OPERATIONS REVIEW
SOUTH EAST ASIA AND GROUP RETAIL

The Reef at King's Dock, the only residential development with a distinctive 180-metre floating deck, is set for completion in mid-2024.

The South East Asia and Group Retail business unit acquires, develops and manages seven asset classes (office, retail, residential, serviced apartments, hotel, industrial and warehouses) in the region to establish a platform for sustainable returns.

The business unit generates income for the Group through its portfolio of operating assets, as well as through various investment activities, including real estate mezzanine financing and development profits.

As at 31 March 2024, the combined real estate portfolio totalled S$3.4 billion across Singapore, Vietnam and Malaysia. In Financial Year 2023/2024 (FY23/24), the business unit contributed S$200.3 million to the Group's recurring EBIT + SOA[1] with S$3.3 million in fee income. Residential developments contributed a further net profit after tax of S$97 million, bringing the total contribution of the business unit to S$297.3 million.

COMBINED REAL ESTATE PORTFOLIO
As at 31 March 2024
S$**3.4**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**200.3**M & S$**3.3**M

SINGAPORE

At HarbourFront Centre (HFC), recovery held steady following the global easing of Covid-19 restrictions and the resumption of cruise and ferry operations. Shopper traffic improved 9.8% year-on-year (y-o-y), supported by sustainability-themed activities that helped create an immersive shopping experience. Tenant sales rose 2.8% y-o-y, a 10.3% increase from pre-Covid levels.

The Reef at King's Dock, a 429-unit residential luxury water development, the only residential development with a distinctive 180-metre floating deck, successfully sold 98% of units as at 31 March 2024. Gearing for its completion in mid-2024, The Reef at King's Dock is set to further activate the HarbourFront precinct with the integration of work-live-play lifestyle.

Tanjong Pagar Distripark (TPD) continued to grow as an arts cluster with placemaking events and activities adding vibrancy to the adaptive reuse project.

Mapletree continued to work with the National Arts Council, Singapore Art Museum and various tenants to make TPD a focal site for the third year running in the Singapore Art Week in January 2024.

VIETNAM

Asset enhancement initiatives were progressively implemented at mPlaza Saigon and CentrePoint in Ho Chi Minh City (HCMC), as well as Pacific Place in Hanoi. Improvement works were also carried out on RichLane Residences to reposition it as a serviced residence. Occupancy remained healthy with positive rent reversion for these assets.

One Verandah, an 806-unit luxury residential development in HCMC District 2, has achieved a sales rate of 94% as at 31 March 2024.

MALAYSIA

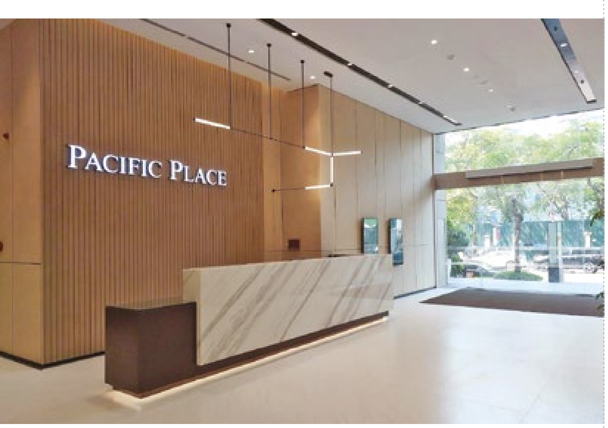
Altris Residences, a project funded by Mapletree's mezzanine loan investment, was 89% sold as at 31 March 2024.

SUSTAINABILITY HIGHLIGHTS

Green leases were rolled out for new and renewed Singapore portfolios in FY23/24. Mapletree also provides a green fit-out guide to encourage tenants to adopt greener fit-outs and green practices.

St James Power Station (SJPS) was successfully re-certified Green Mark Platinum by the Singapore Building and Construction Authority in FY23/24. Meanwhile, Mapletree's Singapore Commercial properties in the HarbourFront Precinct (HarbourFront Towers 1 and 2, HFC and SJPS) secured a GRESB four-star rating for their second submission – an improvement from the three stars obtained for their first submission the previous year.

In Vietnam, Mapletree obtained LEED Operations and Maintenance Platinum Certification for all commercial and mixed-use properties, including mPlaza Saigon, Pacific Place, CentrePoint and Mapletree Business Centre.



The newly refurbished reception and main lobby at Pacific Place in Hanoi, Vietnam.

MARKET REVIEW AND OUTLOOK

Singapore

According to the Ministry of Trade and Industry (MTI), Singapore's economy grew by 1.1% in 2023, moderating from 3.8% in 2022.

With the continued tight financial conditions and geopolitical uncertainties, MTI is forecasting a growth of 1% to 3% for 2024. Continual recovery in air travel and tourism demand is expected to support the aerospace, air transport and accommodation as well as retail trade and F&B, albeit at a more moderate pace of growth.

Tight market supply and increased back-to-office rates in FY23/24 were positive demand and rental drivers for the office sector. Growth in office rents is expected to moderate due to flight-to-quality demand, especially with the completion of several new office developments in 2024.

Vietnam

Vietnam's gross domestic product (GDP) growth slowed from 8% in 2022 to 5% in 2023, but is expected to strengthen to 6% in 2024 on the back of higher foreign direct investments, exports and public investment.

In 2023, HCMC Grade A office stock grew by over 30%, resulting in a dip in occupancy to 81.4% as at end 2023, with rents flat across the year. Similarly, Hanoi's Grade A office stock expanded by 11.9%, with occupancy at 68% and rental growth of 2% for 2023. In 2024, CBRE expects an additional supply of 53,000 square metres (sqm) and 127,500 sqm net lettable area (NLA) in HCMC and Hanoi, respectively. Rent in both markets will likely remain competitive, with occupancy increasing to about 85% and 75% for HCMC and Hanoi, respectively.

Retail sales in Vietnam increased by 9.6% in 2023, with HCMC and Hanoi welcoming 21,000 sqm and 90,000 sqm NLA of new retail space, respectively. According to CBRE, asking rent at prime locations in HCMC continued to rise due to the expansion of luxury brands, a trend that is expected to continue in 2024.

Vietnam welcomed 12.6 million foreign visitors in 2023, a vast improvement from the 3.7 million visitors clocked in 2022, although still around 30% below the 2019 pre-pandemic level. The top source markets included China, Japan, Korea, Taiwan and the United States.

Malaysia

Malaysia's GDP growth moderated to 3.7% in 2023 amid weaker external demand and slower exports growth, cushioned by stronger domestic demand and tourism.

For 2024, Bank Negara projects growth of 4% to 5% on resilient domestic spending and improvement in external demand.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:

i. Ministry of Trade and Industry, Singapore
ii. CBRE Vietnam
iii. Bank Negara Malaysia
iv. Vietnam General Statistics Office
v. Asian Development Bank

OPERATIONS REVIEW
LOGISTICS DEVELOPMENT

The third and final phase of Mapletree Logistics Park Hung Yen 1 is receiving healthy interest from international 3PLs and end-users.

Mapletree's Logistics Development business unit develops and manages the Group's logistics development projects. It oversees a robust portfolio of logistics facilities in Australia, China, India, Malaysia and Vietnam, valued at S$5.7 billion as at 31 March 2024. In Financial Year 2023/2024 (FY23/24), the business unit contributed S$46.1 million to the Group's EBIT + SOA[1] and S$28.2 million to fee income.

COMBINED PORTFOLIO OF LOGISTICS FACILITIES
As at 31 March 2024
S$**5.7**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**46.1**M & S$**28.2**M

CHINA

Mapletree Logistics operates 111 projects in 81 cities throughout Mainland China with over 8.3 million square metres (sqm) of net lettable area (NLA). Seventeen logistics parks were completed in FY23/24, adding 1.1 million sqm of NLA.

Another 24 new projects are under development, including two new plots of land tendered in FY23/24. Upon completion, these will total 2.1 million sqm of NLA.

MALAYSIA

In December 2023, Mapletree completed the purchase of a plot of land approximately 363,812 sqm in an established industrial precinct in Bukit Raja, Klang Valley, Selangor, for approximately S$137.1 million. Such large sites (>161,874 sqm) are rare for logistics development in this location.

Mapletree Logistics Hub – Jubli Shah Alam secured nearly 100% committed occupancy from international companies. This will be an International Food and Beverage operator's first in-house managed distribution centre in Malaysia. In February 2024, Mapletree Logistcs Trust announced the acquisition of the asset for a total consideration of about S$158.8 million, and it is expected to be completed by mid-FY24/25.

