# Sustained growth and returns

Performance

## PORTFOLIO ANALYSIS AND REVIEW

### Portfolio Highlights

**183**
Number of Properties

**7.8M sqm**
Total Net Lettable Area

**7.9M sqm**
Total Gross Floor Area

**96.7%**
Portfolio Occupancy

**S$13.1B**
Total Assets Under Management

**47%**
Gross Revenue from Multi-Location Customers

**1.7M sqm**
Leases Renewed or Replaced, representing a success rate of 94%

The figures, charts and tables presented in this section set out the salient information on MLT's portfolio as at 31 March 2022.

**Extensive Geographic Network across Asia Pacific**

Staying true to its mandate, the Manager of MLT continues to build a resilient and future-ready portfolio that meets the growing demand from local and international customers seeking high-quality logistics spaces in key logistics hubs.

MLT's extensive portfolio presents customers with a variety of regional leasing solutions to support their business and expansion needs in multiple locations, allowing the Trust to attract new customers and retain existing customers in a competitive market.

In FY21/22, the Manager announced the acquisitions of 23 properties valued at S$1.9 billion to deepen MLT's network and strengthen its competitiveness. As at 31 March 2022, 20 of these acquisitions had been completed[1]. This brings MLT's portfolio to a total of 183 well-located quality properties in nine geographic markets in Asia Pacific: Singapore, Australia, China, Hong Kong SAR, India, Japan, Malaysia, South Korea and Vietnam.

**Portfolio Rejuvenation through Quality Acquisitions**

In FY21/22, the Manager completed the acquisitions of 20 properties valued at S$1.8 billion, adding approximately 1.4 million square metres ("sqm") of net lettable area ("NLA") to MLT's portfolio, increasing the total NLA by 21.0% to 7.8 million sqm.

**Note:**

1 The acquisition of Mapletree (Yuyao) Logistics Park was completed on 1 April 2022.
The acquisition of Baeksa Logistics Centre was completed on 8 April 2022.
The acquisition of the two industrial land parcels is pending completion as of 31 March 2022.

# … through quality asset management



Located in seven of nine MLT operating markets – Singapore, Australia, Malaysia, South Korea, Japan, China and Vietnam, the new additions are mostly modern Grade A logistics properties sited in major logistics hubs with excellent connectivity to transport infrastructure and population catchment areas.

Through the acquisitions, the Manager has further diversified MLT's customer base to include new quality customers such as Decathlon while expanding MLT's customer relationships with fast growing regional third-party logistics service providers such as S.F Express and Best, which are now ranked amongst MLT's top ten customers.

### Geographical Breakdown by Net Lettable Area ("NLA")

| | Properties | % |
|---|---|---|
| Singapore | 53 | **22.9** |
| Australia | 13 | **4.5** |
| China | 42 | **36.1** |
| Hong Kong SAR | 9 | **4.7** |
| India | 2 | **1.1** |
| Japan | 19 | **7.4** |
| Malaysia | 16 | **8.4** |
| South Korea | 19 | **7.7** |
| Vietnam | 10 | **7.2** |
| **Total** | **183** | |

## Acquisitions in FY21/22

| Property | Country | Agreed Property Value | Acquisition Completion Date |
|---|---|---|---|
| 9 Changi South Street 2[1] | Singapore | S$24.5 million[2] | 15 December 2021 |
| 5-17 Leslie Road & 6-10 Pipe Road | Australia | AUD$42.8 million (S$42.3 million)[3] | 23 November 2021 |
| Mapletree Logistics Hub – Tanjung Pelepas[4] | Malaysia | MYR404.8 million (S$129.9 million)[5] | 14 February 2022 |
| Yeoju Logistics Centre | South Korea | KRW135 billion (S$155.3 million)[6] | 19 November 2021 |
| Kuwana Centre | Japan | JPY35,000 million (S$420.8 million)[7] | 16 December 2021 |
| Portfolio of 16 logistics properties (13 in China and 3 in Vietnam)[8] | China / Vietnam | S$1,002.2 million[9, 10] | 12 China properties were completed on 20 January 2022 and Mapletree (Yuyao) Logistics Park was completed on 1 April 2022.<br>The 3 Vietnam properties were completed on 26 January 2022. |
| 2 parcels of leasehold industrial properties | Malaysia | MYR65.6 million (S$21.2 million)[11] | By September 2022 |
| Baeksa Logistics Centre | South Korea | KRW88.5 billion (S$98.8 million)[12] | 8 April 2022 |

