Message from the Chairman and CEO

Our performance in FY20/21 reaffirmed the fundamental strengths of the logistics sector and the resilience of our portfolio.

From Left
Ms Ng Kiat
Executive Director and CEO

Mr Lee Chong Kwee
Non-Executive Chairman and Director

Dear Unitholders,

FY20/21 started off on an ominous note. The COVID-19 pandemic was making its impact felt across the globe, upending daily lives and disrupting economic activities. Exacerbated by continuing geopolitical tensions and trade conflicts, the widespread disruptions brought on by COVID-19 weighed heavily on businesses and economies globally.

Amidst the challenging environment, our top priority was to ensure the health, safety and wellbeing of our employees and tenants. Drawing on our business continuity plans and technology infrastructure, we transitioned quickly to remote working with minimal disruption to daily operations. We rapidly rolled out safe management measures across our workplaces and facilities, while at the same time worked closely with tenants to provide targeted support where needed.

Thankfully, the logistics industry has proved to be resilient. The majority of our tenants are engaged in providing essential services and continued to operate throughout the period. Despite a difficult economic environment, leasing demand for quality and well-located warehouse space held firm, buttressed by resilient demand from the consumer staple and healthcare sectors and robust e-commerce growth.

Notably, the pandemic has highlighted the importance of a diversified and quality portfolio. Our portfolio of over 160 properties across eight geographical markets (with a ninth market added towards the financial year-end) stood us well in these trying times, enabling MLT to deliver another year of sustained growth in financial results and stable operational performance.

Riding on Fundamental Strengths

Our performance in FY20/21 reaffirmed the fundamental strengths of the logistics sector and the resilience of our portfolio.

Gross revenue increased 14.3% year-on-year to S$561.1 million while net property income rose 13.8% to S$499.1 million. The improved performance was primarily due to higher revenue from existing properties, contributions from accretive acquisitions completed over the past 24 months, as well as maiden contribution from Mapletree Ouluo Logistics Park Phase 2 redevelopment which was completed in May 2020. This was partly offset by rental rebates granted to tenants who were impacted by COVID-19 and the absence of contributions from six properties divested in FY19/20.

Accordingly, distributable income rose 10.4% year-on-year to S$333.1 million, while distribution per unit was 2.3%

higher at 8.326 cents, after accounting for an enlarged unit base.

Based on MLT's closing unit price of S$1.93 on 31 March 2021, this translates to a FY20/21 total return of 27.4%, comprising a distribution yield of 5.3% and capital appreciation of 22.1%[1]. We are also pleased to report that MLT was included as a constituent of the widely followed MSCI Singapore Index in May 2020. The index inclusion has enhanced MLT's visibility to global investors and improved the trading liquidity of our units.

At the close of the period, our investment portfolio was valued at S$10.8 billion, an increase of S$1.9 billion from the prior year. The higher value was largely due to approximately S$1.6 billion in acquisitions and capital expenditure. The investment portfolio also enjoyed a valuation uplift of S$184.4 million, demonstrating the resilience of our portfolio as well as strong investor demand for logistics assets. Consequently, net asset value per unit of MLT rose 9.9% year-on-year to S$1.33.

Navigating through COVID-19

At MLT, we adopt a customer-centric approach to build strong tenant relationships and drive long-term value. We have embedded a culture of "be the first to know" within MLT and are in constant dialogue with our tenants to understand their dynamic business requirements and changing industry trends. This serves to foster long-term relationships and keep us relevant to their business.

In the difficult and uncertain operating environment, our top priority was to work alongside and support those tenants most affected by the pandemic, which form a small part of our tenant base. We provided various support and relief measures, including rental rebates, deferrals and other flexible leasing solutions to help them tide over the challenging times.

By the close of FY20/21, all deferred rents have been collected. Average rent collection for FY20/21 was approximately 99.3%, a testament to the credit quality of our tenant base and the resilience of the logistics sector.

MLT's portfolio has achieved consistently stable operating metrics throughout the year. We secured 267 new and renewal leases amounting to 1.2 million square metres ("sqm") of net lettable area, representing a success rate of 96%. Occupancy rate was sustained at above 95% across all nine geographical markets, and we closed the year with a healthy portfolio occupancy rate of 97.5%. The weighted average lease to expiry was approximately 3.6 years.

