OPERATIONS REVIEW
SOUTH EAST ASIA AND GROUP RETAIL

The South East Asia and Group Retail business unit acquires, develops and manages seven asset classes (office, retail, residential, serviced apartments, hotel, industrial and logistics) 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 and capital management activities, including a real estate mezzanine fund and development profits.

As at 31 March 2023, the combined real estate portfolio totalled S$3.5 billion across Singapore, Vietnam and Malaysia. In Financial Year 2022/2023 (FY22/23), the business unit contributed S$199.3 million to the Group's recurring EBIT + SOA[1] with S$1.7 million in fee income. Residential developments contributed a further net profit after tax of $54.0 million, bringing the total contribution of the business unit to S$253.3 million.

SINGAPORE COMMERCIAL

With the relaxation of Covid-19 measures and reopening of borders, shopper traffic at HarbourFront Centre improved 55.6% year-on-year (y-o-y). This was supported by the return of workers to the offices at HarbourFront Precinct and resumption of ferry and cruise operations over the year, which led to the return of passengers to the ferry terminal. Tenant sales rose 18.7% y-o-y, a 14.7% increase from pre-Covid levels.

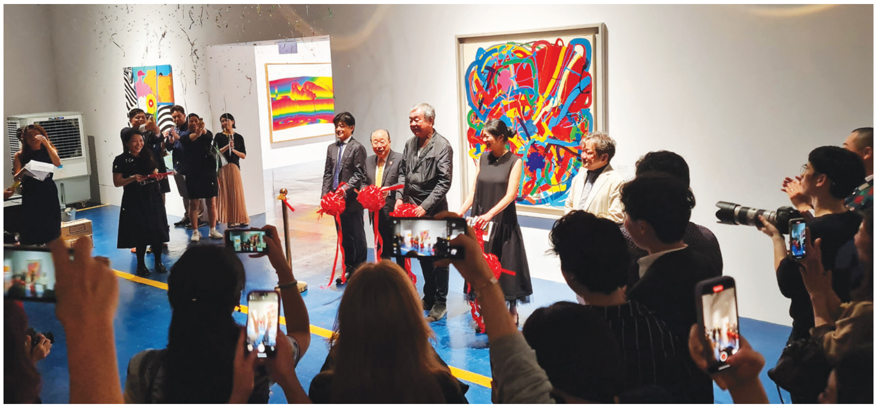
The transformation of Tanjong Pagar Distripark (TPD) as an arts cluster continued attracting more arts tenants, including internationally acclaimed names. Close collaboration with tenants such as the Singapore Arts Museum (SAM) further strengthened TPD's appeal as a choice destination for the arts community. The Singapore Biennale and Singapore Art Week were successfully held at TPD, attracting a high number of visitors.

Mapletree's restoration and adaptive reuse of St James Power Station (SJPS) earned further recognition in FY22/23, when it won the 2022 Award for Conservation & Innovation at the Urban Redevelopment Authority Architectural Heritage Awards. In recognition of its exemplary performance, SJPS was also accorded the additional mark of Distinction, which is reserved for exceptional projects that excel in all assessment criteria. Additionally, SJPS won a Design Award at the Singapore Institute of Architects Architectural Design Awards 2022.

The Reef at King's Dock, a 429-unit residential luxury waterfront development with a distinctive 180-metre floating deck, was well received, with 94% of the units sold as at 31 March 2023.

VIETNAM

The reopening of borders following the lifting of Covid-19 restrictions enabled progressive recovery of business operations over the year. Asset enhancement initiatives which had been delayed by the Covid-19 pandemic were rolled out. At mPlaza InterContinental Saigon Hotel, the upgraded meeting and conference spaces were well received by businesses and guests. State-of-the-art technology and luxurious furnishings were added to enhance the overall guest experience. At CentrePoint, most of the asset enhancement works to modernise the lobby and upgrade existing amenities have been completed, which will benefit both tenants and visitors.



TPD welcomed Whitestone Gallery as its tenant in January 2023.

Renovations of the Grand Ballroom at the mPlaza InterContinental Saigon Hotel were conducted as part of asset enhancement initiatives.

MALAYSIA

Altris Residences, a project funded by Mapletree's mezzanine loan investment, was 80% sold as at 31 March 2023.

SUSTAINABILITY HIGHLIGHTS

As part of Mapletree's commitment to sustainability, the Singapore Commercial properties in the HarbourFront Precinct achieved a 3-star rating for Mapletree's inaugural Global Real Estate Sustainability Benchmark (GRESB) submission, validating the sustainable practices implemented over the years. The Singapore Commercial portfolio also maintained its Green Mark Certification in 2022 and successfully obtained recertification for its Integrated Management System (IMS) comprising ISO 9001 (quality), ISO 14001 (environmental) and ISO 45001 (safety).

Plans for the commercial properties in Vietnam to achieve LEED certification were rolled out. Since the commissioning of solar panels at SC VivoCity in Vietnam in May 2022, the building has achieved CO_2 emissions savings of 292,262 kilogrammes (kg), which is the equivalent of planting 8,723 trees, as at 31 March 2023. Electric vehicle charging stations were implemented progressively in Malaysia, Singapore and Vietnam.

MARKET REVIEW AND OUTLOOK

Singapore

According to the Ministry of Trade and Industry (MTI), Singapore's economy grew by 3.6% in 2022, moderating from the high growth of 8.9% in 2021. While 2022 started on an optimistic note following the gradual global economic recovery from the Covid-19 pandemic, rising interest rates, the ongoing Russia-Ukraine conflict and resultant global supply chain disruptions have dampened consumer and business confidence. Global economic uncertainty is expected to persist throughout 2023, and MTI forecasts a gross domestic product (GDP) growth of 0.5% to 2.5%.

Retail activity in Singapore's central business district (CBD) and Orchard Road recovered in FY22/23 with the relaxation of Covid-19 measures and travel restrictions. In addition, the reopening of China's borders in January 2023 is expected to boost tourism and support the retail sector amid global economic challenges throughout the year.

Demand for space and rental growth increased in the office sector due to the relaxation of Covid-19 measures, which has led to the gradual return of workers to the office, regional relocations and the establishment of family offices in Singapore. In FY23/24, rental growth is slated to continue, albeit at a slower pace. Leasing is expected to be driven by growing demand from the professional services and fast-moving consumer goods industries, and government agencies.

Vietnam

Vietnam's GDP growth was 3.3% in Q1 2023, lower than the 5.9% growth registered in Q4 2022. This was largely due to the weakened global macroeconomic environment impacting demand for Vietnam's exports. Nonetheless, the government's forecast for full-year GDP growth in 2023 is 6.5%, with inflation at 4.5%.

While the office market rebounded post-Covid-19, market rents and vacancies in Ho Chi Minh City (HCMC) and Hanoi are expected to soften in 2023, as tenants adopt a more cautious approach amid headwinds in the global economy.

Total retail sales of goods and services in Q1 2023 grew by 13.9% y-o-y, compared to 5% in the same period in 2022. Occupancy and rental rates improved in HCMC's retail sector in 2022. In 2023, rentals for retail space outside the CBD will likely remain subdued.

Malaysia

Malaysia's GDP grew by 8.7% in 2022, driven by stronger domestic demand following the full reopening of the economy. For 2023, the central bank expects economic expansion to moderate, with stronger domestic demand and tourism activity to be offset by slower exports amid challenges in the global economy.

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 Reports
iii. Ministry of Planning and Investment, General Statistics Office of Vietnam
iv. Bank Negara Malaysia
v. Ministry of Finance, Malaysia

OPERATIONS REVIEW
LOGISTICS DEVELOPMENT

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$4.8 billion as at 31 March 2023. In Financial Year 2022/2023 (FY22/23), the business unit contributed S$19 million to the Group's EBIT + SOA[1], and S$10.1 million in fee income.

CHINA

As at 31 March 2023, Mapletree operates 95 projects in over 70 cities, with close to 7 million square metres (sqm) of net lettable area (NLA). Fourteen logistics parks were completed in FY22/23, adding 0.94 million sqm of NLA.