1 The Manager was granted an option to purchase ("OTP"), subject to JTC's approval, to acquire the property from RSH Holdings Pte Ltd on 9 July 2021. The approval from JTC was subsequently obtained and the OTP was exercised on 2 December 2021.

2 The property was valued by an independent valuer, Savills Valuation and Professional Services Pte Ltd, at S$24.6 million based on the income capitalisation, discounted cash flow analysis and direct comparison methods.

3 The property was acquired from Perpetual Corporate Trust Limited and was valued by an independent valuer, Knight Frank Valuation & Advisory Victoria, at A$43.0 million based on the capitalisation and discounted cash flow methods.

4 The property was acquired via an asset-backed securitisation structure from Trinity Bliss Sdn. Bhd., a company indirectly owned by Mapletree Investments Pte Ltd and Itochu Corporation in the proportion of 80.0% and 20.0% respectively.

5 The property was independently valued by Knight Frank Malaysia Sdn Bhd (commissioned by the Trustee) and First Pacific Valuers Property Consultants Sdn Bhd (commissioned by the Manager) at MYR405.0 million and MYR410.0 million respectively. Knight Frank Malaysia Sdn Bhd relied on the discounted cash flow and comparison methods and First Pacific Valuers Property Consultants Sdn Bhd relied on the direct capitalisation and cost methods.

6 The property was acquired from YNP No.2 Professional Investors Private Real Estate Investment Company, and was valued by an independent valuer, MatePlus Appraisal, at KRW139.6 billion based on the market comparison and discounted cash flow methods.

7 The property was acquired from TMK Hanamizuki Holdings and was valued by an independent valuer, JLL Morii Valuation & Advisory K.K, at JPY35,600 million, based on the discounted cash flow and direct capitalisation methods.

8 The properties were acquired from Mapletree Investments Pte Ltd's subsidiaries as well as a subsidiary of Itochu Corporation.

9 The agreed property value represents 100.0% interest in the 13 China properties. The properties were independently valued by Knight Frank Petty Limited (commissioned by the Trustee) and Beijing Colliers International Real Estate Valuation Co., Ltd (commissioned by the Manager) at RMB4,162.0 million and RMB4,131.0 million respectively. Knight Frank Petty Limited relied on the discounted cash flow analysis and cross-checked by sales comparison approach and Beijing Colliers International Real Estate Valuation Co., Ltd relied on the discounted cash flow and capitalisation methods.

10 The agreed property value represents 100.0% interest in the three Vietnam properties. The properties were independently valued by Cushman & Wakefield (Vietnam) Ltd (commissioned by the Trustee) and VAS Valuation Co., Ltd in association with CBRE (Vietnam) (commissioned by the Manager) at USD97.0 million and USD96.7 million respectively. Cushman & Wakefield (Vietnam) Ltd relied on the discounted cash flow approach and income capitalisation approach as applied approach, and direct comparison approach as reference approach and VAS Valuation Co., Ltd relied on the capitalisation approach, discounted cash flow analysis and direct comparison approach.

11 The properties were acquired from Sheng Loong Enterprises Sdn Bhd and Privileged Achievement Sdn Bhd which are owned by the same shareholders and operate under the same management team. The properties were valued by an independent valuer, First Pacific Valuers Property Consultants Sdn Bhd, at MYR67.9 million based on the residual method as the primary valuation method, supported by the comparison method of valuation.

