OPERATIONS REVIEW
SINGAPORE INVESTMENTS

Mapletree's Singapore Investments business unit oversees a portfolio of commercial real estate assets in Singapore that are held directly by the Group.

As at 31 March 2019, the business unit owned and managed about S$3.5 billion in assets. It contributed S$186.1 million and S$1 million to the Group's EBIT + SOA[1] and fee income respectively in FY18/19.

Mapletree directly owns and manages the following assets:

- Mapletree Business City II (MBC II)
- HarbourFront Centre
- HarbourFront Tower One
- HarbourFront Tower Two
- St James Power Station
- PSA Vista
- 18 Tai Seng[2]

Set in lush greenery, the vitality of Alexandra Precinct was increased through place-making initiatives and tenant engagement at MBC II

REJUVENATING A PRECINCT

MBC II continues to appeal to leading global companies with its premium specifications, generous community space, attractive amenities and lush greenery. Committed occupancy for MBC II reached 99% as at 31 March 2019.

Further place-making initiatives to enhance its position include a running trail through HortPark introduced in the third quarter of FY18/19, offering fitness enthusiasts another option to stay fit. Aside from introducing amenities and physical improvements, Mapletree also made efforts to increase the vitality of the precinct and promote tenant engagement. In FY18/19, these efforts included curated events such as farmer's markets, art tours and festive celebrations, as well as complementing ongoing programmes organised by Mapletree, including futsal matches, art performances, lunchtime health talks and fitness sessions.

DIVESTING A QUALITY ASSET

18 Tai Seng[2] is a mixed-use development including Business 2 (B2) industrial, retail and office components. The supermarket, retail as well as food and beverage tenants continue to contribute vibrancy to the Tai Seng Precinct. Meanwhile, the underground link connecting the

Elliptical Pavillion (2017) by Dan Graham is one of the art installations displayed around MBC II, as part of a collaboration between Mapletree and NTU CCA Singapore

development to Tai Seng MRT station serves as an important convenience for tenants and the working population at Paya Lebar iPark.

In FY18/19, new tenants such as Schaeffler and Michael Page started operations at 18 Tai Seng[2], joining key tenants Sivantos, Silicon Laboratories, AES Global and Williams-Sonoma. This brought overall committed occupancy at the development to 94.3% at the end of January 2019.

The quality of 18 Tai Seng[2], its location and tenant profile made the development an attractive acquisition target for Mapletree Industrial Trust (MIT), one of Mapletree's real estate investment trusts. Mapletree divested the asset to MIT on 1 February 2019.

NEW LIFE FOR A NATIONAL MONUMENT

With rejuvenation of the Alexandra Precinct completed, the focus of value-creation initiatives shifted to the HarbourFront Precinct.

The expiry of the long-term lease at St James Power Station for an entertainment complex offers a timely opportunity to explore adaptive re-use of the National Monument to activate the asset and align it with the new Greater Southern Waterfront Masterplan.

Addition and alteration works to convert the monument for new commercial use have commenced. This will be the first phase of rejuvenation plans for the HarbourFront Precinct. St James Power Station, Singapore's first coal-powered power station, was built in 1927 and was in operation for almost 50 years before its decommissioning in 1976. The building underwent restoration between 2004 and 2006, and the National Heritage Board recognised Mapletree's restoration efforts by gazetting St James Power Station as a National Monument in 2009. The current works will also include a second round of restoration works to the façade and key elements of the interior.

Over at the former site of the SPI Building, to prepare the site for new development plans, land reclamation has started and is expected to be completed in FY19/20.

Planning permission for the residential site at King's Dock has been obtained and further design development works are in progress.

MARKET REVIEW AND OUTLOOK

According to the Ministry of Trade and Industry's advance estimates, the Singapore economy grew by 1.3% year-on-year (y-o-y) in Q1 2019, a moderation from the 1.9% growth in Q4 2018. Growth is anticipated to be between 1.5% and 3.5% in 2019.

While positive, retail sales growth has slowed to 1.1% in 2018 from 1.8% in 2017, with the retail rental market showing signs of stabilisation in 2018 after a prolonged period of rental correction since 2015. Average islandwide prime rents increased by 1.2% y-o-y in 2018, largely driven by better performing malls supported by strong locational attributes. Moving forward, with the tightening labour policies and uncertain global economic outlook, the retail market is expected to remain muted.

In the office market, Grade A core central business district and Grade B islandwide rents rose 3.2% and 3% quarter-on-quarter respectively. This marked the seventh consecutive quarter that rents had risen, driven by tightening vacancy and a tapering pipeline. With the moderating economic outlook, growth in Grade A office rents is expected to continue at a slower pace driven by the limited supply in 2019.

With the limited availability of quality business park space and no notable multi-user space for lease completing in 2019, the divergence between the two tiers of the business park market remains. The outlook for modern business parks in the City Fringe submarket remains positive while older business park developments in the Rest of Island submarket will continue to face challenges in attracting and retaining tenants.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

2 18 Tai Seng was divested to MIT on 1 February 2019.

References:

i. Ministry of Trade and Industry, Singapore

ii. CBRE Research Singapore Real Estate Market Outlook 2019

iii. URA REALIS

OPERATIONS REVIEW
LOGISTICS DEVELOPMENT

Mapletree's Logistics Development business unit develops and manages the Group's greenfield logistics projects. At present, the business unit oversees a strong portfolio of 65 logistics facilities across China, Malaysia and Vietnam.

As at 31 March 2019, the portfolio of the business unit was valued at S$2 billion. In FY18/19, the business unit contributed EBIT + SOA[1] of S$14 million.

Mapletree Fengdong (Xi'an) Industrial Park is one of the 11 China logistics properties that Mapletree and MLT entered into a 50:50 JV in June 2018

CHINA

Mapletree has invested in logistics developments in 43 Chinese cities to date, with a total net lettable area of 4.4 million square metres (sqm). In FY18/19, Mapletree signed 25 investment agreements with a total value of S$1,547 million and acquired 18 development sites for a total of S$976 million.

Mapletree entered into a 50:50 joint venture (JV) with Mapletree Logistics Trust (MLT) in June 2018 in 11 China logistics properties, for a consideration of RMB 1 billion (~S$202.1 million). These proceeds will be reinvested in other high-quality warehouse projects in key logistics hubs in China.

Mapletree's development strategy includes establishing strong partnerships with key Chinese logistics users as they expand beyond China. To strengthen its logistics network, Mapletree signed a memorandum of understanding for strategic cooperation with Chinese delivery services provider SF Express and Alibaba's logistics arm Cainiao in April and May 2018 respectively.

MALAYSIA

Mapletree Logistics Hub – Shah Alam, which was completed in March 2018, achieved full occupancy in FY18/19. The Grade A logistics facility has a total gross floor area (GFA) of 213,130 sqm comprising three blocks of three-storey ramp-up, multi-tenanted logistics and warehousing facilities. Located in a prime warehousing area serving Greater Kuala Lumpur, its key tenants include Southeast Asia's leading e-commerce players.

Development of Mapletree Logistics Hub – Tanjung Pelepas, Iskandar concluded in November 2018. The approximately 134,000 sqm Grade A facility consists of one single-storey warehouse block and two blocks of two-storey ramp-up warehouses. Located in the Port of Tanjung Pelepas, a fast-growing transhipment hub in the region, and highly accessible via road and rail connections to Singapore and southern Thailand, the property has attracted strong leasing demand from consumer goods companies looking to set up regional distribution centres.

VIETNAM

Two new projects, Mapletree Logistics Park Binh Duong Phase 3 (MLPP3) and Mapletree Logistics Park Bac Ninh Phase 3 (MLPBN3), have been well received by existing tenants and new customers. Both properties are designed with Grade A building specifications to support the growing demand for modern warehousing facilities in Vietnam.

Completed in August 2018, MLPP3 comprises four warehouse blocks spanning a total GFA of 61,880 sqm. Occupancy was at 100% as at 31 March 2019. Construction of MLPBN3 commenced in May 2018 and was completed in May 2019. With a total GFA of 47,732 sqm, MLPBN3 has secured strong leasing pre-commitment from both end-users and third-party logistics (3PL) companies for their expansion in Bac Ninh.

Meanwhile, Mapletree Logistics Park Bac Ninh Phase 2 and Mapletree Logistics Park Binh Duong Phase 1 continued to enjoy 100% occupancy in FY18/19.

MARKET REVIEW AND OUTLOOK

China

China's premium warehouse space soared to approximately 51 million sqm by the end of 2018. Nationwide, the average rental rose by 5.6% year-on-year. Online retail, 3PL and manufacturing led the demand for high-quality warehousing.

Tier 1 cities and their satellite areas, along with Tier 2 and provincial capital cities are attractive for logistics developers. However, the land supply allocated for logistics usage has become tighter and challenging to obtain in these cities. In addition, e-commerce giants, including Cainiao and JD, are building their own warehouses and facilities, putting pressure on the market vacancy rate and competing with logistics developers.

In December 2018, the Chinese government released a plan aimed at encouraging the establishment of 150 logistics hubs by 2025, to improve logistics efficiency and reduce costs.

Mapletree Logistics Hub – Shah Alam, which was completed in March 2018, achieved full occupancy in FY18/19

Despite uncertainty over United States-China trade tensions, China's economy is expected to remain positive in the long term, with consumption as the key driver.

Malaysia

The Malaysian economy grew at a more moderate pace of 4.7% in 2018, down from the 5.9% recorded in 2017. This was due to lower government development expenditure and weaker global demand for Malaysia's commodities.

