



Mr Hiew Yoon Khong
Group CEO, Mapletree

Group CEO's Private Insights and Thoughts Leveraging Logistics: Opportunities Abound in Emerging Asia

“We are fortunate to have a globally diversified logistics footprint during this period of uncertainty. We are also able to leverage our development competencies to deliver higher returns in our home markets in Asia. Emerging Asia, in particular, benefits from more supportive fundamentals.”

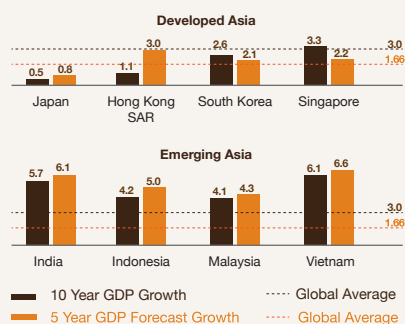
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Macro Monitor

Investing in Emerging Asia

As the global economy grapples with a slowdown and persistent high inflation, Asia's economy is poised to grow faster than other regions and is expected to contribute to 30% of the world's consumption by 2025. Within Asia, Emerging Asia shines as a bright spot with its growth potential.

■ GDP Growth (%)

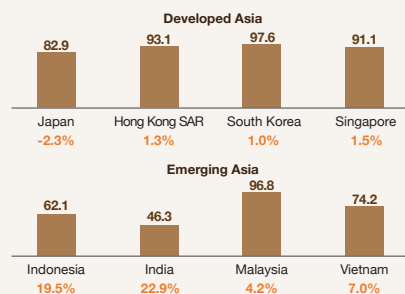


Source: International Monetary Fund, 2023

Fuelling Emerging Asia's success is its growing youth population. This will contribute to a bigger, more innovative labour force and lead to a burgeoning middle class, as well as rising income levels. This demographic dividend has propelled an overall increase in economic productivity and consumption.

On the back of rapid urbanisation, countries within Emerging Asia have progressed into vibrant economic hubs, with greater connectivity and market access. Widespread mobile penetration has also accelerated e-commerce growth and transformed the region's retail landscape.

■ Internet Penetration Rate (%)



Source: World Bank, 2023

While investments in Developed Asia provide portfolio stability, Emerging Asia's structural benefits present a unique opportunity for investors.

Real Views

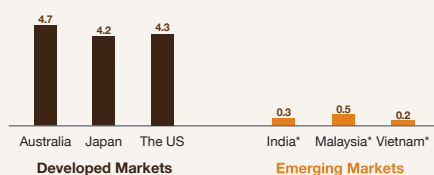
Harnessing Supportive Fundamentals

Despite the positive demographics and nearshoring fuelled growth in Emerging Asia, supply of quality institutional grade logistics remains inadequate. This presents significant headroom for development.

While China and Japan are currently the two largest logistics markets in Asia, India and Vietnam show the highest growth potential, due to their large domestic markets. In addition, the surge in economic activity and consumption has created a pressing need for quality Grade A warehouses.

As demand continues to outstrip supply, insufficient penetration of institutional grade warehouses makes it challenging to meet the heightened expectations of modern logistics operators. This results in a pivotal area for potential investments.

■ Warehouse Space per Capita (sqm)



Source: CBRE, JLL, Savills

*Data for key cities

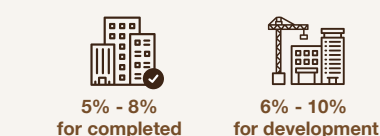
The supply and demand in equilibrium in Emerging Asia is also impacted by a general lack of global real estate players who are equipped with both the institutional grade development capabilities as well as global leasing expertise to meet this demand.

Recognising this, Mapletree is committed to deepening our boots on the ground in this region. The Group is always on the lookout for attractive investment opportunities that align with our strategic business model of delivering sustainable, risk-adjusted returns to our investors.

While investments into these regions generate reasonable returns, we believe that development is where Mapletree can generate alpha, particularly in Emerging Asia where there is a general lack of investable completed properties. Development properties, compared to stabilised investment properties, have the potential to deliver attractive spreads to risk-free from the developer's profit margin.

With our local development capabilities, we seek to be at the forefront of shaping the region's logistics landscape.

■ Yield on Completed vs Development Properties*



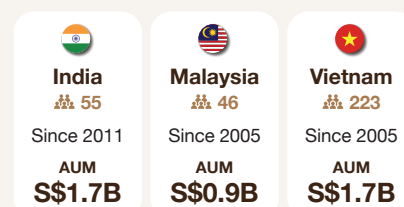
*For Malaysia, India and Vietnam

Mapletree's Approach

Long-Term Commitments

Mapletree's strategic approach to broadening our presence worldwide involves establishing local offices in the regions we operate in. Our local teams on the ground are equipped with the right expertise to navigate the legal and cultural complexities of the area. Through this, we gain a deeper understanding of each region's market dynamics.

