

Message from the Chairman



Mr Edmund Cheng

FY2014/2015 (financial year ended 31 March 2015) marked a new phase for Mapletree Investments Pte Ltd (Mapletree or the Group). The start of the year saw the Group embark on a journey to create more value for its stakeholders in the next five years. With the business objective of delivering stronger and more sustainable returns, Mapletree reset its corporate targets, with the aim of achieving higher goals by the end of FY2018/2019.

We recognise that it will be more challenging to meet these targets, considering that Mapletree is now a larger company, compared to when our first five-year business plan was drawn up at the end of FY08/09. Nevertheless, we are pleased to report a good start.

The Group grew its assets under management (AUM) from S\$24.6 billion in the past year to \$28.4 billion, a 15.5% increase by the end of FY14/15. The ratio of managed assets versus owned assets stood at about 2.6 times, which is close to the long-term target of more than 3.0 times. Fee income¹ for the year was S\$240.5 million, and EBIT + SOA² grew

to over S\$1.1 billion. Average return on invested equity (ROIE³) and net asset value compounded annual growth rate (NAV CAGR⁴) over the five years was 13.9% and 12.3% respectively.

Mapletree posted commendable results for the financial year ended 31 March 2015 with revenue growth of 7.4%, to S\$1,633.9 million. Profit after tax and minority interests (PATMI⁵) increased by 14.3% to S\$1,003.6 million from the year before.

Starting FY14/15, in accordance with Financial Reporting Standard 110 - Consolidated Financial Statements, the Group consolidated the results for its real estate investment trusts (REITs).

The top-line increase in FY14/15 was mainly due to higher leasing revenues from the REITs, driven by enlarged portfolios such as new acquisitions and positive rental reversions. There were also new income streams from overseas acquisitions, as well as greater fee income earned from new private funds launched during the year. Meanwhile, bottom-line growth

was due to a broad-based increase in recurring core PATMI and revaluation gains⁶.

The Group posted a return on equity (ROE⁷) of 10.8% for the year, and grew shareholder's funds by 11.8% to S\$9.3 billion. Total cash and undrawn facilities as at 31 March 2015 was S\$6.3 billion.

THE YEAR IN REVIEW

Driven by the new corporate targets, FY14/15 saw the Group embark on some significant new business initiatives.

In April 2014, Mapletree announced that it had sealed a partnership with corporate lodging provider Oakwood Worldwide. This positioned the Group to acquire and develop assets to be managed by an experienced operator with a well-regarded brand. The collaboration also saw Mapletree acquire a 49% stake in Oakwood's serviced apartment management business in Asia. Within the year, we are pleased to report that Mapletree acquired three serviced apartment assets in the United States, totalling US\$210.3 million. We are in the midst of closing another four acquisitions.

Besides expanding into the global serviced apartment sector, the Group also continued to set its sights on high-quality decentralised office assets. In FY14/15, Mapletree established its footprint in Australia with the acquisition of a six-storey office building in South Brisbane. In Beijing, China, Mapletree acquired a three-storey office property that is located in Zhongguancun Software Park, also known as the Silicon Valley of China.

Indicator	FY14/15 Results	Target (by end of FY18/19)
Average ROIE³	13.9% (from FY10/11)	10% – 15% (five-year starting FY14/15)
NAV CAGR⁴	12.3% (from FY10/11)	10% – 15% (five-year starting FY14/15)
EBIT + SOA²	S\$1.1 billion	S\$1.6 billion – S\$2.3 billion ⁸
Fee Income¹	S\$240.5 million	S\$350 – S\$500 million (five-year cumulative: >S\$1.5 billion)
AUM	S\$28.4 billion	S\$40 – S\$50 billion
AUM Ratio	2.6 : 1	> 3 : 1 (managed versus owned assets)

¹ Including REIT management fees.

² EBIT + SOA denotes earnings before interest and tax plus share of operating profit of associated companies and joint ventures (excluding SOA gain/loss relating to disposal, foreign exchange, derivatives and revaluation).

³ ROIE denotes return on invested equity and is computed based on Operational PATMI over the Group's equity from shareholder adjusted for unrealised revaluation gains or losses and such other non-cash flow and non-operating items including mark-to-market fair value adjustments and negative goodwill.

⁴ NAV CAGR is adjusted for dividends distributed to shareholder and calculated excluding non-controlling interests and perpetual securities and with NAV as at 31 March 2010 as starting base.

⁵ PATMI denotes net profit (after tax and non-controlling interests) attributable to perpetual securities holders and equity holder of the Company.

⁶ Net of tax and non-controlling interests, including share of associated companies' and joint ventures' revaluation gains.

⁷ ROE denotes return on equity and is computed based on PATMI attributable to equity holders of the Company over shareholder's funds.

⁸ From FY14/15, excludes non-recurring items such as SOA disposal gain/loss, expenses from projects under development, earnings from residential/ strata-title sale projects, incentive fees (both revenue and expense).

These acquisitions are part of Mapletree's strategic plan to venture into new markets and asset classes to diversify its earnings streams.

Apart from strengthening its financial position through acquisitions, the Group continued to make good progress with its development projects.



SJI Makuhari Building, a MJOF asset

In China, Mapletree celebrated the opening of VivoCity Nanhai in Foshan, while the Mapletree China Opportunity Fund II successfully bid for a prime site in Ningbo City, Zhejiang province. In Vietnam, Mapletree's first retail development, SC VivoCity, soft opened for business in April 2015. Located in Ho Chi Minh City, SC VivoCity offers 62,000 square metres of gross floor area spread over five storeys.

