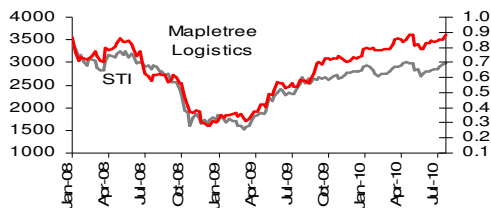


29 July 2010

Maintain

HOLD

Previous Rating: HOLD

Current Price: S\$0.885
Fair Value: S\$0.89


Reuters Code	MAPLSI
ISIN Code	M44U
Bloomberg Code	MLTSP
Issued Capital (m)	2,054
Mkt Cap (S\$/US\$m)	1,818 / 1,329
Major Shareholders	
Temasek Holdings	44.4%
Free Float (%)	55.6%
Daily Vol 3-mth ('000)	1,677
52 Wk Range	0.559 - 0.915

(\$ m)	FY08	FY09	FY10F	FY11F
Revenue	184.9	206.8	225.7	252.9
NPI	161.0	180.8	198.0	220.1
Distributable in	97.4	117.9	129.9	143.0
DPU yield (%)	8.2	6.8	7.1	7.9
P/NAV (x)	1.0	1.0	1.0	1.0

Meenal Kumar
 (65) 6531 9112
 e-mail: MeenalK@ocbc-research.com

Mapletree Logistics Trust

Acquisition frenzy continues

Announces more acquisitions. Mapletree Logistics Trust (MLT) announced its intention to acquire three distribution centers in the Kanto region (Greater Tokyo) of Japan. MLT has signed a binding Memorandum of Understanding with the vendor - a logistics facilities development and management company. The three assets are on long-term leases of between eight and 10 years. The purchases are expected to be completed by end 3Q10.

Financed fully through debt. The total acquisition cost is estimated at JPY13b or S\$201m. The properties will be acquired at an average initial NPI yield of 7.3%, compared to an average implied property yield of 5.0% on MLT's existing Japan portfolio. The purchases will be fully funded by debt, increasing MLT's leverage to approximately 43.6% debt-to-assets. On a pro forma basis, the manager expects an accretion of 0.33 S cents (+5.5%) over the annualized 1H10 DPU of 6.0 S cents. Note MLT estimates that accretion drops to +0.01 S cents (+0.2%) if the acquisitions were 60% equity financed at an issue price of S\$0.84, a 5% discount to the current price.

Equity issue likely, in our view. Since Dec 09, the manager has announced or completed S\$430m of acquisitions, all financed by debt. We note that MLT is fast approaching its 45% medium-term leverage target. At the same time, MLT looks far from sated with its acquisition spree (in our opinion), with both sponsor and third party assets up for grabs. As such, we believe equity fund-raising (EFR) is likely in the next six to 12 months, and sooner rather than later. At the recent 2Q10 analyst briefing, the manager indicated that any potential EFR is likely to take the form of a private placement, citing the faster / more flexible time frame and lower discount versus rights issues. MLT can issue up to 20% of its existing unit base through a private placement. The manager also emphasized that the purpose of any EFR would be to allow MLT to continue to grow rather than to de-leverage.

DPU estimates adjusted upwards. We have adjusted our earnings estimates to account for the impact from these acquisitions with contributions estimated from 01 Oct 2010 onwards. This raises our FY10-11F DPU estimates by 1.7% and 5.5% respectively to 6.3 S cents and 7.0 S cents. Our fair value estimate is also up from S\$0.86 previously to S\$0.89. With uncertainty about the timing and quantum of any EFR, and an estimated total return of 7.7%, we maintain our **HOLD** rating on MLT.

