

MESSAGE FROM THE CHAIRMAN



Mr Edmund Cheng

OVERCOMING OBSTACLES

Mapletree Investments steadfastly navigated Financial Year 2019/2020 (FY19/20) with a cautious approach. Strong headwinds and escalating geopolitical risks had an impact on our business. Some of these events caused a kneejerk reaction affecting economies around the world; including the ongoing trade war between the United States (US) and China, as well as the Brexit negotiations that are still in progress and the months of civil unrest in Hong Kong SAR.

Towards the end of FY19/20, the Covid-19 pandemic added a layer of complexity to the already challenging global business landscape. Singapore has not been spared. Nonetheless, I am greatly encouraged by the hard work put in by our frontline workers and the various measures implemented by our Government. I am equally proud that during these events, Mapletree has continued to support our tenants and the community in the 13 markets where we operate. I will elaborate more on each of these in detail below.

Against this challenging backdrop, Mapletree recorded S\$1,778.5 million for its profit after tax and minority interests (PATMI)¹ in FY19/20, the first year of the Group's third Five-Year Plan. Mapletree's total owned and managed assets under management (AUM) also grew to S\$60.5 billion, a rise of 8.5% from FY18/19. The Group witnessed a 1% year-on-year increase in revenue to S\$3,877 million². Meanwhile, the Group's EBIT + SOA³ registered a 10.3% growth to S\$2,308.1 million, and the return on invested equity (ROIE)⁴ rose significantly to 21.6% from 10.4% in FY18/19.

With this encouraging set of numbers, we are in a good position to forge ahead and complete the current Five-Year Plan – albeit with some challenges presented by the Covid-19 pandemic and other macroeconomic risks.

As we look back from our humble beginnings as a Singapore-focused real estate company, we have rapidly grown our business operations regionally and globally, as a result of well-calibrated and strategically executed moves by our Board of

Directors, senior management and employees. On this note, I record my heartfelt thanks to all who have played a part in broadening our geographical footprint and steadily increasing our returns for a slate of investors including our public-listed real estate investment trusts (REITs) and private funds.

GROWING GLOBALLY

Since expanding beyond Asia in 2005, Mapletree's global presence includes Australia, Europe (France, Germany, Hungary, Ireland, Italy, the Netherlands, Poland and Spain), the United Kingdom (UK) and the US.

In May 2019, Mapletree acquired its first commercial asset in Poland. West Station has two office buildings comprising nearly 69,000 square metres (sqm) of net lettable area (NLA). Strategically located next to Warszawa Zachodnia railway station, a regional transportation hub in Warsaw, the fully occupied asset enjoys excellent access to international and national rail and bus connections.

In June 2019, the Group entered into a forward contract to acquire The Sorting Office in Dublin, Ireland. This breakthrough into a new market is in line with Mapletree's strategy to increase its global footprint by diversifying earnings in scalable and developed markets. With approximately 19,787 sqm of NLA, The Sorting Office is strategically located in the heart of Dublin's Silicon Docklands, the South Docks of the Docklands Strategic Development Zone. Being a Grade A office building in a thriving business district, it appeals to a diverse mix of tenants in the technology, financial, legal and professional services sectors.

Ramping up the Group's private capital management platform to accelerate business growth, Mapletree successfully closed its Australian private trust, Mapletree Australia Commercial Private Trust (MASCOT) in November 2019 at about A\$654 million (~S\$592.4 million) in total fund equity. MASCOT owns 10 Grade A office assets positioned in key Australian gateway cities – Sydney,



Artist's impression of The Sorting Office in Dublin, Ireland.

MESSAGE FROM THE CHAIRMAN

Melbourne, Adelaide, Brisbane and Perth – with a total asset value of about A\$1.4 billion (~S\$1.3 billion). It attracted a range of institutional investors including pension funds, insurance companies, regional banks and corporates as well as high net worth and family office investors. This is a true testament to the high confidence Mapletree has garnered from stakeholders over the years.

Following our first overseas data centre investment in 2017, Mapletree Rosewood Data Centre Trust (MRODCT), a 50:50 joint venture with Mapletree Investments and Mapletree Industrial Trust, completed the acquisition of an 80% interest in three fully fitted hyperscale data centres at a purchase consideration of about US\$810.6 million (~S\$1.1 billion) in November 2019. Digital Realty holds the remaining 20%. MRODCT also completed the acquisition of 10 powered shell data centres at a purchase consideration of about US\$557.3 million (~S\$772.5 million) in January 2020.