Another 40 logistics projects are under development, including 11 new plots of land tendered in FY22/23, which will yield 1.14 million sqm of NLA upon completion. During the year, Mapletree syndicated 43 projects with a total valuation of over RMB8.6 billion (~S$168 million) into Mapletree China Logistics Investment Private Fund (MCLIP) as part of capital recycling efforts.

MALAYSIA

Construction of Mapletree Logistics Hub – Jubli Shah Alam, a redevelopment project of 61,472 sqm in Section 22 Shah Alam, was completed in March 2023. The property comprises a four-storey ramp-up warehouse facility with a gross floor area (GFA) of 132,532 sqm and is located three kilometres (km) away from Mapletree Shah Alam Logistics Park and Mapletree Logistics Hub Shah Alam.

Take-up at Mapletree Logistics Hub – Jubli Shah Alam has been encouraging among international third-party logistics (3PL) operators. As at 31 March 2023, the project has attained 39% committed occupancy.

AUSTRALIA

Mapletree Logistics Park – Crestmead Phase 1 reached practical completion in June 2022. All 63,179 sqm of GFA were fully leased within four months to international and regional companies.

Construction of Phase 2 commenced in November 2022. It will add 37,751 sqm of GFA across two buildings upon completion in October 2023. Several leasing enquiries have been received.

In December 2022, Mapletree acquired 20 Kelso Crescent, Moorebank, New South Wales. The 35,100 sqm site is leased to a well-known construction materials provider until December 2023. When the lease expires, Mapletree plans to demolish the building to create the Group's first multi-storey logistics facility in Australia.

VIETNAM

Mapletree Logistics Park Hung Yen 1 will be developed over three phases, and is located in the Yen My District, Hung Yen Province. Phases A and B were completed in 2022 with healthy occupancy from international companies such as DHL and Panasonic. Upon completion of Phase C in July 2023, the project will yield a total GFA of 177,528 sqm.

In FY22/23, construction commenced on a new development project, Mapletree Logistics Bac Giang 1. Located in the Hiep Hoa District, Bac Giang Province, the project will deliver a total GFA of 193,479 sqm upon completion.

In southern Vietnam, Mapletree Logistics Park Binh Duong Phase 3 (MLPP3), with a GFA of 61,880 sqm, achieved 100% occupancy in December 2022.

Phase 4 (MLPP4) and Phase 6 (MLPP6) were completed in March and April 2022, respectively, providing 123,588 sqm of Grade A warehouse space. MLPP4 has secured leases with Buymed, an online pharmaceutical retail platform, for 21% occupancy. MLPP6 is running at 72% occupancy with leases signed with international 3PLs and companies in the fast-moving and consumer goods (FMCG) industry.

INDIA

During the year, Mapletree started the development of its first warehouse in Hoskote, Bengaluru, which will yield a total NLA of 115,376 sqm upon completion next year.

Mapletree also completed a forward purchase transaction for a fully leased warehouse in Chakan, Pune. Located next to a logistics project owned by Mapletree, these two sites will form an integrated modern logistics park with a total NLA of 117,598 sqm.

SUSTAINABILITY HIGHLIGHTS

Mapletree Logistics Hub – Jubli Shah Alam has obtained a Silver GreenRE rating in Malaysia. Plans are underway to install solar panels at the property by September 2023.

In China, 13 Mapletree logistics parks obtained LEED Gold certification for Operations and Maintenance while two logistics parks were awarded LEED Silver certification for Building Design and Construction (Core and Shell Development). In addition, solar panels have been installed at eight logistics assets with a generating capacity of more than 20 megawatts. Approximately 2,200 trees have also been planted in 20 logistics parks across the country.

Mapletree Logistics Hub – Jubli Shah Alam in Malaysia, was completed in March 2023.

MARKET REVIEW AND OUTLOOK

China

China's full-year gross domestic product (GDP) growth stood at 3%. Demand for premium warehouse space increased to about 93 million sqm and is expected to exceed 100 million in H1 2023. In some cities, however, the weak economy, short-term oversupply and "zero-Covid" policies have weighed on rentals and reversion. GDP growth is expected to reach 4.9% in 2023 following the removal of pandemic-related restrictions.

Malaysia

In 2022, Malaysia's GDP grew by 8.7%, the country's highest since 2000, with private sector activity contributing to about 57% of the country's GDP. Foreign direct investment inflows reached a record high of MYR73 billion. Domestic demand will also continue to drive growth, supported by the service and manufacturing sectors. The logistics market remains resilient, supported by a shortage of Grade A warehouses and increased demand for modern warehouse space from 3PLs, e-commerce operators and manufacturers.

Australia

Leasing momentum in Q4 FY22/23 slowed due to record low vacancies in all states for both the industrial and logistics markets. Increased cost of capital created pricing uncertainty, with capitalisation rates softening by between 25 and 75 basis points. Weighted prime national yields now sit slightly above 4.5%. To date, elevated levels of rent growth have protected valuations. However, with rental growth and capitalisation rates continuing to soften, there is a possibility of price moderation in the near term.

Vietnam

Vietnam achieved GDP growth of 8% in 2022, the fastest since 1997. Vietnam's logistics market, attractive to investors, is driven by robust demand from 3PLs and end-users due to the increase in exports and e-commerce. Competition for high-quality logistics assets and development-ready land is increasing in established locations.

India

Despite an inflationary and elevated interest rate environment, industrial warehouse leasing has remained buoyant as a result of supportive manufacturing and investment policies by the India Government.

Demand for warehousing from e-commerce and FMCG players has also remained strong due to India's large consumer base and increasing domestic consumption. Overall, vacancy remains low across major cities.

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

OPERATIONS REVIEW
CHINA

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

As at 31 March 2023, the business unit accounted for S$2.9 billion of the Group's total assets under management. In Financial Year 2022/2023 (FY22/23), the business unit contributed S$32.4 million to the Group's EBIT + SOA[1], and S$8.2 million in fee income.

RESILIENCE IN CHALLENGING MARKET CONDITIONS

Despite disruptions brought about by the Covid-19 pandemic and lower than expected economic growth in 2022, the China portfolio proved resilient. mTower Beijing achieved 86% occupancy as at 31 March 2023 and secured anchor tenants such as smart devices provider Honor, Taikang Life Insurance Co., Ltd. Beijing Branch as well as China Federation of Logistics and Purchasing. This ranked the asset among the top three office buildings in terms of occupancy in the Lize Financial Business District (FBD). With 51,235 square metres (sqm) of gross floor area (GFA), most of mTower Beijing's tenants are from the technology, media and telecommunications (TMT), FinTech and professional services sectors.

Infrastructure in the Lize FBD is improving, with a growing number of larger, state-owned enterprises settling in the area. Metro Line 14 and 16 opened at the end of 2021 and 2022, respectively, and three more lines will be added in the next few years. This will create the only transportation hub with five metro lines in Beijing. mTower Beijing is located opposite the airport terminal station to Daxing International Airport. Construction of the station will be completed by 2025.

mTower Beijing is a Grade A office building with a GFA of 51,235 sqm located in Beijing, China.

mPlaza Guangzhou is located in the Pazhou e-commerce headquarters cluster — an artificial intelligence and digital economy pilot zone featuring high-quality projects by large TMT companies. With a GFA of 109,002 sqm, the property achieved close to 80% committed office occupancy as at 31 March 2023, with the majority of tenants from the TMT sector. Anchor tenants include global brands like Miniso and WPP. In terms of occupancy levels, mPlaza Guangzhou ranks among one of the top three office buildings in the area.

mTower Wuhan is a Grade A office building with a GFA of 81,771 sqm. Located in the vibrant Optics Valley central business district (CBD) of Wuhan in Hubei Province, the property achieved committed occupancy of 81% as at 31 March 2023.

Occupancy across the three office buildings is expected to stabilise from Q3 2023 onwards, on the back of gradual economic recovery and robust demand for space from the TMT sector.

During the year, construction continued on two residential developments. Conveniently located near Metro Line 21, King's Residences is a 45-minute commute from the Guangzhou CBD. The project comprises seven blocks of residential towers spanning across a land area of 24,660 sqm and will yield an estimated GFA of 93,706 sqm. The occupation permit (OP) for the 844 residential units and 20 strata title shop units is on track to be obtained by the end of December 2023.

