LETTER TO **UNITHOLDERS**

Left
SAMUEL TSIEN
Non-Executive Chairman and Director

Right
SHARON LIM
Executive Director and Chief Executive Officer

Dear Unitholders,

MPACT's operational fundamentals, anchored by the enduring strength of our Singapore portfolio, has remained resilient despite challenges faced by the broader REIT industry.

Throughout FY23/24, the operating landscape was marred by geopolitical tensions, high energy costs, and unrelenting inflationary pressures, compounded by global economic instability. The US Federal Reserve's aggressive monetary tightening, with 11 consecutive rate hikes since 2022, has pushed interest rates to their highest levels in over two decades, ushering REITs into an era of elevated financing costs. Moreover, the appreciating SGD adversely affected REITs with overseas investments, impacting their earnings and asset values when translated back to SGD.

Steadfast Today

Our FY23/24 gross revenue and NPI rose 16.0% and 15.2% yoy respectively, reaching S$958.1 million and S$727.9 million. This performance was driven by the strong showing of our Singapore assets and the full-year contribution from the merger with MNACT, completed on 21 July 2022.

Our Singapore portfolio continued to deliver growth, contributing S$18.7 million higher NPI after fully weathering increased utility expenses. The merger with MNACT also added to the higher gross revenue and NPI. However, the strengthening SGD against HKD, RMB and JPY partially offset these gains. On a constant currency basis, the growth in gross revenue and NPI would have been more pronounced at 17.5% and 16.6%, respectively.

For FY23/24, the amount available for distribution to Unitholders reached S$468.6 million, up 5.2% yoy. While NPI growth contributed positively, it was eroded by higher finance costs, resulting in a DPU of 8.91 Singapore cents for the year.

Our unit price was disproportionately impacted by higher interest rates and the market's risk aversion to certain geographies, closing at S$1.28 on 31 March 2024. Nevertheless, our long-term journey towards growth remains resolute – since listing at S$0.88 and including the total distributions of 107.60 Singapore cents per unit to date, our total return to Unitholders stands at 167.7%.

Singapore, the Cornerstone of MPACT

At the heart of MPACT lies our Singapore portfolio, anchored by flagship assets, VivoCity and MBC.

VivoCity's performance has surpassed expectations in its post-COVID recovery. FY23/24 tenant sales reached new heights, exceeding the previous year's record at close to S$1.1 billion. Our commitment to VivoCity's excellence has driven a series of value-adding AEI and thoughtful reconfigurations over the years.

One success was the transformation of a portion of the Level 1 space previously occupied by TANGS into a vibrant retail zone. This capitalised on an escalator node introduced in 2018, creating a seamless shopper journey from the basement levels upwards. The enhanced flow of shoppers allowed us to repurpose part of the department store area into a higher-yielding retail space, now featuring a curated mix of F&B

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options and an elevated beauty and fragrance cluster. The rejuvenation of TANGS, following an optimisation of its footprint, complemented this transformation. Since its phased opening in May 2023, this AEI has infused VivoCity with renewed vitality and generated over 20% of return on investment.[1]

Our renewal efforts extended further as we reimagined a Level 1 F&B cluster, expanding VivoCity's culinary offerings, adding a cosy indoor seating area and improving shopfront visibility. This initiative, completed in 3Q FY23/24, has a return on investment exceeding 20%.[2]

In parallel, VivoCity welcomed new retailers and expansions by existing tenants. Notably, Tim Hortons, the celebrated Canadian coffee house, chose VivoCity for its Singapore debut. Existing tenants, including Aesop and Aureus Academy, also expanded their footprints. These additions and expansions not only enrich VivoCity's retail tapestry but also underscore its allure as a destination mall. By the end of FY23/24, VivoCity was fully committed and achieved a 14.0% rental uplift.

MBC likewise achieved positive results. Despite shifts in workspace requirements, Google reaffirmed its commitment to MBC, having renewed a majority of its lease space over the past two financial years, with only one-fifth up for expiry in FY24/25. During this financial year, Google optimised its space and renewed half of its remaining leased area ahead of schedule. This renewal cemented Google's position as MPACT's top tenant, contributing 6.0% to our portfolio gross rental income. MBC concluded the year with 96.0% committed occupancy and a 6.7% rental uplift.