Making further inroads into the student accommodation sector, Mapletree successfully acquired two Purpose-Built Student Accommodation (PBSA) assets in October 2019. Located near Coventry University in the UK, Calcott Ten and Millennium View offer a combined total of 1,127 beds. Mapletree also completed its first UK lodging development project, Westwood Student Mews, in December 2019. The 453-bed development is one of the nearest private PBSAs to the University of Warwick. These three student accommodation assets will enhance Mapletree's visibility in Coventry, the UK.

In Singapore, Mapletree's plans to restore and retrofit St James Power Station (SJPS) caught the eye of international technology brand Dyson. By creating a new business destination at the prime part of the



Acclaimed British-Nigerian contemporary artist Yinka Shonibare CBE, RA, in a candid conversation with Chairman of Mapletree, Mr Edmund Cheng at MBC, Singapore. The talk was moderated by Professor Ute Meta Bauer, Founding Director of NTU CCA.

Greater Southern Waterfront, the refurbished national monument will house Dyson's global headquarters in 2021 and is in line with the Government's earmarked plans for the area to be a gateway to the future "live, work, play" concept. Fittingly, SJPS will house a heritage gallery in one of its distinctive chimneys to showcase its contribution as Singapore's first coal-fired power station. These plans will be further developed in collaboration with Dyson to demonstrate our care and passion for historical sites as well as our commitment to Singapore and SJPS.

BOOSTING THE ARTS

In FY19/20, Mapletree committed and disbursed more than S\$6 million to causes guided by the framework of the Group's Corporate Social Responsibility (CSR) programme. To underscore our commitment to empowering individuals under the pillars of the arts, education, environment and healthcare,

we aligned the Group's business performance with our CSR efforts. For every S\$500 million of PATMI¹, or part thereof, S\$1 million is set aside annually to fund CSR initiatives.

Notably, Mapletree had the honour of hosting acclaimed British-Nigerian contemporary artist Yinka Shonibare CBE, RA, with the NTU Centre for Contemporary Art Singapore (NTU CCA Singapore) at Mapletree Business City (MBC) in January 2020. Mr Shonibare, whose works typically incorporate African prints and patterns, is also the artist behind *Wind Sculpture I* (2013) – a sculpture prominently located at the roundabout at MBC. These curated public artworks and artefacts at Mapletree's properties build a sense of identity and instil a public appreciation for the arts.

To help visitors at MBC navigate and learn more about the many art pieces on display, Mapletree has begun developing an innovative mobile application. To be launched later this year, the Mapletree Public Art Trail App

will provide an interactive guide for visitors to explore the 14 artworks and artefacts at MBC as well as the seven artworks at VivoCity by following specially designed art trails to suit different interests and available time.

EXPANDING OUR GREEN INITIATIVES

Mapletree recognises the ongoing global environmental issues and has been a strong advocate for green practices in the Group's businesses. These include rolling out green initiatives in Mapletree offices, promoting innovative ways to upcycle materials at the Group's premises and implementing sustainability initiatives as part of Mapletree's property development and management.

During the recent bushfire crisis in Australia that wrought environmental and economic devastation, Mapletree pledged A\$100,000 (~S\$90,588) to the Australian Red Cross. The funds went to on-the-ground disaster services, immediate assistance grants for affected victims, as well as mid-to long-term recovery efforts.

Locally, Mapletree sponsored and hosted the 35th Singapore Bird Race, which was organised by Nature Society (Singapore) with supporting

partner Birdlife International. More than 160 species of birds were spotted at the largest-ever Singapore Bird Race, flagged off from MBC. This is the first time that the Singapore Bird Race is launched from MBC, as the business park is an axis strategically located near Kent Ridge Park, Labrador Park, and the Southern Ridges for birdwatching. Held on 16 and 17 November 2019, the race drew a record turnout of 138 participants, including approximately 60 students from 10 schools. Mapletree's support of the Singapore Bird Race is aligned to the Group's key CSR pillars of environment and education.

EMPOWERING INDIVIDUALS, ENRICHING COMMUNITIES

When the Covid-19 pandemic struck, Mapletree was quick to lend support to the frontline healthcare workers in Singapore, providing more than 6,300 bento lunch boxes over a month. Specially prepared by tenants of Mapletree's malls, the lunches were delivered to employees at the National University Hospital, Tan Tock Seng Hospital and Geylang Polyclinic.