Viva Riverside is situated in Xinwu District, Wuxi, and sits next to Metro Line 2. The line will connect residents to the Wuxi 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. Construction is on schedule and the OP is expected by end-June 2024.

Mapletree Ningbo Mixed-Use Development consists of Phase 2 (VivoSquare Ningbo), which was opened in Q3 FY21/22, and Phase 3 (medical centre), which is currently being divested.

mTower Wuhan is a 44-storey office building located in the Wuhan Optics Valley Business District in China.

SUSTAINABILITY HIGHLIGHTS

Sustainability continues to be a key focus of the China business unit's asset management and investment efforts. Green lease clauses have been added into tenancy agreements signed from FY23/24 onwards for mTower Beijing, mPlaza Guangzhou and mTower Wuhan. All three office buildings have also obtained LEED Gold certification.

As for the residential properties, both King's Residences and Viva Riverside have met China's Green Building standards. Furthermore, solar water heaters and electric vehicle charging facilities will be installed at Viva Riverside.

MARKET REVIEW AND OUTLOOK

China's economy grew by 3% in 2022, lower than the annual target of 5.5%. This was attributed to the measures implemented in compliance with the country's "zero-Covid" policy. With the contraction of supply and demand, consumption was dampened amid the stagnant economic environment. Although supporting policies were released in H2 2022, the outlook for the property market remained dim due to the volatile geopolitical situation and the threat of a global recession. In particular, rising inflation in the United States and Europe adversely impacted China's foreign trade and exports.

Since the country's reopening in late 2022, the Central Government has announced multiple rounds of stimulus measures to support the domestic real estate sector. However, the overall economy and consumer sentiment will require some time to recover. Barring any external shocks, the outlook for China seems positive, with growth expected to gain momentum in H2 2023.

Although occupancy levels and rental rates in the office market were impacted by muted demand in 2022, the lifting of Covid-19 control measures will support the country's economic recovery. Meanwhile, landlords are adopting defensive measures, such as offering flexible terms, to stabilise occupancy.

The Central Government has rolled out supportive measures for the residential sector. While there is deferred demand for housing, a full recovery might only take place from Q3 2023 onwards.

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

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$1.5 billion as at 31 March 2023, the business unit contributed S$63.3 million to the Group's EBIT + SOA[1], and S$0.4 million in fee income in Financial Year 2022/2023 (FY22/23).

BUILDING ON EXISTING STRENGTHS

The Group continues to plan for expansion in key centres of economic activity in India. In February 2023, Mapletree formed a strategic partnership with global real estate firm Ivanhoé Cambridge to launch an India private fund to develop, own and operate high quality workplaces in India with an investment capacity of over S$2.5 billion.

Mapletree's existing business parks in India continued to perform well in FY22/23. Global Technology Park (GTP) in Bengaluru signed about 2,000 square metres (sqm) of new space while overall occupancy remained in excess of 99%.

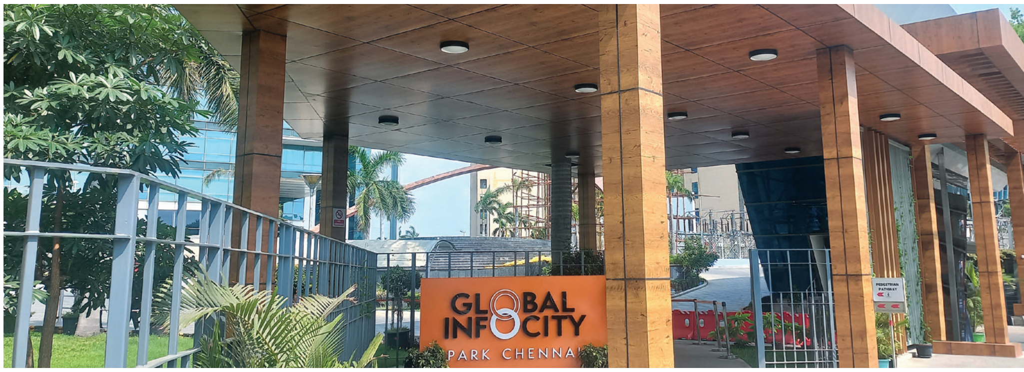
Global Infocity Park Chennai (GIPC) maintained 100% conversion of all auto-renewals due, covering approximately 71,000 sqm of space. In addition, 55,000 sqm of new leases and market renewals were obtained during the financial year. Renovation of all common restrooms, hardscape, landscaping and signage was conducted at GIPC to increase the market appeal of the business park.

Development of Vikhroli Business City in Mumbai is in progress and scheduled for completion in 2026. Situated in an eastern suburb of Mumbai, this development will enjoy easy access to existing roadways and future metro lines.

Construction of Global Business City in Pune is progressing and will be completed in two phases, in 2024 and 2025 respectively. This development is located in the established micro market of Kharadi in Pune and has good connectivity to other key micro markets in the city.

SUSTAINABILITY HIGHLIGHTS

Currently, 100% of the India business unit's operational portfolio has achieved LEED Platinum certification for Operations and Maintenance. At GTP, environmental initiatives implemented during the financial year include the installation of additional electric vehicle chargers and the use of reflective paint on the rooftop to minimise heat entry. To increase the use of renewable energy, GIPC entered into an agreement with Enerparc to procure solar power from one of its power plants, which will meet more than 20% of GIPC's total energy needs at full consumption. In addition to being LEED Platinum certified, Vikhroli Business City and Global Business City have also achieved WELL precertification.



Improvements to the signage at GIPC, India, were conducted as part of asset enhancement initiatives at the business park.

GTP, located in Bengaluru, is a Grade A business park which has achieved LEED Platinum certification.

MARKET REVIEW AND OUTLOOK

According to the Reserve Bank of India (RBI), the country's gross domestic product is projected to rise by 7% in 2023 and 6.4% in 2024. This continues to be one of the highest growth rates among major world economies.

As part of efforts to counter inflation, the RBI raised the benchmark interest rate from 4% to 6.5% in FY22/23. The current inflation rate is under the RBI's upper tolerance limit of 6% and is expected to slow down further.

In FY22/23, institutional investors focused primarily on direct investments in greenfield assets, investment and development platforms, and forward purchase transactions. Significant capital allocation from institutional investors and local developers have also driven up prices for good investment opportunities. As such, institutional investment in commercial real estate is expected to remain strong over the next few years.

Gross commercial leasing for the office market in 2022 was approximately 4.7 million sqm, up 53% from the previous year. This was accompanied by a 23% increase in gross supply in 2022 to about 3.9 million sqm. Growth was strong in the first half of FY22/23 before demand began to taper in September. Gross absorption during Q4 FY22/23 was around 975,000 sqm, a year-on-year decrease of 5%.

Vacancy rates remained in the range of 16% to 17% across major markets. In view of global headwinds, this is expected to remain unchanged in the near term. Hiring in the Information Technology and e-commerce sectors is expected to be 50% lower in 2023 than the year before due to surplus labour and global macroeconomic forces. This will likely keep the uptake of office space muted for the next two to three quarters, with gradual improvement anticipated from Q3 2023 onwards.

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 fees from private funds' divestments, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

Reference:

i. Colliers

OPERATIONS REVIEW
AUSTRALIA & NORTH ASIA

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 a private equity fund — Mapletree Australia Commercial Private Trust (MASCOT).

With owned and managed assets of S$2.7 billion as at 31 March 2023, the business unit contributed S$48.9 million to the Group's EBIT + SOA[1] and S$8.3 million in fee income in Financial Year 2022/2023 (FY22/23).

AUSTRALIA

In December 2022, MASCOT completed the first phase of asset upgrading works at 417 St Kilda Road in Melbourne, 111 Pacific Highway in Sydney and 144 Montague Road in Brisbane. Following this, approximately 2,000 square metres (sqm) of space was leased at 144 Montague Road, which attests to the success of the asset enhancement activities given the limited leasing activity in recent years.

Leasing momentum picked up in FY22/23, with occupancy levels at 78 Waterloo Road and 111 Pacific Highway rising to over 80% and 67 Albert Avenue achieving over 90% occupancy. All three Grade A office buildings are located in Sydney. In total, leasing deals for about 23,000 sqm were secured in FY22/23.

