

# OPERATIONS REVIEW

## SOUTH EAST ASIA AND GROUP RETAIL

The South East Asia and Group Retail business unit acquires, develops and manages seven asset classes (office, retail, residential, serviced apartments, hotel, industrial and warehouses) in the region to establish a platform for sustainable returns.

The business unit generates income for the Group through its portfolio of operating assets, as well as through various investment and capital management activities, including real estate mezzanine financing and development profits.

As at 31 March 2022, the combined real estate portfolio totalled S\$3.5 billion across Singapore, Vietnam and Malaysia. In Financial Year 2021/2022 (FY21/22), it contributed S\$154.1 million to the Group's EBIT + SOA<sup>1</sup>. Fee income contributions were S\$1.3 million.

### SINGAPORE COMMERCIAL

Mapletree registered notable achievements in FY21/22 despite the prolonged pandemic.

In March 2022, Dyson officially opened its global headquarters at St James Power Station (SJPS). This marked the completion of the successful restoration and adaptive reuse of the iconic monument, attesting to Mapletree's ability to conceptualise, adapt and rejuvenate properties into quality assets that attract leading global companies.

As part of the restoration and adaptive reuse, a heritage trail and gallery was conceived to showcase the rich history of the monument as Singapore's first municipal power station and the evolving transformation of its strategic location along the Greater Southern Waterfront from the early days of Singapore's history as a trading hub. The SJPS Heritage Gallery is housed in one of the monument's distinctive chimneys, while the Heritage Trail leads visitors to vantage points highlighting the monument's architecture and a collection of maritime artefacts. The SJPS Heritage Trail and Gallery was completed and opened to the public in March 2022.

Mapletree also welcomed Singapore Art Museum as an anchor tenant at Tanjong Pagar Distripark (TPD) in January 2022, paving the way for a new arts and culture cluster. With the successful collaboration with its tenants and the National Arts Council, TPD emerged as a focal area for Singapore

Arts Week 2022, attracting over 20,000 visitors.

The Reef at King's Dock, a residential luxury waterfront development with 429 units, was 90% sold as at 31 March 2022. The distinctive design of the waterfront project includes a 180-metre floating deck, a first for a residential project in Singapore.

### VIETNAM

The Vietnam economy was more impacted by the Covid-19 pandemic in 2021 than the year before. Ho Chi Minh City (HCMC) was under various stages of lockdown between June and September 2021. Businesses, especially in the hospitality and retail sectors, were affected, and gross domestic product (GDP) declined by 6% in Q3 2021. Nonetheless, Vietnam posted full-year growth of 2.6% and quickly moved on to a "living with Covid-19" strategy.

Despite operational challenges due to the Covid-19 pandemic, mPlaza successfully secured one of the year's largest leasing transactions in HCMC, with a large commercial bank taking up more than 6,200 square metres (sqm) as an anchor tenant in Q3 2021.

### MALAYSIA

Mapletree provides mezzanine loan financing for residential projects in Kuala Lumpur and Selangor. The fully sold Equine Residences obtained vacant possession during the year. Another project, Altris Residences, was launched in October 2021.



Mapletree completed the restoration and adaptive reuse of SJPS, which now houses Dyson's global headquarters. The newly refurbished development also includes a heritage trail and gallery which showcases the rich history of the iconic national monument.



An artist's impression of Saigon South Place, a 4.4-hectare mixed-use development anchored by shopping mall SC VivoCity offering a one-stop "work, live and play" destination in HCMC, Vietnam.

## SUSTAINABILITY HIGHLIGHTS

As part of sustainability efforts, Mapletree attained ISO 14001 certification for Property Management Operations in December 2021. Together with ISO 9001 and ISO 45001 standards, it will greatly contribute to Global Real Estate Sustainability Benchmark reporting.

An assessment to include more sustainable forms of energy in all the commercial projects in Vietnam was conducted in mid-2021. SC VivoCity successfully installed rooftop solar panels as the first trial project, with them being operational in Q1 FY22/23. Rooftop solar solutions will be progressively rolled out across all suitable commercial projects.

Standing in solidarity with the community, Mapletree donated S\$1 million to the Vietnam government's Vietnam Fund for Vaccination and Prevention of Coronavirus Disease 2019 in August 2021 to help the community procure vaccines. The Group also successfully vaccinated all its eligible staff in Vietnam, securing their health and allowing business operations to remain undisturbed during the lockdown period.

## MARKET REVIEW AND OUTLOOK

### Singapore

According to the Ministry of Trade and Industry (MTI), Singapore's economy grew by 7.6% in 2021, compared with a 5.4% contraction in 2020. For

2022, MTI forecasts a GDP growth of 3% to 5%, though the outlook for various sectors is uneven. Geopolitical tensions, inflationary pressures from global supply chain bottlenecks and elevated energy prices remain a concern.

With the relaxation of Covid-19 measures from 29 March 2022, activity at retail destinations is set to increase. Retail rents are expected to recover in the second half of 2022 given limited retail supply in the next few years, although it may be hampered by inflationary pressures in energy, labour and raw material costs.

Grade A office rents increased 1.4% from the previous quarter in Q1 2022, a 5.3% year-on-year (y-o-y) increase, while the Grade B market saw a similar increase of 1.4% over the previous quarter and the previous year. With tight vacancies in the Core central business district Grade A market, demand is expected to spill over to other submarkets. The office sector is poised to benefit from the further relaxation of measures in the workplace, increased demand from agile spaces, technology and non-bank financial sectors and limited new supply.

### Vietnam

Vietnam's GDP grew by 5% y-o-y in Q1 2022 versus 5.2% in Q4 2021. Full-year growth was 2.6%, due to the lockdowns. Most of the population has been fully vaccinated, and the international border reopened on 15 March 2022.

HCMC Grade A office occupancy rose 1.1 percentage points (ppt) to 88.4%, as the impact of Covid-19 waned. Another 84,000 sqm of new Grade A office supply is expected in 2022, with strong demand for office expansion from the IT and e-commerce sectors and small and medium-sized enterprises.

In Hanoi, Grade A office occupancy reached 81.2% in Q1 2022, up by 1.7 ppt quarter-on-quarter (q-o-q). Grade A rent improved by 1.2% q-o-q after a period of stabilisation during the Covid-19 pandemic. A total of 57,600 sqm of new Grade A office supply is expected in 2022. The IT and e-commerce sectors continue to show strong demand for office space.

Vietnam's total retail sales of goods and services in Q1 2022 grew 4.4% y-o-y, an improvement compared to the 4.6% decline in 2021.

International visitors to Vietnam recovered to 91,000 in Q1 2022, an increase of 89% y-o-y. Four- and five-star hotel room rates and occupancies in both HCMC and Hanoi registered improvements as a result.

### Malaysia

Malaysia's GDP grew by 3.1% in 2021 compared to a contraction of 5.6% in 2020. In 2022, the central bank estimates GDP growth of 5.5% to 6.5%, supported by continued expansion in global demand and higher private-sector expenditure.

According to Retail Group Malaysia, Malaysia's retail sales are anticipated to grow by 6.3% from a low base. However, the retail industry still faces many challenges ranging from higher prices from supply chain disruptions exacerbated by the Russia-Ukraine conflict and elevated energy prices.

1 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.

### References:

- i. CBRE Reports
- ii. Ministry of Planning and Investment, General Statistics Office of Vietnam
- iii. Ministry of Trade and Industry, Singapore
- iv. Retail Group Malaysia
- v. Bank Negara Malaysia

# OPERATIONS REVIEW

## LOGISTICS DEVELOPMENT

Mapletree's Logistics Development business unit develops and manages the Group's logistics development projects. It oversees a robust portfolio of 83 logistics facilities in China, Japan, Malaysia, Vietnam, Australia and India, valued at S\$3.7 billion as at 31 March 2022. In Financial Year 2021/2022 (FY21/22), it contributed S\$31.2 million to the Group's EBIT + SOA<sup>1</sup>.

### China

As at 31 March 2022, Mapletree operates 81 logistics properties across 53 cities in China with over 5.9 million square metres (sqm) of net lettable area (NLA)<sup>2</sup>.

In FY21/22, 21 logistics parks were completed, adding 1.6 million sqm of NLA. A further 44 projects are under development, including 17 sites acquired in FY21/22. Upon completion, these will contribute 3 million sqm of NLA. During the year, Mapletree Logistics Trust (MLT) acquired from the Group a 100% stake in 12 logistics projects in China, for a total of over RMB3.9 billion (~S\$840 million).

### Japan

In March 2022, construction works for Phase 1 of Mapletree Chikushino Logistics Centre commenced. The development is Mapletree's first logistics project in the southern region of Japan and will be one of the largest logistics Grade A warehouse in Kyushu area upon completion.

### Malaysia

In Malaysia, Mapletree has focused its logistics development in Shah Alam, Selangor – a prime logistics area serving Greater Kuala Lumpur and highly sought after by third-party logistics operators (3PLs) as well as end-users for domestic distribution and last-mile delivery.

Construction of Mapletree Logistics Hub – Jubli Shah Alam, a 61,471 sqm freehold site, is underway. Upon completion by early 2023, it will be redeveloped into a four-storey ramp-up warehouse facility with a gross floor area (GFA) of 130,064 sqm.

### Vietnam

With a total GFA of 135,846 sqm, Mapletree Logistics Park Bac Ninh Phase 4 and Phase 5 met with healthy demand from established 3PLs and e-commerce logistics service providers, achieving 100% occupancy within five months of completion. The Grade A properties were acquired by MLT in January 2022 for US\$70 million (~S\$95.5 million).