AUSTRALIA

Redevelopment of 20 Kelso Crescent, Moorebank, New South Wales (NSW), began in April 2024. At practical completion, the two-storey ramp up logistics facility will have about 37,800 sqm of gross floor area (GFA). The site will be Mapletree's first multi-storey logistics facility in Australia.

Pre-construction works on infrastructure of Mapletree Logistics Park – Crestmead 2 is underway. Detailed planning has commenced and is expected to finalise by August 2024. Upon practical completion in December 2023, Mapletree Logistics Park – Crestmead 1 Phase 2 which comprises two premium logistics facilities of combined GFA at 37,904 sqm, has reached heads of agreement with three tenants to lease 100% of the space. Phase 3 construction commenced in January 2024 with two logistics buildings of about 46,812 sqm GFA, scheduled to reach practical completion in March 2025. Planning amendment to optimise gross lettable area for Phase 4 is underway and construction is estimated to complete in November 2026.

Pre-construction works on the infrastructure of Mapletree Logistics Park – Crestmead 2 are in progress and detailed planning is underway 2024.

VIETNAM

The third and final phase of Mapletree Logistics Park Hung Yen 1, completed in July 2023, has secured 22% pre-committed occupancy from a logistics provider. The project of 177,528 sqm GFA is receiving healthy interest from international third-party logistics providers (3PLs) and end-users.

In May 2023, construction commenced on the first phase of Mapletree Logistics Park Hoa Phu. The project of 194,083 sqm GFA is located in Hoa Phu Industrial Park, Bac Giang Province.

Development of Mapletree Logistics Park Thuan Thanh in Thuan Thanh III Industrial Park, Bac Ninh Province, began in September 2023. With a total development cost of about S$158 million, the project will deliver about 247,026 sqm of GFA and strengthen Mapletree's market leadership in Northern Vietnam.

In Southern Vietnam, Mapletree Logistics Park Binh Duong Phase 3 successfully maintained 100% occupancy rate in FY23/24. The property was built with Grade A specifications to accommodate local distribution facilities and supply chain warehouses by the three established 3PLs.

Mapletree Logistics Park Binh Duong Phase 4 secured 62% occupancy, while Mapletree Logistics Park Binh Duong Phase 6 is running at 78% occupancy rate.

In FY23/24, the purchase of an additional 868,000 sqm of land has been secured for two proposed developments. With an estimated total development cost of S$400 million, the projects will deliver a total GFA of about 528,000 sqm, cementing Mapletree's dominance in the logistics real estate market in Vietnam.

INDIA

In February 2024, Mapletree made its first acquisition in Chennai, one of India's largest cities, with a strong and vibrant manufacturing sector. The warehouse development will yield a total NLA of 108,697 sqm.

SUSTAINABILITY HIGHLIGHTS

Mapletree continued to install solar panels and electric vehicle charging stations at various logistics developments in Australia, China and Malaysia. Meanwhile, tree planting efforts accelerated, with more than 10,000 trees planted across China, India and Vietnam during the year.

In China, 49 assets were LEED certified in FY23/24. Mapletree is in the process of adopting the LEED Volume Program to enable more streamlined certification and better integration of sustainability strategies for future developments.

In Vietnam, all Mapletree logistics assets in the North have successfully obtained EDGE certification. Certification for all other assets in the South is targeted by the end of FY24/25. Since the rollout of green leases in Vietnam, 100% of new leases and renewals have been green leases.

MARKET REVIEW AND OUTLOOK

China

China's gross domestic product (GDP) grew by 5.2% in 2023. Premium warehouse stock expanded to approximately 105 million sqm. The supply of warehouse space is likely to have peaked and is expected to decline slightly in 2025. GDP growth for 2024 is projected to be 4.6%. With the recent wave of new completions now passing, supply and demand in the logistics market is likely to be more balanced.

Malaysia

Malaysia's GDP grew by 3.7% in 2023, mainly due to weaker export demand and private consumption. Growth in 2024 is expected to be driven by resilient domestic expenditure and improving external demand. The shortage of Grade A logistics warehouses in strategic locations with good connectivity will drive demand in areas such as Shah Alam and Bandar Bukit Raja.

Australia

The Australian economy slowed in 2023 as the Reserve Bank of Australia (RBA) progressively increased interest rates from 0.1% in 2022 to 4.4% in 2023 to dampen consumer demand and curb inflation. As a result, inflation decreased to approximately 4.1% year-on-year in December 2023, compared to the RBA's target of 2% to 3%. Correspondingly, GDP growth dropped to 1.5% in 2023 from 2.7% in 2022.

The outlook for the Australian industrial and logistics sector remains positive, with inflation heading toward the central bank's targeted range and debt costs stabilising. However, increased supply and softer demand conditions, especially in Queensland, is expected to slow rent growth from recent record levels. On the other hand, NSW continues to have low vacancy levels but is expected to experience a slower rent growth, albeit to a lesser extent compared to Queensland.

Vietnam

Vietnam achieved a GDP growth of 5.1% in 2023. With resilient domestic consumption and the ongoing expansion as an alternative manufacturing hub to China, demand for high-quality logistics warehouses continues to rise.

India

Despite an inflationary and high-interest rate environment, industrial warehouse leasing has remained buoyant because of the Government's supportive manufacturing and investment policies and the sustained relocation of manufacturing away from China. While demand for warehouses from e-commerce players has softened, there has been sustained demand from retailers, FMCG and 3PL players. Overall vacancy of Grade A warehouses remains low across major cities. The projected economic growth of 6.5% for FY24/25 will further fuel demand.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

Reference:
i. CBRE Research

OPERATIONS REVIEW
CHINA

King's Residences comprises seven blocks of residential towers in Zhucun, Zengcheng district, east of Guangzhou.

Mapletree's China business unit seeks to capitalise on real estate opportunities by developing, investing in and managing real estate assets in China.

As at 31 March 2024, the business unit accounted for S$2.8 billion of the Group's total assets under management. In Financial Year 2023/2024 (FY23/24), the business unit contributed S$32.8 million to the Group's EBIT + SOA[1].

BUSINESS UNIT'S ASSETS UNDER MANAGEMENT
As at 31 March 2024
S$**2.8**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1]
for FY23/24
S$**32.8**M

STAYING STRONG AMID HEADWINDS

The Group's portfolio of well-located, high-quality properties in China proved resilient in a challenging real estate market. mTower Beijing achieved close to 90% committed occupancy as at 31 March 2024, positioning it among the top three office buildings in terms of occupancy in the Lize Financial Business District. About 80% of the tenants in the Grade A office building with 51,235 square metres (sqm) of gross floor area (GFA) are from the technology, media and telecommunications (TMT), biomedical and professional services sectors.

mPlaza Guangzhou also ranked among the top three office buildings in terms of occupancy in the Pazhou e-commerce headquarters cluster, with approximately 86% committed office occupancy as at 31 March 2024. With GFA of 109,002 sqm, more than 80% of the property's tenants are from the TMT sector. Anchor tenants include global brands like Miniso and WPP.

mTower Wuhan, a Grade A office building with a GFA of 81,771 sqm and located in the Optics Valley central business district (CBD) of Wuhan within the Hubei Province, achieved around 80% committed occupancy as at 31 March 2024. More than 16% of new tenancy were brought in during FY23/24. However, more than 18% of existing tenants had reduced leased space or moved to other lower-cost locations.

On the residential front, King's Residences obtained its occupation permit (OP) in December 2023 for the 844 residential units and 20 strata title shop units. Conveniently located near Metro Line 21 and a 45-minute commute from the Guangzhou Tianhe CBD, the project comprises seven blocks of residential towers spanning a land area of 24,660 sqm and will yield an estimated GFA of 93,706 sqm. To boost homebuyers' confidence in the project, sales of completed and furnished units will start in Q2 to Q3 FY24/25.

Viva Riverside in Xinwu District, Wuxi, is situated next to Metro Line 2 which connects to Wuxi East Railway Station in four stops. The project comprises 1,438 residential units and 165 strata title shop units. With a land area of 76,907 sqm, it is expected to yield approximately 169,135 sqm of GFA. The OP and master title deed are expected to be obtained in mid-2024. Despite the depressed market, more than 70 of the 128 units from the initial launch have been sold. The full launch of completed and furnished units is slated for Q3 FY24/25.

mTower Wuhan is a Grade A office building located in the Optics Valley CBD.

At Mapletree Ningbo Mixed-use Development, Phase 3 (medical centre) was fully divested in Q1 FY23/24.

SUSTAINABILITY HIGHLIGHTS

Sustainability remains a key focus of the China business unit's asset management and investment efforts. All three office buildings have obtained LEED Gold certification, while residential properties King's Residences and Viva Riverside have met China's Green Building standards.

