Mapletree Industrial Trust (MINT SP)

1QFY27: Painstaking Repositioning Of Portfolio Underway

HOLD (Maintained)	
Share Price	S$1.93
Target Price	S$2.07
Upside	+7.3%

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

Highlights

- The Singapore portfolio achieved broad-based weighted average rental reversion of 5.3% in 1QFY27 (general industrial buildings: +6.4%, hi-tech buildings & business space: +3.0%).
- 7337 Trade Street at San Diego in California with NLA of 499,402sf is currently vacant after lease expiry in May 26. The full impact of the non-renewal would be felt in 2QFY27.
- Aggregate leverage increased 3.5ppt qoq to 37.5% as of Jun 26 following the drawdown of debt to redeem S$300m of perpetual securities.
- Smaller data centres serving enterprise customers accounted for 23.7% of gross rental income. Maintain HOLD and target price of S$2.07.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	yoy % Chg	Remarks
Gross Revenue	162.3	-7.7	Loss of income from divestment of three properties in Singapore.
Net Property Income	122.3	-8.5	Partially offset by higher contribution from Japan portfolio.
Borrowing Costs	(18.5)	-24.6	Debt repayment using divestment proceeds.
Distribution declared by JV	5.9	+7.5	
Distributable Income	88.8	-4.8	
DPU (S cents)	3.11	-4.9	

Source: MINT, UOB Kay Hian

Analysis

- Mapletree Industrial Trust (MINT) reported DPU of 3.11 cents for 1QFY27 (-4.9% yoy but +0.6% qoq), in line with our expectation. NPI fell 8.5% yoy, primarily due to the absence of income from three Singapore industrial properties divested in Aug 25, non-renewal of data centre leases in North America and the depreciation of the US dollar and Japanese yen against the Singapore dollar. Lower borrowing costs resulting from debt repayment using divestment proceeds also helped to cushion the decline.
- **Singapore portfolio remains the key stabiliser.** Occupancy in the Singapore portfolio improved 0.9ppt qoq to 94.3% in 1QFY27. Occupancy at Mapletree Hi-Tech Park @ Kallang Way improved 1ppt qoq to 66.5% and is on track to hit 70% soon. MINT achieved positive rental reversions across all Singapore property segments, with weighted average rental reversion of 5.3% (general industrial buildings: +6.4%, hi-tech buildings & business space: +3.0%). Tenant retention was healthy at 87.9%. The Japan portfolio remained fully occupied, providing earnings stability.

Key Financials

Year to 31 Mar (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	712	673	647	657	677
EBITDA	465	442	421	428	442
Operating profit	465	442	421	428	442
Net profit (rep./act.)	336	211	326	334	351
Net profit (adj.)	355	337	326	334	351
EPU (S$ cent)	12.5	11.8	11.4	11.7	12.3
DPU (S$ cent)	13.6	12.7	11.5	11.7	12.3
PE (x)	15.4	16.3	16.9	16.5	15.7
P/B (x)	1.1	1.2	1.2	1.2	1.2
DPU yld (%)	7.0	6.6	5.9	6.1	6.4
Net margin (%)	47.2	31.4	50.4	50.8	51.8
Net debt/(cash) to equity (%)	49.4	35.6	44.5	44.9	45.2
Interest cover (x)	4.6	5.3	4.7	4.6	4.7
ROE (%)	6.4	4.0	6.4	6.8	7.1
Consensus DPU (S$ cent)	-	-	12.1	12.1	12.6
UOBKH/Consensus (x)	-	-	0.95	0.97	0.98

Source: Mapletree Industrial Trust, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Real Estate
Bloomberg ticker	MINT SP
Shares issued (m)	2,855.0
Market cap (S$m)	5,510.2
Market cap (US$m)	4,267.5
3-mth avg daily t'over (US$m)	11.1

Price Performance (%)

52-week high/low S$2.23/S$1.90

1mth	3mth	6mth	1yr	YTD
(0.5)	(5.9)	(8.5)	(6.3)	(7.2)

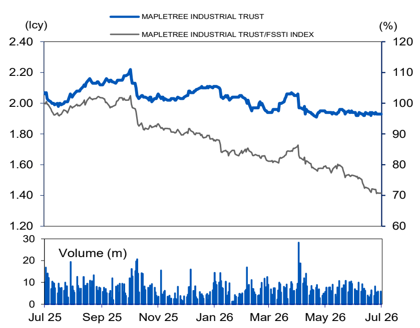
Major Shareholders

	%
Temasek Hldgs	27.4

Balance Sheet Metrics

FY27 NAV/Share (S$)	1.62
FY27 Net Debt/Share (S$)	0.77

Price Chart



Source: Bloomberg

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.