Despite softer economic growth, private consumption remains robust and a key driver of the Malaysian economy. This has led to strong demand for warehouses especially in the prime area of the Klang Valley. The rise of e-commerce has also lifted demand for high-quality warehouses, due to the expanding courier, express and parcels and last-mile delivery segments.

Overall occupancy in the Klang Valley is 98%, with about 52,954 sqm of vacant space mostly in sub-prime areas. Rental rates range from RM1 to RM2 per square feet per month depending on location and specifications.

The outlook for Malaysia's logistics property sector continues to be positive, supported by resilient demand from the fast-moving consumer goods sector and the booming e-commerce sector. The supply of quality logistics facilities is expected to increase but remains relatively tight. Occupancy rates are likely to persist at healthy levels with rental rates seeing steady growth.

Vietnam

Vietnam's economy expanded by 7.1% in 2018, its fastest pace since 2007, up from 6.8% in 2017. Total foreign direct investment inflow totalled US$35.5 billion in 2018, comparable to the 10-year high of US$35.9 billion achieved in 2017. The economy is projected to maintain its momentum, with 6.8% gross domestic product growth forecast for 2019.

The ongoing United States-China trade tensions have benefitted Vietnam. China-based manufacturers, including foreign multinational producers, have begun to move certain high-margin industrial operations to Vietnam. In view of the increasing manufacturing activity as well as the booming e-commerce and retail markets, demand for warehouse space is likely to be sustained. Existing developers and new market entrants are expected to add to the supply of warehouse space.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:

i. General Statistics Office of Vietnam

ii. Ministry of Planning and Investment of Vietnam

iii. Asian Development Bank

iv. 2018 Q4 Logistics Report, Cushman & Wakefield

v. Bank Negara Malaysia

vi. Jones Lang Wootton, March 2019

OPERATIONS REVIEW
CHINA AND INDIA

Mapletree's China and India business units seek to capitalise on real estate opportunities in these two large emerging economies.

The business units develop and manage real estate assets in China and India, and oversee two private real estate funds, namely Mapletree India China Fund (MIC Fund) and Mapletree China Opportunity Fund II (MCOF II).

As at 31 March 2019, the business units accounted for S$2.6 billion of the Group's total assets under management. In FY18/19, the business units' combined EBIT + SOA[1] was S$89 million, while fee income contributions were S$100.1 million.

NBC 4 launched six residential blocks for sale and fully operated the Education Zone

CHINA

Mapletree Business City Shanghai and the adjoining VivoCity Shanghai mall were divested in November 2018, as part of the investment strategies of MIC Fund and MCOF II to realise profits for their investors.

Following completion of construction, the occupancy permit for Phase 2 of Nanhai Business City Phase 4 (NBC 4) was issued in August 2018. Since last November, six residential blocks have been launched for sale, of which 81% of the gross floor area (GFA) has been sold as at 31 March 2019. The NBC 4 Education Zone is fully operational.

The occupancy permit for Phase 1 (residential and streetshops) of Mapletree Ningbo Mixed-Use Development was obtained in May 2019. Sub-structures for Phase 2 (retail mall) and Phase 3 (medical centre) were completed in January 2019, with topping out scheduled to take place in mid-2019. Nine residential blocks have been launched for sale since July 2016 and 88% of the GFA has been sold as at 31 March 2019. The first batch of residential buyers were scheduled to receive their keys in June 2019.

Arca Building in Beijing continued to enjoy full occupancy. With effect from 1 January 2019, Mapletree receives a 14% increase in the property management fee.

In November 2018, Mapletree signed the agreement to acquire a Grade A office building in Guangzhou through Forward Purchase Agreement. Located in the emerging business area and scheduled for completion by 2020, the property has a GFA of 108,849 square metres (sqm) designated for technology, media and telecommunications (TMT) and e-commerce companies.

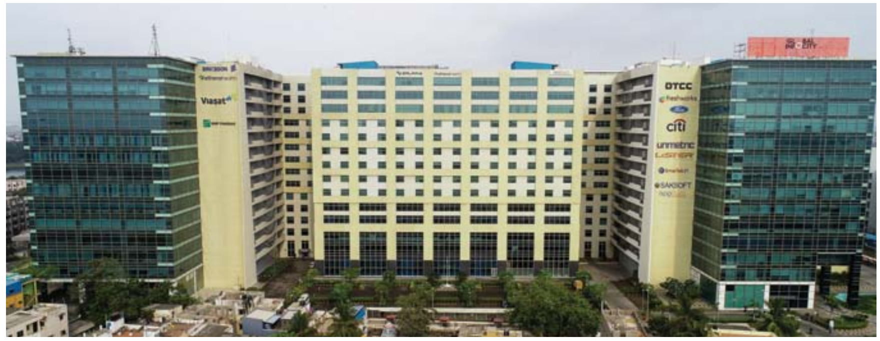
In December 2018, Mapletree acquired a newly completed Grade A office building in Beijing. The asset, with a GFA of 51,234.8 sqm, caters to the need for quality office spaces from financial institutions, Fintech firms and professional service companies.

INDIA

Mapletree's maiden property in India, Global Technology Park (GTP) in Bengaluru, continues to receive leasing interest from quality tenants. To enhance the appeal of GTP, new amenities such as food and beverage outlets and a childcare centre were added. GTP also secured key tenants including a large accounting firm, a research and development centre of a semiconductor corporation, and a co-working operator in the same year. Current committed occupancy is 88% of the 173,787-sqm of net lettable area, which includes approximately 17% that was vacated and immediately leased to cater for the expansion requirements of GTP tenants and the wider market. There is strong demand from international quality tenants for the remaining space at GTP.

Adding to Mapletree's footprint in India is a 252,403 sqm IT office park in Chennai acquired in November 2018. Upon acquisition, the Group rebranded the property as Global Infocity Park Chennai (Global Infocity) and unveiled a new property logo. The transaction is the largest acquisition made by Mapletree in India to date. In addition, Global Infocity enjoys 99.5% occupancy and a 99% tenant retention rate. This property is in close proximity to the city centre, established transport nodes and social infrastructure.

A Forward Purchase acquisition was also executed for a 95,040 sqm Grade A IT park in Bengaluru, which is expected to be handed over to Mapletree in 2021/22.



Mapletree acquired its second asset in India, a 252,403 sqm IT office park in Chennai in November 2018 and rebranded it to Global Infocity Park Chennai

MARKET REVIEW AND OUTLOOK

China

China's economy expanded by 6.6% in 2018. Although the national deleveraging campaign dampened acquisition activity by domestic investors, offshore investors filled the void. The en-bloc commercial property market remained active. Consequently, Shanghai, the biggest institutional investment market in the country, recorded a transaction volume of over RMB100 billion for the year. This was lower as compared to 2017 especially the growth rates in the fourth quarter.

However, yields remain tight because of offshore investor confidence. Notwithstanding short-term softening of rentals due to new supply, quality assets continue to attract longer-term value investors.

Recent government investments focus on technology, connectivity and creativity such as artificial intelligence and 5G networks, which will boost demand for office and business park space. This is already evident in the robust expansion of domestic TMT firms.

Fluctuations in the residential market in 2018 were mainly driven by the sustained curbing policy. Sentiment has started to stabilise as the policy focus has shifted to control based on local conditions, coupled with the loosening household registration policy among Tier 2 cities.

China's economic growth plan for 2019 includes more fiscal stimulus through local government bonds and tax cuts. The central bank also introduced a new monetary policy tool to offer lower interest rates to private enterprises as well as small and medium sized enterprises. Aimed at supporting the weakest part of the economy and preventing a series of defaults, this initiative signals some flexibility in the government's generally prudent monetary policy.

India

The Indian economy continues to be one of the strongest performers in the world, registering growth of 7.3% in FY18/19, up from 6.7% the previous year. The increase was driven mainly by the agricultural and manufacturing sectors, as well as an upswing in domestic demand and investments amid GST harmonisation. The World Bank forecasts 7.5% growth in the coming two financial years.

Inflation dropped to 2.2% in December 2018, mainly due to lower oil prices. This was also the fifth consecutive month in which the rate was lower than the 4% target of the Indian central bank (RBI), undermining the case for further interest rate hikes in the near term.

The country's current account deficit (CAD) widened to 2.9% of GDP in the quarter ending December 2018 but is expected to narrow to 2.3% by the end of the financial year. The CAD is expected to stabilise in the coming year at RBI's threshold of 2%, owing to lower oil prices and steady inflows of foreign direct investment (FDI). The government has lifted FDI restrictions on the single-brand retail, real estate, aviation and medical sectors to varying degrees, with gradual liberalisation of other sectors likely to follow.

---

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:

i. China National Bureau of Statistics

ii. Ministry of Statistics and Program Implementation, India

iii. CEIC

iv. Capital Economics

v. International Monetary Fund

OPERATIONS REVIEW
SOUTH EAST ASIA

The South East Asia (SEA) business unit develops, acquires and manages income-yielding properties in the region (outside of Singapore), with the aim of building a scalable capital management platform that has sustainable returns.

SEA generates income for the Group through its portfolio of operating assets, as well as through various investment and fund management activities including real estate funds, mezzanine interest income, development profits and divestment gains.

In FY18/19, SEA contributed S$84.5 million and S$0.3 million to the Group's EBIT + SOA[1] and fee income respectively. As at 31 March 2019, Mapletree owns and manages S$1.4 billion worth of assets in SEA.

An artist's impression of V Plaza (centre, behind SC VivoCity) which comprises two blocks of 27-storey Grade A office building

VIETNAM

The 237-unit Oakwood Residence Saigon was officially opened by Singapore's then Deputy Prime Minister Teo Chee Hean on 25 March 2019. Together with the adjoining residential tower RichLane Residences, this constitutes the third phase of Saigon South Place, a 4.4-hectare mixed-use development in District 7 of Ho Chi Minh City (HCMC). Plans for the fourth phase, V Plaza, were also unveiled. With a gross floor area of 105,000 square metres (sqm), V Plaza will comprise two 27-storey Grade A office towers.

