(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 July 2004 (as amended))

ANNOUNCEMENT

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING ON 20 JULY 2023

Mapletree Logistics Trust Management Ltd., as manager (the "**Manager**" or "**MLTM**") of Mapletree Logistics Trust ("**MLT**"), wishes to thank all Unitholders of MLT who have submitted their questions in advance of the 14th Annual General Meeting of MLT, which will be held at 20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439 and by way of electronic means on 20 July 2022, 2.30 p.m. (Singapore Time).

The Appendix sets out the Manager's responses to the substantial and relevant questions received from Unitholders. Where questions overlap or are closely related, they have been grouped together for Unitholders' easy reference and reading.

By Order of the Board
Wan Kwong Weng
Joint Company Secretary
Mapletree Logistics Trust Management Ltd.
(Company Registration No. 200500947N)
As Manager of Mapletree Logistics Trust

19 July 2023

APPENDIX

1.	**Any impact from China's economic weakness on the REIT's China properties?** **<u>Response</u>** China's logistics market faced pressure in 2022 due to weakened demand from businesses and consumers resulting from the Covid-19 situation and related restrictions prevailing then, as well as increased supply of warehousing space. The leasing market in Tier 2 cities is comparatively more challenging due to new supply resulting in increased competition and rent pressure, while Tier 1 cities remain resilient given a more balanced supply/demand situation. Since its reopening early this year, China's economic recovery has been weaker than expected. In view of the economic uncertainty, tenants in China continue to adopt a cautious approach, with slower decision-making and a preference for shorter leases. Through proactive marketing and leasing efforts, the portfolio occupancy rate of MLT's China portfolio was kept stable. As at 31 March 2023, MLT's portfolio of 43 assets in China achieved an occupancy rate of 93.4%, above the country's average occupancy rate of 84.9%[1], and slightly above the 93.1% in the previous year. Our portfolio of well-located, modern logistics assets continues to provide a competitive advantage in a challenging leasing environment. We will remain focused on maintaining stable occupancy, while targeting new tenants in more resilient and high-growth sectors such as biotechnology, new energy and materials, and high-tech manufacturing. While China's recovery may be bumpy in the near term, the government is expected to step up stimulus measures to support growth. The long-term fundamentals of the Chinese logistics sector continue to be compelling, underpinned by rising urbanisation and growing domestic consumption.
2.	**Can the REIT provide additional insight into the ground sentiment in China and Hong Kong SAR? How does the Manager perceive the pace of recovery in these two markets, which together account for approximately 39% of the REIT's revenue in FY22/23?** **<u>Response</u>** With regard to China, please see response to Question 1 above. With regard to Hong Kong SAR, the market held up well in FY22/23 amid headwinds from the pandemic and macroeconomic uncertainty, supported by limited new supply. Overall warehouse occupancy remained high with only a 2.9% vacancy rate in 1Q 2023, while warehouse rents were 3% higher compared to a year ago[2]. Looking ahead, warehouse rents are projected to remain broadly stable in 2023, with the market likely to resume growth from 2024 onwards when new warehouse completions are gradually taken up[2]. For MLT, our portfolio of nine properties continued to deliver a stable performance in FY22/23, maintaining a high occupancy throughout the year and ending at 99.3% as at 31 March 2023.
3.	**How does the Manager foresee the supply chain challenges in major Asia Pacific markets impacting MLT and how are you preparing your assets/network to better cope with the disruptions?**

[1] Independent Market Research Report by Cushman & Wakefield, April 2023.
[2] Independent Market Research Report by Savills Research & Consultancy, April 2023.

	Response Heightened geopolitical uncertainty and the pandemic in recent years have prompted businesses to diversify their supply chains across geographies. We have also seen a shift in manufacturing models from “just-in-time” to “just-in-case”, where companies keep larger inventories on hand to reduce the risk of business disruptions. MLT is poised to benefit from the reconfiguration of supply chains as businesses diversify their supply networks to build resiliency. Southeast Asia has emerged as an attractive market for businesses looking for an alternative manufacturing base. Within our markets, Vietnam, Malaysia and India are prime beneficiaries of this trend. With our extensive network of properties across nine markets, MLT is well-positioned to serve the evolving needs of our customers. We will continue to strengthen our portfolio with the addition of well-located, modern logistics facilities to capitalise on the growing demand.
4.	**How does the Manager view India as a growth market? What strategies will the REIT pursue to capitalise on the shifting supply chain trends towards countries beyond China, particularly in India and Vietnam** **Response** As explained in the response to Question 3 above, the logistics business in Vietnam and India is expected to benefit from the structural trend of supply chain reconfiguration. Our properties in Vietnam, located in the core distribution and manufacturing hubs near Hanoi in the north and Ho Chi Minh City in the south, have seen healthy demand from MNC manufacturers looking to diversify their supply chains. In India, our properties are located in Pune, an established warehousing centre that has attracted many MNCs from high-tech engineering and automobile industries. In addition to being attractive manufacturing centres, both Vietnam and India have large growing consumer markets and rapidly developing e-commerce, which support domestic consumption and in turn demand for logistics space. We will continue to seek out acquisition opportunities to deepen our presence in Vietnam and India. We are open to acquisitions from third parties or the Sponsor. Currently, the Sponsor has a pipeline of projects in Vietnam and India with a total gross floor area of approximately 6.6 million sqft. MLT does not have a ROFR on these projects. When these projects are completed and stabilised, and should the Sponsor decide to sell, the Sponsor will usually offer them to MLT.
5.	**Given the recent tension between China and South Korea and Japan, do you foresee any impact on the logistics industry and consequently the bottom line of acquired properties in Japan and South Korea in the near future?** **Response** We do not foresee geopolitical tensions significantly affecting our properties in Japan and South Korea. Our tenants in both markets are mostly engaged in sectors catering to domestic consumption.
6.	**Any upcoming acquisitions or divestments?** **Response** As part of our portfolio rejuvenation plan, we are on a constant lookout for acquisition opportunities of good quality, well-located properties to deepen MLT’s network connectivity and competitive positioning. Mindful of the high interest rate environment, we remain disciplined and our