With a GFA of around 60,386 sqm and Grade A specifications, Mapletree Logistics Park Hung Yen 1 Phase A had reached 55% occupancy as at 31 March 2022. Phase B (~60,201 sqm of GFA) and Phase C (~56,577 sqm of GFA) are slated for completion in June 2022 and March 2023 respectively.

Mapletree continues to acquire strategically located development sites to meet the growing demand for quality warehouse space, with the acquisition of a 39.5-hectare (ha) site in Thuan Thanh Industrial Park III, Bac Ninh Province in February 2022 and a 33.5-ha site in Hoa Phu, Bac Giang Province in March 2022. Upon



Mapletree Yixing Industrial Park located in Jiangsu Province, China.

development, both sites will yield a total GFA of approximately 247,122 sqm and 195,096 sqm respectively.

In Southern Vietnam, the final two phases of Mapletree Logistics Park, Phase 6 and Phase 4, were completed in March and April 2022 respectively and have been receiving strong interest from end-users and 3PLs due to its accessibility near Ho Chi Minh City.

### Australia

Mapletree Logistics Park – Crestmead Phase 1 was completed in April 2022, consisting of 62,817 sqm of GFA spanning two buildings. The management team is on track to achieve the underwriting assumptions for the project with Heads of Agreement being issued for 18% of building take up of Phase 1 and is close to securing another 15% before practical completion. Phase 2 is expected to be completed in Q2 2023.

### India

In December 2021, Mapletree made its first logistics land acquisition in India, a 49.7-acre site in Hoskote, Bengaluru, with the potential to generate 107,942 sqm of warehouse space with modern specifications, slated for completion in 2024.

### SUSTAINABILITY HIGHLIGHTS

A holistic list of sustainability initiatives has been drawn up for adoption in all new logistics developments in China, which aims to achieve a LEED certified rating at minimum. Besides the use of energy-efficient LED lighting, sustainable construction materials such as light weight steel and other high performance building materials to minimise heat transfer will also be used. Where suitable, all new logistics developments will be solar-energy ready.

In Japan, efforts for load reduction of energy-saving performance, utilisation of recycled materials, avoidance of harmful substances, as well as light pollution controls have been evaluated for Mapletree Chikushino Logistics Centre. The development is also set to receive the Zero Energy Building Ready Certification, as it will be equipped with high-efficiency energy saving measures and high-heat insulation on the building facade.

In Bengaluru, India, the project is progressing toward achieving LEED certification. Studies are underway to explore the incorporation of sustainable features such as solar panels on rooftops as well as LED lights.

### MARKET REVIEW AND OUTLOOK

#### China

China's gross domestic product (GDP) growth for 2021 was 8.1% but slowed in the second half of the year because of uncertainty and weak consumer sentiment. Average rental reversion remained stable while rental in major cities in northeastern and western China decreased, affected by the weak economy and short-term oversupply. Pressure on leasing is likely to persist into 2022 even though the government is expected to increase economic stimulus.

In the longer term, demand for warehouse space in China will continue to increase, underpinned by continued growth in e-commerce, 3PL and cold-chain logistics, as well as further growth in the manufacturing sector.

#### Malaysia

Aided by stimulus packages and strong external demand, the Malaysian economy rebounded, growing 3.1% in 2021. GDP is expected to expand by 5.8% in 2022, with continued growth in exports and domestic demand. The logistics market remains resilient, driven by economic recovery, growth in e-commerce and a shortage of Grade A warehouses.

#### Vietnam

The Vietnam government reopened travel borders and resumed business and social activities. The economy rebounded to high-growth momentum with a targeted GDP growth of 6% to 6.5% in 2022. Fitch Solutions forecasted a growth rate of 8% in 2022, driven by export manufacturing, local consumption and backed by stronger inflows of foreign investment.

Despite a general slowdown in leasing take-up, supply chain disruptions and geopolitical tensions, the Vietnam logistics sector remained resilient on the back of accelerated e-commerce adoption and greater demand for inventory space. Market sentiment also remained strong with more



Mapletree Logistics Park – Crestmead Phase 2 in Brisbane, Australia, is expected to be completed in Q2 2023.

development pipelines, lowered cap rates and competitive prices for quality assets and developed land.

### Australia

The pandemic expanded the retail share of e-commerce and increased focus on supply chain security, contributing to a record gross take-up of 4.4 million sqm in industrial and logistics space, a more than 50% increase from previous records.

Demand for logistics space is forecasted to continue outstripping supply in 2022, due to minimal land supply and development of new products, the continuing rise of e-commerce demand as well as supply chain concerns resulting in companies holding more inventory onshore.

### India

The warehousing market remained resilient, with the burgeoning e-commerce sector offsetting softening demand due to global supply chain disruptions and a slowdown in the local manufacturing sector.

The market has attracted an influx of capital amid the pandemic's lingering impact on leasing and acquisitions of new sites. With demand for modern warehouses primarily driven by e-commerce and 3PL companies, leasing velocity is expected to pick up.

- 1 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.
- 2 Of the 81 properties, 42 are held by MLT.

#### References:

- i. Colliers Research
- ii. World Bank
- iii. Fitch Solutions

# OPERATIONS REVIEW

## CHINA

Mapletree's China business unit seeks to capitalise on real estate opportunities by developing, investing and managing real estate assets in China. In addition, the business unit oversees a private real estate fund, Mapletree China Opportunity Fund II (MCOF II).

As at 31 March 2022, the business unit accounted for S\$3 billion of the Group's total assets under management. In Financial Year 2021/2022 (FY21/22), the business unit contributed S\$22.2 million to the Group's EBIT + SOA<sup>1</sup>, and S\$9.6 million in fee income.

### CONTINUED GROWTH AMID CHALLENGES

mTower Beijing, an international Grade A office building, commenced leasing in July 2020 after initial interior decoration work was completed during the first wave of the Covid-19 pandemic. Over 74% of the 51,235 square metres (sqm) of space was occupied by 31 March 2022. With commitments from high-quality tenants in technology, media and telecommunications (TMT), FinTech and professional services, overall occupancy is expected to improve and stabilise by Q3 2022. Infrastructure in Lize Financial District is maturing, with giant state-owned enterprises and TMT companies settling in the area. Metro Line 14 opened in December 2021, and four more lines will be added in the next few years, including the new Daxing International Airport Express with its City Terminal being built across from mTower Beijing.

mPlaza Guangzhou has a gross floor area (GFA) of 109,002 sqm and is located in the Pazhou e-commerce headquarters cluster, an artificial intelligence and digital economy pilot zone featuring high-quality projects by prominent TMT companies. Riding the post-Covid-19 leasing momentum in Guangzhou, committed office occupancy for mPlaza Guangzhou was close to 70% as at 31 March 2022, with the majority of tenants from the TMT sector. General infrastructure is also improving in the surrounding area as Metro Line 18 started operations in September 2021, with the station at the building's doorstep. Occupancy of mPlaza Guangzhou is targeted to stabilise by Q4 2022.

Handover of mTower Wuhan in Hubei Province took place in May 2021. As at 31 March 2022, the property had an occupancy of more than 74%. Given the vibrant economy of Optics Valley and robust demand from diverse TMT tenants, occupancy is expected to stabilise at above 90% by the end of 2022.

King's Residences is conveniently located adjacent to Metro Line 21 in Zengcheng District, Guangzhou. The residential project comprising seven blocks of residential towers occupies a land area of 24,660 sqm and will yield an estimated GFA of 93,706 sqm. Construction of the 844 residential units and 20 strata title shop units commenced in 2021.

Construction also began on Viva Riverside, a project with 1,438 residential units and 165 strata title shop units next to Metro station Line 2 in Xinwu District, Wuxi. With a land area of 76,907 sqm, it is expected to yield approximately 169,182 sqm of GFA.

### ON TRACK FOR SUCCESS

Divestments of the remaining two projects under MCOF II, namely Nanhai Business City Phase 4 and Ningbo Mixed-Use Development, are underway to successfully conclude MCOF II.



mPlaza Guangzhou is an office building located in Guangzhou's Pazhou area in China.



Viva Riverside, a residential development in the Xinwu District of Wuxi, China.

## SUSTAINABILITY HIGHLIGHTS

Sustainability remains an important role in the China business unit's asset management and investment efforts. mTower Beijing, mPlaza Guangzhou and mTower Wuhan obtained LEED Gold certification while King's Residences and Viva Riverside have met China's Green Building standards. These assets are equipped to enhance building energy efficiency, water efficiency and waste management. Solar panels will also be installed on the rooftops of the two residential projects.

## MARKET REVIEW AND OUTLOOK

China's economy grew by 8.1% in 2021, the nation's fastest expansion in nearly a decade. Although recovery exceeded expectations including the government's target of above 6% set in early 2021, growth slowed in H2 2021 due to a downturn in the real estate market, supply-chain issues, energy shortages and restrictions arising from the country's "zero-Covid" policy. As consumer sentiment deteriorated, the central government cut growth forecasts to 5.5% for 2022.

China's commercial real estate rentals are on track to rebound despite the occasional Covid-19 outbreak in some cities. Investor confidence returned with the investment value in Tier 1 and key Tier 2 cities increasing by 40% year-on-year in 2021, reaching 80% of 2018's historical peak. It is expected that the most sought-after properties in 2022 will be in the Business Park and Life Sciences Park categories.