Mapletree capitalised on the strong market conditions in HCMC to improve occupancy rates for its Grade A office properties. mPlaza Saigon, located in District 1 of HCMC, continued to retain many blue-chip tenants and also attracted new reputable international tenants, securing occupancy rates exceeding 95% for its office segment during the year. The asset enhancement initiative (AEI) for the retail podium was completed, and several established international food brands were secured as anchor tenants. Meanwhile, CentrePoint, another office building, successfully retained many of its anchor international tenants including Capgemini, HSBC, Li & Fung, and successfully maintained its more than 95% occupancy for FY18/19.

The high-quality specifications of Mapletree Business Centre in District 7 of HCMC attracted international anchor tenants such as Standard Chartered Bank, Grab, Cargill and 3M. Occupancy in the office building exceeded 95%, with the average rental rate increasing by 6% from the previous year.

On the residential front, close to 500 units launched at One Verandah in District 2 of HCMC were fully taken up within six months, at prices in the upper range of the market. Construction commenced on schedule and is ongoing.

Mapletree Business City @ Binh Duong achieved stabilised occupancy for all its operating ready-built factories. Construction of the new Build-to-Suit factory for a multinational tenant was successfully completed in February 2019.

SC VivoCity continued to draw more shoppers to the mall with a 5% year-on-year (y-o-y) increase in footfall. New international brands, including Under Armour and Huawei, were also recently added to the tenant mix.

MALAYSIA

Mapletree provides mezzanine loan financing for three residential projects in Kuala Lumpur and Selangor. One of the projects, 28 BLVD, located in Pandan Perdana, Selangor, obtained Certificate of Completion and Compliance on 1 April 2019. The project is almost fully sold.

MARKET REVIEW AND OUTLOOK

Vietnam

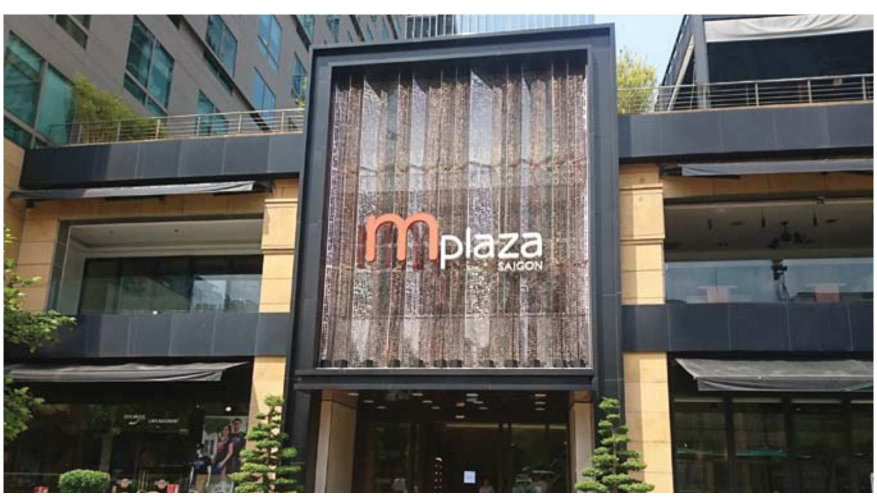
In 2018, Vietnam's economy grew by 7.1%, the highest rate in 10 years. Recent trade agreements that came into effect include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and EU-Vietnam Free Trade Agreement, which have helped further strengthen the economy.

The consumer price index rose by 3% during the year, within the government's threshold of 4%.

Although newly registered foreign direct investment (FDI) declined by 1.2% to US$35.5 billion, disbursed FDI grew by 9.1%. In particular, foreign investors continued to invest in the real estate, manufacturing and processing sectors of Vietnam.

HCMC saw 3,600 sqm of new Grade B office space in 2018, but there was no new Grade A supply. Consequently, Grade A office occupancy tightened to 94.9%. In 2018, Grade A office rental increased by 15.8% to US$43.48 per square metre per month (psm/mth), while Grade B office rental grew by 10.8% to US$23.42 psm/mth. Notably, demand from co-working spaces continued to increase. Future supply for the Grade A office segment is estimated to be 77,936 sqm in 2019 and 2020.

In the HCMC residential market, a total of 30,792 new units were launched in 2018, a 1% decline y-o-y from 31,106 units in 2017. On a y-o-y basis, both the mid-range and affordable segments contracted, accounting for 52.8% and 2.4% of 2018's total supply respectively. Supply in the luxury and high-end segments increased by 1% and 8.8% respectively with projects mainly located in District 1 and District 2. Prices continued to rise, with the high-end segment increasing slightly by 0.2% to US$2,195 psm, and the mid-range segment rising 1.3% to US$1,158 psm.



Mapletree completed the AEI of mPlaza Saigon's retail podium and secured international restaurant chains as anchor tenants

In Hanoi, no new Grade A office supply came into the market. Rents rose 1.8% y-o-y to US$31.2 psm/mth, with an accompanying increase in occupancy to 95.7%. Future supply for Grade A office is estimated at 114,554 sqm of net lettable area in 2019 and 2020.

Malaysia

In Malaysia, growth slowed to 4.7% in 2018 from 5.9% in 2017, as efforts to reduce public sector debt resulted in lower public investment. The medium-term outlook remains favourable, although downside risks remain due to external factors like the United States-China trade war and volatility in the global financial and commodity markets.

The retail space remains challenging because of rising supply and competition from e-commerce. An additional 1 million sqm of retail space is expected to come on stream by 2020. Meanwhile, retail sales volume is projected to grow by 4.5% in 2019, as compared with 4.7% in 2018.

With sentiment improving, Kuala Lumpur's prime housing prices are holding firm. The slight upward revision in stamp duty and real property gains taxes are unlikely to have a significant impact, although the growing mismatch in supply and demand coupled with rising financing costs will continue to impinge on price growth. Meanwhile, the waiver of stamp duty on certain residential property transactions for a limited time is expected to provide momentum in 2019 and beyond.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

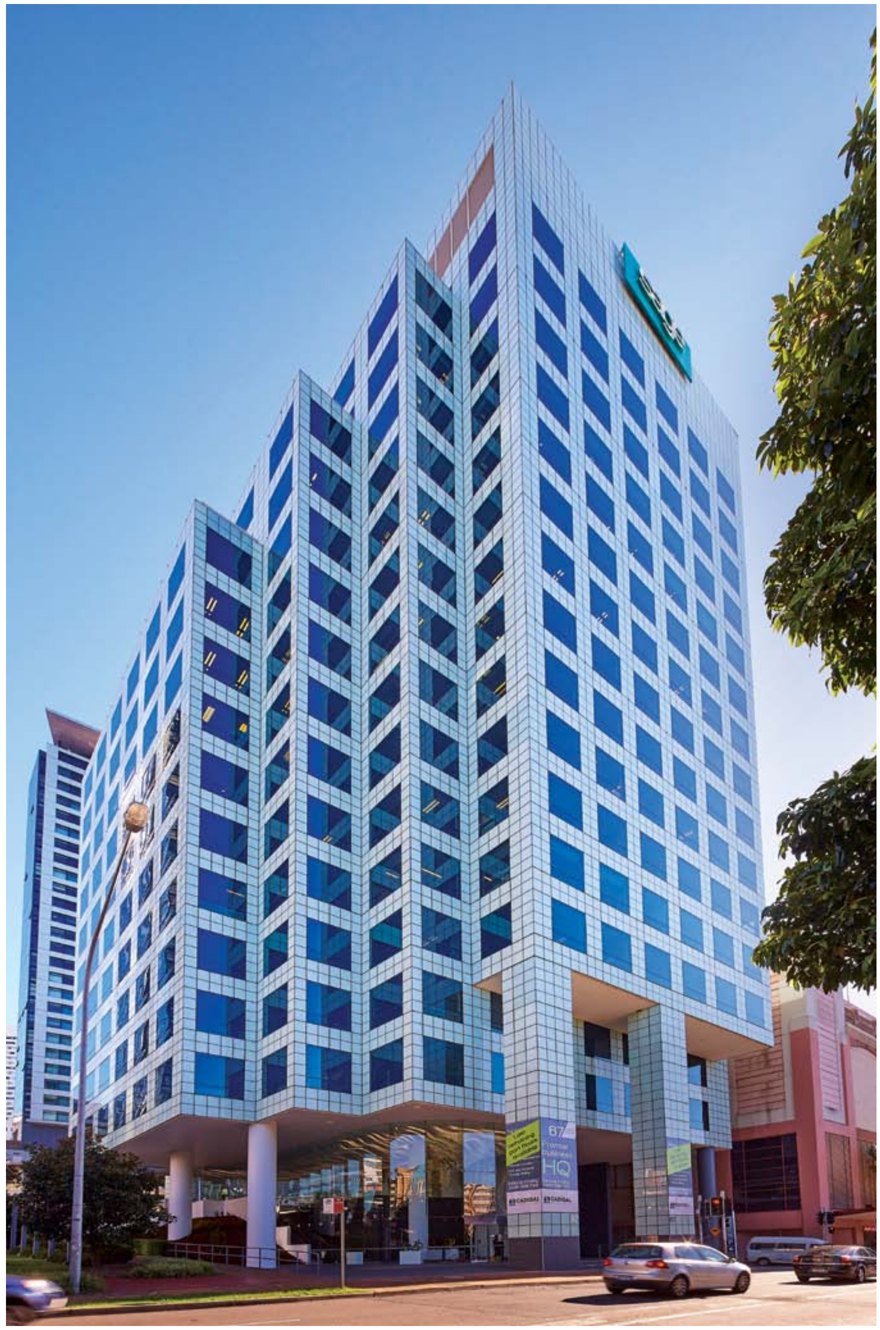
References:

i. Ministry of Planning and Investment, General Statistics Office of Vietnam
ii. CBRE Vietnam – Vietnam Market Q4 2018 Report
iii. International Monetary Fund
iv. The World Bank
v. Retail Group Malaysia

OPERATIONS REVIEW
AUSTRALIA-NEW ZEALAND, NORTH ASIA AND OAKWOOD

The Australia-New Zealand, North Asia and Oakwood[1] business unit focuses on deepening Mapletree's business in Australia, Hong Kong SAR and Japan, exploring opportunities in new real estate asset classes in these countries, and managing the lodging business of the Group globally.