The business unit oversaw the planting of 1,989 trees in China during FY23/24. Meanwhile, mTower Wuhan and mPlaza Guangzhou retrofitted battery-operated soap dispensers and diffusers with electrical power, reducing battery waste by approximately 6,000 units annually.

MARKET REVIEW AND OUTLOOK

In 2023, China's gross domestic product (GDP) rebounded by 5.2% (above the Government Work Report's target of about 5%) and the consumer price index grew by 0.2% (lower than the target of about 3%) year-on-year (y-o-y). However, despite the relaxation of pandemic-related restrictions and multiple rounds of stimulus measures, real estate development investment still fell by 9.6% in 2023.

The real estate slump has been the dominant challenge for the business unit. Although the pace of decline in property sales and construction starts has slowed, the spillover effects will continue to weigh on GDP growth, investment and consumption.

In 2023, residential property sales, in terms of area and value, reached historical lows since 2012 and 2016, sliding 8.2% y-o-y and 6% y-o-y, respectively. However, the pace of decline narrowed compared to 2022. More time is needed to realise the impact of supportive housing policies.

The office market continued to perform below par in 2023. With rental prices and occupancy rates reaching record lows, asset values dropped. Nevertheless, some institutional investors and end users stayed active in the non-residential capital market. As per CBRE's 2024 China Real Estate Market Outlook, China's overall office demand is expected to recover in 2024 alongside the economy, a stabilised Fintech sector, rising Artificial Intelligence landscape and advanced manufacturing sector.

Moving into 2024, market fundamentals have yet to show improvement. The short-term economic outlook remains challenging due to volatile external economic and geopolitical conditions, along with fragile business and consumer sentiments. However, policymakers have rolled out programmes to support the property sector.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

Reference:
i. China National Bureau of Statistics

OPERATIONS REVIEW
INDIA

GTP comprises five Grade A office towers and offers a total net lettable area of close to 177,000 sqm.

Mapletree's India business unit develops and manages real estate assets in India, as well as deepens its presence through acquisitions and investments in this developing economy.

With owned and managed assets of S$1.7 billion as at 31 March 2024, the business unit contributed S$17.9 million to the Group's EBIT + SOA[1] in and S$10.2 million in fee income in Financial Year 2023/2024 (FY23/24).

OWNED AND MANAGED ASSETS
As at 31 March 2024
S$**1.7**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**17.9**M & S$**10.2**M

ENHANCING TENANT EXPERIENCE

Strong demand persisted for quality business park space in India. Global Technology Park (GTP) ended FY23/24 with occupancy at 99%. As part of asset enhancement, the construction of a new food court in Tower E was initiated and completed within the year.

Global Infocity Park Chennai (GIPC) also performed well, securing new leases for 18% of the net lettable area (NLA), achieving 87% occupancy at the end of the financial year. Asset enhancement was carried out to make GIPC more accessible for people with disabilities. Examples of improvements include handrails on the walls of all staircases, tactile indicators on floors to guide the visually impaired, handicap-friendly

In Chennai, 2,000 trees were planted in a plot of land previously filled with concrete waste, hume pipes and labour sheds.

doors at all basement lift lobbies and anti-skid tape for all block staircases. These enhancements make GIPC universally accessible and compliant with Harmonised Guidelines[2].

As for Vikhroli Business City in Mumbai and Global Business City in Pune, both developments are on track for completion in 2025.

SUSTAINABILITY HIGHLIGHTS

Mapletree engaged tenants, volunteers and environmental organisations to plant trees as part of the *Plant a Tree with Mapletree* initiative. At Park IV, ELCOT IT Park Chennai, GIPC partnered with the Electronics Corporation of Tamil Nadu (ELCOT) and Tamil Nadu Mission to plant 2,000 trees and maintain the saplings until 2030. In Bengaluru, GTP planted more than 3,000 trees in partnership with Project Vruksha Foundation and the Karnataka Milk Federation Unit.

In line with efforts to utilise renewable energy, GIPC entered into an agreement with solar power and investment company Enerparc to procure a solar power plant in FY23/24. The plant, which became operational in the same financial year, provides 25% of GIPC's total energy requirements.

MARKET REVIEW AND OUTLOOK

The Reserve Bank of India (RBI) expects India's gross domestic product to grow by 7.3% in 2024 and by 7% in 2025. The inflation rate for FY23/24 was 5.4%, which was within RBI's upper tolerance limit of 6%.

India also observed a robust increase in tax collection, with direct tax collected between April 2023 and January 2024 increasing by 20.3% year-on-year (y-o-y). The collection of goods and services tax over the same period rose by 11.7%, indicating healthy levels of business activity.

In 2023, gross commercial leasing in the office market was approximately 5.4 million square metres (sqm), an increase of 16% from the previous year. This was accompanied by a 17% increase in gross supply to approximately 4.7 million sqm. City-wide absorption was 27% in Bengaluru, 18% in Chennai, 12% in Mumbai and 9% in Pune. Notably, gross absorption during the third quarter of FY23/24 was about 1.9 million sqm, representing a y-o-y increase of 92% or the highest ever demand in a quarter.

Vacancy rates continued to range from 15% to 18% across major markets. This is expected to remain unchanged in the near term due to global economic headwinds.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

2 Harmonised guidelines aim to have an inclusive society in which equal opportunities and access is provided for the growth and development of differently abled persons to lead productive, safe and dignified lives.

References:

i. Colliers India Office Market Snapshot Q4 2023

ii. Reserve Bank of India

OPERATIONS REVIEW
AUSTRALIA & NORTH ASIA

1G Homebush Bay Drive is a Grade A six-storey office building located in Rhodes, Sydney.

Mapletree's Australia & North Asia business unit develops, manages and invests in commercial, logistics, data centre and lodging assets spanning Australia, Hong Kong SAR, Japan and South Korea.

The business unit also manages two private equity funds — Mapletree Australia Commercial Private Trust (MASCOT) and Mapletree Japan Investment Country Private Trust (MAJIC).

With owned and managed assets of S$2.8 billion as at 31 March 2024, the business unit contributed S$4.2 million to the Group's EBIT + SOA[1] and S$6.2 million in fee income in Financial Year 2023/2024 (FY23/24).

OWNED AND MANAGED ASSETS
As at 31 March 2024

S$**2.8**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24

S$**4.2**M & S$**6.2**M

AUSTRALIA

Asset enhancement initiatives (AEIs) across MASCOT's assets boosted its leasing activity in FY23/24, with approximately 25,000 square metres (sqm) leased during the year.

The strategy of providing fitted-out space resulted in major leases with strong covenants, including approximately 6,000 sqm at 144 Montague Road to two major tenants, about 1,900 sqm to a major Australian supermarket store for their office use at 78 Waterloo Road and 1,000 sqm to a telecommunications consultancy at 1G Homebush Bay Drive.

Building upgrades such as lift refurbishments, foyer and amenity refurbishments helped secure about 4,100 sqm of new leases and renewals at 67 Albert Avenue.

As staff gradually return to the office with anticipated improved macroeconomic conditions in late 2024, MASCOT seeks to ramp up leasing activity and increase overall occupancy.

JAPAN

Mapletree Japan Investment Country Private Trust (MAJIC), which focuses on logistics development opportunities in Japan, closed on 30 April 2024 with a fund size of S$433 million and target assets under management (AUM) of S$1 billion.

MAJIC was seeded with an initial portfolio of three logistics development projects located in Central Tokyo, Central Kyoto and the Miyagi Prefecture. All three assets feature quality specifications and are strategically located within or around major metropolitan areas close to logistics infrastructures such as cargo airports, ports, expressways, or industrial zones.

Mapletree Chikushino Logistics Centre Phase 1 was completed in July 2023 and is currently 40% occupied, aiming for full occupancy by 2024. The four-storey ramp-up warehouse has CASBEE Rank A, BELS Five-Star and ZEB Ready certification.

HONG KONG SAR

Mapletree's first data centre development in Hong Kong SAR, located in Fanling, has commenced in August 2023 and will provide

20,140 sqm of gross floor area (GFA) upon completion H1 2025. The development will target to achieve LEED Gold and has received strong interest from potential tenants.

Mapletree and PAG formed a 50-50 joint venture to acquire The Bay Hub, previously known as Goldin Financial Global Centre, for about S$960 million. Since the deal's completion in June 2023, AEIs are being implemented to boost the building's attractiveness. Located in Kowloon Bay in CBD2, the 28-storey premium Grade A office with three underground floors has a GFA of approximately 79,200 sqm, and is LEED Platinum and BEAM Plus Platinum-certified.