	evaluation criteria for acquisitions include considerations such as expected DPU accretion, strategic fit and any value creation opportunities. We also continue to selectively divest assets with older specifications and limited redevelopment potential, and re-deploy the capital into investments of modern assets with higher growth potential. We have identified several properties in our portfolio for divestment, of which three were completed in the last six months and we have accordingly made the appropriate SGXnet announcements. At the same time, we continually seek to identify asset enhancement or redevelopment opportunities to add value to our existing portfolio. Our ongoing projects include: • the redevelopment of 51 Benoi, Singapore into a modern ramp-up facility, and • the amalgamation of two newly acquired land parcels with MLT's existing assets to create the first modern mega logistics facility in Subang Jaya, Malaysia.
7.	• **Last year, foreign exchange rates had a negative impact on financial data (revenue, income, etc). How can the Manager better manage/hedge currency to lessen this impact?** • **With the Singapore Dollar strengthening, will it affect DPU in the next few quarters?** • **While the Manager actively hedges foreign-sourced income for short-term considerations, could the Manager provide their perspective on long-term currency trends? Additionally, what guidance has the Board provided to the Manager regarding net capital investments in foreign markets? Does a strong Singapore Dollar diminish the attractiveness, and the returns, of investing foreign markets?** **Response** During FY22/23, seven out of eight regional currencies which MLT's operations have exposure to had depreciated against the Singapore Dollar. In particular, the Chinese Yuan, Japanese Yen, South Korean Won and Australian Dollar depreciated by between approximately 7% to 15% against the Singapore Dollar. As over 70% of our gross revenues are derived from the regional markets, the weakness of regional currencies will inevitably have a negative impact on MLT's distributable income. The impact was mitigated by our proactive hedging strategy which includes the use of foreign currency forward contracts to hedge the foreign-sourced income into Singapore Dollar. With the Singapore Dollar continuing to hold strong vis-a-vis its regional currencies, MLT's financial performance in the near term will still be subject to the negative effects of weak regional currencies. In determining the hedging strategy for MLT Group, the Board and Management team will deliberate the matter at the regular board meetings and as and when necessary, taking into account historical volatility of the currencies, hedging cost, certainty of repatriation amount and timing for the various currencies. Our investment decisions are premised on the long-term fundamentals of the respective markets. We believe a diversified portfolio, as opposed to a Singapore-centric portfolio, is advantageous to enable us to capture the growth opportunities in the region, while enhancing the resilience and stability of MLT's performance. We will continue to adopt a disciplined and consistent hedging strategy to mitigate the impact of currency volatility on our distributions. We enter into foreign currency forward contracts progressively with higher percentage in the coming 12 months, and lower percentage in later years. As at 31 March 2023, approximately 77% of MLT's income stream in the next 12 months has been hedged into or will be derived directly in Singapore Dollar.