Our other Singapore properties also accomplished commendable achievements. mTower's committed occupancy climbed from 88.0% two years ago to 91.6% last financial year, reaching 96.6% by the close of FY23/24. Meanwhile, Bank of America HarbourFront ("BOAHF") maintained full occupancy, and Mapletree Anson extended its streak of full commitment. Collectively, these three Singapore assets recorded an impressive rental uplift of 7.1%.

Overseas Assets Navigated Headwinds with Resilience

Our overseas assets have navigated market headwinds with resilience. Making their inaugural full-year contribution post-merger, these assets however encountered negative currency translation impact from a stronger SGD. For our assets in Greater China, this was set against a backdrop of slower-than-anticipated economic recovery despite the vast lifting of COVID-19 restrictions early in 2023.

Festival Walk in Hong Kong adapted to market shifts. However, its full recovery was affected by a surge in cross-border consumption following the reopening of the territory's border with mainland China. Despite this challenge, the mall achieved stable yoy shopper traffic and tenant sales. By the end of FY23/24, Festival Walk recorded close-to-full committed occupancy and continued to see improvements in rental reversion from the previous years.

To enhance Festival Walk's appeal to locals, we are actively reshaping its tenant mix and intensifying marketing efforts, creatively utilising its ice rink and cinema to host unique events and celebrity appearances to draw a strong footfall. While the resurgence of outbound travel in Hong Kong has dampened a stronger recovery, this effect may lessen over time as the novelty wears off and cross-border consumption becomes less attractive from a foreign exchange perspective. Drawing insights from VivoCity's successes, we aim to replicate similar achievements at Festival Walk, with a keen focus on local preferences. With these strategies, we strive to reinforce the mall's position as a premier destination in Kowloon Tong in the long run.

Our China assets navigated a demanding landscape characterised by soft leasing demand and increased supply post-COVID. To tackle this, leasing efforts were directed at preserving occupancy to safeguard rental income. Resulting from these efforts, both Gateway Plaza in Beijing and Sandhill Plaza in Shanghai overcame heightened competition and outperformed the market. By the end of FY23/24, the China properties achieved a combined 87.5% committed occupancy. While market conditions in China, particularly Shanghai, remain dynamic in the near term, we are cautiously confident that our proactive management approach will enable us to overcome the bumps ahead.

1 Based on revenue on a stabilised basis and capital expenditure of approximately S$10 million.
2 Based on revenue on a stabilised basis and capital expenditure of approximately S$0.9 million.

Our Japan portfolio of nine properties posted 97.9% committed occupancy as at 31 March 2024. Within this portfolio, three properties are located in Makuhari, Chiba, and they contribute approximately 6% of the portfolio's gross rental income. In view of the market softness in Makuhari, we will step up leasing efforts and implement targeted strategies to mitigate occupancy impact and minimise downtime arising from lease expirations at mBAY POINT Makuhari ("MBP") and SII Makuhari Building ("SMB").[1]

In South Korea, The Pinnacle Gangnam continued to thrive, benefiting from favourable market dynamics marked by limited supply. This advantage enabled it to close the year with an impressive 99.1% committed occupancy and 39.0% rental uplift. We will continue to capitalise on this market advantage to drive the property's performance.

Safeguarding Our Financial Foundations

MPACT's approach to capital management is diligently anchored in prudence, designed to enhance financial flexibility and mitigate the effects of interest rate and foreign exchange fluctuations, all while keeping costs at reasonable levels.

Throughout FY23/24, we executed targeted swaps of HKD loans into CNH, significantly reducing the HKD component of MPACT's debt from 30% to 23%, while raising the CNH component from 0.3% to 7%. This adjustment better synchronised our debt mix against the composition of our AUM, mitigating risk and extracting interest rate advantages.

In March 2024, we issued S$200 million of 10-year fixed rate senior green notes under the Euro Medium Term Securities Programme. This issuance was primarily aimed at boosting long-term stability through its extended maturity. By the close of FY23/24, our debt maturity profile remained well-staggered, with no single financial year facing more than 21% of debt refinancing. The average term to maturity of debt was 3.0 years.