ADDITIONAL INFORMATION

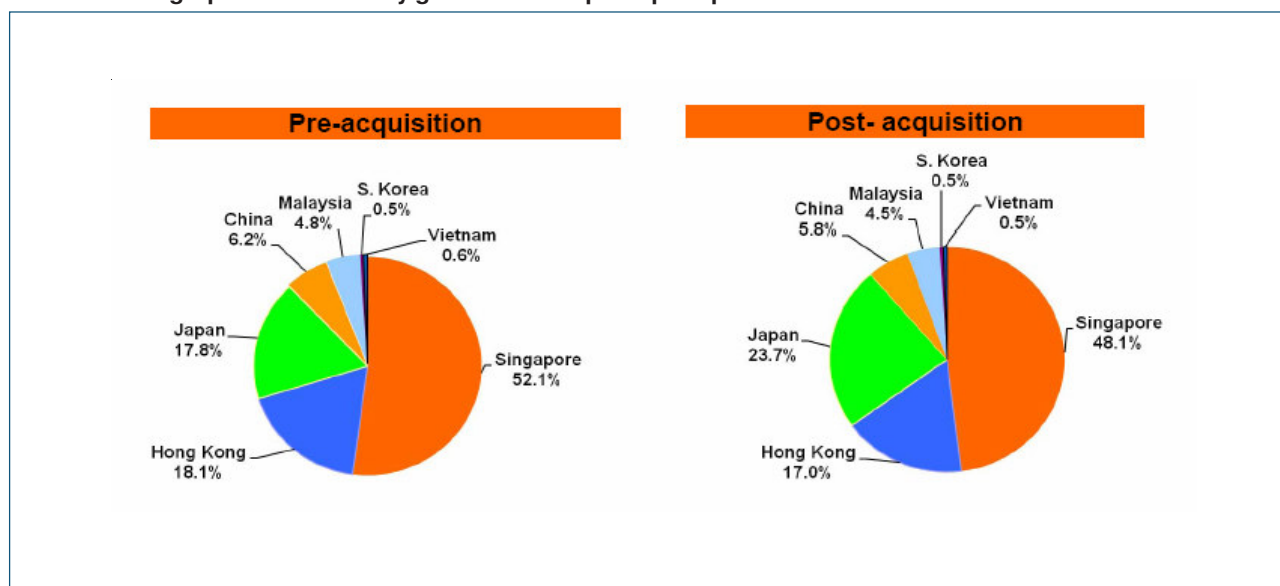
Exhibit 1: Details on acquisitions

	Iwatsuki Logistics Centre	Iruma Logistics Centre	Noda Logistics Centre
<i>Description</i>	Distribution centre with ancillary office	Distribution centre with ancillary office	Distribution centre with ancillary office
<i>Location</i>	Kanto region, Japan	Kanto region, Japan	Kanto region, Japan
<i>GFA (sq m)</i>	30,000.0	26,000.0	36,000.0
<i>Tenure</i>	Freehold	Freehold	Freehold
<i>Classification</i>	Distribution centre	Distribution centre	Distribution centre
<i>Tenant</i>	Oji Transportation Co., Ltd	Oji Transportation Co., Ltd	Izu Express Trucking Inc.
<i>Term</i>	10yr fixed lease to 2018	10yr fixed lease to 2018	10yr fixed lease from completion
<i>Outgoings</i>	Property maintenance will be borne by customer for all three assets		
<i>Cost</i>	S\$74.3m or JPY4.8b	S\$52.6m or JPY3.4b	S\$74.3m or JPY4.8b
<i>Vendor</i>	Kabushiki Kaisha A-MAX	Kabushiki Kaisha A-MAX	Kabushiki Kaisha T Asset
<i>Est. purchase completion</i>	By end 3QFY10	By end 3QFY10	By end 3QFY10
<i>Funding</i>	Debt	Debt	Debt

Note: Such types of assets are used primarily by tenants as distribution centers for their customers' finished products.

Source: MLT, OIR

Exhibit 2: Geographic allocation by gross revenue pre & post-purchase



Source: MLT

Mapletree Logistics Trust's Key Financial Data

EARNINGS FORECAST					BALANCE SHEET				
Year Ended 31 Dec (\$m)	FY08	FY09	FY10F	FY11F	As at 31 Dec (\$m)	FY08	FY09	FY10F	FY11F
Gross revenue	184.9	206.8	225.7	252.9	Cash and cash equivalents	81.9	67.4	88.3	97.0
Property expenses	-23.9	-25.9	-27.7	-32.9	Total current assets	102.9	83.5	110.8	121.0
Net property income	161.0	180.8	198.0	220.1	Investment properties	2943.4	2916.7	3290.8	3290.8
Manager's management fees	-19.0	-21.9	-22.2	-26.1	Total assets	3046.3	3000.2	3401.6	3411.8
Borrowing costs	-36.9	-33.2	-32.4	-41.8	Current liabilities ex borrowings	136.0	121.9	126.5	135.8
Net investment income	99.6	117.2	141.6	148.0	Total borrowings	1159.4	1092.6	1466.0	1466.0
Chg in value of invt properties	94.1	-16.5	13.1	0.0	Other long term liabilities	28.8	32.4	33.0	33.0
Total return	160.1	94.7	148.8	144.0	Total liabilities	1324.2	1246.8	1625.5	1634.8
Adjustment	-62.7	23.2	-18.9	-1.0	Total equity	1722.0	1753.3	1776.0	1777.0
Amt distributable to unitholders	97.4	117.9	129.9	143.0	Total liabilities and equity	3046.3	3000.2	3401.6	3411.8

CASH FLOW					KEY RATES & RATIOS				
Year Ended 31 Dec (\$m)	FY08	FY09	FY10F	FY11F		FY08	FY09	FY10F	FY11F
Operating cashflows	152.9	149.9	156.5	193.2	Units outstanding	1939.3	2054.3	2054.7	2054.7
Purchase of invt properties	-355.3	-48.0	-379.7	0.0	DPU (S cents)	7.2	6.0	6.3	7.0
Investing cash flows	-355.0	-47.7	-379.9	0.4	CFPU (S cents)	7.9	7.3	7.6	9.4
Proceeds from new units	606.7	79.4	0.3	0.0	NAV (S\$)	0.9	0.9	0.9	0.9
Proceeds from borrowings	544.7	338.8	760.3	0.0	DPU yield (%)	8.2	6.8	7.1	7.9
Financing cash flows	232.8	-115.0	245.0	-184.8	P/CF (x)	11.2	12.1	11.6	9.4
Net change in cash	30.6	-12.8	21.6	8.8	P/NAV (x)	1.0	1.0	1.0	1.0
Cash at beg of period	45.7	81.9	67.4	88.3	NPI margin (%)	87.1	87.5	87.7	87.0
Exchange rate effects	5.6	-1.7	-0.7	0.0	Distr to revenue (%)	52.7	57.0	57.6	56.6
Cash at end of period	81.9	67.4	88.3	97.0	Total debt/Total assets (x)	0.4	0.4	0.4	0.4

Source: Company data, OIR estimates

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For OCBC Investment Research Pte Ltd



Carmen Lee
Head of Research

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