Strong leasing demand and positive rental escalation in the office market, backed by enhanced business sentiment, are anticipated – in particular, from financial markets increasingly opening up for foreign investment and technological self-sufficiency. Demand has mostly returned to pre-pandemic levels, with net absorption hitting historical highs, especially for Tier 1 cities. Leasing demand is mostly dominated by TMT and financial services, while "new economy" tenants such as life sciences are gaining market share. The overall market is expected to remain stable in 2022, backed by strong leasing momentum and moderate new supply over the next three years.

Housing prices cooled in H2 2021 as redlined developers, mostly local private developers, rushed to deleverage and monetise stocks. Overall, the market is adopting a wait-and-see attitude amid concerns about the challenging economy and low quality stock clearance. However, with the loosening of monetary policy in Q4 2021 and further easing expected in H1 2022, gradual recovery of the residential market is expected in 2022. Expiries of real estate funds will also contribute to investment availabilities in view of the spike in transactions between 2016 and 2018.

<sup>1</sup> 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.

### Reference:

i. China National Bureau of Statistics

# OPERATIONS REVIEW

## INDIA

Mapletree's India business unit develops and manages real estate assets in India, as well as deepens its presence through acquisitions and investments in this developing economy.

With owned and managed assets of S\$1.2 billion as at 31 March 2022, the business unit contributed S\$65.8 million to the Group's EBIT + SOA<sup>1</sup> in Financial Year 2021/2022 (FY21/22).

### GROWING AND ENHANCING THE PORTFOLIO

Mapletree continued expanding its commercial footprint in India, successfully acquiring an estimated 1 hectare (ha) of land in Mumbai in July and December 2021, at a value of approximately S\$41 million. Combined with an estimated 2.5-ha adjacent land parcel acquired in September 2020, at a value of approximately S\$118 million, the site will be developed into Vikhroli Business City, set to offer close to 213,233 square metres (sqm) of office space. Located in the eastern suburb of Mumbai, it has good connectivity to upcoming metro lines as well as easy

access to established road networks. Construction is slated to be completed in March 2026.

FY21/22 saw strong take-up at Mapletree's existing business parks in India. Approximately 27,000 sqm of additional floor area was leased out at Global Technology Park (GTP) in Bengaluru, increasing occupancy to 100%, including auto-renewals. Meanwhile, Global Infocity Park Chennai (GIPC) achieved 100% conversion of all auto-renewals due, covering approximately 50,704 sqm. In addition, 6,203 sqm of new leases and market renewals were obtained during the financial year.



An artist's impression of Vikhroli Business City in Mumbai, India.



The food court (left) and lift lobby (right) were renovated as part of asset enhancement initiatives at GIPC, India.

While footfall remained low at both parks due to the Covid-19 pandemic, Mapletree used the opportunity to undertake multiple asset enhancement initiatives. At GIPC, building exteriors were painted, an additional transformer was installed, touchless lift solutions were implemented, and renovations were carried out at the lift lobbies, food court and common restrooms. Renewal of the hardscape, landscaping and signage works is also underway.

At GTP, glazing improvements were made at the food court, and ultraviolet germicidal irradiation was installed for the heating, ventilation and air conditioning systems.

The various improvements serve to strengthen the market appeal and value proposition of GIPC and GTP. In addition, Mapletree has demonstrated the ability to keep both parks operational throughout the Covid-19 pandemic. To facilitate uninterrupted operations, Mapletree arranged for service staff to stay onsite, and provided accommodation, food and other essentials during the strict lockdowns. At the same time, Mapletree adopted a series of measures to reduce operational costs at both parks, resulting in savings of approximately S\$500,000 for FY21/22.

### SUSTAINABILITY HIGHLIGHTS

Environmental initiatives have also been implemented at both parks, such as the introduction of electric vehicle

chargers, the planting of over 200 trees, and installation of digital water meters to track and optimise water consumption. These contributed to GIPC obtaining the LEED Platinum certification from the U.S. Green Building Council for Operations and Maintenance.

### MARKET REVIEW AND OUTLOOK

Amid lockdowns due to the Delta wave of the Covid-19 pandemic, the India economy nevertheless grew by 20.9% in Q1 FY21/22, owing to a low base. The economy opened up gradually in Q2 FY21/22, as evidenced by an increase in goods and services tax collections, leading to a growth of 8.5%. In Q3 FY21/22, the economy continued to expand by 5.4% as Covid-19 related restrictions eased significantly and the Indian government increased its capital expenditure.

Full-year gross domestic product growth for FY21/22 is anticipated to hit 8.9%, on account of better-than-expected economic activity and with a vaccination rate of 80% among the eligible population as at 31 March 2022. According to the Federation of Indian Chambers of Commerce and Industry (FICCI) Economic Outlook Survey, the India economy is expected to grow at a moderated rate of 7.4% in the coming year, weighed by various risks such as the Russia-Ukraine conflict, which further disrupted global supply chains.

Inflation stood at 6.3% as at 31 March 2022, above the last seven years' average of 5%. However, the Reserve Bank of India projects inflation to decline to 5.7% in FY22/23. Despite the pandemic, net office absorption in 2021 grew by about 5% year-on-year. While vacancy increased across the top six cities, rentals for Grade A office space remained largely stable. As workers return to offices, it is anticipated that absorption will increase and rents will likely remain stable in 2022.

India's real estate market attracted US\$4.3 billion in private equity investments in 2021, led by the commercial office sector. The same period saw new platform investments with equity commitments of about US\$3.2 billion. Institutional investments are expected to further increase through 2022, backed by investors' long-term positive outlook for the Indian economy.

1 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.

#### References:

- i. Government of India
- ii. Ministry of Finance (January 2022)
- iii. Jones Lang LaSalle
- iv. FICCI Economic Outlook Survey

# OPERATIONS REVIEW

## AUSTRALIA & NORTH ASIA

Mapletree's Australia & North Asia business unit develops, manages and invests in commercial, logistics, industrial, data centre and lodging assets spanning Australia, Hong Kong SAR, Japan and South Korea.

The business unit also manages a private equity fund – Mapletree Australia Commercial Private Trust (MASCOT).

With owned and managed assets of S\$3 billion as at 31 March 2022, the business unit contributed S\$53.2 million to the Group's EBIT + SOA<sup>1</sup> and S\$11.2 million in fee income in Financial Year 2021/2022 (FY21/22).

### AUSTRALIA

MASCOT is a fully invested office trust, with a portfolio comprising 10 commercial properties in five key gateway cities. As at 31 March 2022, MASCOT had total assets under management (AUM) of A\$1.5 billion (~S\$1.5 billion) and a total net lettable area (NLA) of approximately 158,000 square metres (sqm).

In FY21/22, despite the extended lockdowns in New South Wales, MASCOT secured one of the largest deals in Macquarie Park in recent years, leasing out 5,500 sqm at the South Building of 22 Giffnock Avenue, Sydney, at net rent outperforming industry peers.

At 78 Waterloo Road in Sydney, wide-scale building enhancement works were carried out to increase competitiveness in the tight leasing market and this succeeded in securing new tenants for approximately 45% of the vacated space. Further building enhancement and amenities' upgrading works were planned to be executed progressively through the next financial year at 111 Pacific Highway in North Sydney, 22 Giffnock Avenue in Sydney, 144 Montague Road in South Brisbane, and 417 St Kilda Road in Melbourne.

Despite downward pressure on leasing activities during the pandemic and protracted lockdowns, coupled with significant lease expiries in the year, these proactive asset management efforts were pivotal in helping MASCOT maintain a committed occupancy by income of 83.3% as at 31 March 2022. For FY21/22, MASCOT made two semi-annual distributions to investors, equivalent to a 6.6% annualised yield cumulatively.

### JAPAN

As at 31 March 2022, the Japan portfolio consisted of two commercial assets, one logistics development and two serviced apartments, with a total NLA of about 263,000 sqm.

The serviced apartments were impacted by Japan's border closure during the pandemic. However, stable cash flow is expected to be generated by Edge Kachidoki, whose acquisition was completed in November 2021. The mix of retail, office and data centre tenants makes the property more resilient than pure office assets amid the volatility posed by the Covid-19 pandemic. Edge Kachidoki is currently 100% occupied with mostly long-term tenants.

Meanwhile, construction of Mapletree Chikushino Logistics Centre commenced in March 2022.



78 Waterloo Street in Sydney, Australia, successfully completed asset enhancement works during the financial year.



Edge Kachidoki in Tokyo, Japan is a multi-tenanted asset comprising office, retail and data centre components.

Upon completion, the Grade A warehouse is set to be one of the largest logistics warehouse spaces in Kyushu.

### HONG KONG SAR

Mapletree's first data centre development in Hong Kong SAR, located in Fanling, Sheung Shui Town in New Territories, is on track to yield a maximum gross floor area (GFA) of 20,140 sqm. The development has received positive feedback from potential tenants and all major consultants have been appointed to facilitate design and planning. The proposed data centre will aim for LEED Gold and BEAM Plus Gold certifications and is scheduled for completion in 2025.

### SOUTH KOREA

Overall occupancy at The Pinnacle Gangnam in Gangnam, Seoul was 97.3% as at 31 March 2022. Occupancy for the office component was 100% owing to strong demand in the area. All leases expiring in FY21/22 were renewed successfully or replaced by new tenants with positive rental reversion.