12 The property was acquired from Smart Logistics Co., Ltd and was valued by an independent valuer, Chestertons Research Co., Ltd., at KRW91.5 billion based on the market comparison and discounted cash flow methods.

# PORTFOLIO ANALYSIS AND REVIEW

**Well-diversified and Quality Customer Base**
At the end of March 2022, MLT had a well-diversified customer base of 840 customers, a significant increase from over 700 customers in the year-ago period, which provides enhanced income diversity to the portfolio. The increase was largely due to the addition of 84 new customers arising from the acquisition of 20 properties in FY21/22.

As at 31 March 2022, approximately 74% of MLT's customer trade sectors are geared towards consumer-related industries. This is reflected in the representation from MLT's top three sectors: F&B (21% of revenue); Consumer Staples (20%); and Electronics & IT (11%). Amidst the pandemic, MLT's consumer-centric profile has underpinned the REIT's resilience as demand for essential goods continued to thrive despite the uncertainties.

MLT's assets continued to attract demand from a wide spectrum of industries. Among the new leases signed in FY21/22, approximately 74% cater to the consumer sectors. The top three trade sectors of new demand were Consumer Staples, Electronics & IT and F&B.

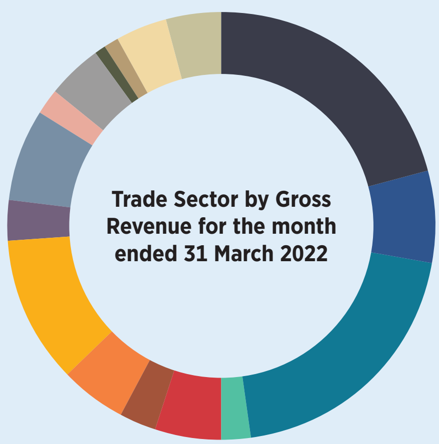
MLT's top 10 customers include reputable multinational companies such as CWT, Coles Group, Equinix, JD.com, Cainiao and Woolsworth. In FY21/22, MLT's top 10 customers accounted for approximately 24.2% of total gross revenue, with no single customer accounting for more than 6.3%. Alleviating the risk of rental default, the weighted average security deposits for the portfolio is approximately 3.7 months of rental income.

**Proactive Leasing Strategy**
At MLT, the Manager adopts a customer-centric and proactive approach to build strong customer relationships and drive long-term value. The Manager has embedded a culture of being "the first to know" of its customers' evolving business needs through constant dialogue and interaction. The asset management and marketing teams aim to provide flexible, customised leasing solutions to address customers' differing priorities and challenges that will create mutual benefits for all. The insights gained will also help the Manager to identify changing trends in the industry and formulate strategic decisions that contribute to the long-term success of MLT.

Through these efforts, portfolio occupancy was maintained at a healthy level of 96.7% as at 31 March 2022, while tenant retention rate was 68%. During the year, the Manager secured 334 new and renewal leases (excluding forward renewals) comprising 1.7 million sqm net lettable area ("NLA'). This represents a success rate of 94%. These leases have a weighted average lease term of 2.2 years (by revenue) and accounted for 24.5% of gross revenue for the month of March 2022.

MLT's portfolio achieved an overall weighted average positive rental reversion of 2.5% in FY21/22, with individual market rental reversions ranging from 1.2% to 5.0% across the nine operating markets.