SOUTH KOREA

New leases and renewals at The Pinnacle Gangnam in Seoul amounted to 4,576 sqm in FY23/24 with an average rental reversion of approximately 39%. The occupancy rate was 99.1% as at March 2024 and is expected to hold.

SUSTAINABILITY HIGHLIGHTS

As at 31 March 2024, MASCOT has achieved a high NABERS rating of five stars for energy and 4.7 stars for water usage. MASCOT also partnered with a government tenant to install electric vehicle chargers at 11 Waymouth Street with plans to roll out the initiative in other assets.

All tenant fit-outs and building manuals now include sustainability recommendations. To reduce waste, MASCOT recycles office fit-outs where possible. Moving forward, the lease templates will incorporate green lease/sustainability clauses.

As part of Mapletree's efforts to plant at least 100,000 trees worldwide by 2030, Mapletree sponsored the planting of 600 trees in Chikushino City, Japan, and partnered with World Green Organisation to plant 160 trees in Sha Tau Kok, Hong Kong SAR.

In South Korea, The Pinnacle Gangnam achieved LEED Gold certification for Building Operations and Maintenance. Lightings in common areas were replaced with efficient LED lamps while air filters were upgraded to MERV 13 to improve air quality.

MARKET REVIEW AND OUTLOOK

Australia

In 2023, Australia's Gross Domestic Product (GDP) grew by 2.1%, driven by weak growth in household consumption amid cost-of-living pressures. Inflation is easing but remains high above the 2% to 3% target range and is expected to weigh on near-term economic growth.

Capital markets in the office sector faced strong headwinds in 2023 due to rising interest rates and ongoing debates on flexible work arrangements. Average central business district (CBD) prime cap rates consequently expanded by 38 to 119 basis points over the 12 months ending December 2023.

Flight-to-quality remains prevalent and the Australian office market continues to evolve due to shifting work patterns. Markets such as Sydney saw stronger demand in prime CBD locations compared to fringe or metro locations, while Brisbane and Perth saw strong overall demand.

Debt markets in 2024 are expected to stabilise but remain elevated. Transaction volume is forecast to remain subdued in H1 2024. Rate cuts by the Reserve Bank of Australia are anticipated in H2 2025, which could ease credit conditions and support recovery in the investment market.

Japan

An oversupply of logistics facilities has been identified in specific regions, notably along the Ken-O Expressway in the Greater Tokyo area. However, new demand pockets are emerging in regions with semiconductor and automobile factories, as they rely on efficient logistics, creating opportunities for logistics providers.

Persistent high construction costs pose challenges to logistics development projects in the market. Nonetheless, cap rates have been observed to be stable at a lower level. The 2024 revision to Japanese labour regulations could significantly impact the logistics sector and transportation networks, prompting logistics companies and investors to revise their business strategies and investment approaches.

Physical occupancy in office sector has largely recovered to pre-Covid levels. However, new Grade A office supply in Tokyo CBD is expected to put pressure on vacancy rates and rents. The supply of Grade B offices remains limited, despite continued demand from small and medium-sized enterprises. Cap rates remained stable at a low level, attracting Japanese core office investors to re-enter the market.

Hong Kong SAR

Real GDP grew less than expected at 3.2% in 2023 amid China's slowdown and decade-high interest rates. The challenging macroeconomic environment, high cost of capital and government budget deficit could limit 2024's economic growth to a range of 2.5% to 3.5%. Property transactions halved year-on-year to HK$40.3 billion, the lowest since 2008, due to high borrowing cost and negative carry. In 2024, property investment demand should improve with the US Federal Reserve's roadmap to a 75-basis point rate cut, but persistent negative carry may hinder strong uptake in overall investment volume.

South Korea

The Seoul office market has maintained an overall vacancy rate below 5% since Q1 2022. However, slowing global economy and increasing occupancy costs may lead to office tenants downsizing or relocating to fringe locations.

Despite a healthy leasing market, the investment market is slowing, with total transaction volume in 2023 being 35% lower in 2022 at KRW11 trillion. This was mainly due to challenges in fund-raising and mismatch in price expectations, causing delays in deal closure. The fund-raising challenges are expected to persist in 2024. Given the significant transaction delays, sellers may be willing to accept slightly lower prices.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:
i. Cushman & Wakefield's 2023 EOY Market Commentary & 2024 Forecast, Reserve Bank of Australia
ii. JLL REIS
iii. The Census and Statistics Department of Hong Kong
iv. CBRE
v. JLL Research, Korea Property Digest (Q4 2023)

OPERATIONS REVIEW
STUDENT HOUSING

The student lounge at Terrapin Row, Maryland, the US, was upgraded to provide additional study areas for learning and socialising.

Mapletree's Student Housing business unit develops, acquires and manages the Group's global student housing assets. In addition, the business unit oversees a private real estate fund, the Mapletree Global Student Accommodation Private Trust (MGSA). As the fund manager of MGSA, Mapletree seeks to maximise portfolio returns and increase asset value through proactive asset management, driving operational efficiency and elevating the overall resident experience.

Mapletree's student housing portfolio – including those held under MGSA and Mapletree Investments – comprises a total of 56 Purpose-Built Student Accommodation (PBSA) assets with close to 25,000 beds located across 38 cities in the United Kingdom (UK), the United States (US) and Canada.

With owned and managed assets of S$4.3 billion as at 31 March 2024, the business unit contributed S$133.2 million to the Group's EBIT + SOA[1], and S$5.3 million in fee income in Financial Year 2023/2024 (FY23/24).

OWNED AND MANAGED ASSETS
As at 31 March 2024
S$**4.3**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**133.2**M & S$**5.3**M

ASSET ENHANCEMENTS

As part of ongoing efforts to continuously improve Mapletree's offering and the student experience, various asset enhancement initiatives (AEIs) were identified and implemented across the properties during FY23/24.

At Terrapin Row in the US and Pablo Fanque House in the UK, the student lounges were upgraded to provide additional study areas for learning and social activities. Additionally, underutilised commercial spaces at The Glasshouse in the UK were transformed into communal areas for student use. The converted space offers a wide array of amenities, including a main reception area, study spaces, entertainment zones, private dining spaces and individual hangout spots. At Calcott Ten in the UK, the previously underutilised lounge area was repurposed into a gym and multi-purpose yoga studio.

Through these enhancements which are welcomed by the student community, Mapletree commits to providing a higher quality experience at better value for money, which makes our student housing product more competitive.

From top to bottom: the refurbished gym and exterior of Calcott Ten in Coventry, the UK, and the renovated lounge and exterior of The Glasshouse in Nottingham, the UK.

The US and UK portfolios continue to perform strongly on the leasing front. Both portfolios achieved 94% occupancy for Academic Year 2023/2024 (AY23/24), surpassing the previous year's performance.

SUSTAINABILITY HIGHLIGHTS

The business unit implemented notable sustainability initiatives to reduce water and energy consumption at the Group's US and UK student housing assets. These include the completed installation of sustainable showerheads with reduced flow, smart-flow meters, the replacement of electric heaters and fans, and the transition towards LED lighting across various sites in the US and UK. Combined, these initiatives led to the attainment of the business unit's target of 5% electricity savings for the UK in FY23/24.

In terms of social engagement, the resident sustainability influencer programme which enables residents to take up a role in championing social and sustainability events among the resident community, has been rolled out across the UK assets. Various partnerships with charities have also been established. For instance, efforts to recycle students' pre-loved items raised a total of £27,000 in donations for the British Heart Foundation in the UK.

In the US, a partnership was formed with non-profit organisation Move For Hunger, which aids in minimising food wastage during the move out cycle by redistributing surplus food communities in need.

MARKET REVIEW AND OUTLOOK

Overall, the student housing sector continues to be attractive as demand continues to outstrip supply. This is underpinned by rising enrolment numbers in both the US and UK, coupled with a consistent trend in fewer new beds being delivered due to high construction costs, high financing costs and a challenging planning system, all of which pose a significant barrier to additional supply.

In the US, university enrolment increased to 18.4 million in 2023, 1.1% higher than the previous year's 18.2 million. Enrolment of international students continues to increase as this demographic seeks quality education. The international student population in the US grew by 8% in AY23/24. In the UK, enrolment in AY22/23 is forecasted to be in line with AY21/22. However, the delivery of new beds for 2025 at the top 175 universities is expected to decrease by 14% from 2024.