### SUSTAINABILITY HIGHLIGHTS

At The Pinnacle Gangnam, six electric vehicle (EV) charging stations were installed at Basement 3 and 6, and green fit out guidelines for tenants were introduced. Edge Kachidoki also

furthered its efforts to obtain CASBEE<sup>2</sup> certification.

Within the MASCOT portfolio, two EV charging stations were installed at 78 Waterloo Road. Across the 10 assets, new plumbing are Water Efficiency Labelling and Standards (WELS) certified to ensure water efficiency while recycling is incorporated into regular waste management.

### MARKET REVIEW AND OUTLOOK

#### Australia

Australia's gross domestic product (GDP) contracted by 1.9% in Q3 2021 during the extended lockdowns but recovered in Q4 2021 as restrictions eased. Full-year GDP growth was 4.7% and is forecasted to expand over 2022 and 2023 respectively.

Fringe market prime vacancies and central business district prime vacancy rates declined in Q4 2021 across all markets, underpinned by recovering leasing activity.

#### Japan

Japan's real GDP grew by 1.6% in 2021, led by a strong rebound at the end of the year with the end of state of emergency, overcoming pandemic-induced contractions seen in Q1 2021 and Q3 2021. The total transaction volume for the commercial real estate market for 2021 reached JPY3.8 trillion,

down 6% from the high base established in 2020. Compared to 2018 and 2019, volume increased by 17% and 5% respectively. While uncertainty due to the Covid-19 pandemic continues, demand for Japanese real estate is likely to remain robust this year.

### Hong Kong SAR

Hong Kong SAR's economy expanded by 6.4% in real terms in 2021, marking a recovery from two years of recession. Commercial real estate investment volume increased by 50.5% amid local economic recovery and abolition of the double stamp duty on non-residential property transactions. While prices and rentals of office and retail space stayed relatively soft, industrial properties saw moderate increases. If Covid-19 cases can be contained, property transaction volume is expected to pick up further, with the industrial sector remaining the most active because of redevelopment potential.

### South Korea

South Korea's economy expanded by 4% in 2021 due to the surge in exports, the fastest pace in 11 years. GDP is expected to grow further by 3% and 2.5% respectively in 2022 and 2023 amid a strong recovery in private consumption.

The office market has been a preferred asset class as it has been less impacted by the Covid-19 pandemic than many overseas markets. Total transaction volume in 2021 was KRW13.8 trillion, surpassing the KRW13.6 trillion historical peak recorded in 2020. With healthy demand and limited supply coming onstream in 2022, the vacancy rate is projected to continue its downward trend while rents increase. In addition, sound fundamentals and abundant liquidity are likely to support volume in 2022.

- 1 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.
- 2 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a widely adopted green certification system in Japan.

#### References:

- i. Australia Bureau of Statistics
- ii. JLL Real Estate Intelligence Services
- iii. CBRE 2022 Japan Investor Intentions Survey
- iv. Bank of Korea
- v. Savills

# OPERATIONS REVIEW

## GROUP LODGING

Mapletree's Group Lodging business unit develops, acquires and manages the Group's global lodging assets comprising student accommodation, serviced apartments and multifamily assets, as well as oversees Oakwood's hospitality management business worldwide. The business unit also includes a private real estate fund, Mapletree Global Student Accommodation Private Trust (MGSA).

With owned and managed assets of S\$6.4 billion (excluding Oakwood) as at 31 March 2022, the business unit contributed S\$116.3 million to the Group's EBIT + SOA<sup>1</sup>, and S\$21.9 million in fee income in Financial Year 2021/2022 (FY21/22).

### STUDENT ACCOMMODATION

Mapletree's student accommodation portfolio – including properties held under MGSA and Mapletree Investments – comprises a total of 57 assets with over 24,000 beds located across 38 cities in the United Kingdom (UK), the United States (US) and Canada. The total assets under management (AUM) amount to approximately S\$4.7 billion.

MGSA currently holds 25 assets in the UK and 10 assets in the US, with a total AUM of about S\$2.1 billion. As the fund manager of MGSA, Mapletree optimises portfolio returns and maximises asset value through proactive asset management, operational excellence and enhancement of the residents' experiences.

In August 2021, Mapletree acquired a portfolio of four student housing assets totalling 921 beds, serving the University of Nottingham, University of Leeds, University of Exeter and University of Bristol, all of which are ranked among the top 20 universities in the UK.

Mapletree also successfully acquired student housing assets, New Century Place Building 1 and 2 in September 2021, adding 135 beds to its portfolio. The properties are situated close to Reading University, which is a top university in the UK.

In the US, Terrapin Row, a 1,493-bed student housing facility, was acquired in December 2021. The accommodation is in close proximity to the University of Maryland, which ranks 58<sup>th</sup> nationally.

### SERVICED APARTMENTS AND MULTIFAMILY RESIDENCES

Mapletree's serviced apartment and multifamily residence portfolio consists of 14 serviced apartments and four multifamily assets totalling over 3,500 units with AUM of approximately S\$2 billion. Of the serviced apartment assets, 11 are in the US, two in Japan and one in Vietnam, while all four multifamily assets are in the US.

#### Oakwood's continuing growth

In FY21/22, Oakwood launched the following new properties:

- Oakwood Premier Tonglu, China
- Oakwood Hotel & Residence Bangkok, Thailand



Portland House in Exeter, the UK, is a 156-bed student accommodation property located close to the University of Exeter.

- Oakwood Hotel Oike Kyoto, Japan
- Ann Siang House, The Unlimited Collection by Oakwood, Singapore
- Oakwood Premier Melbourne, Australia
- Oakwood Hotel & Apartments Azabu Tokyo, Japan

Management agreements were also signed for the following properties:

- Oakwood Suites Tiwanon Bangkok, Thailand
- Oakwood Hotel & Apartments Hyderabad, India
- Oakwood Hotel & Apartments Nerul Goa, India
- Sensation Apartments Bangalore, Managed by Oakwood, India
- Oakwood Hotel & Apartments Dhaka, Bangladesh
- Oakwood Suites Dhaka, Bangladesh
- Oakwood Hotel Cheongju, South Korea

### Initiatives for a stronger brand

In June 2021, Oakwood set a new service benchmark in the industry with the launch of its signature Oakwood Premier Mobile Bar experience across all Oakwood Premier-branded luxury serviced apartments. The evening club lounge experience of free-flow cocktails and canapés in guests' own private sanctuaries is more relevant than ever in the post-Covid-19 era of travel.

To augment Oakwood's positioning in the unfurnished multifamily accommodation sector, Oakwood Living was launched in November 2021. Targeting young families and professionals seeking an address for work and play within a multifamily community, Oakwood Living offers residences with amenities such as a resident's lounge and fitness facilities. In addition, four properties in the US have been rebranded as Oakwood Living.

### SUSTAINABILITY HIGHLIGHTS

In line with the Group's sustainability efforts, the newly acquired Terrapin Row has a LEED Silver certification under the New Construction designation. In addition, 4<sup>th</sup> Street Commons in Florida, the US, successfully completed the conversion of approximately 1,000 lights to LED in the common areas. A shuttle bus service was also started at



Terrapin Row in Maryland, the US, is a 1,493-bed student housing facility.

930 NoMo in South Carolina, the US. The bus service is able to ferry up to 430 students per day, reducing the need for students to own personal vehicles. Through a water use reduction project, Cottages of Boone in North Carolina, the US, achieved over 40% decrease in water consumption, saving 9.1 million gallons annually.

### MARKET REVIEW AND OUTLOOK

#### Student accommodation

Despite border restrictions, domestic students and the availability of online classes kept university enrolment healthy in the US, reaching 19.8 million in 2021. This was an increase from 19.7 million in 2020 and 19.6 million in 2019. Rental rates for student accommodation grew by 2.6% in 2021, outpacing the 1.6% increase in the US Consumer Price Index from 2013 to 2020.

In the UK, there was a 6.3% increase in full-time students, with 2 million students enrolled for the 2020/2021 academic year. Demand for Purpose-Built Student Accommodation is forecasted to grow at an average annual rate of 2.5% from 2022 to 2025. This, together with the limited development pipeline, will likely result in a continued structural undersupply.

Overall, the outlook for student accommodation remains positive due to demographic growth, rising participation rates for higher education and government policy supporting an increase in international students. The sector is also poised to recover quickly from the Covid-19 pandemic as the desire for a full university experience motivates students to return to campus.

#### Serviced apartments and multifamily residences

The multifamily sector is set to break records in 2022, amid solid fundamentals and heightened investor interest. Strong economic conditions and changing migration patterns have boosted recovery and are expected to persist through 2022. As demand has risen, occupancy and rental rates have followed suit.

Though serviced apartments were more adversely impacted by the pandemic, Oakwood has been able to limit volatility, with its portfolio of differentiated brands providing a well-balanced mix of long and short stays. The robustness of this business model has made it an attractive option for future collaboration with owners and developers.

As borders reopen, occupancy has started to pick up. Meanwhile, Oakwood has pivoted towards the domestic market, leisure travellers and alternative uses of space for remote working. Travel capacity may take longer to return to pre-Covid-19 levels, but recovery is evident. Leisure travellers have already demonstrated a demand for short breaks and city-based staycations, and occupancies are likely to rise as a result.

1 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.

#### References:

- Times Higher Education, 2022
- Best National Universities, 2022

# OPERATIONS REVIEW

## EUROPE AND USA

Mapletree's Europe and USA (EUSA) business unit evaluates, acquires, develops and manages assets in a range of real estate sectors. These include commercial, logistics and data centre assets.