- **North America leasing progress offsets known vacates.** Occupancy in the North American portfolio declined 3.6ppt qoq to 82.5% due to lease non-renewal at 7337 Trade Street in San Diego and the full-quarter impact of a tenant downsizing at 250 Williams Street in Atlanta. MINT secured a new 10-year lease with a leading aerospace technology company at the Hawthorne and a five-year lease extension at the Sunnyvale, which increased the North American portfolio's WALE from 6.3 years to 6.9 years and generated positive rental reversion of 2.2%. Leases for the two properties in California have contractual built-in rental escalation of 2%.
- **Addressing known vacates for North American portfolio.** 7337 Trade Street at San Diego in California with NLA of 499,402sf is currently vacant after lease expiry in May 26. MINT is looking to re-lease or divest the property. It sees leasing interest from several non-data centre users. The full impact of the non-renewal would be felt in 2QFY27. MINT is also working on re-leasing or divesting 1001 Windward Concourse at Alpharetta in Georgia with NLA of 184,553sf (expiry: Sep 26).
- **Aggregate leverage increased 3.5ppt qoq to 37.5%** as of Jun 26 following the drawdown of debt to redeem S$300m of perpetual securities in May 26. MINT maintained a healthy interest coverage ratio of 4.0x and an average borrowing cost of 3.2%, while 73.3% of debt remains hedged or fixed-rate. Management highlighted that S$600m of interest-rate hedges have expired or are expiring in FY27, and replacement hedges at higher rates would place upward pressure on borrowing costs.

Valuation/Recommendation

- **MINT sees continued headwinds** from confirmed lease non-renewals in the North American portfolio and higher financing costs arising from the repricing of maturing interest-rate swaps. Management focuses on active leasing, cost containment and prudent capital management while pursuing targeted North American divestments to fund future growth opportunities. The Singapore and Japan portfolios remain the key earnings anchors.
- **Expanding presence in core data centre markets across Asia Pacific and Europe.** MINT intends to recycle capital from selected North American divestments, targeting S$500m-600m of asset sales (data centres currently vacant or have smaller power capacity), and redeploy the proceeds into high-quality data centres to achieve geographical diversification. It is prioritising established markets such as Singapore, Hong Kong, Tokyo, Sydney, Melbourne, Seoul, Frankfurt, London, Amsterdam, Paris and Dublin. MINT also plans to strengthen its tenant base by focusing on cloud, hyperscale and colocation providers, whose long-term leases offer greater income stability.
- **MINT completed the divestment of Philadelphia data centre** at 2000 Kubach Road on 23 Jun 26. The divestment optimises portfolio performance amid asset-specific challenges (limited leasing interest after lease expiry in Dec 24). The two-storey data centre with NLA of 124,190sf was sold for US$14.5m, a 4.3% premium to independent valuation.
- **Maintain HOLD.** Our target price of S$2.07 is based on DDM (cost of equity: 7.25%, terminal growth: 1.5%).

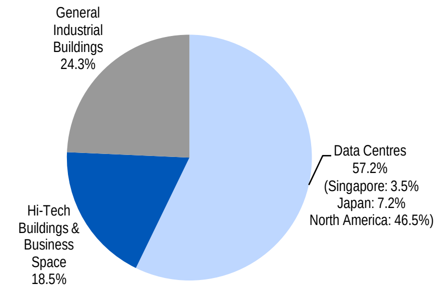
Earnings Revision/Risk

- We maintain our existing DPU forecast.

Share Price Catalyst

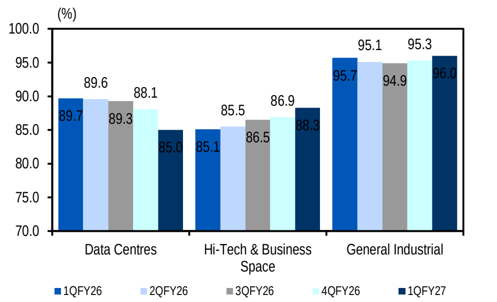
- Growth from data centres located in Singapore and Japan; acquisition of the remaining 50% stake in the portfolio of 13 data centres (second JV) from sponsor Mapletree Investments.