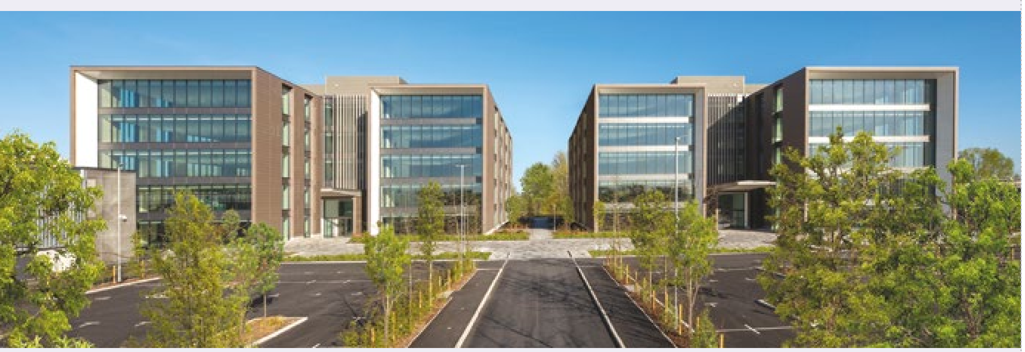
In view of the above, occupancy and rental growth in both countries is expected to remain robust.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:
i. National Center for Educational Statistics, United States Department of Education
ii. National Student Clearinghouse® Research Center™
iii. Realpage Axio Metrics, RealPage 175 universities
iv. Cushman & Wakefield UK Student Accomodation Report 2023

OPERATIONS REVIEW
EUROPE

Lubuskie 2 Building, located in Krosno (Poland), had a building extension constructed in June 2023.



400 and 450 Longwater Avenue are two office buildings located in Green Park, Reading, the UK.

Mapletree's Europe business unit acquires, develops and manages commercial and logistics assets across key gateway cities and growth markets in Europe and the United Kingdom (UK).

With owned and managed assets of S$4.3 billion as at 31 March 2024, the Europe business unit contributed S$76.3 million to the Group's EBIT + SOA[1], and S$20.5 million in fee income in Financial Year 2023/2024 (FY23/24).

OWNED AND MANAGED ASSETS
As at 31 March 2024
S$**4.3**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**76.3**M & S$**20.5**M

COMMERCIAL

With remote work persisting across Europe, Mapletree's strategic focus on high-quality Grade A assets with strong sustainability credentials has succeeded in attracting tenants from diverse sectors, including professional services and technology. As at 31 March 2024, Europe's portfolio comprises 10 office-focused assets across nine cities in the European Union (EU) and the United Kingdom, covering close to 433,000 square metres (sqm) of net lettable area (NLA).

In the UK, Green Park enjoyed strong traction among tenants. In December 2023, 400 Longwater Avenue secured a significant tenant: global leading engineering and consultancy firm, Wood, which leased the entire 11,055 sqm space. This marked the largest letting in the Thames Valley office market since its sister building, 450 Longwater Avenue, was occupied. In addition, Akoni Technologies and Kings Secure Technologies joined Green Park in FY23/24. Existing tenants such as NVIDIA and Tanium also recommitted to their leases. The inauguration of Reading Green Park railway station in May 2023 connected the area to the National Rail Network.

Despite headwinds in the office sector, occupancy for Mapletree Europe Income Trust (MERIT) continued to stay resilient at 92.6% as at 31 March 2024, achieving a positive rental reversion of 22.6% across 37,000 sqm of leasing transactions. Vacancies were mitigated throughout the year with lease-ups to Glaysiers solicitors, Ascensia and Floatation Energy, as well as renewals with large tenants such as Barclays, Pinsent Masons, FRSE and Silver Atena. This underscores the Group's capabilities in executing its asset and portfolio management strategy amid a challenging office market.

LOGISTICS

As at 31 March 2024, Mapletree's Europe logistics footprint comprises 66 warehouses spanning close to 1.7 million sqm of gross floor area (GFA). Most of these assets are held under Mapletree US & EU Logistics Private Trust (MUSEL) EU, which was launched in 2019.

MUSEL EU is a fully invested core fund with assets under management (AUM) of EUR1.1 billion (~S$1.6 billion) and unitholder equity of EUR0.5 billion[2] (about S$0.7 billion[3]), in which the Group retains a 34.6% stake. MUSEL EU holds 62 assets across 20 cities in seven European countries. In FY23/24, MUSEL EU executed 54 leases (about 0.4 million sqm), while achieving positive rental reversion of 16%. This brings total leases executed to 2.1 million sqm and rental reversion of 7.3% since fund inception. Both occupancy and weighted average unexpired lease term remain stable at 95.6% and about 4.3 years, respectively.

While economic uncertainty has dampened demand, MUSEL EU maintains a healthy leasing performance due to its strategic management and leasing strategies. This underlines the portfolio's resilience in navigating market challenges and its commitment to sustaining occupancy levels and optimising revenue streams.

SUSTAINABILITY HIGHLIGHTS

The EU and UK Logistics and Commercial portfolios recorded 29 green building certificates. These included new certifications such as WiredScore Platinum for One Glass Wharf and Building without Barriers for West Station.

The business unit made further progress by implementing an environmental, social and governance (ESG) and operations management platform, Deepki, to enhance understanding of the portfolio's environmental performance and catalyse proactive measures. This facilitated the automation of utility data collection through smart metering. The next phase will involve Deepki's automatic synchronisation of all ESG data into the Environmental Data Management System (EDMS).

Green Park solidified its commitment to environmental and energy management by achieving prestigious certifications: ISO 14001 (Environmental) and ISO 50001 (Energy), alongside the Green Flag award. Championing biodiversity, Green Park has been honoured with the Wildlife Trusts' Biodiversity Benchmark for the eighth consecutive year. In FY23/24, Green Park further strengthened its commitment to nature, with the team planting 450 new trees on-site as part of Mapletree's global tree-planting initiative.

MARKET REVIEW AND OUTLOOK

Under a challenging economic environment, annual gross domestic product growth in the EU and the UK moderated to 0.4% and 0.1%, respectively in 2023. The heightened interest rate policies of the European Central Bank and Bank of England brought inflation under control, with full-year inflation at 2.9% and 4%, respectively in 2023. As a result, interest rates are widely believed to have peaked, and both central banks are expected to initiate cuts in the later part of 2024.

These changes will come as a welcome relief to various segments in the property sector that have been dislocated by post-pandemic trends and changes.

In Europe, the demand for office space has remained subdued as businesses reassess their workspace requirements. While some tenants have deferred large space requirements due to macroeconomic uncertainties, demand remains strong for Grade A offices in favourable locations equipped with excellent amenities.

European logistics experienced a slowdown in leasing demand, resulting in softening market absorption and rising vacancy. Despite this, rental growth continues to trend above historical averages, returning to a more sustainable pace. The logistics industry remains influenced by structural trends, including reshoring or nearshoring of manufacturing facilities and the continued adoption of a just-in-case inventory management strategy.

Given the weak macroeconomic environment and rising geopolitical tensions, the Group will continue to focus on active and effective asset management strategies to strengthen the performance of its Europe portfolio, while exploring means for prudent capital recycling. The Europe business unit believes that current dislocations in the investment market will also offer attractive opportunities for the Group to further increase its asset footprint in Europe.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
2 Unitholder equity as at date of fund inception.
3 S$ exchange rate as at date of fund inception.

References:
i. Eurostat
ii. Office for National Statistics

OPERATIONS REVIEW
UNITED STATES

The lobby at Galatyn Commons Building C was refurbished as part of efforts to modernise the space.

Mapletree's United States (US) business unit evaluates, acquires, develops and manages real estate assets in the US. These include commercial and logistics assets.

With owned and managed assets of S$13.2 billion as at 31 March 2024, the US business unit contributed S$205.6 million to the Group's EBIT + SOA[1], and S$121 million in fee income in Financial Year 2023/2024 (FY23/24). In addition, the business unit oversees three private funds – Mapletree US & EU Logistics Private Trust (MUSEL), Mapletree US Income Commercial Trust (MUSIC) and Mapletree US Logistics Private Trust (MUSLOG).

OWNED AND MANAGED ASSETS
As at 31 March 2024
S$**13.2**B

CONTRIBUTION TO GROUP'S EBIT + SOA[1] AND FEE INCOME
for FY23/24
S$**205.6**M & S$**121**M

US COMMERCIAL

Hybrid work models continue to prevail across the US. Mapletree's focus on high-quality Grade A assets with resilient environmental, social and governance (ESG) credentials has contributed to renewals of current tenants, while also attracting new tenants. As at 31 March 2024, the US Commercial portfolio consists of five office-focused assets across 17 buildings in four states with a net lettable area (NLA) of approximately 285,000 square metres (sqm).