EUSA's mandate focuses on broadening and deepening Mapletree's exposure beyond the Asia-Pacific region, by investing in new and existing asset classes across key gateway cities and growth markets in Europe, the United Kingdom (UK) and the United States (US).

With owned and managed assets of S\$18.9 billion as at 31 March 2022, the EUSA business unit contributed S\$344.4 million to the Group's EBIT + SOA<sup>1</sup>, and S\$101.5 million in fee income in Financial Year 2021/2022 (FY21/22).



400 Longwater Avenue, Green Park, is an office building located in Reading, the UK.

### COMMERCIAL

Mapletree focuses on cities where office demand is underpinned by the technology, pharmaceutical, life sciences or healthcare sectors. In FY21/22, the Group secured several prestigious tenants. The Sorting Office in Dublin, Ireland, was fully let to TikTok for a 15-year lease term. The building has a net lettable area (NLA) of approximately 20,000 square metres (sqm). At Green Park in the UK, 400 Brook Drive and 450 Longwater Avenue were leased to one of the largest global e-commerce retailers and one of the UK's leading telecommunications and internet service providers respectively. At close to 11,000 sqm, the latter was one of the largest Thames Valley lettings in the last five years.

In September 2021, Mapletree successfully raised US\$552 million (~S\$745.2 million)<sup>2</sup> for its inaugural office fund in the US, Mapletree US Income Commercial Trust (MUSIC), demonstrating the Group's capability in efficient capital management. MUSIC comprises five freehold Class A commercial properties, including Galatyn Commons, a four-building office portfolio with an NLA of 72,926 sqm, one of the largest office

campuses in the Telecom Corridor of Richardson, in Dallas, Texas. The Group also successfully completed the refurbishment of 50 South Sixth's lobby, enhancing the environment for current and prospective tenants.

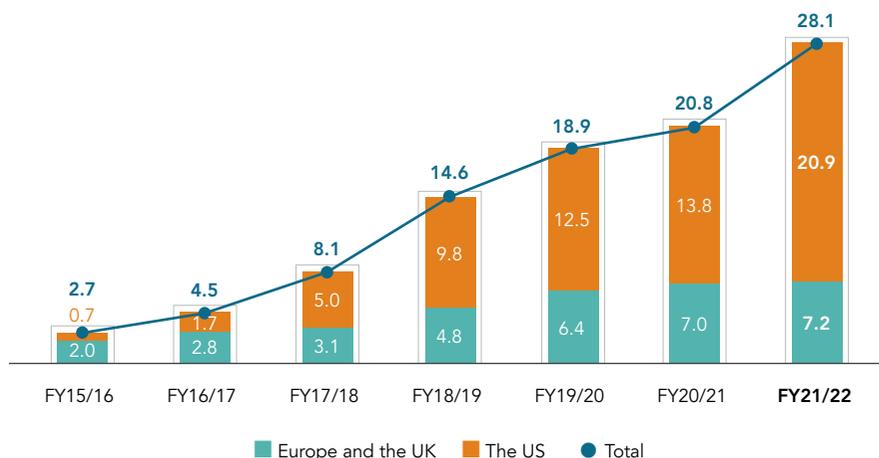
The Group's commercial portfolio in EUSA continued to remain resilient during the pandemic, with an occupancy of 91.6%<sup>3</sup> (compared to 88.7%<sup>3</sup> in FY19/20).

### LOGISTICS

As at 31 March 2022, EUSA's logistics footprint consists of 421 warehouses spanning close to 8.2 million sqm of gross floor area (GFA). Most of these assets are held under Mapletree US & EU Logistics Private Trust (MUSEL), a fully invested core fund with assets under management (AUM) of US\$5.6 billion (~S\$7.6 billion) and unitholder equity of US\$1.8 billion<sup>4</sup> (~S\$2.4 billion)<sup>2</sup>, in which the Group retains a 34% stake<sup>5</sup>. The focus during MUSEL's third year of operations was on driving leasing activity and strengthening tenant relationships.

The Covid-19 pandemic has had a positive impact on demand from several user groups, including robust long-term demand from e-commerce

## AUM (\$ billion)



\* AUM growth in Europe, the UK and the US – figures include data centre and student accommodation assets managed but not owned by EUSA.

companies, third-party logistics service providers and businesses involving essential goods. In FY21/22, Mapletree successfully executed 145 leases (874,477 sqm) in the US and 80 leases (449,845 sqm) in Europe. This brings total leases executed to 3.4 million sqm, with positive rental reversions of 11.9% since MUSEL's inception. Occupancy is currently at 96.2%, up from 95.4% a year ago, while the weighted average unexpired lease term has remained stable at about four years. MUSEL's robust performance has enabled the fund to deliver a since-inception blended internal rate of return (IRR)<sup>6</sup> of 24.6% and a cash yield of 6.1%, outperforming both the target IRR<sup>6</sup>, as well as forecasted cash yields.

Mapletree completed two large portfolio acquisitions in the US, with an AUM of approximately US\$3 billion (~S\$4.1 billion) in July and September 2021. Those assets formed the seed portfolio for Mapletree US Logistics Private Trust (MUSLOG), in which the

Group retains a 18.6% stake<sup>5</sup>. The fully invested core fund, with AUM of US\$3.3 billion (~S\$4.5 billion)<sup>2</sup> and unitholder equity of US\$1.4 billion<sup>4</sup> (~S\$1.9 billion)<sup>2</sup>, offers investors a well-diversified portfolio of high-quality logistics properties along with an attractive total return and cash yield.

### SUSTAINABILITY HIGHLIGHTS

EUSA constantly reviews asset operations to improve its energy performance certifications and ecological footprint. In the US, more than 10 properties achieved the ENERGY STAR certification in FY21/22. The IQ Building in Aberdeen has been awarded Gold for ActiveScore certification with its best-in-class cycling facilities, while charging points for electric vehicles were installed at West Station in Poland. In addition, EUSA also actively engages with tenants to encourage the purchase and use of renewable energy and in the implementation of green leases.



920 West Taylor Road is one of the logistics assets held under MUSLOG in Romeoville, Illinois, the US.

## MARKET REVIEW AND OUTLOOK

The US economy rebounded strongly in 2021, with real gross domestic product growing by 5.7% for the full year. Major corporations in the US have announced reopening plans and have begun ushering vaccinated employees back to the office. Although overall demand for office space in Europe remained weak, there continued to be strong demand for Grade A space.

Companies are likely to reassess their office space requirements post-pandemic, with demand continuing to be robust in much of Europe and the US. While leasing volumes have yet to reach pre-pandemic levels, there has been a strong recovery from 2020. Going forward, office spaces are expected to be redesigned for lower occupational density and more collaborative spaces.

Logistics real estate has benefitted from structural shifts caused by the pandemic. Robust demand for warehouse space is being generated by companies moving from physical retail to e-tailing and from just-in-time to just-in-case supply chain management. Thus, vacancy rates for the industrial and logistics segment in Europe and the US have decreased to a new low, with record increases in net absorption. Year-on-year rental growth in the US reached 11%, the highest annual growth to date.

Mapletree's businesses have not been materially affected by the Russia-Ukraine conflict in FY21/22 but the Group is closely monitoring the situation and is also actively managing the inflationary cost pressures currently experienced in various parts of the businesses.

- 1 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.
- 2 S\$ exchange rate as at date of fund inception.
- 3 By net lettable area of commercial AUM.
- 4 Unitholder equity as at date of fund inception.
- 5 Excluding directors' and senior management's stake in MUSEL and MUSLOG.
- 6 After expenses, taxes and base management fee but before carried interest.

#### References:

- i. CBRE
- ii. BNP European Logistics Market

# OPERATIONS REVIEW

## MAPLETREE LOGISTICS TRUST

Mapletree Logistics Trust (MLT or the Trust) is a Singapore-listed real estate investment trust (REIT) that invests in and manages a diversified portfolio of 183 quality, well-located, income-producing logistics assets in Singapore, Australia, China, Hong Kong SAR, India, Japan, Malaysia, South Korea and Vietnam.

As at 31 March 2022, the business unit's total assets under management was S\$13 billion. It contributed S\$554.9 million to Mapletree's EBIT + SOA<sup>1</sup> and S\$101.3 million to fee income<sup>2</sup> in Financial Year 2021/2022 (FY21/22).

### A RESILIENT PERFORMANCE

Amid the emergence of new Covid-19 variants and supply chain disruptions in FY21/22, MLT continued to deliver a resilient performance, backed by the scaling up of its regional network with quality acquisitions and stable operations from existing assets. With a firm focus on leasing and asset management, MLT's overall operating performance was enhanced by tailwinds brought on by the Covid-19 pandemic, such as accelerated e-commerce growth and a greater emphasis on supply chain resiliency.

MLT also strengthened its presence in key logistics hubs in Asia Pacific by growing its geographically diversified portfolio in addition to acquiring quality and well-located assets within its markets. This is in line with MLT's strategy to increase the proportion of modern specifications properties in its portfolio and provide customers with a variety of high-quality leasing solutions.

MLT's continued growth is supported by an active and prudent capital management strategy, providing the Trust with a strong balance sheet and the financial flexibility to seize market opportunities.

### A STRONGER REGIONAL PRESENCE

In FY21/22, MLT announced the acquisitions of 23 logistics facilities in Singapore, Australia, China, Japan, Malaysia, South Korea and Vietnam, for approximately S\$1.9 billion (13 in China, three in Vietnam, two in South Korea, two in Malaysia, and one each in Singapore, Australia and Japan).