To help insulate us from interest rate and foreign exchange volatilities, 77.1% of the total gross debt of S$6.8 billion was in fixed rate debt or fixed through interest rate swaps, and about 93% of MPACT's distributable income (based on rolling four quarters) was derived from or hedged into SGD as at 31 March 2024. We also had approximately S$1.5 billion of cash and undrawn committed facilities, ensuring sufficient liquidity for working capital and financial obligations.

MPACT's portfolio property valuation as at 31 March 2024 was S$16.5 billion, reflecting yoy stability. Central to this steadiness was our Singapore portfolio, which posted a valuation increase of S$239.0 million or 2.7% over the last year. This was largely fuelled by VivoCity which has continued to perform well.

Although our overseas portfolio recorded a valuation decline, this was largely resulted from the strengthening SGD. The operational impact on the valuation decline of the overseas assets was S$40.3 million, representing only a minor portion of the total variance. This was mostly due to revised market expectations for China and specific adjustments for SMB, Japan, which is being converted into a multi-tenanted building. Consequently, net asset value per Unit was S$1.75.

At FY23/24 end, MPACT's aggregate leverage was 40.5%, lower than a year ago. The weighted average all-in cost of debt for the year was 3.35% per annum, alongside an adjusted ICR of approximately 2.9 times on a 12-month trailing basis.

Looking ahead, the trajectory of our financing costs hinges on the broader interest rate environment. Even with potential rate cuts by the Fed, there will be some inherent delay before we can observe an inflection point for financing costs. Swift and more significant rate cuts would be necessary to counter the higher costs of replacing the older fixed-rate debts and interest rate swaps.

MPACT's approach to capital management is diligently anchored in prudence, designed to enhance financial flexibility and mitigate the effects of interest rate and foreign exchange fluctuations, all while keeping costs at reasonable levels.

[1] Refers to the lease expirations of NTT Urban Development at MBP on 31 March 2024 and Seiko Instrument Inc. at SMB on 30 June 2024.

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Strategic Divestment for Greater Resilience and Agility

In light of today's market dynamics, one priority is to bolster MPACT's financial resilience and agility. As such, after the close of FY23/24, we initiated the divestment of Mapletree Anson, one of our non-core office assets in Singapore.

Finalised at a divestment consideration of S$775.0 million, this divestment secures a gain of S$10.0 million over Mapletree Anson's latest independent valuation[1] and a premium of S$95.0 million to its acquisition price.[2] Far from deviating from our expressed emphasis on Singapore, this divestment is a calculated move aimed at optimising financial returns for Unitholders while recalibrating our financial structure for future manoeuvres.

Our portfolio management strategy continues to be dynamic and adaptable, with Singapore at the forefront of our investment initiatives as we endeavour to deepen our footprint across Asia's key gateway markets in the long run.

Slated for completion in July 2024, the net divestment proceeds of approximately S$762 million[3] will be allocated towards debt reduction. This is expected to lower our aggregate leverage to 37.6%[4] and improve our ICR to 3.3 times on a pro forma basis. Crucially, this transaction is expected to deliver approximately 1.5% accretion to DPU (for FY23/24 on a pro forma basis).[5]

With the expansion of debt headroom from S$3.2 billion (as at 31 March 2024) to approximately S$3.9 billion on a pro forma basis,[6] MPACT will be favourably positioned to safeguard and potentially enhance unitholder value in the future. It strengthens our fundamentals to pursue an overarching strategy to optimise our portfolio mix and fortify our financial base.

Following this divestment, our Singapore assets will remain the bedrock of our portfolio, contributing a substantial 58% and 53% to MPACT's NPI[7] and AUM,[8] respectively. Notwithstanding marginal adjustments in the proportion of Singapore assets, Singapore's role remains unaltered. Our portfolio management strategy continues to be dynamic and adaptable, with Singapore at the forefront of our investment initiatives as we endeavour to deepen our footprint across Asia's key gateway markets in the long run.

Advancing Towards a Sustainable Future

We have continued to make strides in our journey towards achieving net zero by 2050. This year, our efforts were recognised with a five-star rating in the 2023 GRESB Real Estate Assessment.[9] Achieving this highest possible rating, alongside our consistent "A" rating in the GRESB Public Disclosure, exemplifies our dedication to environmental stewardship and corporate transparency.

