

MAPLETREE'S LEADING PRESENCE IN MALAYSIA AND VIETNAM



Ms Ng Kiat
Regional CEO,
Logistics Development
APAC, Mapletree

The emerging Asia markets are becoming increasingly attractive to institutional investors seeking to diversify their portfolios as they present strong, risk-adjusted returns. With the logistics sector in the region benefitting from favourable secular trends, Mapletree aims to solidify our leading presence by tapping on our core competencies and proven track record.

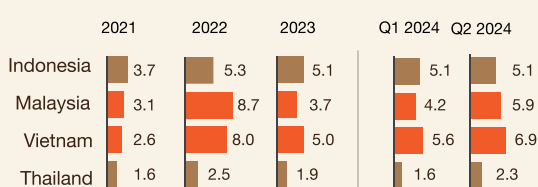
Macro Monitor

Capitalising on Economic Resilience

The emerging Asia markets have demonstrated resilient economic growth against a backdrop of global macroeconomic headwinds, with a gross domestic product (GDP) forecasted to outperform the markets in developed Asia. Driven by the region's burgeoning population, rapid urbanisation, strong domestic consumption and developing digital landscape, these markets have reinforced themselves as a viable alternative for businesses looking to diversify their manufacturing and supply chains amid rising costs and heightened geopolitical risks.

The markets in emerging Asia are also increasingly favoured as part of a "China Plus One" strategy, and countries such as Malaysia and Vietnam have emerged as bright spots for investors. With a GDP growth of 6.9% in Q2 2024, Vietnam continued to be the region's top performing economy, with Malaysia coming in third at 5.9%. Economic expansion of both countries was underpinned by robust increase in exports and strengthened domestic demand – which in turn paved the way for accelerated logistics and industrial development.

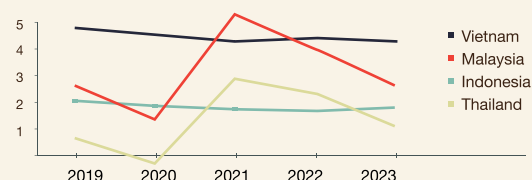
Real GDP growth rate vs previous period (%)



Source: McKinsey & Company

Boosted by robust economic fundamentals, availability of skilled labour from its 17 million strong workforce and supportive government initiatives, Malaysia's foreign direct investment (FDI) increased by MYR16.2b (~US\$3.78b¹) in Q2 2024, greater than the MYR12b (~US\$2.8b) achieved in the first quarter, with the services and high-tech manufacturing sectors benefitting the most. Through supportive government initiatives and policies, Vietnam has witnessed an influx of global businesses and technology giants relocating to the country, contributing to the expansion of its logistics sector. Total FDI reached US\$15.2b in the first half of 2024, an increase of 13.1% over the same period last year.

High FDI inflow as % of GDP



Source: JLL

These two markets thus present compelling investment opportunities for investors looking to diversify their portfolios.

¹ MYR = 0.233345 USD

²Overall supply represents total warehouse supply from 3 submarkets (Klang Valley, Johor Bahru and Penang), based on data from CBRE | WTW Research & Consulting

³As at 31 March 2024, and includes total development costs for pipeline development projects

Real Views - Malaysia

Rising Logistics Powerhouse

Key demand drivers underpinning Malaysia's burgeoning logistics industry include the growth of e-commerce, where CBRE estimates the number of users to increase from 15.6 million in 2022 to 19.6 million in 2026. As a result, this would require an additional 4.2m sqft of warehouse space. Malaysia's increasing attractiveness as a manufacturing and regional distribution hub has also spurred demand for Grade A warehouses, as occupiers prioritise operational efficiency enhancements over increased space acquisitions.

There is a significantly lower prime logistics space per capita in Malaysia, which results in inherent room for growth to meet rising demand and progression to quality warehouses from aged stock. Overall supply of logistics space stands at 84.1m sqft, of which only 17% or 14.6m sqft is of Grade A quality² and the shortage of quality international and domestic developers contributes to the limited supply.

As the largest modern logistics owner in the country, Mapletree has scaled up its logistics portfolio to an assets under management (AUM) of ~US\$1.9b³ since entering the market in 2006, meaningfully increasing its development activity in line with the growth of its logistics tenants. With the completion of its current development pipeline projects over the medium term, Mapletree aims to manage a portfolio of approximately 2m sqm.

The Group is currently focused on the Klang Valley submarket and is also exploring opportunities in Johor Bahru and Penang, which have reached an average occupancy rate of 97.6% for quality, high-specification warehouses over the past five years. Leasing endeavours in Malaysia have yielded impressive results with nearly all assets maintaining full occupancy. From 2014 to 2023, the properties on Mapletree Logistics Trust's balance sheet have also consistently achieved a yearly occupancy rate of nearly 100%.



Mapletree Logistics Hub - Jubli Shah Alam

Notably, Mapletree was the first to introduce multi-storey warehouses in the Malaysia market by leveraging its international development capabilities and best practices, as well as tapping onto its extensive international/regional tenant network.