■ Mapletree's Total Completed AUM



We work closely with local authorities and strengthen relationships with local stakeholders to better understand the markets. Mapletree also adds value by contributing to their infrastructure. As our assets appreciate alongside the growing economy, we actively manage completed projects to ensure they align with global institutional standards.

Having local teams on the ground provides us with better ability to manage the development process from sourcing the land to building and maintaining the asset. Our presence in the region stretches over a decade, and we are committed to building trust and strengthening relationships with local communities.

Overall, we strive to leverage the built environment to provide positive, long-term outcomes for the communities within these markets, as well as minimise the environmental impact of our business.

■ Mapletree's CSR Initiatives



India: Carried out improvements works to benefit close to 1,000 students studying in Government Higher Secondary School, Perungudi, Chennai.



Vietnam: Renovated the playground for Children House in District 7 and planted 65 new trees and flowers to improve the environment for 645 children aged between 6 and 14 years old.

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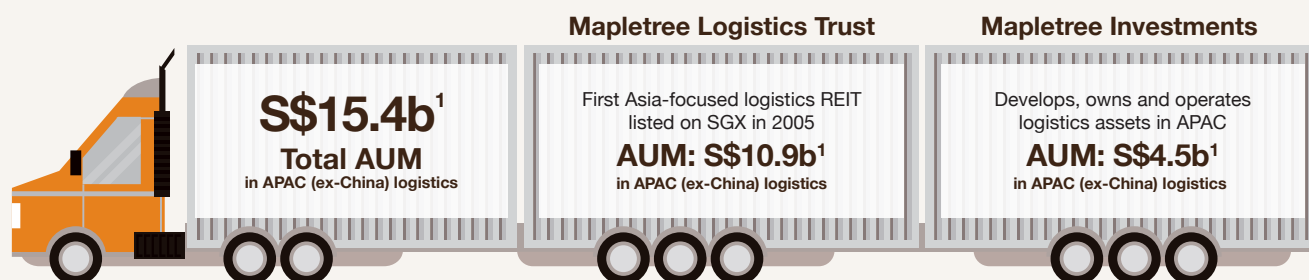


Sector Spotlight: APAC (ex-China) Logistics



These are markets where Mapletree has presence in

What We Have



¹Includes current valuation of investment properties and total development cost of the development projects.



Full real estate
value chain



>20 years
of experience

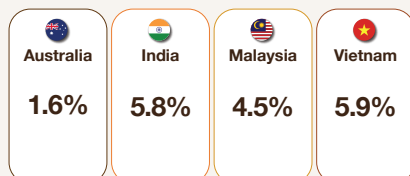


> 10m sqm NLA developed
in APAC (ex-China) logistics

Overview

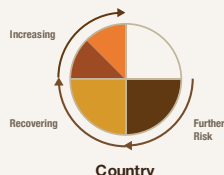
Regional Outlook

2024 GDP GROWTH FORECAST



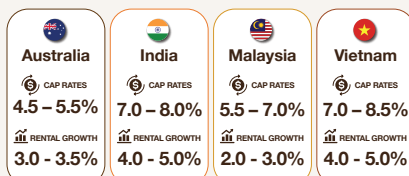
Source: IMF

Emerging Asia is expected to outperform global averages, on the back of the post-Covid-19 recovery. While Australia's GDP growth rate is lower than the global average, they are currently outperforming quarterly forecasts.

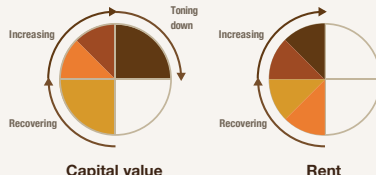


Sector Outlook

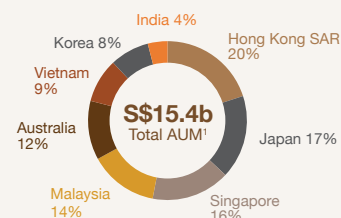
RENTAL GROWTH



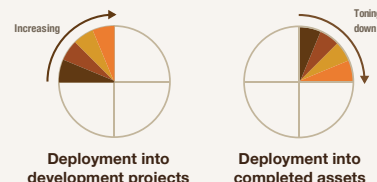
Leasing activity is expected to stay above historic levels in APAC due to favourable demand and supply fundamentals in the Grade A logistics space. After a period of strong rental growth in Australia, we believe that speculative development may decline.



Mapletree's APAC (ex-China) Logistics Portfolio



With our expertise across the real estate value chain, the development capabilities of Mapletree in APAC will bring greater value to investors through higher returns.



■ Australia ■ Vietnam ■ Malaysia ■ India



“The Group's successful track record in APAC logistics is testament to its extensive experience and knowledge in the region. The Group's core competencies in real estate development and investment will enable us to meet the growing demand for high-quality institutional logistics assets, as we follow our tenants globally.”

Mr Ong Khian Heng

CEO, Logistics Development, India & Indonesia

Fund Manager Designate for APAC Logistics Development Fund

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