The business unit also includes two Japan-focused private equity funds, MJOF and MJLD. With owned and managed assets of S$5.8 billion (excluding Oakwood)[1] as at 31 March 2019, the business unit contributed S$150.1 million to the Group's EBIT + SOA[2], and S$98.5 million in fee income in FY18/19.



Mapletree acquired 67 Albert Avenue, a 15-storey multi-tenanted office tower located in Chatswood, Australia

AUSTRALIA

Mapletree added 67 Albert Avenue to its growing portfolio of office properties in major Australian cities.

Located in Chatswood, a major North Shore office market in Sydney, the 15-storey multi-tenanted office tower features 14,756 square metres (sqm) of net lettable area with Grade A specifications. The asset is currently 97% occupied and its major tenants include Westpac, Du Pont, Sentral and various Government bodies. The asset is in close proximity to Chatswood's train and bus interchange, and two major shopping centres – Chatswood Chase Sydney and and Westfield Chatswood. The acquisition was completed in April 2019.

With this property, the portfolio of Australia office assets is being structured for syndication as an office fund in FY19/20.

HONG KONG SAR

Following its completion in March 2018, Mapletree Bay Point, in Kowloon East, was awarded LEED Gold certification for Core & Shell Development in November 2018. Tenants from the banking and finance, consultancy and services sectors have been secured for the property, with an overall committed occupancy rate of 70%.

In December 2018, Mapletree entered a sales and purchase agreement to divest Mapletree Bay Point in Kowloon East and this was subsequently completed in May 2019.

JAPAN

MJOF was fully divested in March 2019. Out of the total 10 assets, a portfolio of six freehold office assets in Greater Tokyo, Japan, were divested to Mapletree North Asia Commercial Trust[3] at a price of JPY 63,304 million (~S$770.6 million) on 25 May 2018.

For the remaining four assets, OTA Techno Core, GA Tama Building and Shinagawa Seaside Tower were successfully divested in October 2018, while mBay Point Makuhari was divested in March 2019.

MARKET REVIEW AND OUTLOOK

Australia
The Australian office sector recorded transaction volumes of A$19.53 billion in 2018, the highest annual volume registered. However, the number of transactions was lower than previous years with the top 10 transactions representing 43.9% of total volume.

Prime yields across most Sydney and Melbourne office markets have reached new benchmarks. The spread between yield and the risk-free rate has compressed but is at a level normally associated with above-trend rental growth.

The Australian central business district office market vacancy rate dipped to 8.6% in 2018, the lowest level since Q3 2012. Vacancy rates, especially for prime grade assets, are low and rents are moving upwards across the Sydney and Melbourne office markets. Tangible signs of recovery are evident in Brisbane, Adelaide and Perth, and leasing incentives are expected to moderate in the next two years, which will stimulate rental growth.

Hong Kong SAR
Economic growth in Hong Kong SAR slowed in the second half of 2018 because of the United States-China trade tensions and other unfavourable conditions. Sentiment for the property sector was also affected by reduced demand from Chinese buyers, leading to muted investment activities. Looking ahead, global economic growth is expected to moderate due to external factors such as continued trade tensions and Brexit. The Hong Kong SAR economy is projected to expand by 2% to 3% in 2019, as compared with 3% in 2018. As such, there may be continuing downward pressure on property prices and rents.

Japan
Japan has seen an extended period of gross domestic product growth, and it is expected to remain at about 1.1%.

Commercial real estate transaction volumes fell by 27% year-on-year to JPY3 trillion in 2018 due to fewer large deals. However, the market remained robust on the back of healthy corporate profits, low unemployment and strong pre-leasing activity. As at Q4 2018, the All-Grade vacancy rate was at a historical low of 0.8%.

With limited existing supply, tenants seeking to consolidate or upgrade are focusing on the new supply (c. 500,000 tsubo) coming onto the market over the next two years. As at December 2018, the pre-lease ratio was 80% for 2019 completions, and about 30% for 2020 completions. Grade A office rents are projected to rise by 0.3% over the next year.

---

1 Oakwood is detailed in the Operations Review – Oakwood section.

2 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

3 Formerly known as Mapletree Greater China Commercial Trust (MGCCT). Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Change of Name of Mapletree Greater China Commercial Trust and the Manager".

References:

i. The Government of the Hong Kong Special Administrative Region, CBRE and Cushman & Wakefield

ii. Organisation for Economic Co-operation and Development

iii. Savills Japan Office Report Q4 2018

iv. CBRE Marketview Japan Offices Q4 2018

v. Jones Lang LaSalle – Office Investment Review and Outlook 2019

OPERATIONS REVIEW
EUROPE AND USA

Mapletree's Europe and USA (EUSA) business unit evaluates, acquires and manages assets in a range of real estate sectors. These include commercial, logistics, lodging (student accommodation and multi-family) and data centre (60% interest through the joint venture (JV) with Mapletree Industrial Trust) assets. EUSA's mandate is focused on broadening and deepening Mapletree's exposure beyond the Asia-Pacific region, by investing in new and existing asset classes across key gateway cities in Europe, the United Kingdom (UK) and the United States (US).

With owned and managed assets of S$13 billion as at 31 March 2019, the business unit contributed S$428.8 million to the Group's EBIT + SOA[1], and S$12.1 million in fee income in FY18/19.

3 Hardman Street is a 16-storey Grade A office asset in Manchester's premier business district

LOGISTICS

Mapletree marked its first foray into the US logistics sector in April 2018, consistent with the Group's mandate to broaden and diversify revenue streams in developed markets. Building on this momentum, Mapletree subsequently acquired a series of pan-US and European logistics portfolios in October 2018, December 2018 and March 2019, assembling a one-of-a-kind portfolio in about 12 months. These landmark transactions feature well-located assets that enjoy good connectivity to transportation nodes as well as robust demand for logistics space, from industries such as e-commerce, third-party logistics and consumer products. Today, the business unit has a significant logistics presence in 26 US states and 20 European cities across seven European countries.

In line with Mapletree's aim of building scalable capital management platforms, Mapletree syndicated the Mapletree US & Europe Logistics Private Trust (MUSEL) in March 2019 with US$1.8 billion (~S$2.44 billion) in equity. The trust provides investors with a unique opportunity to invest in a well-diversified portfolio of high-quality logistics properties, while enjoying an attractive total return and cash yield.

On the back of this significant growth, the business unit has expanded its presence across five offices in the US, including the local head office in New York. In Europe, the Group established offices in Amsterdam and Warsaw to complement its UK headquarters in London.

COMMERCIAL

Mapletree continues to explore cities, where growth is underpinned by technology, pharmaceutical, life sciences and other specific growth drivers (e.g. In Europe, Dublin has the fastest growth in technology worker population and Warsaw is the largest business processes outsourcing centre).

In May 2018, Mapletree embarked on its first commercial asset enhancement initiative (AEI) which

MUSEL invested in a portfolio of high-quality logistics properties in the US and Europe.
1089 E. Mill, San Bernardino, California is a distribution warehouse located in the US

was completed at 250 South Oak Way, Green Park (a leading UK business park Mapletree acquired in 2016). The AEI involved increasing the visibility of the entrance and breakout areas to promote the building's identity. Grade A offices at 400 and 450 Longwater Avenue in Green Park, at approximately 21,000 square metres, also commenced construction. The development is targeted to be completed in 2020.

STUDENT ACCOMMODATION

Investing into this resilient sector to generate recurring income, Mapletree has grown its student accommodation portfolio to 48 assets with approximately 21,000 beds located across 33 cities in the UK and the US. Including projects under development, total assets under management (AUM) amount to approximately S$3.2 billion.

The Mapletree Global Student Accommodation Private Trust (MGSA) is a total return fund with 25 assets in the UK and 10 assets in the US, with total AUM of approximately S$2 billion. As fund manager, EUSA is enhancing the operational and financial performances of the portfolio as well as improving residents' experience.

During the year, Mapletree acquired a newly built student housing asset in the UK and two development projects in the UK and the US. The addition of these assets will expand our student housing platform globally.

In November 2018, Mapletree acquired Pablo Fanque House, a 244-bed newly built student housing asset located in Norwich's city centre. It is also close to the University of East Anglia, with which it has a long-term nomination agreement. In May 2018, Mapletree entered into a forward funding acquisition project to develop a 452-bed student housing asset, Cottages@Westwood, in the UK. Scheduled to be completed in Q4 2019, this will be the nearest private purpose-built student accommodation to the University of Warwick.

In the US, Mapletree entered into a JV to develop a 513-bed accommodation within the University of Pennsylvania campus in June 2018. Construction is expected to be completed in Q2 2020.