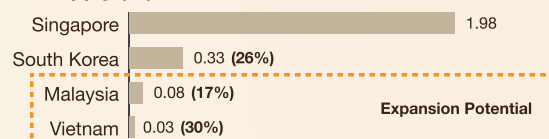
Real Views - Vietnam

Logistics and Manufacturing Hub

Vietnam has emerged as a manufacturing powerhouse and continues to experience huge FDI inflows from technology and electronics giants such as Samsung, LG and Intel, which have augmented the growth of the logistics sector.

On the supply side, there has been a visible shift from traditional warehouses to modern ready-built warehouses (RBW), but this sector is considerably still in its emerging stage with a low prime logistics space per capita at an average of 0.03 sqm per person, indicating a steady runway for growth.

Logistics space per capita (sqm) and Grade A Supply (%)



Source: JLL

Due to robust market fundamentals, there is an upward trend in the average asking rents for RBW especially for modern logistics facilities.

Mapletree made its first foray into Vietnam in 2005 by acquiring land in Binh Duong (South Vietnam) and subsequently expanding to Bac Ninh (North Vietnam). The Group has since completed multiple development projects and currently accounts for the largest market share of current leasable warehouse space (13%) in the country, with a total logistics AUM of over ~US\$1b³. Mapletree's leadership position is anchored by its long-established, on-the-ground presence and key relationships with investment institutions and corporates, all of which give the Group a continued advantage over new players. Mapletree is keen on deepening its presence in new regions such as Bac Giang (North Vietnam) and Dong Nai (South Vietnam) which have emerged as alternative industrial and logistics hubs given that the land supply in traditional and established logistics hubs such as Bac Ninh and Hung Yen in North Vietnam and Binh Duong in South Vietnam have become limited and relatively expensive.



Mapletree Logistics Park Bac Ninh Phase 3

Looking ahead, the Group aims to ensure a continuous pipeline of quality development assets that are strategically located and with appropriate specifications, supporting its tenants' expansion and Vietnam's growth story.



Sector Spotlight: Malaysia & Vietnam

What We Have

Malaysia Logistics

~US\$1.9b
Total AUM³



~25 personnel in Malaysia⁴ focused on logistics



~4 development projects completed since inception



Close to 20 years in Malaysia

Vietnam Logistics

>US\$1b
Total AUM³



~27 personnel in Vietnam⁴ focused on logistics



~16 development projects completed since inception



Close to 20 years in Vietnam

Overview

Country Outlook



GDP Growth
4.4%



GDP Growth
5.8%

Source: IMF

Both countries have performed resiliently despite the ongoing global headwinds, due to increased domestic demand and greater inflow of foreign investments, on the back of supportive governmental policies and initiatives to boost economic activity.

Sector Outlook



Cap Rates
~5.25%-6%
Rental Growth⁶
~3%-4%

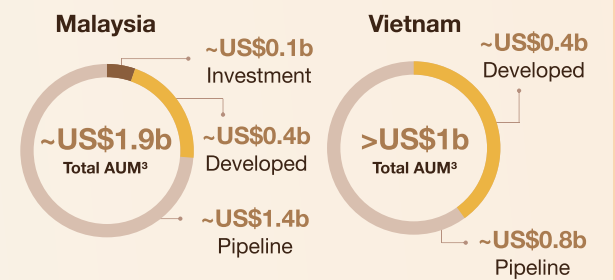
Rental growth prospects remain strong in Malaysia, bolstered by robust market fundamentals and an overall demand supply imbalance. Capital values are expected to rise on the back of good performance.



Cap Rates⁵
~7%-8%
Rental Growth
~4%-5%

In Vietnam, rents have grown but at a slower pace due to increasing supply of new warehouse stock in 2022. Cap rates are expected to compress as investors' appetite increase for prime logistics assets.

Mapletree's Malaysia & Vietnam Logistics Portfolio



Mapletree aims to reinforce its leadership positions as the largest Grade A logistics landlord in both Malaysia and Vietnam. In addition to deepening its presence within existing submarkets, Mapletree will continue to identify submarkets with potential for long-term growth and scale up its development activity meaningfully.

⁴Includes headcount which we are expecting to fill in the coming months
⁵For modern warehouses
⁶For Shah Alam and Klang Valley submarkets



Mr Bui Anh Tuan
General Manager, Logistics
Vietnam, Mapletree

“With its resilient economic performance, Vietnam is receiving much attention from institutional investors looking for exposure in a large, high-growth economy. The current geopolitical situation and diversification of manufacturing activity makes Vietnam a key beneficiary with positive spillover effects to the thriving logistics sector, which has significant headroom for development of modern warehouse space. Mapletree’s established experience across its full real estate value chain capabilities as well as long-standing tenant relationships will enable the Group to reinforce its leadership position in the country.”



Mr Ahmad Yusri Bin Yahaya
General Manager, Logistics
Malaysia, Mapletree

“Mapletree has established itself as the largest modern logistics owner in Malaysia and we seek to capitalise on development opportunities to scale our presence in existing and new submarkets to meet the growing demand for and be the preferred provider of modern logistics facilities for 3PLs and e-commerce platforms. Our extensive experience and long-lasting relationships with key tenants and stakeholders give us a competitive edge.”