JAPAN

As at 31 March 2023, Phase 1 of Mapletree Chikushino Logistics Centre was 93% complete and has received strong leasing interest. The target is to achieve 50% committed occupancy by the completion of Phase 1 in July 2023.

At TF Nishidai Building, a lease renewal for 54% of the building's total net lettable area was secured in December 2022. In February 2023, TF Nishidai Building was converted into a multi-tenanted space and negotiations with several prospective tenants are ongoing.

HONG KONG SAR

Foundation, excavation and lateral support works for Mapletree's first data centre development in Fanling commenced in September 2022. The project will contribute 20,140 sqm of gross floor area (GFA) when completed in H1 2025.

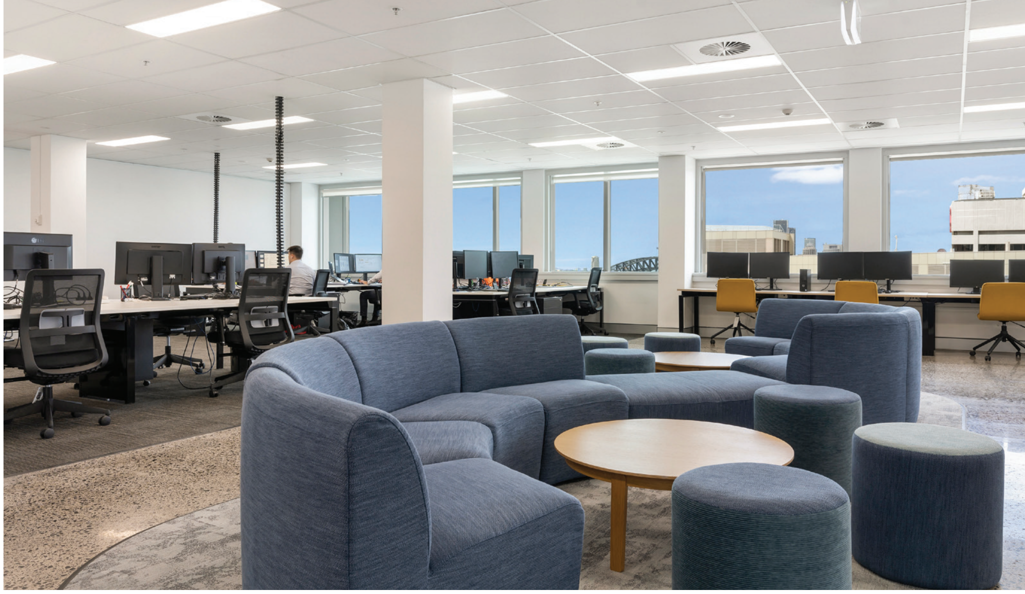
SOUTH KOREA

Overall occupancy at The Pinnacle Gangnam, Seoul was 99.3% as at 31 March 2023. Occupancy for the office component is 100% due to strong demand in the area. All leases expiring in FY22/23 were successfully renewed or relet with positive rental reversion.

SUSTAINABILITY HIGHLIGHTS

The MASCOT portfolio received an average NABERS[2] Energy rating of 5.1 and NABERS[2] Water rating of 4.7 in January 2023. Mapletree's data centre development in Fanling, Hong Kong SAR will aim to achieve LEED Gold certification. In Japan, Edge Kachidoki achieved CASBEE[3] A-Rank certification, and Namba South Gate and TF Nishidai Building achieved CASBEE[3] S-Rank certification. Oakwood Suites Yokohama obtained the BELS certification for energy conservation with a rating of five stars.

Mapletree's first data centre development in Fanling, Hong Kong SAR, will yield 20,140 sqm of GFA upon completion.



Asset enhancement works were completed at 111 Pacific Highway in Sydney, Australia.

MARKET REVIEW AND OUTLOOK

Australia

Australia saw strong gross domestic product (GDP) growth of 3.7% in 2022 and low unemployment of 3.5% as at March 2023. However, GDP growth is forecasted to slow to 1.5% over the next two years due to higher interest rates and cost of living.

Leasing activity picked up, especially in the second half of FY22/23, following increased demand for better quality spaces and amenities, reflecting a continued trend of flight to quality. The office sector is likely to see further differentiation in 2023 as office spaces continue to evolve. However, challenges due to elevated interest rates and inflationary pressures are expected to weigh on overall market recovery.

Japan

Real GDP grew by 1.1% in 2022, slowing from 2.1% a year earlier due to lingering global headwinds. The International Monetary Fund has forecast growth to remain flat in 2023 at 1.3%.

In Tokyo, most firms, especially small and medium-sized enterprises (SMEs), are encouraging their employees to return to the office. The supply of Grade B office space remains limited due to strong demand from SMEs. Conversely, there is substantial supply of Grade A office space and vacancies are expected to increase in the short-term.

Competition for development-grade land in prime locations for logistics developments, especially in Greater Nagoya, has increased, driven by demand from domestic and foreign developers, as well as investors across major markets. While there are some vacancies among newly completed assets, demand from industries such as the semiconductor sector continues to drive absorption.

Hong Kong SAR

Real GDP declined by 3.5% in 2022 due to surging interest rates, slowing demand and the impact of the Covid-19 pandemic. With the reopening of China's borders and removal of social distancing measures in early 2023, Hong Kong SAR is expected to record growth of 3.5% to 5.5% in 2023.

Commercial real estate investment volume fell 35% year-on-year to HKD52.2 billion in 2022 as high financing costs weighed on investor appetite. Investment sentiment now hinges on the contagion effect of the banking crisis and interest rate hikes in the United States.

South Korea

South Korea's economy expanded by 2.6% in 2022, down from 4.1% in 2021, due to weaker exports and a tighter monetary policy. The annual office transaction volume for 2022 stood at KRW13.4 trillion, equivalent to 90% of the previous year's historical peak. With the Bank of Korea raising its base interest rate in 2022, investor sentiment is likely to remain cautious.

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 The National Australian Built Environment Rating System (NABERS) is a national rating system that measures the environmental performance of buildings in Australia.
3 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a widely adopted green certification system in Japan.

References:
i. Australia Bureau of Statistics
ii. JLL Real Estate Intelligence Services
iii. Xymax Real Estate Institute
iv. Cabinet Office of Japan, System of National Accounts
v. CBRE Japan Major Report - Japan Market Outlook 2023
vi. Hong Kong SAR Government
vii. Bank of Korea
viii. Savills Korea

OPERATIONS REVIEW
STUDENT HOUSING

Mapletree's Student Housing business unit acquires, develops and manages the Group's global student housing assets. In addition, the business unit oversees a private real estate fund, Mapletree Global Student Accommodation Private Trust (MGSA).

With owned and managed assets of S$4.5 billion as at 31 March 2023, the business unit contributed S$107.9 million to the Group's EBIT + SOA[1] in Financial Year 2022/2023 (FY22/23).

MAINTAINING A COMPETITIVE PORTFOLIO

As at 31 March 2023, Mapletree's student housing portfolio comprises a total of 56 assets with close to 25,000 beds located across 38 cities in the United Kingdom (UK), the United States (US) and Canada.

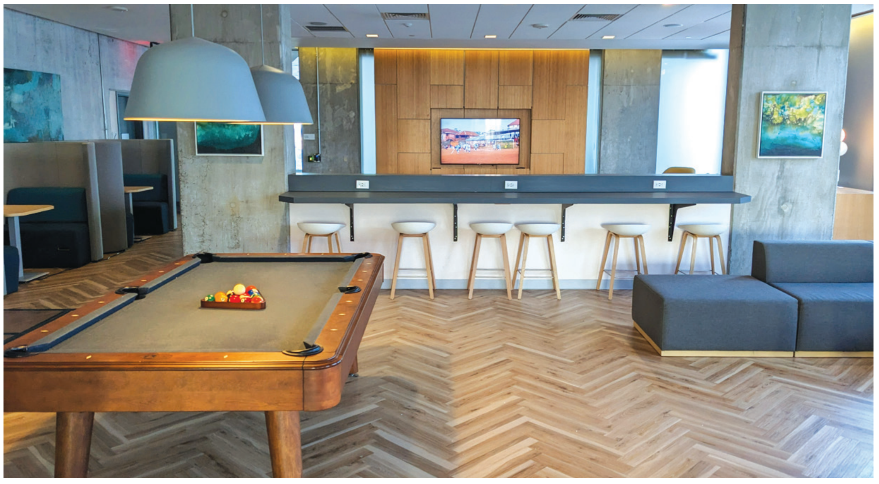
Of these, 25 assets in the UK and 10 assets in the US are held by MGSA, which has a total assets under management (AUM) of approximately S$1.9 billion. As the fund manager of MGSA, Mapletree seeks to optimise portfolio returns and maximise asset value through proactive asset management, to ensure operational efficiency as well as provide best-in-class experiences for residents.

