10.9	5.7
Net profit	n.a.	10.9	5.7
Net profit (adj.)	n.a.	10.9	5.7
EPU	n.a.	10.2	5.0
Leverage			
Debt to total capital	37.4	38.7	39.4
Debt to equity	59.6	63.1	64.9
Net debt/(cash) to equity	56.5	59.9	61.7
Interest cover (x)	5.5	5.8	5.7

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