At home in Singapore, Mapletree Business City's (MBC) new phase MBC II is expected to complete on schedule by mid 2016. With over 1.1 million square feet of Grade-A business park space to let, leasing for MBC II has been encouraging with positive reception from potential tenants. MBC II will comprise three low-rise blocks (of five, six and eight storeys) of stepped terrace podiums connected to a

30-storey tower. The latter will be the tallest business park building in Singapore, offering commanding views of the southern waterfront corridor and surrounding greenery. In March 2015, the Design Business Chamber Singapore accorded MBC II the SG Mark Award 2015 for its innovative and exceptional design.

The completion of MBC II will be a milestone for Mapletree, as it forms a new benchmark for business space. Besides the top-rate specifications, the combined MBC and MBC II will offer a variety of recreational and lifestyle facilities, from fitness amenities to food and beverage options. To add vibrancy, there will be resident art installations to complement the lush green landscape that will surround the entire development.

MBC will be a true Mapletree flagship. Besides meeting the real estate needs of tenants, MBC as an integrated development, provides a rich multifaceted environment for companies and their employees to engage the arts and nature, and have every modern business convenience at their fingertips. With the development of MBC, Mapletree has also played a distinct role in transforming Singapore's Alexandra Precinct into a thriving and contemporary business locality.

On the capital management front, Mapletree continued to grow its real estate investment products with the launch of two Japan-focused

funds with a total committed capital of JPY116 billion. Furthermore, it is an honour for Mapletree to be ranked 8th in the '2014/2015 APAC Fund Manager Guide' published by PERE (Private Equity Real Estate) Magazine in January 2015. Mapletree was further ranked 5th among Asia-based fund managers. The ranking is based on capital raised for the Asia-Pacific region between January 2009 and September 2014. During this period, Mapletree raised over US\$1.8 billion in committed capital for the funds it launched.

At the end of FY14/15, Mapletree's capital management platform consists of four Singapore-listed REITs and six private real estate funds. Mapletree REITs performed well during the year, reporting solid results and delivering growing returns to investors, with year-on-year distribution per unit increasing by between 2% and over 10%.

ENRICHING COMMUNITIES AND ENGAGING STAFF

Over the last few years, Mapletree has been establishing university bursary programmes to provide financially constrained students with the means to a tertiary education. With



Mapletree volunteers distributed food items to the less privileged living in Singapore's Jalan Kukoh neighbourhood

a contribution in FY14/15 of S\$500,000 to Singapore's newest university, the Singapore Institute of Technology. Mapletree now offers bursaries to over 30 students every year in perpetuity. To date, Mapletree has contributed S\$2.5 million to the endowments of five Singapore universities.

While the company provides financial assistance, its employees are encouraged to be more involved with the community as well.

In June 2014, the Mapletree Staff Corporate Social Responsibility (CSR) programme was launched where employees submitted CSR ideas. The submissions that were assessed to be impactful and aligned with the larger Mapletree Group CSR objectives were given seed funding for implementation. Three ideas were selected. These were community-based, with staff channelling the funds to provide food and household necessities, as well as to bring festive cheer, to the less privileged.



Mapletree staff hosted a Christmas party for children from low-income families

Besides the Staff CSR programme, Mapletree as a company carries out other staff volunteer activities. In October 2014, the Singapore office held an internal fundraiser where employees prepared home-cooked meals and sold them to colleagues. All proceeds were donated to HealthServe, a charity offering medical aid and counselling to foreign workers and the disadvantaged. The one-day event raised S\$25,000.

In March 2015, Mapletree expressed its deepest condolences to the family of the late Mr Lee Kuan Yew, Singapore's Founding Prime



Celebrating a Mapletree achievement at the Singapore Business Awards 2015

Minister. The Group set up condolence signing sites for its staff, tenants and members of the public to pen their tributes to the late Mr Lee, at Mapletree's flagship developments, MBC and VivoCity, as well as Mapletree Anson in Tanjong Pagar. The condolence books were later presented to the family of the late Mr Lee. Time-off was also granted to employees to pay their respects to the late Mr Lee at Parliament House.

ACKNOWLEDGEMENTS

As Mapletree ends yet another busy year and starts the new financial year on a high, I would like to acknowledge the efforts of Group Chief Executive Officer (CEO) Mr Hiew Yoon Khong. Since taking the helm in 2003, Mr Hiew has transformed Mapletree's business model and grown the company from an asset size of S\$2.3 billion to one with a global portfolio of S\$28.4 billion in AUM today. More importantly, Mapletree has developed a reputation for delivering consistent and high returns to its investors.

Over the years, Mr Hiew has also given the Board the confidence to endorse his strategy and business plans for Mapletree. His commitment to adopt a disciplined approach

has enabled the Group to successfully execute its business model and strategic plans, without any new capital injections from its shareholder.

As a leader, Mr Hiew inspires his team with challenging and stretched targets. He has laid a foundation to develop a strong Mapletree culture. Built on the unifying principle to steadfastly create and deliver value, he has fostered this key trait within the company to which the external community has come to increasingly identify with Mapletree. In April 2015, he was named the 'Outstanding CEO of the Year 2014' at the Singapore Business Awards. On behalf of the Board of Directors, I would like to congratulate Mr Hiew on this well-deserved accolade.

Yours sincerely,

Edmund Cheng

Chairman