In FY22/23, Mapletree carried out a series of asset enhancement initiatives across various properties in the US and the UK to maintain competitiveness against newer offerings in the market.

In the US, various refurbishments were completed at evo at Cira Centre South, including a fully remodelled sky lounge clubhouse and improvements to the adjacent pool deck area. As part of continuous asset enhancement efforts, a newly built retail space, which houses a boutique dessert cafe, was introduced on the first floor. In addition, a state-of-the-art smart package locker room was created to increase storage capacity for packages delivered to residents.

In the UK, new communal areas were created at Millennium View to enhance the student experience. This initiative was in response to feedback from regular engagement surveys, which indicated a desire among students for more communal spaces to socialise.

Overall, both the US and the UK portfolios demonstrated strong preleasing performance. This is attributed to strong demand from healthy student enrolments and a positive shift in student sentiment towards student housing, where student housing is perceived to be more value for money than the private rental market amid inflationary pressures. As at mid-May 2023, preleasing for the US portfolio remained strong at similar levels to the same period last year, while the UK portfolio outperformed the same period last year by 12%.



The renovated sky lounge was part of the asset enhancement initiatives at evo at Cira Centre South in Philadelphia, the US.

A new communal area at Millenium View in Coventry, the UK, was added to facilitate interaction among residents.

SUSTAINABILITY HIGHLIGHTS

The business unit's sustainability efforts in FY22/23 focused on environmental and social impact. Notable environmental initiatives include the implementation of green clauses for the residential and commercial leases, improving the energy rating of the assets and implementation of smart meters to automate monitoring of gas and electrical consumption.

The assets have also been progressively retrofitted to meet the growing demand for eco-friendly amenities such as electric vehicle chargers, bicycle stands, water coolers and waste recycling bins.

As for social engagement, awareness campaigns to encourage the adoption of sustainable practices were conducted alongside partnerships with charities to reduce waste during the student move-out cycle.

MARKET REVIEW AND OUTLOOK

In the US, university enrolment stabilised at 18.2 million in 2022, slightly lower than the previous year's 18.3 million. Private for-profit four-year colleges reported the largest year-on-year (y-o-y) enrolment increase of 2.6%. Enrolment trends continue to show increases in the southern and western regions, due to migratory population shifts over the years. Looking ahead, enrolment is expected to surpass 20 million by 2028.

In the UK, Academic Year 2021/2022 recorded strong enrolment growth, with 2.3 million full-time students representing a y-o-y growth of 4.2%. Postgraduate enrolment grew faster at 14.9% compared to 1.2% for undergraduate enrolment.

Overall, the student housing sector is expected to remain attractive due to demographic growth and rising participation rates for higher education. In addition, supportive government policies are expected to attract more international students in the coming decade. Along with the limited pipeline of quality student housing resulting from high construction costs and interest rates, these factors will continue to bolster occupancy and rental growth.

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 Education Statistics, United States Department of Education

ii. National Student Clearinghouse® Research Center™

iii. Higher Education Statistics Agency

OPERATIONS REVIEW
EUROPE AND USA

Mapletree's Europe and USA (EUSA) business unit acquires, develops and manages assets in a range of real estate sectors. These include commercial, logistics and data centre assets.

EUSA's mandate focuses on broadening and deepening Mapletree's exposure beyond the Asia-Pacific region by investing in new and existing asset classes across key gateway cities and growth markets in Europe and the United States (US).

In addition, the business unit oversees four private equity funds – Mapletree US & EU Logistics Private Trust (MUSEL), Mapletree US Logistics Private Trust (MUSLOG), Mapletree Europe Income Trust (MERIT) and Mapletree US Income Commercial Trust (MUSIC).

With owned and managed assets of S$18.8 billion as at 31 March 2023, the EUSA business unit contributed S$308.2 million to the Group's EBIT + SOA[1], and S$144.9 million in fee income in Financial Year 2022/2023 (FY22/23).

COMMERCIAL

While the migration to remote and hybrid work models has been more pronounced in Europe and the US, Mapletree's focus on high-quality Grade A assets with good environmental, social, and governance (ESG) credentials has helped attract tenant demand from professional services, technology, pharmaceutical, life sciences and healthcare sectors. As at 31 March 2023, EUSA's portfolio consisted of 15 office-focused assets across four states in the US and nine cities in Europe and the United Kingdom (UK), covering close to 740,000 square metres (sqm) of net lettable area (NLA).

At Green Park in the UK, a world leader in cloud networking renewed its lease at 250 Longwater Avenue, while 250 South Oak Way and 100 Longwater Avenue welcomed multiple technology companies. In addition, 250 Brook Drive, a 6,200 sqm office building, completed asset enhancement initiative (AEI) works over nine months, where modern mechanical and electrical systems were introduced and allowed the building to achieve an Energy Performance Certificate (EPC) rating of "A".

MERIT and MUSIC, both launched in 2021, performed relatively well despite headwinds in the office sector. MERIT and MUSIC achieved occupancy of 95.2% and 94.6%, respectively, as at 31 March 2023, compared to 95.5% and 93.8% in FY21/22.

EUSA's commercial portfolio registered a healthy occupancy rate of 87.9% despite the challenging macroeconomic environment, demonstrating the Group's efficient and strategic asset and portfolio management.

LOGISTICS

As at 31 March 2023, EUSA's logistics footprint comprises 420 warehouses, spanning close to 8.2 million sqm of gross floor area. Most of these assets are held under MUSEL and MUSLOG, which were launched in 2019 and 2021, respectively.

MUSEL is a fully invested core fund with assets under management (AUM) of US$5.9 billion (~S$7.9 billion) and unitholder equity of US$1.8 billion[2] (~S$2.4 billion[3]), in which the Group retains a 34%[4] stake. The fund holds 262 assets across 26 US states and 20 European cities across seven countries. MUSEL focuses on capturing strong rental reversion across the portfolio and capitalising on asset management opportunities to augment its returns.

MUSLOG is a fully invested core fund with an AUM of US$3.5 billion (~S$4.7 billion) and unitholder equity

1089 East Mill Street is a logistics property held under MUSEL and located in San Bernadino, California, the US.

250 South Oak Way, Green Park, is a 6,200 sqm office building located in Reading, the UK.

of US$1.4 billion[2] (~S$1.9 billion[3]), in which the Group retains a 19%[4] stake. As at 31 March 2023, the fund holds a total of 154 assets across 19 states in the US. In its first year of operation, MUSLOG focused on driving up portfolio occupancy while delivering strong rental reversion through active leasing efforts.

Both MUSEL and MUSLOG continue to perform strongly on the leasing front, supported by sustained space demands from e-commerce companies and third-party logistics service providers.

In FY22/23, MUSEL executed 131 leases (about 0.77 million sqm) in the US and 54 leases (about 0.41 million sqm) in Europe, achieving positive rental reversion of 23.2%. This brings total leases executed to 4.6 million sqm since the fund's inception. MUSEL achieved a record high occupancy of 97.9%, up from 96.2% a year ago, while the weighted average unexpired lease term has remained stable at about four years.

In FY22/23, MUSLOG successfully executed 70 leases (about 0.66 million sqm) in the US, bringing total leases executed since inception to around 0.99 million sqm with positive rental reversion of 21.9%. Occupancy is currently at 97.6%, up from 93.0% a year ago, with a stable weighted average unexpired lease term of about four years.