MARKET REVIEW AND OUTLOOK

The European economy is benefitting from improving labour market conditions, low financing costs and a slightly expansionary fiscal policy which should allow moderate economic growth to continue. Reflecting a weaker last quarter of 2018, economic growth in 2019 for the Eurozone has been revised down to 1.3%. In 2020, economic growth is expected to increase slightly to 1.6% A sharp drop in energy prices caused headline inflation to decline at the end of 2018, with inflation likely to remain subdued at 1.4% in 2019 with a gradual pick-up in 2020. Interest rates are likely to remain stable.

Although late cycle, the economic outlook for the US remains robust. Growth is forecast to be 2.7% in 2019, reflecting strong employment growth alongside consumer and business confidence reaching all time highs. This economic activity is likely to lead to moderate interest rate rises. Economic risks include wage growth and higher import prices due to tariffs. If markets re-evaluate inflation risk, bond rates will rise more sharply than expected, leading to further pressure on interest rates and reduced foreign capital inflows.

Despite real estate investment volumes holding up well in the UK in 2018, the UK economy may under perform the Eurozone given on-going uncertainty surrounding the implementation details of Brexit.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

References:

i. CBRE 2019 US Outlook

ii. JLL Investment Outlook, US

iii. European Commission, European Economic Forecast (February 2019)

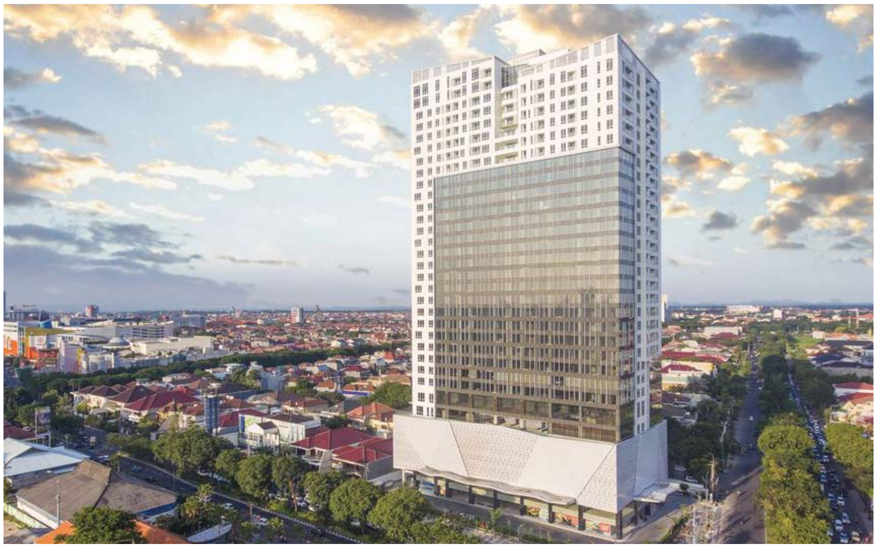
iv. ULI Emerging Trends in Real Estate 2019, Europe

OPERATIONS REVIEW
OAKWOOD

Oakwood® is the leading global accommodation solutions provider for the world's largest businesses, governments, and individual travellers. The award-winning company offers an extensive and flexible selection of move-in ready furnished and serviced apartments as well as end-to-end programme management for clients.

Oakwood is the operating arm of Mapletree in the area of corporate housing/ serviced apartment business.

The focus in the short term is to consolidate the Group's market leadership worldwide and increase the management of more serviced residences to accommodate the lodging needs of Oakwood's guests globally.



Oakwood Hotel and Residence Surabaya is Oakwood's third property in Indonesia, which offers 144 hotel rooms and fully furnished serviced apartments

Fully owned by Mapletree since February 2017, Oakwood is a key part of the Group's expansion in the corporate lodging sector. It provides access to more than 20,000 apartments, including a growing portfolio of Oakwood-branded and managed properties. Oakwood operates out of three headquarters, namely, Los Angeles, London and Singapore, covering the Americas, Europe and Asia-Pacific regions respectively.

Oakwood's managed assets include a portfolio of 55 Oakwood-branded properties, of which 15 are owned by Mapletree and 40 are owned by third parties. Geographically, 12 of the properties are located in the United States (US) and 43 are in Asia.

In FY18/19, the average occupancy of Oakwood's managed assets was 88%, up from 86% the previous year. Guests registered more than 3.5 million room nights during the year, with the average daily rate increasing by 4%, from US$150 (~S$203) to US$156 (~S$212).

NEW OPENINGS AND ACQUISITIONS

Oakwood continued to extend its footprint worldwide, particularly in Asia-Pacific, with the opening of the following properties in FY18/19:

- Oakwood Residence Saigon, a Mapletree-owned property in Ho Chi Minh City (HCMC), Vietnam (237 apartments)
- Oakwood Residence Shinagawa, Tokyo, in Japan (100 apartments, increasing to 202 apartments by 2020)
- Oakwood Apartments Nishi-Shinjuku, Tokyo in Japan (40 apartments)
- Oakwood Hotel & Apartments Shin-Osaka in Osaka, Japan (185 apartments)
- Oakwood Apartments Yangzhou in Jiangsu, China (144 apartments)

- Oakwood Hotel & Residence Surabaya in Java, Indonesia (144 apartments)

During the year, Mapletree also acquired the following which are managed by Oakwood:

- Oakwood Chicago River North in Illinois, the US (188 apartments)
- Oakwood Arlington in Virginia, the US (184 apartments)

STRENGTHENING BUSINESS DEVELOPMENT

Oakwood continues its impressive growth in Asia-Pacific managing over 40 operating properties. In addition to the new properties opening in Cambodia, Myanmar and the Philippines, Oakwood signed its second Australia property in Melbourne's city of Dandenong and entered into a strategic partnership with Boutique Corporation to grow Oakwood-branded properties in Thailand.

Mapletree-owned Oakwood branded operational properties in HCMC and Tokyo have been performing well with the latter having obtained approval to take in short-stay as the minimum stay requirement in Tokyo has recently been relaxed. The Oakwood in Yokohama, which is currently under development, remains on-track for a 2020 opening.

On the business development front, the Oakwood team capitalised on speaking opportunities and exposure at international hospitality trade shows and conventions to increase networking and marketing opportunities.

In Asia-Pacific, on-the-ground resources were increased to build a pipeline of prospective new deals. Similarly, a pipeline of projects is being developed across Europe and the Middle East as Oakwood prepares for a significant expansion in those markets. In the Americas, Oakwood is commencing the management of more assets either on a fee-managed or franchise basis.

In Singapore, The Oakwood Showroom was launched at HarbourFront Tower One in January 2019. Representing Oakwood's vision of the next generation of serviced apartments, the showroom will serve as a test bed for new building materials and technology. Key partners collaborating on this include ASSA ABLOY, Bang & Olufsen, Electrolux, Equal Strategy, Honeywell, La Bottega, LIXIL (GROHE, INAX), Luzerne, Nespresso, Samsung and Serta.

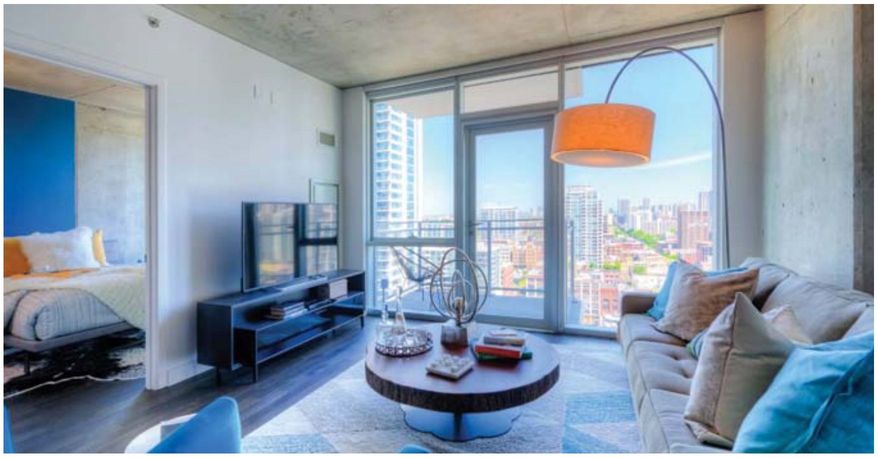
AWARDS

- 2019 and 2018 Top 5 Serviced Residence Brands by DestinAsian Readers' Choice Awards
- 2019 Tower of Excellence Award for Most Creative Marketing (more than US$49 million revenue) by Corporate Housing Providers Association (CHPA)
- 2019 Best Property (71+ units) for Oakwood Premier OUE Singapore by the Serviced Apartment Awards
- 2018 Serviced Apartment Corporate Account Management Award by Association of Serviced Apartment Providers (ASAP)
- 2018 Global Network Commitment to Excellence (Gold) Award by CARTUS Global Network

MARKET REVIEW AND OUTLOOK

In the US, the corporate housing industry experienced a fifth consecutive year of revenue growth, expanding by 12% to US$3.62 billion, with room to grow as current supply is still behind the 2001 market peak by nearly 15,000 units. Across Europe, more than 18,000 apartment units are currently in the pipeline, with the United Kingdom and Germany leading the way. Asia-Pacific has seen demand for serviced apartments grow by up to 33% in the last two years alone. On a global scale, business travel spending increased by 7.1% in 2018 and is projected to increase to US$1.7 trillion by 2022. Concurrently, the serviced apartment and extended stay category is expected to experience supply growth due to a robust global development pipeline.

For 2019, global economic growth is forecast to be in line with 2017-2018 at around 3.7%, which should bode well for the travel industry. However, given the historical link between global trade volume and business travel spending, the latter could see a slowdown due to external market and economic conditions.



