Macro Trends Shaping Our Business

Mapletree Logistics Trust ("MLT") and the logistics industry are influenced by macroeconomic and structural trends, from near-term geopolitical uncertainties to longer-term forces such as shifting demographics, urbanisation, and evolving consumer behaviours.

As investors and occupiers place greater emphasis on resilient, agile supply chains to navigate these challenges, demand for modern, strategically-located facilities continues to rise. Supported by its portfolio rejuvenation strategy, MLT is well positioned to adapt swiftly to evolving market demands and deliver sustainable value to Unitholders.

E-commerce Remains a Growth Engine

The global e-commerce market is projected to grow at 7% to 9% annually, reaching US$14 trillion to US$20 trillion by 2040. Growth will be driven by digitalisation, rising mobile connectivity, Asia's expanding middle class, and trends such as low-cost marketplaces and Gen AI-driven commerce. This is expected to continue driving sustained demand for modern, well-located logistics properties.

Our Approach

With most of MLT's tenants engaged in consumer-related sectors, e-commerce remains a key growth driver. China, Japan, and South Korea – where 40% of MLT's assets are located – are expected to generate over US$3.5 billion in e-commerce sales in 2025. We will continue to focus on major markets with strong 3PL and distribution demand, while rebalancing and optimising our portfolio through disciplined rejuvenation.

Focus on Supply Chain Optimisation

Amidst heightened geopolitical risks, supply chain disruptions, and evolving consumer demands, businesses must prioritise resilience and agility. Strategies such as diversification, digitalisation, sustainability, and strong partnerships are vital to navigating this landscape. These trends continue to drive strong investor and occupier demand for modern, well-located and efficient logistics assets with good access to large consumption bases and major trade routes.

Our Approach

Our tenant-centric approach enables a deep understanding of tenant needs, which informs MLT's investment and asset management strategies. This ensures our portfolio of 180 logistics properties strategically-located across key logistics nodes in Asia Pacific remains future-ready, supporting tenants in building resilient, agile supply chains and adapting to evolving operational and business requirements.

Growing Demand for Green Buildings

As governments, businesses, and individuals step up efforts toward a cleaner, more sustainable future, demand is rising for green buildings that offer energy-efficient and environmentally conscious solutions. To this end, investors and tenants continue to favour sustainable properties which lower operating costs and advance sustainability and net zero objectives.

Our Approach

In support of our commitment to achieve carbon neutrality for Scope 1 and 2 emissions by 2030, and net zero emissions by 2050, we continue to drive efforts on improving the sustainability performance of our portfolio. Good progress was achieved on this front with green certified space increasing to 56% of portfolio GFA and total solar generating capacity expanding to 71.1 MWp.

Heightened Foreign Currency Volatility and Interest Cost Challenges

Amidst geopolitical and market uncertainties, our business and financial performance may be affected by increased foreign currency volatility and higher borrowing costs. We expect continued pressure on distributions as expiring loans and hedges are refinanced at higher rates, while escalating trade tensions have increased regional currency volatility against the Singapore Dollar.

Our Approach

We maintain a proactive and disciplined capital management strategy to mitigate the impact of higher borrowing costs and foreign currency volatility on MLT's distributions. As at 31 March 2025, 75% of MLT's projected 12-month income is hedged into Singapore Dollars and 81% of total debt is hedged into fixed rates. We remain in a healthy financial position, supported by a gearing ratio of 40.7% and an average debt duration of 3.8 years.

Geopolitical and Trade Uncertainties

New US tariffs, coupled with geopolitical tensions and a soft China economy, are disrupting trade flows and pressuring supply chains and logistics demand. A prolonged trade conflict could further weigh on economic activity, investment, and consumption, prompting tenants to adopt a more cautious approach to leasing and expansion.

Our Approach

With approximately 85% of our revenue oriented to local consumption, we believe that our direct exposure to US-bound trade flows is limited. While we are hopeful for logistics demand in this region to be sustained by intra-Asia trade and domestic consumption, we remain cautious of secondary effects from a broader economic slowdown. We will remain alert as the situation develops and adapt our strategy as appropriate.