Another notable achievement was the substantial enhancement of our solar generation capacity. With additional solar panels installed at MBC and VivoCity, we increased our total solar generation capability by over 50% to 3,729 kWp. This initiative enabled us to produce 4,111 MWh of solar energy during FY23/24, equivalent to powering Mapletree Anson for an entire year.

Our efforts in greening our properties have gained international recognition, with three of our properties receiving prestigious LEED® certifications during the year.[10] These achievements mark a significant milestone as MPACT's entire portfolio is now fully green-certified. This status not only underscores our environmental commitment but also enhances our ability to tap on sustainability-related financing for future projects.

1 Conducted by CBRE Pte. Ltd. in connection with the annual independent valuation of all properties owned by MPACT and its subsidiaries as at 31 March 2024.
2 Based on the original purchase price of S$680.0 million when the property was acquired on 4 February 2013.
3 After accounting for transaction costs and the transfer of tenants' security deposits.
4 Assumes that the divestment was completed on 31 March 2024, and approximately S$762 million of net proceeds were used to repay loans.
5 Assumes that the divestment was completed on 1 April 2023 and approximately S$762 million of net proceeds were used to repay loans.
6 Based on an aggregate leverage limit of 50% as permitted under Appendix 6 of the Code on Collective Investment Schemes ("Property Funds Appendix") issued by the MAS.
7 Based on FY23/24 NPI (including contribution from The Pinnacle Gangnam).
8 Based on the independent valuations of the properties as at 31 March 2024 (including MPACT's 50% effective interest in The Pinnacle Gangnam).
9 GRESB is an independent organisation that validates ESG performances and benchmarks for real estate companies globally.
10 Gateway Plaza and Sandhill Plaza in China both secured Platinum LEED® v4.1 Building Operations and Maintenance ("O+M") certifications, while The Pinnacle Gangnam in South Korea earned a Gold certification for LEED® v4 Building O+M.

As we press forward, we remain unwavering in our dedication to navigating the challenges of today while positioning MPACT for a brighter tomorrow. With your continued trust and support, we are confident of our ability to weather the uncertainties and emerge stronger.

We encourage all stakeholders to review our Sustainability Report FY23/24 to gain insights on our concerted efforts towards ESG excellence. As we continue this journey, we look forward to collaborating with all our stakeholders to forge a sustainable future.

Brighter Tomorrow

Looking at the path ahead, it is apparent that the key themes shaping the current landscape are likely to persist in the near term, although some respite may come from potential rate cuts.

We are acutely aware of the tasks that lay before us. While China faces near-term headwinds, our assets have outperformed the market, and we maintain our belief in the country's long-term potential as a key economic force in Asia. In Hong Kong, we will evolve with the market and ride on clearer recovery when the trend of cross-border travelling stabilises. Our Makuhari assets are undergoing tenancy shifts, which we will address with dexterity. Amidst these challenges, our Singapore portfolio has shown remarkable resilience and we will continue to reinforce it as the cornerstone of MPACT's stability.

Beyond our ongoing asset management efforts, we are committed to seizing suitable opportunities as they emerge. The divestment of Mapletree Anson represents a strategic first step in this direction.

At this year's upcoming AGM, we will be seeking Unitholders' approval for a unit buyback mandate. This proposal reflects our belief in the intrinsic value of our portfolio and our dedication to safeguarding Unitholders' interests and delivering value.

As we press forward, we remain unwavering in our dedication to navigating the challenges of today while positioning MPACT for a brighter tomorrow. With your continued trust and support, we are confident of our ability to weather the uncertainties and emerge stronger.

Acknowledgements

MPACT's journey thus far has been the result of teamwork and dedication. We would like to express our gratitude to our fellow Directors for their valuable insights and guidance. Our deepest appreciation goes to Mr Premod Thomas for his devoted service as he stepped down from the Board after fully serving nine years as an Independent Director.

Finally, we are immensely grateful to our Unitholders, tenants, shoppers and partners, as well as our colleagues. Your support and hard work have been instrumental in making our achievements possible.

SAMUEL TSIEN
Non-Executive Chairman and Director

SHARON LIM
Executive Director and
Chief Executive Officer