Mapletree acquired and renamed a 188-room property, Oakwood Chicago River North, in Illinois, the US, in January 2019

References:

i. CHPA Corporate Housing Industry Report, 2018

ii. HVS, "The Serviced Apartment Sector in Europe: Alive and Kicking," July 10, 2018

iii. Global Serviced Apartments Industry Report 2018/2019

iv. GBTA BTI Outlook – Annual Global Report and Forecast

OPERATIONS REVIEW
MAPLETREE LOGISTICS TRUST

Mapletree Logistics Trust (MLT) is a Singapore-listed real estate investment trust (REIT) that invests in and manages a diversified portfolio of 141 quality, well-located, income-producing logistics assets in Singapore, Hong Kong SAR, Japan, China, Australia, South Korea, Malaysia and Vietnam.

As at 31 March 2019, the business unit's total assets under management was S$8 billion. It contributed S$371.2 million to Mapletree's EBIT + SOA[1] and S$67.9 million to fee income[2] in FY18/19.

Mapletree Hangzhou Logistics Park, a Grade A logistics facility with GFA of 94,590 sqm, is one of the 11 properties in which MLT co-invested a 50% interest in June 2018

DELIVERING STRONG RETURNS AND DEEPENING FOOTHOLD IN KEY MARKETS

Amid global headwinds, MLT's resilient portfolio continued to deliver strong returns in FY18/19. Gross revenue rose 15% year-on-year to S$454.3 million, while net property income increased by 16.7% to S$389.5 million. The amount distributable to unitholders rose 26.8% to S$270 million while distribution per unit was 4.2% higher at 7.941 cents.

MLT's performance was underpinned by organic growth from its existing portfolio, contributions from accretive acquisitions as well as completed redevelopments in Singapore and China. Focusing on active asset management, the Trust achieved higher portfolio occupancy of 98% while maintaining a well-balanced lease expiry profile with a weighted average lease expiry by net lettable area (NLA) of 3.8 years.

FY18/19 saw MLT deepening its foothold in core markets through acquisitions of quality and well-located assets. Additionally, MLT continued the momentum on its portfolio rejuvenation strategy through redevelopment and selective divestment of older assets.

Meanwhile, through active and prudent capital management, the Trust maintained a strong balance sheet and the financial flexibility to seize market opportunities. MLT's debt maturity profile remains well-staggered with an average debt duration of 4.1 years as at 31 March 2019. Total debt due in FY19/20 amounted to 3.6% of total debt, while aggregate leverage stood at 37.7% as at end of FY18/19.

STRENGTHENING COMPETITIVE POSITIONING IN HIGH-GROWTH MARKETS

In line with its strategy to scale up in higher-growth markets, MLT acquired 19 logistics facilities with modern specifications in Australia, China, Singapore, South Korea and Vietnam with a total value of S$1.2 billion. These acquisitions added 1.3 million square metres (sqm) of modern warehouse space to MLT's portfolio, significantly enhancing its competitive positioning.

In June 2018, MLT co-invested a 50% interest in 11 properties in China from its Sponsor, Mapletree Investments, at an aggregate agreed property value of RMB2,846.8 million (~S$575.3 million). The properties are new, modern Grade A logistics facilities developed by Mapletree in favourable locations with good connectivity. Most tenants are engaged in e-commerce or related sectors. Post-acquisition, MLT's NLA in China more than doubled to 843,150 sqm.

MLT also expanded its presence in Singapore via the acquisition of five modern ramp-up logistics facilities for S$775.9 million[3] in September 2018. The properties are purpose-built with good logistics specifications and well-served by major arterial roads. Following the acquisition, MLT is now one of the largest modern warehouse space providers in Singapore with a gross floor area (GFA) of over 1.9 million sqm, and is poised to benefit from Singapore's continued growth as a global logistics hub.

In November 2018, MLT completed the acquisitions of Coles Brisbane Distribution Centre in Australia for A$105 million (~S$100.7 million) and Mapletree Logistics Centre – Wonsam 1 in South Korea for KRW37.85 billion (~S$45.4 million). The former marks MLT's entry into Brisbane, a growing logistics market underpinned by robust domestic consumption.

MLT also completed the acquisition of a logistics facility in Binh Duong, Vietnam, on a 10-year sale-and-leaseback from Unilever for VND725.1 billion (~S$42.4 million) in January 2019.

CREATING VALUE THROUGH ACTIVE PORTFOLIO REJUVENATION

In line with its rejuvenation strategy, MLT embarked on the redevelopment of Mapletree Ouluo Logistics Park (MOLP) in Pudong New District, Shanghai, China. MOLP will be transformed into four blocks of double-storey ramp-up modern warehouse and yield about 80,700 sqm of GFA, an increase of 2.4 times. Phase 1 of the redevelopment was completed in September 2018 and achieved full occupancy immediately. Phase 2 commenced in October 2018 and is slated for completion in March 2020.

MLT acquired five modern, ramp-up logistics properties in Singapore in 2018 including 6 Fishery Port Road, which is a seven-storey ramp-up warehouse and logistics facility in Singapore

During the year, MLT completed the divestment of two older warehouses with limited redevelopment potential – 7 Tai Seng Drive and 531 Bukit Batok Street 23 in Singapore – for a total consideration of approximately S$90.4 million. The divestments freed up capital and provided MLT with the flexibility to pursue investment opportunities of quality, modern warehouses.

PRUDENT CAPITAL MANAGEMENT

During the year, MLT strengthened its balance sheet through two equity fund raising exercises in June and September 2018 which raised gross proceeds of approximately S$220 million and S$375 million respectively. Proceeds raised in June were deployed to partially fund the co-investment of the 50% interest in 11 properties in China, while the proceeds raised in September were deployed to partially fund the acquisition of five ramp-up properties in Singapore.

MARKET REVIEW AND OUTLOOK

Global growth is forecast to slow to 3.3% in 2019 as compared to 3.6% in 2018, on the back of a slowdown in the major economies and heightened trade tensions. This may have a negative impact on demand for warehouse space. Notwithstanding the near-term economic headwinds, the medium- to long-term outlook for MLT remains promising. Demand for logistics facilities will continue to benefit from the structural trends in urbanisation, modernisation of supply chains and growth of e-commerce. In addition, MLT's diversified portfolio, large tenant base and well-staggered lease expiry profile are expected to provide resilience to the portfolio.

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

2 Includes REIT management fees.

3 Includes the upfront land premium for the balance lease terms paid to JTC Corporation of S$45.9 million.

References:

i. International Monetary Fund

OPERATIONS REVIEW
MAPLETREE INDUSTRIAL TRUST

Mapletree Industrial Trust (MIT) is a Singapore-listed real estate investment trust (REIT) that manages a diverse portfolio of 87 industrial properties in Singapore and 14 data centres in the United States (US) (40% interest through the joint venture with Mapletree Investments). The properties in Singapore include Hi-Tech Buildings, Flatted Factories, Business Park Buildings, Stack-up/ Ramp-up Buildings and Light Industrial Buildings.

Managed by Mapletree Industrial Trust Management Ltd, the REIT seeks to provide unitholders with sustainable and growing returns through proactive asset management, value-creating investment management and prudent capital management.

As at 31 March 2019, the business unit's total assets under management was S$4.8 billion[1]. In FY18/19, it contributed S$303.6 million to Mapletree's EBIT + SOA[2], and S$54.7 million to fee income[3].

MIT completed Mapletree Sunview 1, its third BTS data centre development with a GFA of about 22,500 sqm

DELIVERING SUSTAINABLE AND GROWING RETURNS

In FY18/19, MIT continued to deliver stable and healthy returns. Distributable income for FY18/19 was S$231.8 million, a 7.4% increase from the S$215.8 million achieved in FY17/18. Distribution per unit of 12.16 cents for FY18/19 was 3.5% higher than the 11.75 cents for FY17/18. The strong financial performance was attributable to higher contributions from completed development projects and an acquisition in Singapore as well as the full-year contribution from the 40% interest in the data centre portfolio in the US.

MIT's steady growth was supported by its prudent approach towards capital management. On 26 March 2019, MIT issued S$125 million 10-year 3.58% fixed rate notes under the S$2 billion Euro Medium Term Securities Programme. As a result, the weighted average tenor of debt increased from 3.3 years as at 31 March 2018 to 4.4 years as at 31 March 2019. MIT's balance sheet remained healthy with a weighted average all-in funding cost of 3% in FY18/19.

GROWING THE HI-TECH BUILDINGS SEGMENT

MIT made further strides in the strategy of growing the Hi-Tech Buildings segment with the upgrading of 7 Tai Seng Drive, the completion of Mapletree Sunview 1 and the acquisition of 18 Tai Seng. To capture opportunities in the fast-growing data centre sector, MIT is upgrading 7 Tai Seng Drive to a data centre with gross floor area (GFA) of approximately 23,800 square metres (sqm) at a total project cost of about S$95 million[4]. Upon completion of the upgrading works in the second half of 2019, the seven-storey property will be fully leased to Equinix Singapore for an initial term of 25 years with annual rental escalations. Equinix is also a tenant at MIT's properties at 26A Ayer Rajah Crescent in Singapore and 180 Peachtree, Atlanta in the US.

On 13 July 2018, MIT completed its third Build-to-Suit (BTS) data centre development, Mapletree Sunview 1, which is located in a specialised industrial park with ready-built infrastructure for data centres. With a GFA of about 22,500 sqm, the six-storey data centre is leased to an established data centre operator for an initial term of more than 10 years, with staggered rental escalations and renewal options.