**Diversified Customer Trade Sectors**




| | |
|---|---|
| F&B | 21% |
| Fashion, Apparel & Cosmetics | 7% |
| Consumer Staples | 20% |
| Furniture & Furnishings | 2% |
| Automobiles | 5% |
| Healthcare | 3% |
| Retail | 5% |
| Electronics & IT | 11% |
| Others | 3% |
| Materials, Construction & Engineering | 7% |
| Oil, Gas, Energy & Marine | 2% |
| Chemicals | 4% |
| Document Storage | 1% |
| Commercial Printing | 1% |
| Information Communication Technology | 4% |
| Commodities | 4% |

**Top 10 Customers**

| | | |
|---|---|---|
| 1 | CWT | 6.3% |
| 2 | Coles Group | 3.1% |
| 3 | Equinix | 2.9% |
| 4 | S.F. Express Co., Ltd | 2.6% |
| 5 | JD.com, Inc. | 2.3% |
| 6 | Cainiao | 1.8% |
| 7 | Woolworths | 1.4% |
| 8 | Bidvest Group | 1.3% |
| 9 | Best | 1.3% |
| 10 | J&T | 1.2% |

**Robust Occupancy Levels**

| | | |
|---|---|---|
| 1 | Singapore | 97.8% |
| 2 | Australia | 100.0% |
| 3 | China | 93.1% |
| 4 | Hong Kong SAR | 99.9% |
| 5 | India | 100.0% |
| 6 | Japan | 98.4% |
| 7 | Malaysia | 99.1% |
| 8 | South Korea | 98.2% |
| 9 | Vietnam | 100.0% |
| | **Portfolio** | **96.7%** |

**Stable Lease Structure and Profile**

The Manager seeks to optimise the mix of multi-tenanted buildings ("MTBs") and single-user assets ("SUAs") in MLT's portfolio through active asset and lease management. SUAs are leased to single tenants under typically long lease periods which provide stability and income visibility to MLT's portfolio. In comparison, MTBs have multiple tenants on shorter lease periods, allowing MLT to capture rental upside in a buoyant leasing market.

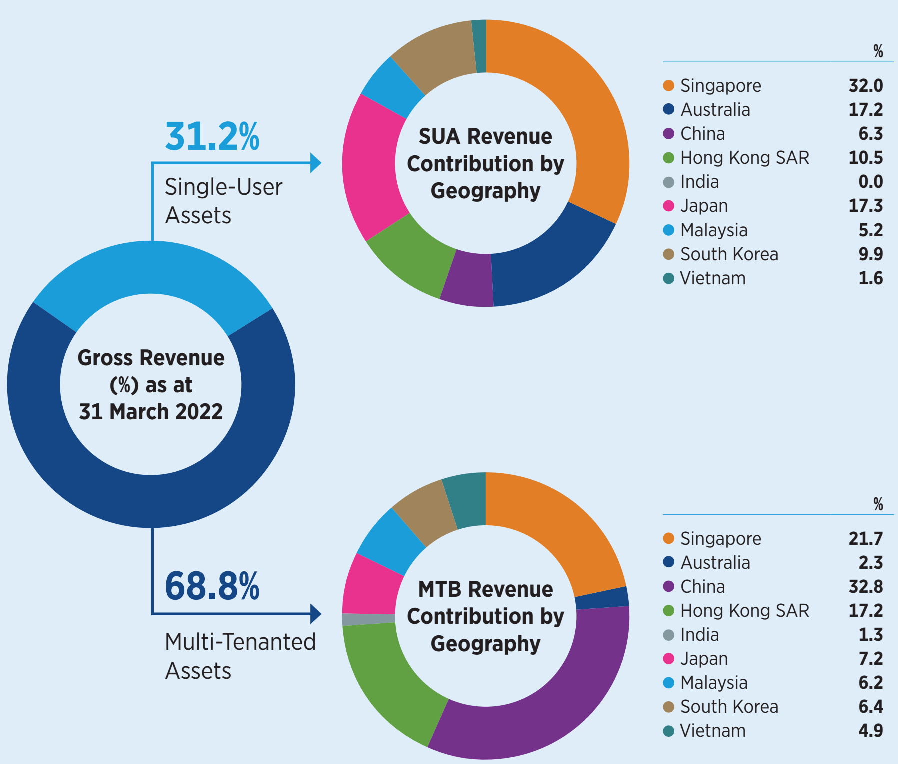
SUAs contributed to 31.2% of total gross revenue in FY21/22, with the top three market contributors being Singapore (32.0%), Japan (17.3%) and Australia (17.2%). Out of 14 SUA leases due to expire during the year, 13 were renewed while the remaining SUA lease was converted to an MTB lease. MTBs comprised 68.8% of total gross revenue with the top three market contributors being China (32.8%), Singapore (21.7%) and Hong Kong SAR (17.2%).