8.	**As 80% of the REIT's assets are located outside of Singapore, could the Manager provide further insights to help unitholders better understand the strategies and framework implemented to manage foreign currency risks, particularly regarding net foreign investments so as to mitigate translation losses? To what extent has the REIT implemented natural hedging to address these risks?** **<u>Response</u>** The weaker regional currencies have resulted in a translation loss of S$757.9 million for MLT's investment property portfolio as the value of assets that are denominated in regional currencies have been translated into Singapore Dollar, which negates the revaluation gain of S$224.2 million. The translation impact on the net asset value ("NAV") basis is mitigated through the various hedging strategies that the Manager adopts, including the use of foreign currency denominated borrowings to match the currency of the underlying assets as a natural hedge, where feasible, after taking into account cost, tax and other considerations; as well as the use of cross currency swaps to swap a portion of debt in another currency into the currency of the underlying assets. While we try to borrow more foreign currency to provide a natural hedge, we are constrained by MLT's overall gearing limit. Within this gearing limit, we will provide more natural hedge for foreign currencies.
9.	**Could the REIT manager provide further elaboration on its perspective regarding interest rates? How does the current high interest rate environment impact the REIT's investment criteria and the pace of acquisition?** **<u>Response</u>** With central banks still focused on bringing down inflation, interest rates will likely remain elevated in the near term. Higher borrowing costs have a direct impact on our distributable income. To cushion this impact, we continue to implement a proactive and disciplined hedging strategy and maintain diverse sources of funding to procure competitive rates. We hedge our interest rate exposure through interest rate swaps, by issuing fixed rate medium-term notes, or by drawing loans on a fixed rate basis. 84% of our total debt was hedged into fixed rates as at 31 March 2023 with average hedge duration of 3.7 years. At 84% hedge ratio, for every 25 bps increase in base rate, DPU will reduce by 0.04 SGD cents per annum. The environment of rising interest rates makes it more challenging to identify DPU-accretive acquisition targets. We will remain disciplined in pursuing opportunities and continue to adhere to stringent investment criteria in our evaluation, including strategic fit, yield accretion, property specifications and tenant covenant strength. We will also consider investment opportunities that offer the potential for redevelopment or asset enhancement initiatives to create greater value.
10.	**What is the business outlook for the new financial year (FY23/24)?** **<u>Response</u>** On the leasing front, our tenants are likely to remain cautious and resistant to rent increase given the muted economic outlook. That said, our portfolio of well-located, modern assets is expected to remain resilient with stable occupancy. On the capital management front, high borrowing costs and weak regional currencies continue to impact MLT's distributable income. We will maintain focus on adopting a proactive hedging strategy to mitigate the impact.

On the asset management and investment front, we continue to pursue our “Yield + Growth” strategy which includes selective divestments, opportunistic acquisitions and strategic asset enhancement initiatives to optimise yield and augment growth. We remain committed to creating sustainable long-term value for our Unitholders through the various stages of the economic cycle.

11. **Any comments on the stagnating share price?**

<u>Response</u>
Over the past year, concerns about rising interest rates, increased recession risk and high inflation have weighed on global stock markets. Notably, expectations that interest rates could remain higher for longer caused the share price of yield-sensitive stocks such as S-REITs to lag broader market indices like the Straits Times Index (“STI”).

In FY22/23 (1 April 2022 to 31 March 2023), MLT outperformed the FTSE Straits Times Real Estate Investment Trust Index (“FSTREI”) but underperformed the STI. For the year-to-date period (1 January 2023 to 14 July 2023) and since its listing (28 July 2005 to 14 July 2023), MLT outperformed both the FSTREI and the STI (please refer to the table below).

We continue to execute on our “Yield + Growth” strategy and strive to continue delivering stable and consistent returns to Unitholders over the long term.

	FY22/23 (1 Apr 22 to 31 Mar 23)		**Year-to-date (1 Jan 23 to 14 Jul 23)**		**Since listing (28 Jul 05 to 14 Jul 23)**	
	Price Return	**Total Return[1]**	**Price Return**	**Total Return[1]**	**Price Return**	**Total Return[1]**
MLT	-7.6%	-2.7%	8.2%	9.8%	152.9%[2]	340.4%[2]
STI	-4.4%	-0.4%	-0.1%	2.5%	42.5%	114.2%
FSTREI	-14.2%	-8.7%	0.5%	4.0%	-2.3%	90.7%

Source: MLTM, Bloomberg
[1] Assume dividends are not reinvested.
[2] Based on MLT’s IPO issue price of S$0.68.

12.
- **Could the AC provide additional information to help unitholders better understand its involvement in the development of the internal audit plan? Specifically, what insights and guidance did the AC provide to enhance the effectiveness of the internal audit?**
- **What level of ownership and oversight does the AC have regarding the actions taken to address the recommendations?**
- **What is the size of the IA team? Does the IA have local teams situated in other key cities**

<u>Response</u>
The AC provides guidance on the business processes or areas to be prioritised under the annual audit plan, ensures that the internal audit function is adequately resourced and possesses the right competencies to execute the plan, and that it is appropriately positioned in the organization to carry out its activities independently. In its terms of reference, the AC has the responsibility to ensure that internal control recommendations are implemented on a timely basis.

The AC Chair also meets the IA function quarterly to discuss any pertinent audit matters. Due to the evolving risk landscape, the plan is reviewed regularly and adjusted where necessary.

The IA team comprises 16 staff headquartered in Singapore. IA team is complemented by two reputable global auditing/ consulting firms that support its delivery of projects across all its operating markets and provide local knowledge and subject-matter experts where necessary.

13.	**Have any existing tenants defaulted on payment?** **<u>Response</u>** While the challenging economic environment has led to slower collection from some tenants, our level of arrears remains stable at below 3% of annualised gross revenue as of March 2023, which is in line with past years. Our asset management team monitors tenants' credit worthiness on an ongoing basis and our Credit Control Committee conducts regular reviews of debtor balances. To further mitigate credit risks, security deposits in the form of cash or banker's guarantees are collected from prospective tenants prior to the commencement of leases.
14.	• **Will dividend payments be maintained at 4 times per year?** • **What percentage of your profits do you distribute to shareholders, and is there any plan to increase the percentage?** **<u>Response</u>** MLT's distribution policy is to distribute at least 90% of its distributable income. We had been distributing 100% in the past on a quarterly basis and we expect to continue this in the future.