In Raleigh, North Carolina, a technology-driven biopharmaceutical solutions company renewed its lease of about 7,000 sqm at 8 Pack. In addition, an online learning company expanded for the third time and now leases an entire building. The tenant also extended its existing lease so that the weighted average lease expiry (WALE) exceeds 10 years. Meanwhile, in Dallas, Texas, Galatyn Commons Building C, which offers close to 20,000 sqm, has been refurbished to modernise the space. The height of the lobby was doubled, and cosmetic upgrades were made to the well-utilised café and fitness centre to enhance the overall tenant experience.

US LOGISTICS

As at 31 March 2024, the US Logistics portfolio comprises 354 warehouses, covering nearly 6.5 million sqm of NLA. These assets are held under two funds, MUSEL and MUSLOG, launched in 2019 and 2021 respectively.

MUSEL is a stapled group comprising Great Cities Logistics (US) Trust and Great Cities Logistics (Europe) Trust. As at 31 March 2024, the fully invested core fund has assets under management (AUM) of US$5.9 billion (~S$7.9 billion). MUSEL US has AUM of US$4.7 billion (~S$6.3 billion) and unitholder equity of US$1.4 billion[2] (~S$1.8 billion[3]), in which the Group retains a 34.6% stake. MUSEL US holds 200 assets across 26 states in the US. In FY23/24, MUSEL US executed 118 leases 0.7 million sqm, while achieving positive rental reversion of 35.7%. This brings total leases executed to 3.6 million sqm and rental reversion of 21.9% since fund inception. Both occupancy and weighted average unexpired lease term remain stable at 96.9% and about 3.7 years respectively.

Another fully invested core fund, MUSLOG has US$3.5 billion (~S$4.7 billion) of AUM and US$1.4 billion[2] (~S$1.9 billion[3]) of unitholder equity, in which the Group retains a 19% stake. As at 31 March 2024, the fund's 154 assets span 19 states in the US. In FY23/24, MUSLOG executed 62 leases (about 0.3 million sqm) and registered positive rental reversion of 26%. Since inception, MUSLOG has executed total leases of 1.3 million sqm and achieved rental reversion of 23.2%. Occupancy and weighted average unexpired lease term are holding steady at 94.7% and about 3.7 years respectively.

Despite the uncertain economic environment, leasing activity within MUSEL US and MUSLOG remains healthy due to proactive leasing initiatives. This underscores Mapletree US Logistics portfolio's resilience in navigating market challenges and commitment to sustaining occupancy levels while optimising revenue streams.

SUSTAINABILITY HIGHLIGHTS

In FY23/24, the US Logistics and Commercial portfolios achieved or maintained 47 green building certifications and energy ratings, namely Energy Star Certification, WELL Health and Safety ratings and LEED v4.1 Operations and Maintenance certifications.

All new leases in the MUSIC portfolio were green leases in FY23/24, while green leases are widely in place for the US Logistics Portfolio. The portfolio was also awarded the US Department of Energy Better Buildings Alliance and the Institute for Market Transformation Green Lease Leaders Gold award. Green Lease Leaders, launched in 2014, sets standards for what constitutes a green lease, while recognising landlords and tenants who modernise their leases to spur collaborative action on energy and water efficiency, cost savings, air quality improvement and sustainability in buildings.

South Valley Building A consists of a single warehouse block fully equipped with fire sprinkler systems, and offers a 32-foot ceiling height, 134 parking spaces, 28 dock doors and four drive-in doors.

MARKET REVIEW AND OUTLOOK

Fuelled by continued consumer spending and a steady job market, the US economy remained resilient despite several interest rate hikes by the Federal Reserve to curb inflation. In 2023, real gross domestic product increased by 2.5% compared to 2022, while inflation declined from 6.5% in 2022 to 3.4% in 2023.

The office sector faces a myriad of challenges, such as persistent economic uncertainty due to the high cost of capital, tight credit conditions and hybrid work arrangements that have weakened leasing activity. These challenges have resulted in lower transaction volumes in capital markets and an expansion of capitalisation rates. Nonetheless, quality Class A office spaces are well-positioned to benefit from the flight-to-quality trend in the long term, as tenants tend to enhance the quality of their office spaces.

The logistics market is experiencing short-term cyclical uncertainty alongside a long-term trend of reshoring and supply chain optimisation. Despite this, companies are continuing to expand their footprint, albeit at a normalised pace compared to 2021 and 2022. Although new supply deliveries reached an all-time high in 2023, net absorption remains positive. Market vacancy rates are below the historic 15-year average, and market rentals continue to grow.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
2 Unitholder equity as at date of fund inception.
3 S$ exchange rate as at date of fund inception.

References:
i. Bureau of Economic Analysis, United States Department of Commerce
ii. Bureau of Labour Statistics, United States Department of Labour

OPERATIONS REVIEW
MAPLETREE LOGISTICS TRUST

Mapletree Logistics Hub - Jubli Shah Alam is located in the heart of Section 22 Shah Alam, offering excellent connectivity to Kuala Lumpur City Centre and Port Klang.

Mapletree Logistics Trust (MLT or The Trust) is a Singapore-listed real estate investment trust (REIT) that invests in and manages a diversified portfolio of 187 quality, well-located, income-producing logistics assets in Singapore, Australia, China, Hong Kong SAR, India, Japan, Malaysia, South Korea and Vietnam.

As at 31 March 2024, the business unit's total assets under management was S$13.1 billion[1]. It contributed S$592.6 million to Mapletree's EBIT + SOA[2] and S$113.3 million to fee income[3] in Financial Year 2023/2024 (FY23/24).

BUSINESS UNIT'S ASSETS UNDER MANAGEMENT
As at 31 March 2024
S$**13.1**B[1]

CONTRIBUTION TO GROUP'S EBIT + SOA[2] AND FEE INCOME[3]
for FY23/24
S$**592.6**M & S$**113.3**M

RESILIENT PERFORMANCE

While high interest rates and weaker regional currencies against the Singapore dollar posed headwinds, MLT's performance was resilient, underpinned by its diversified portfolio and contributions from accretive acquisitions.

MLT's gross revenue increased by 0.4% year-on-year (y-o-y) to S$733.9 million, while net property income was flat at S$634.9 million. The amount distributable to unitholders rose 3.3% y-o-y to S$447.1 million while distribution per unit was 0.1% lower at 9.003 Singapore cents on an enlarged unit base.

The Manager focused on asset management, targeting tenant retention and portfolio occupancy, especially in China, where weak business sentiment has resulted in a challenging leasing environment. Overall, MLT's operational performance remains stable with a portfolio occupancy of 96% and positive rental reversion of 2.9% achieved in the fourth quarter of FY23/24.

With a firm focus on maintaining portfolio resilience, MLT stepped up efforts to rejuvenate its portfolio towards modern, high-specification assets. It continued implementing proactive risk management strategies to navigate the uncertain economic landscape.

ACCELERATING PORTFOLIO REJUVENATION

In FY23/24, MLT announced the proposed acquisitions of three Grade A logistics assets – one in Malaysia and two in Vietnam – from the sponsor, Mapletree Investments, for approximately S$226.4 million. Built to modern specifications and equipped with green features, the properties are strategically located in logistics hubs serving the growing consumption bases in Kuala Lumpur, Ho Chi Minh City and Hanoi. The properties have secured near-full occupancy with a diverse tenant base comprising primarily international third-party logistics service providers (3PL) and multinational end-users from the e-commerce and consumer sectors.

Additionally, MLT had completed the acquisitions of nine modern Grade A logistics assets in Australia, India, Japan and South Korea for approximately S$918 million. The acquisition of a modern Grade A warehouse in the Delhi National Capital Region deepened MLT's presence in India. The property is fully leased to one of India's largest 3PL players with a nationwide presence. Along with two existing assets in Pune, this acquisition enables MLT to capture opportunities in a fast-growing logistics market supported by robust domestic consumption and a rising middle class.

The acquisitions of eight prime, modern and primarily new logistics assets in Australia, Japan and South Korea in the first half of FY23/24 expanded MLT's footprint in established logistics markets such as Tokyo, Sydney and Seoul, where logistics facilities are in short supply and vacancy rates are low. The assets enjoy excellent access to ports, expressways and cities, making them ideal for servicing the large consumption bases nearby.

Complementing its strategy of accretive acquisitions, the Manager selectively divests assets with older specifications, enabling the redeployment of capital towards investments in modern logistics properties with higher growth potential. In FY23/24, MLT completed the divestments of seven properties in Malaysia, Japan and Singapore, with another two divestments in Malaysia pending completion. Totalling more than S$200 million, these divestments were executed at an average premium to valuation of almost 13%.