The Manager also actively manages MLT's portfolio lease expiry profile to avoid concentration of SUA lease expiries in any given year. This is to minimise the impact of transitional leasing downtime from conversion of SUA leases to MTB leases and the associated impact it may have on MLT's distributions. In the coming FY22/23, leases for 29.9% of MLT's NLA are due for expiry, of which 5.3% relate to leases for SUAs and the remaining 24.6% being leases for MTBs.

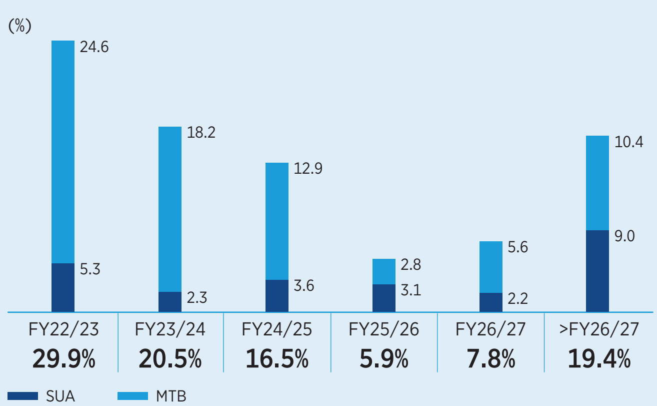
The Manager continues to ensure that MLT has a well-staggered lease expiry profile. As at 31 March 2022, MLT's portfolio had a weighted average lease expiry ("WALE") (by NLA) of about 3.5 years. The portfolio WALE (by revenue) was approximately 3.3 years.

The portfolio WALE based on the date of commencement of the leases[2] was 3.1 years by revenue and 3.3 years by NLA.

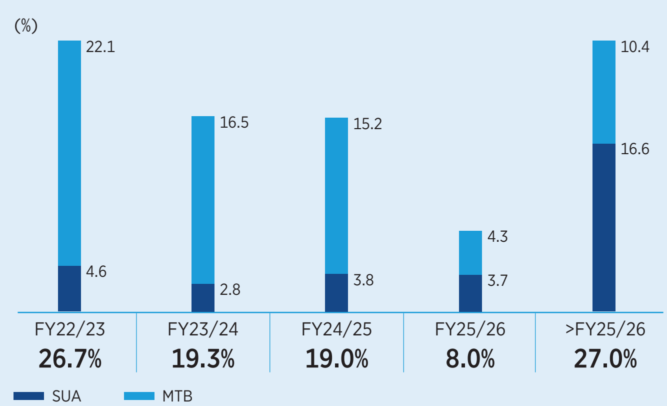
**SUA vs. MTB Breakdown (by Gross Revenue)**