Strengthening Portfolio Resilience

A key plank of our growth strategy is to expand MLT's regional footprint and build scale in key logistics hubs through selective acquisitions of quality logistics properties. This is to strengthen MLT's pan Asia Pacific network, which provides a unique and compelling competitive advantage. It enables MLT to offer our tenants a variety of regional leasing solutions across multiple locations to support their expansion plans.

A growing network also enables MLT to capture attractive market opportunities in the region driven by favorable demand-supply dynamics. These include rising urbanisation, consumption growth and a limited supply of Grade A warehouse space. Additionally, the COVID-19 pandemic has accelerated several pre-existing structural trends benefitting the logistics market, including higher e-commerce adoption and a greater emphasis on supply chain resiliency.

> **Our objective to build a resilient and future-ready portfolio also entails a constant review of the relevance and positioning of each property.**

In line with our growth strategy, we announced the acquisitions of 19 modern logistics properties in Australia, China, Japan, India, Malaysia, South Korea and Vietnam this financial year, of which 18 were completed by March 2021. We also acquired the remaining 50% interest in 15 logistics properties in China. In aggregate, these acquisitions have a combined value of S$1.7 billion.

These properties will add 1.6 million sqm of modern logistics space to our portfolio, deepening MLT's footprint in six existing markets, while establishing presence in a new market – India. Located within major logistics clusters in the respective markets, these properties are built to high quality building specifications catering to the modern requirements of third-party logistics firms and e-commerce tenants. In addition, they add new quality customers or end-users such as Decathlon and Coupang, while expanding MLT's customer relationships with e-commerce giants JD.com and Cainiao, now ranked amongst MLT's top ten customers.

Notes:

1 Based on closing unit price of S$1.58 on 31 March 2020 and S$1.93 on 31 March 2021.

Message from the Chairman and CEO

Throughout FY20/21, MLT's balance sheet remained robust with a strong liquidity position.

Our objective to build a resilient and future-ready portfolio also entails a constant review of the relevance and positioning of each property. This is to identify opportunities for asset enhancement or redevelopment so as to maintain our competitive edge and optimise portfolio returns.

A case in point is the recently completed S$70 million two-phased redevelopment of Mapletree Ouluo Logistics Park in Shanghai, China. We had identified the value proposition of the property given its prime location and redeveloped the property into a modern two-storey ramp-up facility with a 2.4 times increase in gross floor area to 80,700 sqm. Located close to Shanghai Pudong International Airport, the property has attracted strong leasing demand from third-party logistics players. Despite the ongoing pandemic, Phase 2 was fully leased within three months after completion.

Maintaining Capital Strength

Throughout FY20/21, MLT's balance sheet remained robust with a strong liquidity position. This was achieved through a prudent and disciplined approach to capital and risk management.

During the year, we tapped the equity markets to raise gross proceeds of S$644.1 million through a private placement and a preferential offering. Drawing strong participation from existing and new investors, the private placement and preferential offering were 5.5 times and 1.8 times covered respectively, bearing testament to investors' confidence in MLT. Proceeds from the equity raising were deployed to partially fund the acquisitions in China, Malaysia and Vietnam.

On 15 March 2021, we announced the issuance of JPY9.5 billion (S$117 million) nine-year medium term notes under our S$3 billion Euro Medium Term Securities Programme. The proceeds raised were applied towards general corporate purposes including refinancing of existing borrowings of MLT.

As at 31 March 2021, our aggregate leverage ratio was 38.4%. This is considerably lower than the aggregate leverage limit of 50% set by the Monetary Authority of Singapore, providing us with ample debt headroom to pursue growth opportunities. Our weighted average debt maturity is 3.8 years, with only S$161 million or 4% of total debt due for refinancing in FY21/22. With almost S$700 million in available committed credit facilities, we are well-positioned to meet maturing debt obligations.

With operations in nine geographical markets, we continue to implement measures to mitigate the impact of foreign exchange and interest rate fluctuations on distributions. Approximately 75% of total debt is hedged into fixed rates, while about 79% of income stream for the next 12 months has been hedged into Singapore dollars.

Engaging Stakeholders

Cognisant that information is vital during a crisis, we stepped up our communication with investors and Unitholders to provide updates on the impact of COVID-19 on our business in a timely and transparent manner. Inevitably, such communications had to be conducted virtually in view of travel restrictions and social distancing measures.