SUSTAINABILITY HIGHLIGHTS

EUSA's sustainability initiatives in FY22/23 resulted in positive outcomes. The MUSIC portfolio achieved a total of 42 green building certifications and energy ratings in FY22/23, including 12 assets achieving Energy Star certification, 13 assets obtaining LEED V4.1 O+M certification and 100% of its portfolio receiving the WELL Health and Safety rating. The entire MERIT portfolio achieved EPC or equivalent ratings, with 3 Hardman Street improving its rating from D to B. Meanwhile, almost 100% of the electricity Mapletree procures for commercial assets in Europe and the UK is now green energy.

EUSA has also implemented green lease clauses and sustainable operating and capital expenditure standards for tenants. For the MUSIC portfolio, ESG factors were evaluated when renewing and awarding new property management and leasing contracts in FY22/23.

MARKET REVIEW AND OUTLOOK

In 2022, real gross domestic product in the US increased by 2.1% compared to 2021, reflecting signs of a resilient post-Covid-19 recovery. However, in response to elevated inflation, the Federal Reserve increased policy rates by 425 basis points during the year. The UK and Eurozone economies grew by 4.1% and 3.5%, respectively, in 2022 but posted 0.1% growth in Q4 FY22/23. To battle inflation, the Bank of England and the European Central Bank raised major policy rates by 325 and 250 basis points, respectively, in 2022.

Overall demand for office space in the US and Europe remains relatively weak, with businesses reevaluating their workspace needs. Some tenants have also put large space requirements on hold due to macroeconomic uncertainty. However, Grade A office space with good amenities in favourable locations continues to be well received.

Despite macroeconomic headwinds, logistics real estate in the US and Europe continues to be bolstered by trends such as higher e-commerce penetration, the supply chain shift towards a "just-in-case" inventory management approach, and the reshoring or nearshoring of manufacturing facilities. As a result, market vacancy rates have remained low at 3.5% in the US and 2.7% in Europe as at Q1 2023.

EUSA will continue to focus on active asset management while exploring avenues for prudent capital recycling.

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.
4 Excluding directors' and senior management's stake in MUSEL and MUSLOG.

References:
i. Bureau of Economic Analysis, United States Department of Commerce
ii. Bureau of Labor Statistics, United States Department of Labor
iii. United States Federal Reserve
iv. OECD.Stat
v. Eurostat / ONS
vi. Bank of England
vii. European Central Bank

OPERATIONS REVIEW
MAPLETREE LOGISTICS TRUST

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 185 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 2023, the business unit's total assets under management was S$12.8 billion. It contributed S$595.8 million to Mapletree's EBIT + SOA[1] and S$104.2 million to fee income[2] in Financial Year 2022/2023 (FY22/23).

ACCELERATING PORTFOLIO REJUVENATION

Amid growing economic uncertainty, MLT remains focused on maintaining portfolio stability while driving its portfolio rejuvenation strategy to increase resilience. The Trust continues to deliver steady growth underpinned by its diversified portfolio.

In March 2023, MLT announced the proposed acquisition of six prime, modern and mostly new logistics assets in Japan, one logistics asset in Sydney, Australia, and another in Icheon, South Korea, for a total price of S$904.4 million.

The proposed acquisitions will accelerate MLT's portfolio rejuvenation to produce a resilient and future-ready portfolio comprising high-quality, modern logistics assets.

Consistent with this strategy, the Manager selectively divests non-core assets so that the released capital can be redeployed and invested into modern logistics assets with higher growth potential. Earlier in the year, MLT announced the divestments of three properties in Singapore and Malaysia for a combined value of approximately S$37.3 million.

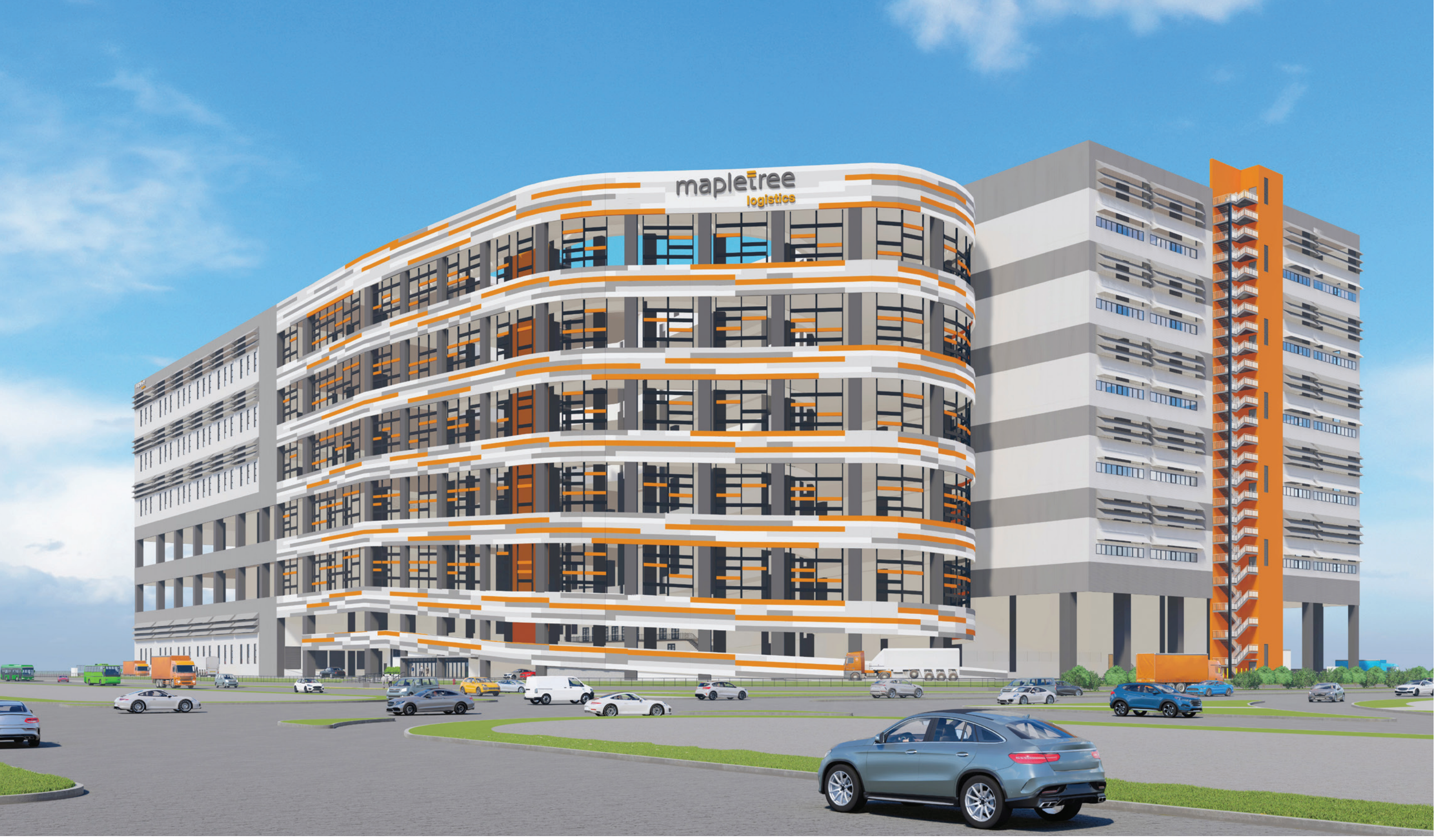
ADDING VALUE TO EXISTING ASSETS

MLT completed the acquisition of two land parcels in Subang Jaya, Malaysia, which are intended for amalgamation with the Trust's existing Subang 3 and 4 assets. The amalgamation will pave the way for the redevelopment of the site into the first modern mega warehouse in Subang Jaya, an established logistics hub with excellent connectivity to Kuala Lumpur's city centre. With the redevelopment, the plot ratio of Subang 3 and 4 will increase five-fold to approximately 133,000 sqm of GFA, enabling MLT to realise greater value while creating quality, future-ready logistics assets. The Subang redevelopment is expected to cost approximately S$173 million, with project completion targeted for 2027.

MLT has also embarked on the redevelopment of 51 Benoi Road in Singapore into a modern ramp-up facility, which will increase its GFA by 2.3 times to 82,400 sqm. The cost of this asset enhancement initiative is estimated at S$197 million, with completion scheduled for Q1 2025.