**Lease Expiry Profile – SUA vs MTB Breakdown (by NLA)**




**Lease Expiry Profile – SUA vs MTB Breakdown (by Gross Revenue)**




**Note:**

2 Excluding fit-out periods and forward renewals.

# PORTFOLIO ANALYSIS AND REVIEW

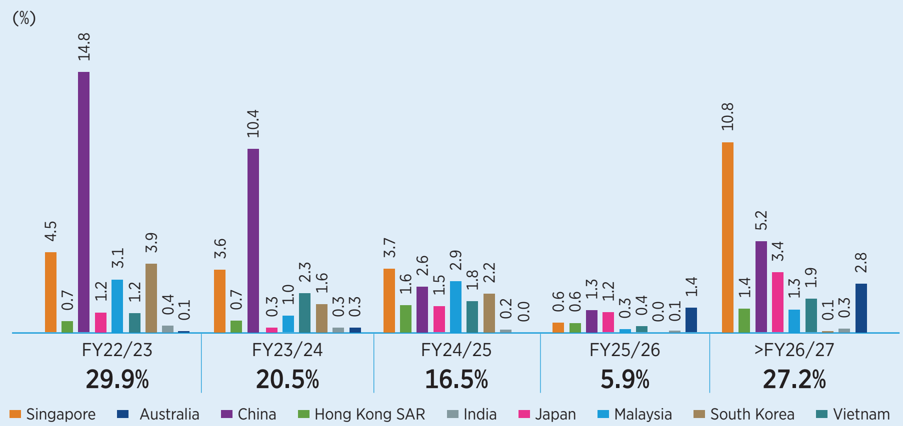
**Portfolio Valuation**
Globally, heightened investor interest in the logistics sector has increased competition for well-located quality logistics properties. Consequently, market valuations of logistics properties, especially modern and well-located properties, continued to rise, compressing capitalisation rates for logistics assets. For instance, capitalisation rates for Australian logistics assets have narrowed to 3.50% - 6.75% as of 31 March 2022, from 4.50% - 7.25% in the year-ago period; whilst capitalisation rates for Chinese logistics assets have tightened to 4.25% - 6.00% from 4.50% - 6.50% as of 31 March 2021. While the tightening of capitalisation rates has made the search for DPU-accretive acquisitions more challenging, the Manager continues to be supported by strong sourcing networks and guided by its disciplined investment evaluation framework.

As at 31 March 2022, MLT's assets under management was S$13.1 billion, S$2.3 billion or 21.1% higher compared to S$10.8 billion in the year-ago period. The higher value was primarily due to S$1.8 billion in acquisitions and capital expenditure, and S$572.3 million net appreciation in investment properties attributable mainly to properties in Australia, Hong Kong SAR and China. The net appreciation in investment properties is a reflection of rental growth and capitalisation rate compression, testament to the attractiveness of logistics properties to both occupiers and investors.

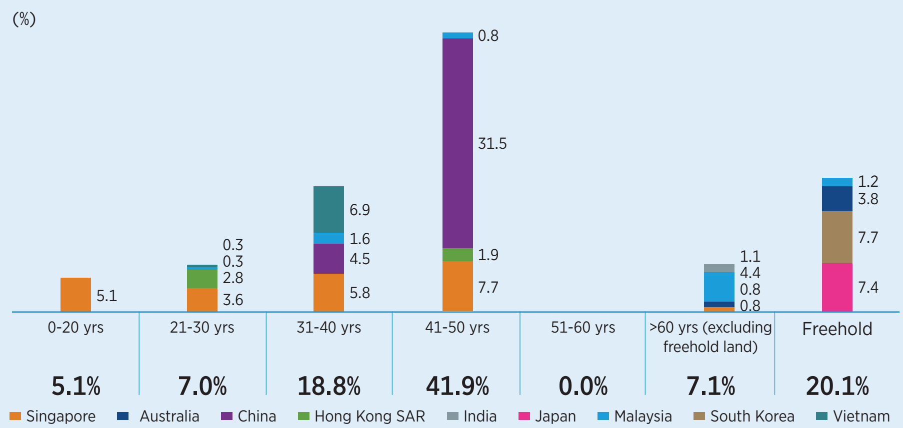
For more details on the movement in valuation of the investment properties, please refer to pages 178 to 220.

The WALE of the underlying leasehold land (excluding freehold land) was approximately 43.2 years. Freehold land accounted for approximately 20.1% and 29.4% of the portfolio's NLA and asset value respectively.

**Lease Expiry Profile – Geographical Breakdown (by NLA)**




**Land Lease Expiry Profile (by NLA and Geographic Market)**




**Land Lease Expiry Profile (by Asset Value and Geographic Market)**