MIT completed the acquisition of 18 Tai Seng in Singapore from its Sponsor, Mapletree Investments, at an agreed property value of S$268.3 million on 1 February 2019. The nine-storey high-specification mixed-use industrial development comprises Business 2 industrial, office and retail spaces with a GFA of approximately 41,230 sqm. Centrally located in the Paya Lebar iPark, 18 Tai Seng is the sole property with a direct underground pedestrian link to Tai Seng MRT station. The acquisition was partly financed by a private placement on 11 February 2019, which raised about S$201 million. This resulted in a lower aggregate leverage ratio of 33.8% as at 31 March 2019, which will provide ample headroom for investment opportunities.

MIT completed the acquisition of 18 Tai Seng, a mixed-use industrial development with a GFA of approximately 41,230 sqm, located in Paya Lebar iPark

MARKET REVIEW AND OUTLOOK

According to the Ministry of Trade and Industry, the Singapore economy grew by 1.2% year-on-year (y-o-y) in the first quarter of 2019 (Q1 2019), slightly lower than the 1.3% growth in the preceding quarter. The manufacturing sector contracted by 0.5% y-o-y in Q1 2019, a pullback from the 4.6% growth in the previous quarter. This was due to output declines in the precision engineering and electronic clusters, which more than offset output expansions in the biomedical manufacturing, transport engineering and general manufacturing clusters.

According to JTC Corporation, the median rental rate for multi-user factory space islandwide in Q1 2019 increased to S$1.80 per square foot per month (psf/mth), from S$1.78 psf/mth in the preceding quarter. For business park space, the islandwide median rental rate increased to S$4.37 psf/mth from S$4.13 psf/mth in the preceding quarter.

Business sentiment among local companies waned for the third consecutive quarter in Q2 2019. The weaker external demand affecting the wholesale trade and manufacturing sectors, as well as the chain effects of a slowdown in China have weighed on the outlook within the region. The upcoming supply of competing industrial space is expected to moderate both the market rents and occupancy rates. MIT remains focused on tenant retention to maintain a stable portfolio occupancy.

According to CBRE, the primary data centre markets in the US added 322 megawatts (MW) of new capacity and absorbed a record-setting 303 MW in 2018, 16% higher than 2017 levels. This was mainly fuelled by demand from larger hyperscale cloud providers and enterprise deployments.

1 Based on MIT's book value of investment properties and investment properties under development and MIT's 40% interest of the joint venture with Mapletree Investments in a portfolio of 14 data centres in the US as at 31 March 2019.

2 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

3 Includes REIT management fees.

4 This includes the purchase consideration of 7 Tai Seng Drive at S$68 million.

References:

i. Ministry of Trade and Industry, Singapore

ii. JTC J-Space, 21 April 2019

iii. CBRE North American Data Center Trends H2 2018

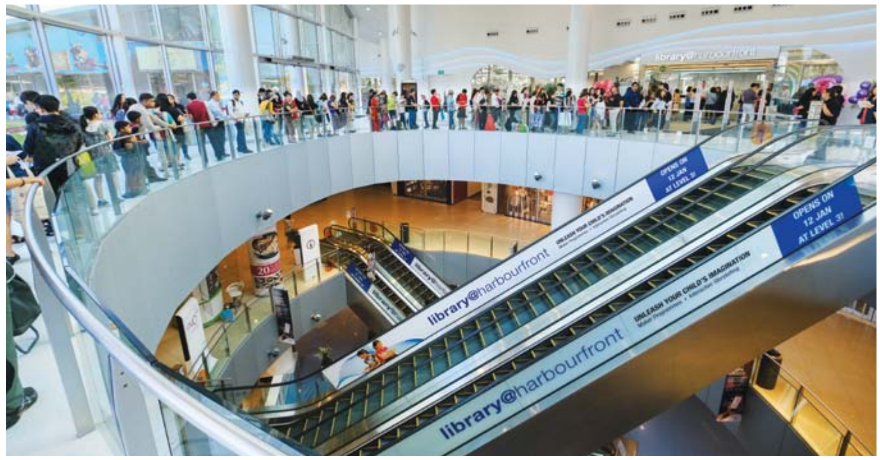
OPERATIONS REVIEW
MAPLETREE COMMERCIAL TRUST

Mapletree Commercial Trust (MCT) is a Singapore-focused real estate investment trust (REIT) that makes long-term investments in a diversified portfolio of income-producing office and retail properties.

MCT's portfolio comprises five properties in Singapore:

- **VivoCity**
- **Mapletree Business City I (MBC I)**
- **PSA Building (PSAB)**
- **Mapletree Anson**
- **Bank of America Merrill Lynch HarbourFront (MLHF)**

As at 31 March 2019, the business unit owned and managed approximately S$7 billion in assets. It contributed S$354.6 million and S$59.4 million to the Group's EBIT + SOA[1] and fee income[2] respectively in FY18/19.



library@harbourfront officially opened in January 2019, as part of VivoCity's fourth completed AEI, and is Singapore's largest library in a shopping mall

DELIVERING STABLE AND RESILIENT RETURNS

Since its listing on 27 April 2011, MCT's market capitalisation has increased from S$1.6 billion at listing date to S$5.5 billion as at 31 March 2019. Including distribution paid out since listing, the total return to unitholders exceeded 185%.

For FY18/19, MCT delivered total returns of 26.2% to unitholders.

INCREASING VIBRANCY AT VIVOCITY

In FY18/19, the fourth and largest asset enhancement initiative (AEI) to date was completed at VivoCity. The bonus gross floor area granted by the Community/Sports Facilities Scheme allowed 3,000 square metres (sqm) of commercial space on Level 3 to be converted into Singapore's largest library in a shopping mall. Officially opened in January 2019, the library@harbourfront is designed to serve all ages and will encourage repeat visits to VivoCity.

The commercial space from Level 3 was decanted and used to extend the current Basement 1 (B1) of VivoCity. The extension was opened in June 2018 and houses 10 athleisure and lifestyle brands.

The AEI also included a new set of escalators connecting Basement 2 (B2) to Level 1 (L1) through the new B1 extension, addition of toilets at B1, installation of solar panels and upgrading of the outdoor plaza's water feature. The entire AEI delivered an annual return on investment of over 10% on a stabilised basis (on S$16 million of capital expenditure).

To refresh and strengthen VivoCity's retail offerings, the mall will welcome Singapore's leading grocer and multi-format retailer, NTUC FairPrice. Fit-out works have started for an integrated space of approximately 8,450 sqm. Specifically designed to cater to the varied needs of today's shoppers, the new store comprises FairPrice Xtra hypermarket, Unity pharmacy and Cheers convenience store.

Meanwhile, approximately 2,200 sqm of recovered space on L1 and B2 has been fully committed by tenants including Uniqlo, who are expanding in VivoCity, as well as by new lifestyle and mid-range food & beverage (F&B) offerings. Scheduled for completion by Q2 FY19/20, the recovery of space is expected to contribute approximately 40% of annual return on investment on a stabilised basis (on currently estimated capital expenditure of approximately S$2.2 million), in addition to the positive rental uplift from the grocer.

As part of ongoing efforts to curate shopper-centric events that drive footfall, VivoCity partnered with The Walt Disney Company to present the "VivoCity x Disney Tsum Tsum Mid-Autumn: A Celebration of Love" from 30 August to 30 September 2018. The VivoCity Sky Park was filled with more than 2,000 Disney Tsum Tsum lanterns and a record-setting 10-metre tall Mickey and Minnie Mouse lantern installation. The month-long festivity received an overwhelmingly positive response from shoppers and attracted wide media coverage.

On 21 December 2018, VivoCity held its inaugural Christmas Late Night Shopping, with over 100 retailers extending their operating hours till 2am. VivoCity's Christmas celebrations also included an outdoor skating rink featuring specially curated playlists with different themes every night from 7 to 25 December 2018.

STEADY PERFORMANCE BY OFFICE AND BUSINESS PARK ASSETS

MCT's focus on retaining quality tenants and engaging them early to secure renewals enabled its office and business park assets to perform steadily, with 8.7% rental uplift achieved for FY18/19. Both MBC I and PSAB closed the year with 98.1% and 96.4% committed occupancies respectively.

Notwithstanding some tenant changeover, Mapletree Anson achieved 97.8% committed occupancy and MLHF maintained full occupancy.

MARKET REVIEW AND OUTLOOK

According to the Ministry of Trade and Industry of Singapore, the Singapore economy grew 1.3% year-on-year in the first quarter of 2019, moderating from the 1.9% growth in the fourth quarter of 2018. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2%, faster than the 1.4% growth in the previous quarter.

According to CBRE, the pace of retail sales growth, while positive, slowed down in 2018 to 1.1% from 1.8% in 2017. Though indicators in previous quarters had pointed to a potential medium term rental recovery, optimism has been dampened by recent adjustments in the labour market. Some retailers are holding off expansion plans to prepare for the further tightening of foreign labour quotas. However, the retail supply pipeline is expected to tighten over the next few years, which remains positive for the overall retail market.

The office market indicators for Q1 2019 continued to look robust with tightening vacancy, decent absorption and growing rents. However, CBRE noted some occupier resistance to the pace of rental increases, with negotiations for renewals and relocation becoming more protracted. Landlords remain optimistic on the outlook for rents, supported by tapering new office supply in the medium term. A potential further cutback in existing office stock is also expected in the medium term as landlords consider redevelopment options after the Urban Redevelopment Authority's recent announcement of the central business district incentive scheme.

The business park market registered a mixed performance. Pockets of expansion by technology and consumer goods companies occurred in the City Fringe submarket but overall occupancy remained high due to the limited availability of quality space. Prospects for the City Fringe submarket, where MBC I is located, continue to look positive while challenges remain in the Rest of Island submarket. However, redevelopment plans are in the works for the likes of Singapore Science Park and International Business Park, which could serve to rejuvenate these areas.