SUSTAINABILITY HIGHLIGHTS

MLT has attained numerous certificates in recognition of its sustainability efforts. In FY22/23, six logistics properties in China achieved LEED Gold certification for Operations and Maintenance. Equipped with water and energy-saving fittings, these properties were built using construction materials and products that comply with Environmentally Preferable Purchasing policies.



51 Benoi Road in Singapore will be redeveloped into a modern ramp-up facility with an increased GFA of 82,400 sqm.

In Japan, four properties attained CASBEE[3] S-Rank certification, while another two attained A-Rank. These properties use environmental control technology for efficient equipment operation and natural lighting to reduce electricity consumption.

In Malaysia, MLT attained GreenRE certification for two properties, one Gold and the other Silver. At these properties, centralised recycling and composting bins have been provided for waste recycling and upcycling to reduce the amount of waste transported to landfills. Additionally, these properties have been fitted with LED high bay lights for energy efficiency while non-toxic and eco-friendly cleaning products are used in common spaces.

MARKET REVIEW AND OUTLOOK

According to the International Monetary Fund, global economic growth is projected to fall from 3.4% in 2022 to 2.8% in 2023 before rising to 3% in 2024. The recent reopening of China has paved the way for a faster than expected recovery. However, the Russia-Ukraine conflict and the rise in central bank rates to fight inflation continue to weigh on economic activity.

Given the uncertain economic backdrop, MLT's customers remain cautious and are slower to commit to lease renewals and expansion plans. Nevertheless, MLT is well positioned to ride through current market uncertainties with its quality portfolio and strong regional network. Furthermore, the logistics sector continues to benefit from the structural tailwinds of increased e-commerce activity, supply chain reconfiguration and inventory buffering against supply chain disruptions.

The Manager remains focused on optimising yield from the existing portfolio while pursuing selective divestments, strategic acquisitions and asset enhancements to provide stable, long-term returns for Unitholders. In addition, to mitigate the impact of weakening regional currencies and rising borrowing costs on MLT's financial performance, the Manager maintains a proactive capital management approach to hedge its income streams and interest rate exposure.

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 Includes REIT management fees.
3 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a widely adopted green certification system in Japan.

Reference

i. International Monetary Fund, World Economic Outlook, April 2023

OPERATIONS REVIEW
MAPLETREE INDUSTRIAL TRUST

Mapletree Industrial Trust (MIT) is a Singapore-listed real estate investment trust (REIT) that manages a diverse portfolio of 85 properties in Singapore and 56 properties in North America, including 13 data centres held through a joint venture with Mapletree Investments Pte Ltd (MIPL). MIT's property portfolio includes data centres, hi-tech buildings, business park buildings, flatted factories, stack-up/ramp-up buildings and light industrial buildings.

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

As at 31 March 2023, MIT's total assets under management was S$8.8 billion. In Financial Year 2022/2023 (FY22/23), it contributed S$148.9 million to Mapletree's EBIT + SOA[1] and S$71.9 million to fee income[2].

STABLE RETURNS

Gross revenue and net property income for FY22/23 grew by 12.3% and 9.7% year-on-year (y-o-y) to S$684.9 million and S$518 million, respectively. The amount available for distribution to unitholders for FY22/23 increased by 1.6% over the same period to S$356.6 million. This was mainly driven by the contributions from the 29 data centres in the United States (US) acquired in July 2021 and partially offset by higher borrowing costs and manager's management fees. Distribution per unit for FY22/23 dipped by 1.7% y-o-y to 13.57 Singapore cents on an enlarged unit base with additional units issued under the distribution reinvestment plan (DRP).

As at 31 March 2023, MIT has delivered a total return of 305.4%[3] since its listing on 21 October 2010.

ACTIVE PORTFOLIO REBALANCING

In March 2023, MIT successfully completed its largest redevelopment of flatted factories into a new high-tech industrial park, Mapletree Hi-Tech Park @ Kallang Way. The redevelopment comprises two nine-storey buildings that cater to companies seeking high-quality industrial space at the city fringe as well as a seven-storey Build-To-Suit facility which has been fully leased to a global medical device company. About 44.1% of the net lettable area (NLA) at Mapletree Hi-Tech Park @ Kallang Way has been committed to date.

During the financial year, the Manager completed the divestment of a light industrial building and a data centre. The light industrial building, 19 Changi South Street 1, Singapore, was sold for S$13 million on 21 April 2022. This was followed by the sale of 19675 West Ten Mile Road, Southfield, Michigan, the US, for US$10 million (~S$13.5 million) on 9 June 2022. These divestments accorded with the Manager's strategy to divest non-core assets and recycle the capital for investments.

MIT completed the installation of solar panels at five property clusters with an aggregate solar generating capacity of approximately 4,000 kilowatt peak.

MIT completed its largest redevelopment project of flatted factories into a new high-tech industrial park, Mapletree Hi-Tech Park @ Kallang Way with an NLA of about 67,735 sqm.

PROACTIVE CAPITAL MANAGEMENT

To finance the progressive funding needs of the redevelopment project at Kallang Way, the Manager raised total proceeds of about S$184 million from the DRP for distributions from Q3 FY21/22 to Q3 FY22/23.

Proceeds from this series of DRP have helped strengthen MIT's balance sheet and kept MIT's aggregate leverage ratio healthy at 37.4%, as at 31 March 2023.

SUSTAINABILITY HIGHLIGHTS

MIT continues to build on its track record of providing sustainable real estate solutions. In FY22/23, 161 and 163 Kallang Way attained the BCA Green Mark Platinum Award, while the Serangoon North Cluster achieved the BCA Green Mark Gold^{Plus} Award.

Other environmentally sustainable measures include the installation of solar panels at five property clusters with an aggregate solar generating capacity of approximately 4,000 kilowatt peak. As part of the Group's journey to achieve its net zero emissions target by 2050, MIPL and MIT held a tree planting initiative at Mapletree Hi-Tech Park @ Kallang Way on 13 April 2023. About 80 trees were planted during the event within the high-tech industrial park.

On 24 February 2023, MIT expanded its green financing initiatives with a new US$100 million (~S$134.6 million) sustainability-linked loan.

MARKET REVIEW AND OUTLOOK

Global growth is projected to bottom out at 2.8% in 2023 before rising modestly to 3% in 2024. However, numerous risks, such as a sharp deterioration in financing conditions, systemic debt distress due to higher borrowing costs and lower growth, persistent inflation and geopolitical fragmentation, could cause further decline in the global growth forecast.

Increasing property operating expenses and borrowing costs continue to exert pressure on distributions. The Manager will adopt cost-mitigating measures, while focusing on tenant retention and forward lease renewals to maintain a stable portfolio occupancy.

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 Includes REIT management fees.
3 Sum of distributions and capital appreciation for the period over the unit issue price of S$0.93 at listing.

Reference:
i. World Economic Outlook, International Monetary Fund, April 2023.

OPERATIONS REVIEW
MAPLETREE PAN ASIA COMMERCIAL TRUST

Mapletree Pan Asia Commercial Trust (MPACT) is a real estate investment trust (REIT) that is positioned to be the proxy for 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) and was renamed MPACT on 3 August 2022 following the merger with Mapletree North Asia Commercial Trust (MNACT)[1].

MPACT's portfolio comprises 18 commercial properties across five key gateway markets of Asia – five in Singapore, one in Hong Kong SAR, two in China, nine in Japan and one in South Korea.

In Singapore:

- **VivoCity**
- **Mapletree Business City (MBC)**
- **mTower**
- **Mapletree Anson**
- **Bank of America HarbourFront (BOAHF)**

In other key Asian markets:

- **Festival Walk in Hong Kong SAR**
- **Gateway Plaza in Beijing, China**
- **Sandhill Plaza in Shanghai, China**
- **The Japan Properties, comprising five office buildings in Tokyo, three office buildings in Chiba and an office building in Yokohama**
- **The Pinnacle Gangnam in Seoul, South Korea**

As at 31 March 2023, the portfolio has a total lettable area[2] of 1.04 million sqm, valued at S$16.6 billion[3]. It contributed S$738.7 million and S$116.5 million to the Group's EBIT + SOA[4] and fee income[5], respectively in Financial Year 2022/2023 (FY22/23).