SUSTAINABILITY HIGHLIGHTS

MLT is committed to achieving carbon neutrality for Scope 1 and 2 emissions by 2030. In FY23/24, the Trust obtained green certifications for 26 additional properties, expanding its green-certified space by 1.3 million square metres (sqm) of gross floor area (GFA) or 80% y-o-y to 3 million sqm. Green-certified space now makes up 39% of MLT's total GFA.

During FY23/24, 16 new solar projects were completed, increasing MLT's self-funded solar generating capacity by 19 Megawatt peak (MWp) or 110% to 36.2 MWp. Including third-party funded solar systems, MLT's total onsite rooftop solar capacity has increased 65% y-o-y to 59.8 MWp. MLT also planted more than 1,600 trees across its assets in FY23/24, adding to the 2,300 trees planted in the past two years.

In recognition of its sustainability efforts, MLT was the joint winner of the inaugural Singapore Corporate Sustainability Award (REITs & Business Trusts) at the SIAS Investors' Choice Awards 2023. In addition, MLT achieved a four-star rating in the 2023 GRESB Real Estate Assessment and maintained its 'A' Grade Public Disclosure Score.

MARKET REVIEW AND OUTLOOK

Global growth is projected to rise from an estimated 2.9% in 2023 to 3.1% in 2024 and 3.2% in 2025. While inflation shows signs of easing, continued geopolitical tensions could weigh on economic activity.

Occupancy and operational performance across most of MLT's markets will likely remain steady, supported by stable supply-demand dynamics. However, the leasing environment in China remains challenging due to the post-pandemic supply overhang and weak consumer sentiment. Negative rental reversions could persist in the next few quarters as the Manager focuses on maintaining occupancy.

The long-term fundamentals of the logistics industry remain sound. Deglobalisation and geopolitical uncertainty continue to drive global supply chain diversification. While e-commerce growth has normalised relative to previous years, it is set to continue at a healthy pace in the markets MLT operates in.

The Manager remains focused on optimising yield from the existing portfolio while pursuing selective divestments, strategic acquisitions and asset enhancement to provide stable long-term returns for unitholders.

To mitigate the impact of rising borrowing costs and weakening regional currencies on its financial performance, the Manager hedges its income streams and interest rate exposure by maintaining a proactive capital management approach.

1 Excludes MLT's right-of-use assets as at 31 March 2024.
2 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
3 Includes REIT management fees.

Reference:

i. International Monetary Fund, World Economic Outlook Update, January 2024.

OPERATIONS REVIEW
MAPLETREE INDUSTRIAL TRUST

MIT marked its entry into one of the most developed data centre markets in Asia Pacific when it acquired the Osaka Data Centre on 28 September 2023.

Mapletree Industrial Trust (MIT) is a Singapore-listed real estate investment trust (REIT) that manages a diverse portfolio including data centres, hi-tech buildings, business park buildings, flatted factories, stack-up/ramp-up buildings and light industrial buildings. MIT's property portfolio comprises 56 properties in North America (including 13 data centres held through the joint venture with Mapletree Investments Pte Ltd (MIPL)), 83 properties in Singapore and one property in Japan.

Mapletree Industrial Trust Management Ltd (MITM) is the manager of MIT. MITM seeks to deliver sustainable and growing returns for unitholders by employing proactive asset management, value-creating investment management and prudent capital management strategies.

As at 31 March 2024, MIT's total assets under management was S$8.8 billion[1]. In Financial Year 2023/2024 (FY23/24), it contributed S$150.4 million to Mapletree's EBIT + SOA[2] and S$76.8 million to fee income[3].

BUSINESS UNIT'S ASSETS UNDER MANAGEMENT
As at 31 March 2024
S$**8.8**B[1]

CONTRIBUTION TO GROUP'S EBIT + SOA[2] AND FEE INCOME[3]
for FY23/24
S$**150.4**M & S$**76.8**M

STABLE RETURNS

Gross revenue and net property income for FY23/24 increased by 1.8% and 0.6% year-on-year (y-o-y) to S$697.3 million and S$521 million respectively. The better performance was mainly driven by revenue contributions from the redevelopment project, Mapletree Hi-Tech Park @ Kallang Way, the data centre in Osaka, Japan (the Osaka Data Centre) acquired on 28 September 2023 as well as new leases and renewals across various property clusters.

The distribution to unitholders for FY23/24 increased by 2.7% y-o-y to S$378.3 million, due to the increase in net property income. The growth in distribution to unitholders for FY23/24 was also underpinned by higher distribution declared by joint venture, Mapletree Rosewood Data Centre Trust. However, this was partly offset by higher borrowing costs from higher interest rates for the existing borrowings and new borrowings taken to fund the acquisition of the Osaka Data Centre. Distribution per unit for FY23/24 fell by 1% y-o-y to 13.43 cents.

As at 31 March 2024, MIT has delivered a total return of 316.6%[4] since its listing on 21 October 2010.

PROACTIVE PORTFOLIO REBALANCING

MIT marked its entry into one of the most developed data centre markets in Asia Pacific when it acquired the Osaka Data Centre on 28 September 2023. The purchase consideration was JPY52 billion[5] (~S$468.8 million). Following the acquisition, data centres in North America, Japan and Singapore accounted for 46.6%, 4.9% and 3.3%, respectively, of the enlarged portfolio's assets under management as at 31 March 2024. In addition to geographical diversification, the acquisition enlarges MIT's exposure to the resilient data centre sector, which continues to offer attractive growth prospects.

Installation of solar panels was completed at 10 property clusters, with a total generating capacity of 3,492 kilowatt peak.

The fully fitted property is leased to an established data centre operator with a weighted average lease to expiry of about 18.6 years (by gross rental income) as at 31 March 2024, which will provide a stable income stream and strengthen MIT's tenant base.

On 7 February 2024, the Manager entered into a sale and purchase agreement for the proposed divestment of 115A & 115B Commonwealth Drive, Singapore (the Tanglin Halt Cluster) to a third-party purchaser at S$50.6 million, which represented an 8.4% premium above book value[6]. The sale will provide MIT with greater financial flexibility to pursue other growth initiatives. The divestment was completed on 27 March 2024.

MIT's operational performance in FY23/24 was resilient. The average passing rental rate of the Singapore Portfolio increased y-o-y to S$2.20 per square foot per month (psf/mth) in FY23/24 from S$2.15 psf/mth in FY22/23. Positive rental revisions for renewal leases were achieved across all property segments in Singapore with a weighted average rental revision rate of about 6.7%. The average passing rental rate of the North American Portfolio also increased y-o-y to US$2.44 psf/mth in FY23/24 from US$2.38 psf/mth in FY22/23.

PRUDENT CAPITAL MANAGEMENT

To fund the acquisition of the Osaka Data Centre, the Manager launched a private placement on 25 May 2023, which was approximately 4.5 times covered at the top end of the issue price range of S$2.212 per new unit. With strong participation from institutional, accredited and other investors, gross proceeds of approximately S$204.8 million were raised.

On 27 June 2023, the Manager issued JPY6.5 billion of 1.686% fixed rate notes due 2035 and JPY10 billion of 1.85% fixed rate notes due 2038, as part of the financing plan to put in place JPY-denominated debt with long tenors. These will provide a natural capital hedge for the acquisition of the Osaka Data Centre.

The Manager issued S$50 million of 3.751% fixed rate notes due 2027 on 16 February 2024. This is in line with MIT's prudent capital management strategy to manage interest rate risk and to diversify sources of funding.

SUSTAINABILITY HIGHLIGHTS

MIT continued to build on its track record of sustainable real estate by introducing sustainability clauses for all leases of its properties in Singapore and North America.

The installation of solar panels was completed at 10 property clusters, with a total generating capacity of 3,492 kilowatt peak[7]. Four property clusters were also re-certified with the Building and Construction Authority's Green Mark Gold Awards in FY23/24 – The Signature, K&S Corporate Headquarters, 18 Tai Seng and 978 & 988 Toa Payoh North.

Meanwhile, MIT's commitment to diversity and inclusion had earned it a spot in Equileap's Top 10 Companies in Singapore for Gender Equality in 2024.

MARKET REVIEW AND OUTLOOK

Global economic growth is projected at 3.2% for 2024 and 2025, the same pace as 2023. Geopolitical tensions, divergence in disinflation among major economies and high interest rates may pose downside risks to global growth prospects.

Rising property operating expenses and increases in borrowing costs may continue to exert pressure on distributions. The Manager will adopt cost-mitigating measures and focus on tenant retention. It will maintain a prudent capital management approach to balance the risks and costs in the elevated interest rate environment.