In South Korea, MLT completed the acquisition of Yeosu Logistics Centre in Yeosu, Gyeonggi-do, for KRW135 billion (~S\$148 million). The modern, ramp-up logistics facility with high specifications is strategically located and fully leased to one of the country's largest online fashion platforms and a domestic third-party logistics service provider. This was followed by the acquisition of Baeksa Logistics Centre in Baeksa-myeon, Gyeonggi-do, for KRW88.5 billion (~S\$97.2 million). The newly built logistics facility is designed with high specifications and will expand MLT's network in the Seoul Metropolitan Area, positioning the Trust to capture market growth.

MLT also acquired 5-17 Leslie Road & 6-10 Pipe Road, a cold storage facility in Melbourne, Australia, for A\$42.8 million (~S\$42.3 million). The property is located within an established



Mapletree (Zhongshan) Modern Logistics Park in Guangdong, China, comprises two blocks of single-storey warehouses and is strategically located close to the Beijing-Zhuhai-Macau Expressway.

industrial and logistics region with excellent connectivity to major routes and the city centre, allowing MLT to capitalise on the robust demand for and low supply of cold storage facilities.

In Singapore, MLT completed the acquisition of a logistics property located at 9 Changi South Street 2 for S\$24.5 million. The property appeals to e-commerce firms and third-party logistics players looking to expand in the southern region of Singapore.

During the financial year, MLT acquired a portfolio of 15 logistics properties in China and Vietnam from the Sponsor, Mapletree Investments, and a separate logistics property in Japan from an unrelated third-party at an aggregate property value of S\$1.4 billion. These Grade A logistics assets position MLT to capitalise on structural trends and expand its network connectivity across these large, growing consumer markets. With their high specifications and strategic locations, the properties cater to the rising demand for modern warehouse space.

MLT also acquired the modern, Grade A Mapletree Logistics Hub – Tanjung Pelepas, from the Sponsor for MYR404.8 million (~S\$131.3 million). This enables the Trust to strengthen network connectivity by establishing a presence in the regional distribution hub of Malaysia's port of Tanjung Pelepas.

In addition to stabilised assets, MLT announced the proposed acquisition of two leasehold industrial properties in Subang Jaya, Selangor, for redevelopment. The parcels are adjacent to MLT's existing properties, Subang 3 and 4. The potential amalgamation of these properties will allow for the development of a MYR500 million (~S\$162 million) modern ramp-up facility with a potential gross floor area of about 130,000 square metres.

### PRUDENT CAPITAL MANAGEMENT

During the year, MLT conducted an equity fundraising exercise that raised gross proceeds of approximately S\$693 million through a private placement and preferential offering.



Kuwana Centre in Mie, Japan is a five-storey double-ramp logistics warehouse built to modern specifications.

The proceeds were deployed to partially finance the acquisition of 13 logistics properties in China, three properties in Vietnam and one property in Japan.

To redeem S\$250 million in existing perpetual securities and to fund potential acquisitions, the Trust also issued S\$400 million in new perpetual securities at a distribution rate of 3.725% per annum.

### SUSTAINABILITY HIGHLIGHTS

MLT made progressive upgrades to buildings across the portfolio in FY21/22, such as LED retrofitting, as well as air-conditioning upgrade and replacement works. In FY21/22, MLT achieved continual improvement of its properties' environmental performance through the pursuit of energy efficiency and renewable energy initiatives. These initiatives reduced the portfolio's energy intensity by 6.2% year-on-year while expanding its solar energy generating capacity by 31.1%.

A total of 1,043 trees were planted across MLT's properties during the financial year, and the Manager aims to continue expanding the green landscape going forward.

### MARKET REVIEW AND OUTLOOK

Global growth is expected to moderate from 6.1% in 2021 to 3.8%

in 2022, with the possibility of new waves of Covid-19, rising energy prices and more broad-based inflation. The Russia-Ukraine conflict has added further downside risks.

While the outlook remains uncertain, the logistics sector in Asia Pacific has seen sustained growth over the past years due to structural trends. The increase in demand for e-commerce and the focus on building supply chain resiliency are driving demand for highly functional and modern logistics facilities in markets with fast-growing domestic consumption.

Overall, MLT's logistics facilities have seen resilient occupancies and stable rental rates. The Trust's Manager remains focused on optimising yield from the existing portfolio while pursuing strategic acquisition opportunities, asset enhancements to drive organic growth, and a disciplined capital management approach to mitigate the impact of interest rate and foreign exchange volatilities.

- 1 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.
- 2 Includes REIT management fees.

#### Reference:

- i. International Monetary Fund, World Economic Outlook, April 2022.

# OPERATIONS REVIEW

## MAPLETREE INDUSTRIAL TRUST

Mapletree Industrial Trust (MIT) is a Singapore-listed real estate investment trust (REIT) that manages a diverse portfolio of 86 properties in Singapore and 57 properties in North America [including 13 data centres held through a joint venture with Mapletree Investments Pte Ltd (MIPL)]. MIT's property portfolio includes Data Centres, Hi-Tech Buildings, Business Park Buildings, Flatted Factories, Stack-up/Ramp-up Buildings and Light Industrial Buildings.

As the manager of MIT, Mapletree Industrial Trust Management Ltd (MITM or the Manager) employs proactive asset management, value-creating investment management and prudent capital management strategies. MITM seeks to deliver sustainable and growing returns for unitholders.

As at 31 March 2022, MIT's total assets under management (AUM) was S\$8.8 billion. In Financial Year 2021/2022 (FY21/22), it contributed S\$162.2 million to Mapletree's EBIT + SOA<sup>1</sup> and S\$86.8 million to fee income<sup>2</sup>.



400 Minuteman Road, Andover is a two-storey data centre located in the northwestern area of Andover, Massachusetts in the US.

### DELIVERING STABLE RETURNS

Gross revenue and net property income (NPI) for FY21/22 increased 36.4% and 34.5% year-on-year (y-o-y) to S\$610.1 million and S\$472 million, respectively. These were mainly driven by the acquisitions in the United States (US) comprising 29 data centres as well as the 14 data centres previously held under Mapletree Redwood Data Centre Trust (MRDCT)<sup>3</sup> and 8011 Villa Park Drive, Richmond, Virginia. Correspondingly, amount available for distribution to unitholders rose 18.8% y-o-y to S\$350.9 million for FY21/22. Distribution per unit for FY21/22 grew by 10% y-o-y to 13.80 Singapore cents.

### ENLARGING AND STRENGTHENING THE PORTFOLIO

MIT completed its purchase of 29 data centres in the US (the US Portfolio Acquisition) on 22 July 2021 for a consideration of US\$1.32 billion (~S\$1.8 billion). With a total net lettable area of approximately 306,360 square metres (sqm), the 29 data centres are located across 18 states and are predominantly sited on freehold land. They are primarily leased on a triple net basis with annual rental escalations ranging from 1.5% to 3%.

The US\$1.32 billion US Portfolio Acquisition enabled MIT to significantly scale up its data centre presence and diversified its footprint across key markets in the US. MIT's AUM increased y-o-y from S\$6.8 billion to S\$8.8 billion as at 31 March 2022.

Correspondingly, the AUM for data centres increased y-o-y from S\$2.8 billion to S\$4.7 billion as at 31 March 2022.

To partially finance the US Portfolio Acquisition, the Manager successfully raised gross proceeds of approximately S\$823.3 million. This comprised approximately S\$512.9 million and S\$310.4 million from the private placement and the preferential offering, respectively.

Meanwhile, the redevelopment of Flatted Factories into a new high-tech industrial precinct at 161, 163 and 165 Kallang Way<sup>4</sup> remained on track for full completion in the first half of 2023. With a total project cost of S\$300 million<sup>5</sup>, the redevelopment will increase the utilised plot ratio from 1.5 to 2.5 and increase total gross floor area by approximately 70% to about 80,420 sqm.

## PROACTIVE CAPITAL MANAGEMENT

To diversify funding sources and strengthen MIT's balance sheet, the Manager issued S\$300 million of perpetual securities in May 2021. The inaugural perpetual securities will bear an initial rate of distribution of 3.15% per annum for the first five years. With strong participation from a broad spectrum of investors, the perpetual securities were oversubscribed, with the price tightening to 3.15% from the initial guidance of 3.375%.

The Manager also resumed the distribution reinvestment plan (DRP) with effect from Q3 FY21/22 distribution. The DRP will enable unitholders to acquire new units without incurring additional transaction related costs. The issue of units in lieu of cash distributions under the DRP will strengthen MIT's balance sheet, help finance the progressive funding needs of development projects and accord MIT greater financial flexibility to pursue growth opportunities.

As at 31 March 2022, MIT's balance sheet remained strong, with an aggregate leverage ratio of 38.4% and committed facilities of more than S\$900 million available for drawdown. About 70.5% of MIT's gross borrowings of S\$2,904.1 million had been hedged through interest rate swaps and fixed rate borrowings, which will mitigate the impact of interest rate fluctuations on distributions.



2601 West Broadway Road, Tempe, Arizona, is a 4,110 sqm data centre under the US Portfolio Acquisition.

## SUSTAINABILITY HIGHLIGHTS

In FY21/22, MIT's properties continued to be recognised for efforts to reduce environmental impact. 1 and 1A Depot Close, 30A Kallang Place and The Strategy were re-certified with BCA Green Mark accreditations. In addition, The Synergy obtained BCA Green Mark Gold<sup>Plus</sup> certification.