In addition, Mapletree donated RMB1 million (~S\$199,620) to Covid-19 relief efforts in China. The contribution, via the Singapore Red Cross, went



Mapletree provided more than 6,300 bento lunch boxes to frontline healthcare workers at the National University Hospital, Tan Tock Seng Hospital and Geylang Polyclinic in Singapore.

towards the procurement and distribution of essential personal protective equipment, medical equipment and supplies. Mapletree's efforts towards the pandemic relief also included the donation of 6,400 surgical masks to six schools and charity organisations in Chongqing, Foshan, Ningbo, Shanghai and Tianjin. The masks were distributed to students, teachers and low-income families. As the pandemic continued to unfold, Mapletree contributed more than 2 million masks to healthcare workers, migrant workers and the elderly in Singapore, Australia, Hong Kong SAR, India, Malaysia, the Netherlands, the UK and the US from April to June 2020.

DEVELOPING THE POTENTIAL OF THE NEXT GENERATION

Education is one of the cornerstones of Mapletree's CSR programme. As such, Mapletree became a proud sponsor of an illustrated children's book chronicling the childhood story of Emeritus Senior Minister Goh Chok Tong. Titled "Panjang: The Tall Boy Who Became Prime Minister", the



Mapletree sponsored and hosted the 35th Singapore Bird Race, which was held on 16 and 17 November 2019.

MESSAGE FROM THE CHAIRMAN

book has been widely distributed with more than 8,000 copies delivered to PAP Community Foundation kindergartens islandwide, My First Skools, MOE Kindergartens and preschools operating near or within Mapletree properties in Singapore, as well as preschools located in the Education Hub at Nanhai Business City Phase 4 in China. The inspirational story seeks to motivate young readers to embrace challenges and achieve success in their own ways.

In Hong Kong SAR, Mapletree expanded support for tertiary education with the Group's first endowed donation to an overseas university. The HK\$2 million (~S\$356,820) donation helped to establish the Mapletree Endowed Fund at City University of Hong Kong (CityU). The fund will support two CityU Scholarship schemes, namely the Mapletree Scholarships and the Mapletree Exchange Scholarships, which recognise students with outstanding academic achievements, as well as support qualified students to participate in exchange programmes.

For the second consecutive year, Mapletree partnered the Singapore Institute of Technology to organise The Mapletree Challenge. The programme equips undergraduates with job interview and presentation skills through a series of masterclasses held between September and November 2019. These lessons enabled the students to gain industry perspectives and learn about personal brand development from leading corporate trainers. A forum which focused on entrepreneurship and innovation was also held in March 2020 to inspire students to make a difference through their entrepreneurial ideas for sustainable innovations. Due to Government-mandated measures to curb the Covid-19 outbreak, the Grand Final of The Mapletree Challenge which offers the opportunity for six teams to present their respective ideas on

entrepreneurship and innovation to a panel of judges, will be held online in the second half of 2020.

GIVING BACK FROM THE GROUND UP

Launched in June 2014, the Mapletree Staff CSR Programme has been expanding steadily with more staff teams submitting ground-up initiatives. The number of teams, awarded S\$5,000 in seed funding per team, has grown from three in FY14/15 to 15 in FY19/20. Teams from Singapore (Group Development Management, Mapletree Logistics Trust and Mapletree North Asia Commercial Trust), Australia, Greater China (Beijing, Chongqing, Foshan, Hong Kong SAR, Ningbo and Shanghai), Japan, the UK, the US and Vietnam received seed funding this year. We are heartened that more than half the teams continued to work with their beneficiaries for the second or third year, with the intent of building long-term partnerships and support for communities where we have a business presence.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my sincere gratitude to Group Chief Executive Officer, Mr Hiew Yoon Khong, the Management and all employees for their valuable expertise, dedication and resilience in fronting the past year's challenges head-on.

My deepest appreciation also goes to my fellow Board members and the respective Boards of our REITs management companies for their dedicated efforts, profound business acumen and leadership in navigating through this year.

While the coming year looks uncertain, I am confident that Mapletree's solid foundation and robust business model will continue to propel the Group to new heights. I look forward to unlocking more opportunities and creating a brighter future with our stakeholders.



Edmund Cheng
Chairman

- 1 PATMI denotes net profit after tax and non-controlling interests attributable to Perpetual Securities Holders and Equity Holder of the Company.
- 2 Revenue is adjusted to exclude incentive fee income and residential revenue. They are not deemed to be the core business activities for the Group.
- 3 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding residential profits, incentive fee from private funds' divestment, revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
- 4 ROIE is computed based on adjusted* PATMI over the Group's equity held at original invested cost (OIC).

* Adjusted to exclude non-cash and non-operating items such as unrealised revaluation gains or losses mark-to-market fair value adjustments, gains and losses on foreign exchange, negative goodwill and dilution gains and losses and include OIC gains from any gains or losses on disposal and corporate restructuring surplus or deficit.