MCT's portfolio is expected to remain resilient given VivoCity's strong positioning and consistent performance, as well as the manageable lease expiries in MCT's office/business park properties.

"VivoCity x Disney Tsum Tsum Mid-Autumn: A Celebration of Love" campaign featured more than 2,000 Disney Tsum Tsum lanterns and a record-setting 10-metre tall Mickey and Minnie Mouse lantern installation

1 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

2 Includes REIT management fees.

References:

i. Ministry of Trade and Industry, Singapore, 12 April 2019

ii. CBRE MarketView Singapore Q1 2019

OPERATIONS REVIEW
MAPLETREE NORTH ASIA COMMERCIAL TRUST

The fourth real estate investment trust (REIT) sponsored by Mapletree Investments, Mapletree North Asia Commercial Trust (MNACT) [1], offers investors opportunities to invest in best-in-class commercial properties situated in North Asia.

As at 31 March 2019, MNACT's portfolio of nine properties in China, in Hong Kong SAR and in Japan had a combined valuation of S$7.6 billion, comprising:

- **Festival Walk, a landmark territorial retail mall with an office component, in Hong Kong SAR**
- **Gateway Plaza, a premier Grade A office building with a podium area, in Beijing**
- **Sandhill Plaza, a premium quality business park development situated in Zhangjiang Hi-tech Park in Pudong, Shanghai**
- **Six office properties in the Greater Tokyo region (collectively known as the "Japan Properties")[2]**

As at 31 March 2019, MNACT's total assets under management was S$7.6 billion. In FY18/19, it contributed S$333.8 million to Mapletree's EBIT + SOA[3], and S$56.7 million to fee income[4].

Since MNACT's listing on 7 March 2013, the REIT Manager, Mapletree North Asia Commercial Trust Management Ltd (MNACTM), has consistently delivered healthy returns to investors, building upon the key strategies of driving organic growth and delivering acquisition growth (with the purchase of Sandhill Plaza in June 2015 and the Japan Properties in May 2018). Since listing, the total returns to unitholders[5] was 87.4% as at 31 March 2019, including the distributions paid out.

ENHANCING VALUE

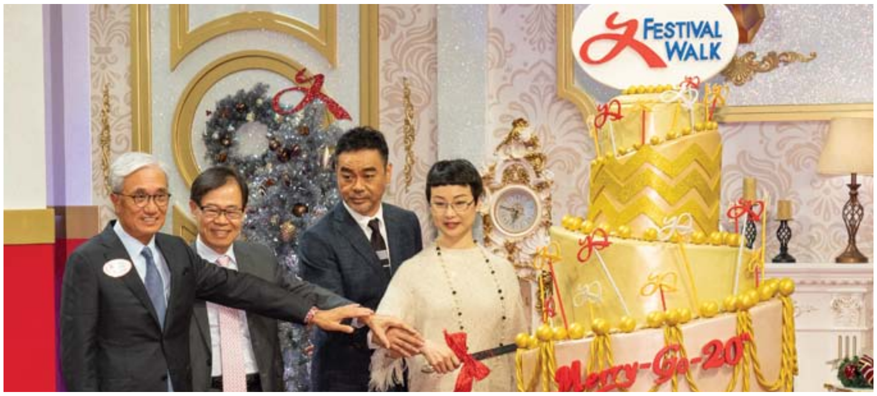
For FY18/19, MNACT's distributable income grew 14.1% to S$240.7 million while distribution per unit (DPU) increased 2.8% to 7.69 cents. The steady performance was mainly driven by contribution from the newly acquired Japan Properties[6] and higher rental income from Festival Walk, Gateway Plaza and Sandhill Plaza.

On the capital management front, MNACT maintained a healthy financial position. Compared to a year ago, the effective interest rate for FY18/19 was slightly lower at 2.47% per annum, with approximately 86% of interest cost hedged into fixed rates as at 31 March 2019. As at end FY18/19, the aggregate leverage ratio stood at 36.6%. To mitigate foreign currency exposure, about 75% of MNACT's expected distributable income for the period from 1 April 2019 to 30 September 2019 has been hedged into Singapore Dollars (S$) as at 31 March 2019.

EXTENDING REACH

In May 2018, MNACT completed the acquisition of six freehold office properties in the Greater Tokyo region at a total acquisition cost of S$777.5 million, comprising the Acquisition Price of JPY63,304 million[7], the acquisition fee paid to the Manager of S$5.7 million as well as acquisition related transaction costs. To partially finance the acquisition, gross proceeds of S$330.3 million were raised via a private placement on 25 April 2018. The acquisition was in line with the strategy to extend reach in the larger North Asia market,

Expansion of MNACT's portfolio with the addition of the Japan Properties (Top row from left to right): IXINAL Monzen-Nakacho Building (Tokyo), Higashi-Nihonbashi 1-Chome Building (Tokyo), TS Ikebukuro Building (Tokyo); (bottom row from left to right) ABAS Shin-Yokohama Building (Yokohama), SII Makuhari Building (Chiba) and Fujitsu Makuhari Building (Chiba)



The launch of Festival Walk's 20th anniversary and Christmas celebrations in 2018 was graced by Mr Paul Ma (second from left), Chairman of MNACTM, Mr Michael Kok (first from left), Board of Director of MNACTM, Ms Sandra Cheng (first from right), General Manager of Festival Walk, and celebrity, Mr Sean Lau (second from right) from Hong Kong SAR

improving income and geographical diversification.

PROACTIVE PORTFOLIO MANAGEMENT

The enlarged portfolio remains resilient with a high occupancy rate of 99.6% and positive average rental reversions[8] recorded for Festival Walk, Gateway Plaza, Sandhill Plaza and the Japan Properties[9].

During FY18/19, Festival Walk affirmed its positioning as one of Hong Kong SAR's premier shopping, dining and lifestyle destinations. The mall celebrated its 20th anniversary with a series of promotional events during the Christmas festive season, including the "Merry-Go-20th Christmas Lighting Ceremony" with a 13-metre tall giant birthday cake as its centerpiece. Other events held during the year included festive celebrations featuring celebrities, the "Avengers 3" exhibition and movie kick-off event, the "Alisports Esports Carnival 2018", beauty product roadshows, car shows, as well as ice-skating performances and competitions.

Festival Walk remained fully occupied as at 31 March 2019 and achieved an average rental reversion of 28% (retail) for FY18/19. Both properties in China maintained their stable performance. Occupancy at Gateway Plaza in Beijing stood at 99% as at end FY18/19, while average rental reversion was 2% for the year. Sandhill Plaza registered 99.3% occupancy as at end FY18/19 with an average rental reversion of 15%.

For the newly acquired Japan Properties, the Manager has been focusing efforts on driving stable and sustainable performance. As at 31 March 2019, the properties registered full occupancy and recorded an average rental reversion of 6% for the financial year.

MARKET REVIEW AND OUTLOOK

Greater China

For 2019, China's economic growth is expected to moderate, weighed down by weaker investment and exports as well as lower consumer confidence as a result of United States-China trade tensions.

In Beijing, a general softening in leasing demand and higher level of new office supply are also expected in 2019.

In Shanghai, the government stimulus measures to support the private sector are expected to underpin demand for business park space in decentralised locations.

In 2019, Hong Kong SAR's gross domestic product (GDP) growth is expected to moderate to 2.4%. While headwinds are likely to remain in the near term, retail market fundamentals remain intact, supported by low unemployment and growing inbound tourism.

Japan

Japan's GDP is expected to increase by 1% in 2019. The outlook for the Tokyo office market remains positive in 2019, although global economic uncertainties may dampen growth.

1 Formerly known as Mapletree Greater China Commercial Trust (MGCCT). Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Change of Name of Mapletree Greater China Commercial Trust and the Manager".

2 While MNACT holds a 98.47% effective interest in the Japan Properties, all property and financial-related figures stated in this section for MNACT's portfolio are based on 100% effective interest in the Japan Properties (which includes the 1.53% effective interest in the Japan Properties which is held by Mapletree Investments Japan Kabushiki Kaisha) unless otherwise stated.

3 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.

4 Includes REIT management fees.

5 Sum of unit price appreciation and total distribution yield since IPO. Unit price appreciation is based on the opening IPO price of $0.930 on 7 March 2013 and the closing unit price of S$1.320 on 29 March 2019. Prior to FY18/19, MNACT's distribution policy was on a semi-annual basis. Total distribution yield is based on: a) sum of first-half and second-half available DPU for the period from FY13/14 (excluding the stub period) to FY17/18 of 34.956 cents; and b) sum of the Q1, Q2, Q3 and Q4 available DPU of 7.690 cents for FY18/19, over the opening IPO unit price of S$0.930.

6 Contribution from the Japan Properties was from 25 May 2018, following completion of the acquisition.

7 Please refer to MNACT's SGX-ST Announcement dated 28 March 2018 titled "Proposed Acquisition of a Portfolio of Six Freehold Office Properties in Greater Tokyo, Japan".

8 Rental reversion for each asset is computed based on the weighted average effective base rental rate of leases that were renewed or re-let vs. the weighted average effective base rental rate of expired leases, over the lease term. The computation of rental reversion excludes turnover rent and renewed/re-let leases with lease periods less than or equal to one year.

9 The operational performance of the Japan Properties is reported on a portfolio basis.

References:

i. International Monetary Fund, World Economic Outlook Update (April 2019)

ii. Savills, Beijing Office (April 2019)

iii. Colliers International, Shanghai Business Park (April 2019)

iv. Hong Kong Census and Statistics Department's "*Provisional statistics of retail sales for March 2019*" Press Release

vi. Savills, Tokyo Office (Q1 2019)

vii. FocusEconomics