Efforts to engage tenants in the drive for sustainability were also made through a joint tree planting event between MIT and HP Singapore (Private) Limited in November 2021, which contributed to the National Parks Board's OneMillionTrees Movement.

## MARKET REVIEW AND OUTLOOK

The global economy started weaker in 2022, with global growth expected to moderate from 5.9% in 2021 to 4.4% in 2022. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation. Assuming medium-term inflation expectations remain well-anchored, inflation should gradually decrease as imbalances in supply and demand wane in 2022 and monetary policy in major economies responds. The US Federal Reserve had commenced interest rate hikes and the Monetary Authority of Singapore had tightened its monetary policy to alleviate inflation pressure.

The quarterly Singapore Commercial Credit Bureau's Business Optimism Index dipped slightly in the second quarter of 2022 amid global uncertainties, including geopolitical tensions and continued supply chain disruptions. However, growth prospects for domestic-oriented sectors remain strong with the progressive easing of Covid-19 safe management measures and travel restrictions.

According to CBRE, rental rates held steady in the second half of 2021. Compared with 2020, average asking rental rates in primary data centre markets in North America dipped 0.4% in 2021, while rental rates in secondary markets dipped 2%. As demand grows in power-constrained markets like Silicon Valley and Northern Virginia, inventory bottlenecks are likely to result in rental rate increases.

MIT's large and diversified tenant base with low dependence on any single tenant or trade sector will continue to underpin its portfolio resilience.

- 1 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.
- 2 Includes REIT management fees.
- 3 Prior to 1 September 2020, gross revenue and NPI did not include MIT's 40% interest in the 14 data centres in the US, which were previously held by MRDCT, a 40:60 joint venture between MIT and MIPL, as the joint venture was equity accounted. The acquisition of the remaining 60% interest in the 14 data centres in the US from MIPL was completed on 1 September 2020.
- 4 Upon commencement of the redevelopment works in July 2020, the Kolam Ayer 2 Cluster was renamed after its new address (161, 163 and 165 Kallang Way).
- 5 Includes the book value of the Kolam Ayer 2 Cluster at S\$70.2 million as at 31 March 2019 prior to the commencement of the redevelopment.

### References:

- i. World Economic Outlook Update, International Monetary Fund, January 2022
- ii. Singapore Commercial Credit Bureau, 2Q2022
- iii. The Business Times, Singapore business sentiment moderates slightly in Q2 on global uncertainty: SCCB, 15 March 2022
- iv. CBRE, North America Data Center Trends H2 2021, March 2022

# OPERATIONS REVIEW

## MAPLETREE COMMERCIAL TRUST

Mapletree Commercial Trust (MCT or the Trust) 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 (MBC)
- mTower
- Mapletree Anson
- Bank of America HarbourFront (BOAHF) [Former Bank of America Merrill Lynch HarbourFront (MLHF)]

As at 31 March 2022, the portfolio has a total net lettable area (NLA) of more than 465,000 square metres (sqm), valued at S\$8.8 billion. It contributed S\$394.1 million and S\$70.4 million to the Group's EBIT + SOA<sup>1</sup> and fee income<sup>2</sup> respectively in Financial Year 2021/2022 (FY21/22).

### A YEAR OF SUSTAINED PERFORMANCE

MCT delivered sustained performance despite protracted Covid-19 restrictions for most of FY21/22. Gross revenue and net property income (NPI) increased by 4.3% and 3.1% respectively, lifting income available for distribution by 5.1% to S\$301.2 million. This was driven by higher revenue from all properties except Mapletree Anson due to its transitional vacancy.

Including the release of the balance of S\$15.7 million of retained cash<sup>3</sup> in FY21/22, the total amount available for distribution totalled S\$317.0 million and distribution per unit (DPU) was up 0.4% to 9.53 Singapore cents.

Since its listing on 27 April 2011, MCT's unit price has grown from S\$0.88 to S\$1.89 as at 31 March 2022. Including total distributions paid out since listing, the total return to unitholders was 216.0%.

### PROGRESSIVE RECOVERY AT VIVOCITY

In tandem with gradually easing Covid-19 measures since November 2021, tenant sales at VivoCity have steadily recovered. Q3 FY21/22 tenant sales reached almost 90% of pre-Covid-19 levels while Q4 FY21/22 tenant sales bounced back further to pre-Covid-19 levels. For the full year, tenant sales improved by 15.6% year-on-year (y-o-y), outpacing the rebound in shopper traffic.

MCT continued its efforts to invigorate VivoCity with the introduction of Dyson's largest Demo store in Southeast Asia, new retail concepts including the long-awaited lululemon, as well as revamps and expansions by existing tenants such as adidas, Marks & Spencer, Puma and Timezone. VivoCity ended the financial year with 99.2% committed occupancy and achieved positive rental reversion of 2.5% despite Covid-19 disruptions.

Since the start of the pandemic, MCT has rendered rental rebates amounting to approximately 5.8 months of fixed rent (including property tax rebates and cash grant from the government) to eligible retail tenants. The rental rebates have tapered progressively in FY21/22 as uncertainties associated with Covid-19 moderated.

### RESILIENT OFFICE AND BUSINESS PARK ASSETS

Full year gross revenue from the office and business park assets was up 1.9% y-o-y. This was driven by higher contributions from MBC, mTower and BOAHF.

Through MCT's proactive management, good progress was made in backfilling mTower. Actual occupancy improved to 84.7% (in March 2022) from 75.5% (in March 2021). The majority of mTower's vacancy was due to the negotiated pre-termination of a lease, and the compensation received in Q1 FY21/22 provided more than a year's cover for backfilling.

Mapletree Anson closed its transitional vacancy as it reported full commitment (as at 31 March 2022). MBC reported healthy committed and actual occupancy of 97.3% and 94.0% respectively, while BOAHF continued to enjoy full occupancy throughout FY21/22. The office and business park assets achieved positive rental reversion of 1.7% for FY21/22.

### PROPOSED MERGER WITH MNACT

On 31 December 2021, MCT announced a proposed merger with Mapletree North Asia Commercial Trust (MNACT) to form Mapletree Pan Asia Commercial Trust (MPACT), a flagship commercial REIT positioned to be the proxy to key gateway markets of Asia. The merger will be effected by a trust scheme of arrangement with MCT acquiring all MNACT Units in exchange for Scrip-Only Consideration, Cash-and-Scrip Consideration or Cash-Only Consideration.

Following the merger, MPACT will have an estimated S\$10.5 billion in market capitalisation, making it one of Asia's 10 largest REITs. With assets under management of approximately S\$17.1 billion<sup>4</sup>, MPACT will hold 18 commercial assets in Singapore, China, Hong Kong SAR, Japan and South Korea, with best-in-class assets like Festival Walk, MBC and VivoCity constituting a major portion of MPACT's diversified portfolio.

The proposed merger will deliver benefits on multiple fronts. MCT unitholders will enjoy accretion on DPU (based on pro forma FY21/22) and net asset value (based on pro forma as at 31 March 2022) while gaining from the upside potential of a multiple-geography platform and enhanced financial flexibility. The merger is envisaged to put MCT on a new growth trajectory, with enhanced geographic and tenant diversification as well as reduced single-asset concentration.

To fund the additional cash requirement arising from the Cash-Only Consideration option, there will be a Preferential Offering to MCT unitholders of up to 1,094 million Preferential Offering Units at an Issue Price of S\$2.0039 per Preferential Offering Unit. In support of the Merger, Mapletree Investments Pte Ltd (MIPL) has given an undertaking (the MIPL Undertaking) to subscribe for the Maximum Preferential Offering Units of up to S\$2.2 billion, with a voluntary six-month lock up of its unitholdings in the Merged Entity held through the MIPL Entities following the completion

of the entire transaction (the Sponsor Lock-Up Undertaking).

The MIPL Undertaking and Sponsor Lock-Up Undertaking are in addition to the Sponsor's support of the MCT Manager's waiver of its acquisition fees entitlement under the deed of trust constituting MCT, and its undertaking to receive 100% Scrip-Only Consideration.

At the Extraordinary General Meeting held on 23 May 2022, unitholders approved the proposed merger. The merger is expected to be completed in August 2022.

### SUSTAINABILITY HIGHLIGHTS

MCT continued to make headway into its sustainability efforts during the financial year. On top of the groupwide efforts, MCT has achieved the following in FY21/22:

- All five properties maintained their respective BCA Green Mark certification, with three of them being certified Platinum, the highest accolade in recognition of a building's environmental impact and performance, while the remaining two being certified Green Mark Gold<sup>Plus</sup>;
- Generated more than 1.7 million kilowatt-hours of solar energy in FY21/22, an increase of more than 4% from the previous year;
- Electric vehicle charging points were introduced at VivoCity and MBC; and

- The Green Finance Framework was established to demonstrate MCT's intent to enter into Green Finance Transactions to fund initiatives that would contribute positively to sustainability.

### MARKET REVIEW AND OUTLOOK

According to the Singapore Ministry of Trade and Industry, the Singapore economy grew by 3.7% on a y-o-y basis in the first quarter of 2022, moderating from the 6.1% growth recorded in the previous quarter. On a quarter-on-quarter seasonally adjusted annualised basis, the economy expanded by 0.7%, slower than the 2.3% growth in the previous quarter.

As Singapore decisively eased Covid-19 restrictions towards an endemic new normal, MCT expects this to further benefit the portfolio. However, full recovery could be hampered by global geopolitical uncertainties, as well as hikes in energy prices and interest rates.