Portfolio Valuation By Segment



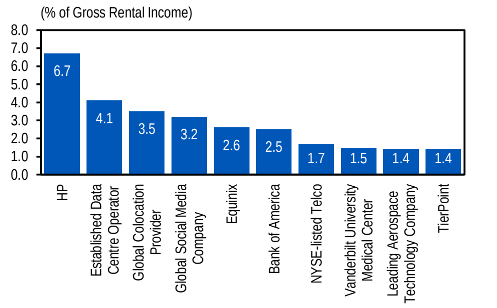
Source: MINT

Segmental Occupancy Rates



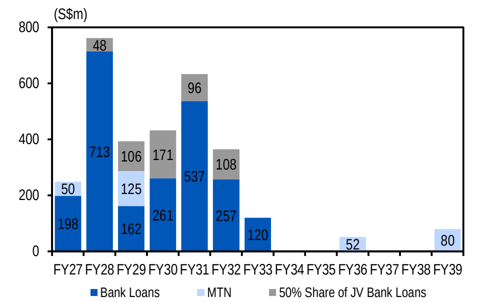
Source: MINT

Top 10 Tenants By GRI



Source: MINT

Debt Maturity Profile



Source: MINT

Profit & Loss

Year to 31 Mar (S$m)	2025	2026F	2027F	2028F
Net turnover	673.0	647.3	657.4	677.3
EBITDA	442.1	421.2	428.3	442.4
Deprec. & amort.	0.0	0.0	0.0	0.0
EBIT	442.1	421.2	428.3	442.4
Total other non-operating income	(125.7)	0.0	0.0	0.0
Associate contributions	29.5	24.9	28.0	31.3
Net interest income/(expense)	(83.8)	(90.1)	(92.8)	(93.4)
Pre-tax profit	262.1	355.9	363.5	380.4
Tax	(40.5)	(20.0)	(20.0)	(20.0)
Minorities	(0.2)	0.0	0.0	0.0
Perpetual securities	(10.2)	(9.8)	(9.8)	(9.8)
Net profit	211.2	326.2	333.8	350.6
Net profit (adj.)	336.9	326.2	333.8	350.6

Balance Sheet

Year to 31 Mar (S$m)	2025	2026F	2027F	2028F
Fixed assets	7,286.3	7,304.3	7,322.3	7,340.3
Other LT assets	532.3	533.1	533.9	534.7
Cash/ST investment	95.2	112.6	114.5	113.8
Other current assets	24.8	28.4	28.8	29.4
Total assets	7,938.6	7,978.4	7,999.5	8,018.2
ST debt	0.6	0.6	0.6	0.6
Other current liabilities	528.1	522.0	524.0	527.8
LT debt	1,959.0	2,310.0	2,330.0	2,345.0
Other LT liabilities	204.9	201.4	202.2	203.9
Shareholders' equity	5,243.5	4,941.8	4,940.1	4,938.3
Minority interest	2.5	2.5	2.5	2.5
Total liabilities & equity	7,938.6	7,978.4	7,999.5	8,018.2

Cash Flow

Year to 31 Mar (S$m)	2025	2026F	2027F	2028F
Operating	433.6	392.1	410.5	426.2
Pre-tax profit	347.3	335.9	343.5	360.4
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	0.0	0.0	0.0	0.0
Associates	(29.5)	(24.9)	(28.0)	(31.3)
Working capital changes	(11.4)	(9.7)	1.6	3.2
Non-cash items	1.0	0.6	0.6	0.6
Other operating cashflows	126.2	90.1	92.8	93.4
Investing	494.5	(18.0)	(18.0)	(18.0)
Capex (growth)	(64.9)	(18.0)	(18.0)	(18.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	536.6	0.0	0.0	0.0
Others	22.8	0.0	0.0	0.0
Financing	(936.1)	(361.4)	(390.6)	(409.0)
Distribution to unitholders	(370.2)	(327.9)	(335.5)	(352.4)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	351.0	20.0	15.0
Loan repayment	(767.2)	0.0	0.0	0.0
Others/interest paid	201.3	(384.5)	(75.1)	(71.6)
Net cash inflow (outflow)	(7.9)	12.7	1.9	(0.8)
Beginning cash & cash equivalent	107.6	99.9	112.6	114.5
Changes due to forex impact	0.2	0.0	0.0	0.0
Ending cash & cash equivalent	99.9	112.6	114.5	113.8

Key Metrics

Year to 31 Mar (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	65.7	65.1	65.1	65.3
Pre-tax margin	39.0	55.0	55.3	56.2
Net margin	31.4	50.4	50.8	51.8
ROA	2.5	4.1	4.2	4.4
ROE	4.0	6.4	6.8	7.1
Growth				
Turnover	(5.5)	(3.8)	1.6	3.0
EBITDA	(4.9)	(4.7)	1.7	3.3
Pre-tax profit	(30.1)	35.8	2.1	4.6
Net profit	(37.1)	54.5	2.3	5.0
Net profit (adj.)	(5.2)	(3.2)	2.3	5.0
EPU	(5.6)	(3.3)	2.2	4.9
Leverage				
Debt to total capital	27.2	31.8	32.0	32.2
Debt to equity	37.4	46.8	47.2	47.5
Net debt/(cash) to equity	35.6	44.5	44.9	45.2
Interest cover (x)	5.3	4.7	4.6	4.7