1 Based on MIT's book value of investment properties as well as MIT's 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America and excluded MIT's right-of-use assets as at 31 March 2024.
2 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
3 Includes REIT management fees.
4 Sum of distributions and capital appreciation for the period over the unit issue price of S$0.93 at listing.
5 Under the conditional trust beneficial interest purchase and share agreement with Suma Tokutei Mokuteki Kaisha, an unrelated third-party vendor, MIT has acquired an effective interest of 98.47% in the property. The remaining 1.53% is held by MIPL.
6 Based on the book value of S$46.7 million as at 31 March 2023.
7 As at 31 March 2024.

Reference:
i. International Monetary Fund, World Economic Outlook, April 2024.

OPERATIONS REVIEW
MAPLETREE PAN ASIA COMMERCIAL TRUST

New retail zone at Level 1, VivoCity, Singapore, an asset enhancement initiative (AEI) triumph that expanded the mall's offerings and injected fresh excitement.

Mapletree Pan Asia Commercial Trust (MPACT) is a real estate investment trust (REIT) positioned to be the proxy to key gateway markets of Asia. Listed on the Singapore Exchange Securities Limited (SGX-ST) on 27 April 2011, it made its public market debut as Mapletree Commercial Trust (MCT). It was subsequently renamed MPACT on 3 August 2022 following the merger with Mapletree North Asia Commercial Trust (MNACT).

As at 31 March 2024, MPACT's portfolio comprises 18 commercial properties across five key gateway markets of Asia.

In Singapore:
- VivoCity
- Mapletree Business City (MBC)
- mTower
- Mapletree Anson
- Bank of America HarbourFront (BOAHF)

In other key Asian markets:
- Festival Walk, Hong Kong SAR
- Gateway Plaza, Beijing, China
- Sandhill Plaza, Shanghai, China
- The Japan Properties[1]
- The Pinnacle Gangnam, South Korea

MPACT's portfolio has a total lettable area of 1 million square metres (sqm) independently valued at S$16.5 billion[2]. It contributed S$735 million and S$113.4 million to the Group's EBIT + SOA[3] and fee income[4], respectively, in Financial Year 2023/2024 (FY23/24).

BUSINESS UNIT'S ASSETS UNDER MANAGEMENT
As at 31 March 2024
S$**16.5**B[2]

CONTRIBUTION TO GROUP'S EBIT + SOA[3] AND FEE INCOME[4]
for FY23/24
S$**735**M & S$**113.4**M

STEADFAST IN ADVERSITY

MPACT's operational fundamentals, anchored by the strength of the Singapore portfolio, has remained robust despite challenges faced by the broader REIT industry. In FY23/24, geopolitical and economic uncertainties, high energy costs, persistent inflation and high interest rates continued to cast a shadow. The strengthening Singapore dollar (SGD) also impacted REITs with overseas exposure when translating their income and asset value back into SGD.

MPACT's FY23/24 revenue and net property income (NPI) rose 16% and 15.2% year-on-year (y-o-y) to S$958.1 million and S$727.9 million, respectively. This was driven by the strong performance of the Singapore assets and the full-year contribution from the merger with MNACT. The Singapore portfolio continued to deliver robust growth, fully offsetting the higher utility expenses. Merger gains also contributed to the higher gross revenue and NPI. However, the stronger SGD partially offset these gains. On a constant currency basis, y-o-y growth in gross revenue and NPI were 17.5% and 16.6%, respectively.

As a result, amount available for distribution to unitholders in FY23/24 was 5.2% higher y-o-y at S$468.6 million. Despite NPI delivering y-o-y growth, it was tempered by higher finance costs, resulting in a full-year distribution per unit (DPU) of 8.91 Singapore cents.

MPACT's unit price was disproportionately affected by higher interest rates and the market's risk aversion to certain geographies and closed at S$1.28 on 31 March 2024. From MPACT's listing unit price of S$0.88 and including the total distributions of 107.60 Singapore cents per unit to date, the total return to unitholders is 167.7%.

SINGAPORE, THE CORNERSTONE OF MPACT

Core to MPACT is its Singapore portfolio, anchored by flagship assets, VivoCity and MBC. VivoCity, in particular, surpassed expectations in its post-Covid recovery, as FY23/24 tenant sales reached new heights and exceeded last year's record at close to S$1.1 billion.

Over the years, the Manager has continued to pursue value-adding initiatives to put VivoCity at the forefront of competition. One success was the transformation of a portion of the Level 1 space previously occupied by TANGS into a vibrant retail zone. Since its phased opening in May 2023, this asset enhancement initiative has generated over 20% of return on investment[5]. Building on this success, VivoCity reconfigured a food and beverage cluster at the eastern corner of Level 1, expanding its culinary offerings, adding an indoor seating area, and improving shopfront visibility. This initiative, completed and opened in the third quarter of FY23/24, has a return on investment of over 20%[6].

In parallel, VivoCity proactively refreshed its retail offerings, welcoming new and popular retailers and attracted expansions by existing tenants. VivoCity was fully committed by the end of FY23/24 and achieved a solid rental uplift of 14.0%.

MBC also proved resilient, closing FY23/24 with a high committed occupancy of 96% and a healthy rental uplift of 6.7%. Over the past two financial years, MPACT's top tenant Google renewed most of its lease space, with only about one-fifth left for renewal in FY24/25. However, it decided to renew half of this remaining space early this financial year, cementing its role as MPACT's top tenant.

The other Singapore properties also achieved fruitful results. mTower's backfilling efforts raised its committed occupancy from 88% two years ago to 91.6% last year, reaching 96.6% by the close of FY23/24. Meanwhile, BOAHF maintained full occupancy, and Mapletree Anson remained fully committed. Collectively, the other Singapore properties posted a positive rental reversion of 7.1%.

OVERSEAS ASSETS FACE HEADWINDS HEAD-ON

Making their inaugural full-year contribution post-merger, the overseas assets however encountered translation impact from a stronger SGD.

For the Greater China assets, despite the lifting of pandemic-related restrictions, the region's economic recovery was slower than expected. That said, Festival Walk in Hong Kong SAR was able to nimbly respond to market shifts, although its recovery was affected by higher cross-border consumption following the reopening of Hong Kong SAR's borders with mainland China. Despite this, the mall registered stable y-o-y shopper traffic and tenant sales. By the end of FY23/24, the mall had attained near full commitment and showed improved rental reversions from the previous years.

Gateway Plaza in Beijing and Sandhill Plaza in Shanghai continue to navigate a challenging market landscape. Through proactive leasing strategies that prioritise occupancy, both assets outperformed the market, with committed occupancy of 87.5% as at 31 March 2024.

The Japan Properties[1] concluded the year with 97.9% committed occupancy[7]. The Pinnacle Gangnam in South Korea, continued to ride on favourable market dynamics, closing the year with a high 99.1% committed occupancy and 39% rental uplift.

SUSTAINABILITY HIGHLIGHTS

In FY23/24, MPACT achieved several milestones in its journey towards net zero. Three of MPACT's properties, namely Gateway Plaza in Beijing, Sandhill Plaza in Shanghai and The Pinnacle Gangnam in Seoul, achieved LEED certifications during the year[8]. With these achievements, MPACT's portfolio is now 100% green-certified.

Additional solar panels were installed at MBC and VivoCity, lifting the portfolio's total solar generation capacity by over 50% to 3,729 kilowatt peak per year. 4,111 megawatt hour of solar energy was generated during the year.

MPACT earned a five-star rating for its 2023 GRESB Real Estate Assessment and an "A" rating for its GRESB Public Disclosure.

MARKET REVIEW AND OUTLOOK

Looking ahead, while global and macroeconomic uncertainties are likely to linger, some relief may be expected from potential interest rate cuts.

Proactive asset management is crucial to sustain healthy commitment levels, generate consistent cash flows and future-proof MPACT's portfolio. Prudent capital and liquidity management is also important in building resilience.

Beyond these measures, MPACT is committed to seizing suitable opportunities to optimise returns as they emerge. The long-term commitment is to drive long-term growth and sustainable returns for the vehicle.

1 Comprising five office buildings in Tokyo, three office buildings in Chiba and an office building in Yokohama.
2 Includes MPACT's 50% effective interest in The Pinnacle Gangnam.
3 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
4 Includes REIT management fees.
5 Based on revenue on a stabilised basis and capital expenditure of approximately S$10 million.
6 Based on revenue on a stabilised basis and capital expenditure of approximately S$0.9 million.
7 Following the lease expiration of NTT Urban Development at mBay POINT Makuhari on 31 March 2024, the committed occupancy for Japan properties was 93.8%.
8 Gateway Plaza and Sandhill Plaza's Platinum certifications were for LEED v4.1 Building Operations and Maintenance: Existing Buildings, and The Pinnacle Gangnam's Gold certification was for LEED v4 Building Operations and Maintenance: Existing Buildings.