MCT continues to focus on healthy portfolio occupancy, sustainable rental income and long-term value creation. Anchored by a well-diversified portfolio with key best-in-class assets and stable cash flows from high quality tenants, MCT remains resilient and is well-positioned to ride through the Covid-19 pandemic and further economic cycles.



VivoCity is Singapore's largest mall, with over 100,000 sqm of NLA.

- 1 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.
- 2 Includes REIT management fees.
- 3 In Q4 FY19/20, MCT made capital allowance claims and retained capital distribution totalling S\$43.7 million to conserve liquidity in view of Covid-19 uncertainty. Of this, S\$28 million and S\$15.7 million were released and included in the distribution to unitholders in FY20/21 and FY21/22 respectively.
- 4 MCT and MNACT's AUM are as at 31 March 2022.

#### Reference:

- i. Ministry of Trade and Industry, Singapore

# OPERATIONS REVIEW

## MAPLETREE NORTH ASIA COMMERCIAL TRUST

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

MNACT's portfolio of 13 properties in China, Hong Kong SAR, Japan and South Korea comprises:

- Festival Walk, a landmark territorial retail mall with an office component, in Hong Kong SAR
- Gateway Plaza, a Grade A office building in Beijing
- Sandhill Plaza, a Grade A business park development situated in Zhangjiang Science City in Pudong, Shanghai
- The Japan Properties, comprising five office buildings in Tokyo, an office building in Yokohama and three office buildings in Chiba
- The Pinnacle Gangnam, a freehold office building located in Gangnam business district, Seoul.

As at 31 March 2022, MNACT's total assets under management was S\$8.3 billion<sup>1</sup>. In Financial Year 2021/2022 (FY21/22), it contributed S\$328.7 million to Mapletree's EBIT + SOA<sup>2</sup>, and S\$56.1 million to fee income<sup>3</sup>.

### STRENGTHENING RESILIENCE

During the year, the MNACT Manager remained focused on strengthening the resilience of MNACT's portfolio by maintaining high occupancy levels with the right mix of viable tenants across its properties through proactive leasing, supporting its tenants through rental reliefs, positioning its assets for the eventual upturn and sourcing for accretive acquisitions to achieve greater diversification.

As at 31 March 2022, a high portfolio occupancy of 97.4% together with a healthy portfolio weighted average lease expiry (WALE) of 2.4 years were achieved. To support tenants at Festival Walk mall, the MNACT Manager granted S\$14.7 million in rental reliefs for the whole of FY21/22, lower than the S\$49.8 million granted in FY20/21, due to increased vaccination rates and improved economic sentiments in Hong Kong SAR. To further diversify the portfolio, the MNACT Manager acquired Hewlett-Packard Japan Headquarters Building (HPB), a high-quality office property located in Tokyo, for S\$483.4 million. The property is on a long-term lease to Hewlett-Packard Japan, adding a stable income stream to MNACT's portfolio.

### IMPROVED FINANCIAL PERFORMANCE

For FY21/22, gross revenue and net property income (NPI) increased by 9% and 10.2%, respectively. This was due to lower rental reliefs for Festival Walk tenants and HPB's contribution, partially offset by lower average rental rates at Festival Walk mall and Gateway Plaza. Distribution per unit for FY21/22 increased by 10.4% to 6.82 Singapore cents, due to the increase in gross revenue and NPI, distribution of Festival Walk's insurance proceeds<sup>4</sup> in excess of the distribution top-ups in FY19/20, and full-year contribution from The Pinnacle Gangnam acquired in FY20/21.

### PRUDENT CAPITAL MANAGEMENT

MNACT maintained a healthy liquidity position with committed and uncommitted undrawn credit facilities amounting to S\$636.1 million. To diversify funding, MNACT issued S\$250 million worth of inaugural perpetual securities to partially fund the acquisition of HPB. Mapletree North Asia Commercial Treasury Company (HKSAR) Limited<sup>5</sup> also fully redeemed S\$75 million of Fixed Rate Notes due 2021 and S\$100 million of Fixed Rate Notes due 2022 through



HPB is located within an eight-minute walk from the Sumiyoshi subway station, which is about a 15-minute train ride from Tokyo Station, the heart of Tokyo's CBD.

loan facility transactions, including three new sustainability-linked loan facilities.

Refinancing borrowings at lower interest cost, together with lower benchmark rates on floating debt, reduced MNACT's effective interest rate from 1.99% per annum in FY20/21 to 1.81% per annum in FY21/22. Consequently, net interest costs decreased by S\$5.2 million, notwithstanding the incremental finance costs on borrowings to fund the acquisitions of The Pinnacle Gangnam and HPB. With higher NPI, the adjusted interest cover ratio on a trailing 12-month basis edged up to 4.3 times as at 31 March 2022. Aggregate leverage ratio remained at 41.5%.

To mitigate the impact of interest rate and foreign exchange volatilities, interest cost on 78% of MNACT's debt had been fixed as at 31 March 2022 and approximately 71% of the expected distributable income for H1 FY22/23 had been hedged into Singapore Dollars.

### ACTIVE ASSET MANAGEMENT

To put Festival Walk in a good stead for growth as the Hong Kong SAR retail market recovers, the MNACT Manager continued to strengthen brand offerings by bringing in popular brands from the food and beverage, lifestyle and services trades as well as rolled out marketing campaigns to encourage repeat spending and increase customer loyalty. As a result of the MNACT Manager's proactive tenant management and leasing approach, occupancy was kept high at 99.6%. Tenants' sales and shopper traffic increased by 8.7% and 11.5%, respectively, compared to last year, largely due to positive consumer sentiment amid a recovering economy, reduced Covid-19 cases and the government's consumption voucher scheme in 2021.

There was sustained demand for MNACT's office portfolio from high-growth sectors such as technology, media and telecommunications (TMT) and biomedical. With active leasing and marketing, Gateway Plaza registered occupancy of 94.3%.

Occupancy was resilient at Sandhill Plaza (98.6%), the Japan Properties (97.7%) and The Pinnacle Gangnam (97.3%).

### PROPOSED MERGER WITH MCT

The MNACT Manager and the Mapletree Commercial Trust (MCT) Manager announced the proposed merger between MCT and MNACT to form Mapletree Pan Asia Commercial Trust, an enlarged Asian-focused flagship commercial REIT with assets under management (AUM) of S\$17.1 billion<sup>6</sup> and portfolio of 18 properties across five key gateway markets in Asia.

The merged entity will create a more resilient and diversified platform, along with greater financial capability and flexibility to ride on the recovery and long-term growth in Asia.

### SUSTAINABILITY HIGHLIGHTS

All nine Japan Properties achieved CASBEE<sup>7</sup> certifications, increasing MNACT's green building certifications from two in FY20/21 to 11 to date. Festival Walk renewed its Final Platinum rating under the Hong Kong Green Building Council's BEAM Plus Existing Buildings V2.0 Comprehensive Scheme for another five years. Sandhill Plaza was awarded the EDGE ADVANCED green building certification<sup>8</sup>.

### MARKET REVIEW AND OUTLOOK

MNACT's markets are expected to benefit from increasing global vaccination rates and reopening of borders, but geopolitical tensions, new Covid-19 variants, increase in energy and commodity prices and rising interest rates will affect the pace of recovery, which will dampen business and consumer spending. For the Hong Kong SAR retail sector, market sentiment and rental rates are expected to improve gradually, with the eventual return of mainland Chinese tourists expected to drive further recovery.

Rents in Beijing's office districts which are nearer to the central business district (CBD) area are expected to be stable in the near term with likely

increases in late 2022 or early 2023. Over the next few years, TMT, finance, media and business services will form the bulk of leasing demand as Beijing opens up its services industry.

For the Shanghai office market, domestic companies from resilient sectors such as medical and TMT will continue to drive leasing demand.

In Greater Tokyo, lower rents in decentralised areas will attract tenants seeking to reduce costs or open satellite offices.

In Seoul, limited supply coupled with growth of the technology and pharmaceutical sectors will strengthen demand for office space.

- 1 Includes MNACT's 50% effective interest in The Pinnacle Gangnam.
- 2 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.
- 3 Includes REIT management fees.
- 4 To mitigate the cash flow impact on distributable income when Festival Walk's mall and office tower were closed with no rental collection, and until such time the loss of revenue was recovered through the insurance claims, the MNACT Manager implemented distribution top-ups, which were paid to MNACT unitholders in Q3 FY19/20 and Q4 FY19/20. The insurance proceeds in excess over the distribution top-ups were distributed to MNACT unitholders as part of the semi-annual distribution for the period 1 October 2021 to 31 March 2022.
- 5 A wholly-owned subsidiary of DBS Trustee Limited (in its capacity as trustee of MNACT).
- 6 MCT and MNACT's AUM are as at 31 March 2022.
- 7 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a widely adopted green certification system in Japan.
- 8 Sandhill Plaza had previously obtained the Certification of Green Building Label (2 Star) issued by China's Ministry of Construction, but the relevant authorities were not able to finalise the renewal framework for the Certification of Green Building Label. Sandhill Plaza subsequently secured the EDGE ADVANCED green building certification developed by IFC, a member of World Bank, with the objective to jumpstart the mainstreaming of green buildings.

#### References:

- i. Colliers International (Hong Kong) Limited, 30 March 2022
- ii. Colliers, Shanghai Business Park, 14 January 2022
- iii. Colliers, Seoul Quarterly, 21 January 2022