SUCCESSFUL MERGER WITH MNACT

The merger with MNACT was successfully completed on 21 July 2022. This expanded the portfolio to 18 properties across Singapore, Hong Kong SAR, China, Japan and South Korea. The merger also expanded the geographical scope of MPACT's investment mandate to include the key gateway markets of Asia. Post-merger, MPACT aims to be recognised as the proxy to key gateway markets of Asia that provides stability and scale.

STEADY PERFORMANCE POST-MERGER

For its first full-year financial results post-merger, MPACT reported positive performance with 65.4% year-on-year (y-o-y) increase in portfolio revenue to S$826.2 million and 62.6% y-o-y increase in portfolio net property income (NPI) to S$631.9 million for FY22/23. This growth was primarily driven by contributions from the properties acquired through the merger and higher earnings from core assets, VivoCity and MBC. The better performance by the core assets also cushioned the increase in utility and finance costs for the year.

Distribution to Unitholders in FY22/23 amounted to S$445.6 million and distribution per unit (DPU) for the year topped 9.61 Singapore cents, up 0.8% y-o-y. Excluding the release of retained cash in FY21/22, FY22/23 DPU was up 6.1% y-o-y.

Since its listing, MPACT's unit price has grown from S$0.88 to S$1.80 as at 31 March 2023. Including total distributions paid out to date, the total return to unitholders is 216.7%.

CORE ASSETS ANCHOR MPACT'S FOUNDATION

MPACT's core assets, VivoCity and MBC in Singapore, continued to provide a steady income stream. In FY22/23, the two properties contributed S$445.8 million in gross revenue and S$345.9 million in NPI, up 11.5% and 11.3% y-o-y, respectively.

Riding on Singapore's post-Covid recovery, VivoCity achieved record tenant sales of over S$1 billion, well surpassing pre-Covid levels. In FY22/23, MPACT commenced a 7,400 sqm reconfiguration exercise, transforming a section of space at Level 1 occupied by anchor tenant, TANGS, into a new retail zone. This zone features a curated mix of popular F&B establishments and an enhanced beauty and fragrance cluster. TANGS has unveiled their refreshed store after optimising their footprint, further elevating VivoCity's shopping experience. The retail zone has opened progressively since the end of May 2023, and the entire asset enhancement initiative (AEI) is expected to generate over 20% of return on investment[6]. Other efforts to invigorate the mall included active tenant remixing and working with existing tenants to revamp and expand their stores. VivoCity ended FY22/23 with 99.1% committed occupancy and a strong full-year rental uplift of 7.7%.

MBC delivered positive results despite changing workspace requirements, closing the year with 95.4% committed occupancy and an 8.0% rental uplift. Together, the two core assets accounted for approximately 53% and 54% of the total contribution to revenue and NPI, providing stability for MPACT.

The other Singapore properties, mTower, Mapletree Anson and BOAHF also performed well with a combined 95.9% committed occupancy and 1.6% rental uplift. The Singapore properties played a key role in driving

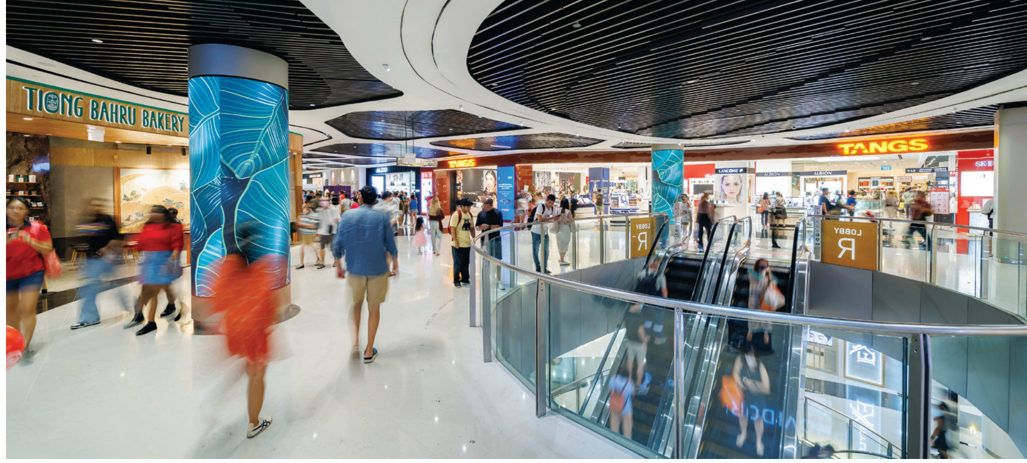
MPACT's performance, recording a S$33.0 million growth in NPI. This mitigated the increase in utility costs and more than offset the higher cost of Singapore Dollar (SGD) borrowings in FY22/23. Successful renewals of key leases including Google at MBC[7] and Bank of America at BOAHF further reinforced MPACT's resilience.

GREATER CHINA ASSETS NAVIGATE PROTRACTED COVID-19 RESTRICTIONS

Although MPACT's Greater China assets faced challenges from the country's "zero-Covid" policies, these were mitigated by proactive leasing and marketing efforts.

The performance of Festival Walk, MPACT's retail mall in Hong Kong SAR, gradually improved with progressively relaxed Covid-19 restrictions and the reopening of China's borders from H2 FY22/23 onwards. This resulted in a 16.0% and 9.3% y-o-y increase in full-year shopper traffic and tenant sales respectively. Festival Walk also renewed its lease with a major tenant, Arup. As a result, the property achieved near-full committed occupancy. With signs of rent stabilisation, the outlook for Festival Walk looks more promising.

Lengthy lockdowns and tight restrictions from China's "zero-Covid" policy hampered leasing efforts for Gateway Plaza in Beijing and Sandhill Plaza in Shanghai. As at 31 March 2023, their combined committed occupancy stood at 86.5%. Nonetheless, MPACT successfully renewed the lease with



Latest AEI at VivoCity, Singapore, introduced a new retail zone on Level 1, which has opened since end-May 2023.

the portfolio's second-largest tenant, BMW, for five years until 2028 at Gateway Plaza.

The Japan properties ended the year with 97.5% committed occupancy and positive rental reversion of 1.9%. In South Korea, the Pinnacle Gangnam closed the year well with committed occupancy of 99.3% and rental uplift of 14.2%.

SUSTAINABILITY HIGHLIGHTS

In FY22/23, MPACT's sustainability efforts include:

- Achieving green certification for 85% of its portfolio by lettable area, with a roadmap in place for the entire portfolio to be green-certified by FY24/25;
- Generating more than 1.9 million kilowatt-hours of solar energy in FY22/23;
- Introducing green leases for all the Singapore properties, with plans to roll them out to overseas properties; and
- Establishing MPACT's Green Finance Framework and subsequently issuing S$150 million of fixed rate senior green notes under this framework.

MARKET REVIEW AND OUTLOOK

The global economic outlook remains uncertain, with growth expected to be softer than last year.

The ongoing Russia-Ukraine conflict, rising energy prices and interest rates, as well as volatility in the financial markets could heighten downside risks. However, Singapore's return to post-pandemic normalcy, China's reversal of its "zero-Covid" policy and the reopening of its borders are expected to provide some relief.

Looking ahead, MPACT's core assets will continue to provide a stable foundation, and the successful renewal of several key leases at MBC, BOAHF, Festival Walk and Gateway Plaza places MPACT in a resilient position to navigate market changes.

The Manager will deploy targeted strategies to manage its assets and prioritise maintaining its balance sheet strength, which will underpin MPACT's overall stability.

The Manager's proactive management approach, together with MPACT's enlarged scale and enhanced diversification, anchored by its core assets, will empower it to pursue capital recycling opportunities, asset enhancement and development initiatives, and acquisitions across Asia's key gateway markets over time.

1 The merger was completed on 21 July 2022.
2 Lettable area refers to the area to be leased and for which rent is payable as stipulated in the respective tenancy agreements.
3 Includes MPACT's 50% effective interest in The Pinnacle Gangnam.
4 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.
5 Includes REIT management fees.
6 Based on revenue on a stabilised basis and capital expenditure of approximately S$10 million.
7 A significant portion of Google's leases have been renewed over the last two financial years, leaving approximately one-fifth of its space due for expiry in FY24/25.

Reference:

i. International Monetary Fund, World Economic Outlook Update, April 2023