As the COVID-19 situation abated in second half of 2020, the extraordinary general meeting on 23 November 2020 was conducted in a hybrid format. The hybrid format allows for either in-person attendance, albeit with a limit of 30 Unitholders, or attendance via virtual means with a live chat function for Q&A, thus facilitating interaction between the Board of Directors, management and Unitholders.

On 9 January 2020, the Singapore Exchange ("SGX") announced that quarterly reporting would no longer be required for most SGX-listed companies, including MLT. In our endeavor to ensure an uninterrupted flow of financial and business updates

Mapletree Chengdu Qingbaijiang Logistics Park to our stakeholders, we have elected to continue quarterly reporting.

Growing Sustainably

As a responsible corporate citizen, we believe that businesses can be a powerful force for good, making good ethical and sustainable business decisions to create long-term value for all stakeholders.

We continue to uphold high standards of corporate governance, reduce our environmental impact, engage stakeholders and contribute to the communities in which we operate. On this front, we made good progress in advancing our objectives, details of which are outlined in our Sustainability Report on pages 146 to 172 in this annual report. We would like to highlight several achievements made during the period under review.

We realised an important step in sustainable finance with our first S$200 million green loan to exclusively finance or refinance eligible green projects such as green buildings, renewable energy initiatives and programmes to enhance energy efficiency.

We reduced energy intensity by 2.0% year-on-year[2], and set long-term target to achieve 20% energy intensity reduction in Singapore and Hong Kong SAR by 2030, from FY18/19 baseline.

We expanded our solar generating capacity by 22.9% year-on-year with three new installations in Singapore and Australia, and set long-term target to double our solar generating capacity by 2030, from FY20/21 baseline.

Positioning for Growth

The International Monetary Fund forecasts the Asia Pacific economies to rebound sharply with 7.6% growth in 2021, following a contraction of 1.5% in 2020[3]. However, there remains a high degree of uncertainty over the pace of economic recovery especially in view of recent resurgence in infections and new COVID-19 mutations.

Nevertheless, we are positive on the longer term outlook for the logistics market in Asia Pacific. Our view is based on the observation that COVID-19 has accelerated several pre-existing structural trends that have and will likely continue to benefit the logistics sector.

Industry watchers estimate that a decade of e-commerce adoption has been compressed into three months. The accelerated adoption of e-commerce continues to underpin demand for MLT's logistics facilities, especially in markets where quality assets are scarce. Demand for warehousing space has also been bolstered by strategic shifts to build greater supply chain resiliency as businesses adopt a China Plus One or Just-in-Case approach.

In November 2020, member countries of the Association of Southeast Asian Nations and five regional partners signed the Regional Comprehensive Economic Partnership ("RCEP"). This is the largest free trade agreement in history, uniting 15 countries with more than 2.2 billion people and covering 30% of global trade. This positions us well as seven of our nine markets are covered under the RCEP agreement which is expected to boost trade and increase demand for modern logistics and warehousing space.

On balance, we believe that the benefits of structural changes in our industry should help to mitigate the negative impact of any near-term economic weakness. We believe our quality portfolio and strong regional network will continue to demonstrate resilience through this uncertain period and position us well to capture growth opportunities in the years ahead.

Acknowledgements

We would like to thank the Board of Directors for their vision, stewardship and invaluable advice as we navigated through an unprecedented year.

On behalf of the Board, we would also like to thank our management and employees for their contributions over the past year. Our strong performance would not have been possible without the commitment and tenacity of our talented teams.

Last but not least, we would like to extend our heartfelt appreciation to our Unitholders, tenants and business partners for their unwavering support and loyalty. As we continue to build on MLT's strengths and deliver sustainable value to our stakeholders, we look forward to your continued support in the year ahead.

Lee Chong Kwee
Non-Executive Chairman and Director

Ng Kiat
Executive Director and CEO

Notes:

2 Based on the consumption data for the common areas in MLT's multi-tenanted buildings in Singapore, Hong Kong SAR, Vietnam, China and Malaysia where the Manager has operational control. Single-user assets where the Manager does not have operational control are excluded.

3 International Monetary Fund, World Economic Outlook, April 2021.