

Delivering on our Strategy

In line with our mission to provide Unitholders with competitive total returns, the Manager follows a “Yield + Growth” strategy which focuses on the two key areas of optimising yield on existing assets and augmenting growth through acquisitions or development projects which offer attractive returns. Both areas are underpinned by a prudent risk and capital management approach.

YIELD OPTIMISATION ON EXISTING PORTFOLIO



- > Tailor leasing strategy to meet local market conditions
- > Maintain a well-staggered tenancy profile
- > Maintain a balanced mix of single-user assets and multi-tenanted buildings
- > Improve operational efficiency of properties
- > Optimise returns via asset enhancement and/or redevelopment
- > Selective divestments of low-yielding properties with older specifications

Redevelopment
Mapletree Ouluo
Logistics Centre, China

Divestments
Two properties

s\$70.0m

s\$90.4m

GROWTH VIA ACQUISITIONS & DEVELOPMENT



- > Disciplined acquisitions of quality, well-located assets that add scale and strategic value to the portfolio
- > Offer attractive value propositions to customers in support of their regional expansion plans
- > Supported by a committed Sponsor which has extensive development expertise and regional presence as evidenced by its strong platform of logistics development projects in Asia

Acquisitions
19 modern logistics facilities

s\$1.2b

PRUDENT CAPITAL MANAGEMENT



- > Maintain a strong balance sheet
- > Diversify sources of funding
- > Optimise cost of debt financing
- > Manage exposure to market fluctuations in interest rate and foreign exchange through appropriate hedging strategies

Equity Fund Raising Exercises
Successfully raised

Debt Hedged into
Fixed Rates

Income Hedged
for FY19/20

s\$595.0m

84%

78%

Yield Optimisation

Portfolio rejuvenation through redevelopment or asset enhancement projects is a core component of our strategic focus to build a resilient and future ready portfolio. Keeping a close eye on market developments and the changing needs of our customers, we are constantly reviewing the relevance and positioning of each property. Properties that are no longer relevant to customers' requirements are considered for redevelopment or divestment as a last resort. In FY18/19, we completed Phase 1 of a S\$70 million redevelopment project in China, as well as the divestments of two properties in Singapore for a total sale consideration of S\$90.4 million.

CASE STUDY 1:

Enhancing Value through Redevelopment of Ouluo Logistics Centre in Shanghai, China

MLT embarked on a S\$70 million phased redevelopment of Ouluo Logistics Centre which is located in a prime site close to Shanghai Pudong International Airport. Now renamed as Mapletree Ouluo Logistics Park, the property is being rebuilt into a modern, two-storey ramp-up facility with a 2.4 times increase in gross floor area to 80,700 sqm. Phase 1 of the project commenced in April 2017 and was completed in September 2018, while Phase 2 is slated for completion in March 2020.

Bolstered by its excellent location, Mapletree Ouluo Logistics Park has secured strong leasing demand from both existing and new tenants, including leading third-party logistics providers. Notably, Phase 1 achieved full occupancy immediately upon completion.

Mapletree Ouluo Logistics Park is MLT's fourth redevelopment project, with the Trust having completed three other redevelopment projects in Singapore. This is in line with the Manager's portfolio rejuvenation strategy to upgrade older assets to modern Grade A specifications, thereby raising the portfolio's competitiveness and long-term income growth profile.



Mapletree Ouluo Logistics Park is MLT's first redevelopment project in China

Increase GFA by 2.4x to

80,700 sqm

Prime logistics site

10km to Shanghai Pudong International Airport

CASE STUDY 2:

Building Portfolio Resilience through Selective Divestments

As part of its continuous efforts to improve the quality and protect the rental yield of its portfolio, MLT divested two properties in Singapore, 7 Tai Seng Drive and 531 Bukit Batok Street 23, at a sale consideration of S\$68.0 million and S\$22.4 million, respectively. The divestments free up capital and provide the financial flexibility for MLT to pursue investments of higher-yielding, modern facilities.

Growth via Acquisitions

At MLT, we aim to be the landlord of choice offering quality logistics space and connectivity for tenants who are looking to expand regionally. In line with this focus, we are actively on the lookout to acquire quality, well-located logistics assets that are within close proximity to key transportation nodes and population centres.

In FY18/19, we completed five acquisitions comprising 19 modern logistics facilities in China, Singapore, Australia, South Korea and Vietnam with a total value of S\$1.2 billion. The addition of these properties has not only deepened MLT's presence in our core markets, but also strengthened the portfolio's quality and growth potential.

CASE STUDY 1:
Strengthening Presence in China, a Fast Growing Logistics Market

In June 2018, MLT completed the acquisition of a 50% interest in 11 well-located Grade A logistics properties in China from the Sponsor, Mapletree Investments Pte Ltd, at an aggregate agreed property value of RMB2,846.8 million (S\$575.3m). The acquisition has doubled MLT's net lettable area ("NLA") to 843,150 sqm in China, a market where rising domestic consumption and growing e-commerce are driving strong demand for warehouses and distribution centres.

The 11 properties are new, modern Grade A logistics facilities developed by the Sponsor and located near highways, railway stations, airports and/or sea or river ports in three geographic clusters – East China, Midwest China, and North China. Given the low supply of Grade A warehouses in China¹ on a per capita basis, the properties with their modern specifications and favourable locations are poised to capture the growing demand for Grade A warehouses. With a tenant base comprising mainly of e-commerce or third party logistics companies, the acquisition also raised MLT's e-commerce revenue exposure in China from 18% to 42%.

Increases MLT's e-commerce revenue exposure in China to

42%
from 18%

Doubles MLT's NLA in China to

843,150 sqm



Mapletree Fengdong (Xi'an) Industrial Park, China



Cross-docks at Mapletree Jiaxing Logistics Park, China, a design feature that facilitates faster warehouse throughput



Mapletree Wuxi New District Logistics Park, China

Note:
¹ Source: Colliers International (Hong Kong) Ltd.

CASE STUDY 2:**Propelling MLT to be a Leading Provider of Modern Warehouse Space in Singapore**

In September 2018, MLT acquired a S\$775.9 million² portfolio of five modern, ramp-up logistics properties in Singapore. The acquisition increased MLT's Singapore portfolio gross floor area by almost 20% to 1.9 million sqm and propelled the Trust to be one of the largest modern specifications warehouse space provider in Singapore, a global logistics hub.

The five properties are purpose-built with Grade A logistics specifications, including floor loading of 20 to 50 KiloNewton per square metre and floor-to-ceiling height of 9 to 14 metres. Three of the properties, namely 4 Pandan Avenue, 52 Tanjong Penjuru and 38 Tanjong Penjuru, are located in a chemical zone and can be used for chemical cargo storage, while 6 Fishery Port Road is located in a food zone and equipped with cold storage facilities. The supply of such specialised warehouses is limited as they require licensing and are only allowed to operate in approved zones.

"This acquisition will strengthen MLT's position as one of the largest modern specs warehouse space providers in Singapore, enabling us to benefit from Singapore's continued growth as a global logistics hub."



4 Pandan Avenue, Singapore



5A Toh Guan Road East, one of the five acquired properties, is located adjacent to Mapletree Logistics Hub, Toh Guan in Singapore

Note:

² Includes the upfront land premium for the balance lease terms paid to JTC of S\$45.9 million.