

MESSAGE FROM THE CHAIRMAN



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MR EDMUND CHENG
CHAIRMAN

LESSONS IN ADAPTABILITY

On the heels of another Five-Year Plan (FYP) completed in Financial Year 2023/2024 (FY23/24), we pause to reflect on our trajectory since the Group's establishment in 2000. Through the numerous storms we have weathered together, our resolute commitment to optimising business strategies and leveraging opportunities has been the bedrock of our operations, guiding us in even the most turbulent times.

Back in FY18/19, we laid out goals for the third strategic FYP with a spirit of determined optimism. Nonetheless, the unforeseen global pandemic and subsequent economic disruptions, including rising interest rates, prompted re-evaluation of our action plans. During the first three years, when the world was in the throes of the Covid-19 crisis, we sprang into action by rapidly expanding our third-party logistics warehouse presence in the United States (US) and Europe to meet the surge in e-commerce demand for medical goods. Today, the world economy remains unpredictable, but we are pushing forward with a calibrated approach and a strategy for scalable success.

Amid difficult macroeconomic conditions, I am encouraged by Mapletree's performance, with recurring profit after tax and minority interests (PATMI)¹ of S\$715.6 million in FY23/24, which has proven the resilience of our business model and the Management's business acumen. Marking the culmination of our third FYP, we delivered sustained revenue² of S\$2,822.5 million, while our assets under management (AUM) held steady at S\$77.5 billion, with 78% attributed to third-party AUM. We also maintained a healthy AUM ratio of 3.5x. These financial



The Bay Hub is Hong Kong SAR's first zero-carbon building designed to maximise sustainability, safety, security and tenant comfort.

results underscored our agility in navigating the challenges of the past five years.

Key business activities in FY23/24 included executing an opportunistic acquisition in the heart of Kowloon East, the centre of Hong Kong SAR's CBD2 commercial and business district in June 2023. We formed a 50-50 joint venture with PAG to purchase the building previously known as Goldin Financial Global Centre, a Grade A commercial landmark, for about S\$960 million. Following asset enhancement initiatives on the 28-storey building, the building re-entered the office market as The Bay Hub, with a new look and state-of-the-art facilities for businesses.

Uncertainty in timing and fluctuating interest rates pose challenges to capital recycling. Nonetheless, we prioritised value-adding investment opportunities through prudent decisions. The Group recorded total net proceeds of S\$1,390.2 million from capital recycling activities, including the divestment of a retail tower in Osaka, Japan, the syndication of an India office asset to the strategic partnership fund with

Ivanhoé Cambridge, and proceeds from the stake sale in Mapletree Logistics Trust.

Subsequent to the end of FY23/24, Mapletree closed its third Japan-focused fund - the Mapletree Japan Investment Country Private Trust (MAJIC) - in April 2024. Following the highly successful and fully realised MJLD and MJOF funds, both of which delivered an internal rate of return of over 20%, MAJIC has a value-add and opportunistic strategy, primarily focusing on logistics development. MAJIC is meaningfully seeded with three logistics development assets located near Central Tokyo, Central Kyoto and the Miyagi Prefecture. All three assets will feature quality specifications and are strategically located within or around major metropolitan areas close to key transport infrastructure. Once fully deployed, the fund is expected to achieve well over JPY110 billion³ (-S\$1 billion)⁴ in asset value. The Group's successful fund syndications are a testament to the confidence investors have in our fund management and operational capabilities.

MESSAGE FROM THE CHAIRMAN

FROM CRISIS TO CATALYST

According to a recent World Economic Forum survey, two-thirds of respondents ranked extreme weather as the top global risk in 2024, underscoring the widespread recognition among businesses to prioritise the battle against climate change. At Mapletree, we recognise the interdependency between long-term sustainable returns and sustainable practices.

Aligned with this, we have taken proactive steps to reduce our carbon footprint and mitigate the impact of climate change. From increasing renewable energy capacity to implementing energy-efficient technologies, to reducing waste and promoting recycling across Mapletree's properties, sustainability is integrated across our day-to-day operations and development activities. Over 63% of the Group's assets (by AUM) have environmental certification, including more than 220 logistics assets in China with LEED certification, underscoring our commitment to green building practices.

The adage goes "what gets measured, gets managed", and I am pleased to share that our internal environmental data management system is being implemented to track and analyse key environmental metrics, enabling seamless data collection and standardised reporting of our greenhouse gas (GHG) emissions. Concurrently, we have been establishing a baseline and inventory of our GHG emissions. These efforts are major milestones in our roadmap to achieve net zero emissions by 2050.

As part of our sustainability plan, we aim to plant at least 100,000 trees by 2030, with more than 22,000 planted in FY23/24 alone. To assess the risk of climate

change on our business, we commenced a quantitative scenario analysis of our portfolio in FY23/24 to help us understand the potential financial implications.

We remain committed to increasing social value within our workforce and community – ensuring health and safety at our properties, enriching communities through our Corporate Social Responsibility (CSR) efforts and fostering diversity and inclusion. Women represent half of our workforce and senior management, and 20% of our Board of Directors. Our people and their diversity are our strength and the enablers of our environmental, social and governance (ESG) ambitions.

Working with our stakeholders, we will continue to build a climate-resilient portfolio that delivers financial results and creates positive environmental and social impact, ultimately contributing to a resilient and thriving future.

PAYING IT FORWARD

At Mapletree, we believe in establishing a nexus between

strong business practices and social responsibility. This is our culture, driven by our people who make Mapletree a stalwart supporter in the fields of arts, education, environment and healthcare. We strive to create opportunities and growth that will carry us forward.

In line with our commitment to give back to the community, the Group earmarked about S\$16.8 million to CSR activities in FY23/24.

To enhance the educational landscape, we hosted various events alongside polytechnics and universities to enrich their learning beyond the classroom. From insightful forums to exciting hackathons, we also tackled important issues like social impact and sustainability, allowing students to make a real difference.

Additionally, we inked a three-year strategic partnership with Passerelles Numériques (PN), a French non-governmental organisation operating in Vietnam, to commit over US\$50,000 in financial aid to support six promising students in the country.



The top three teams of *The Mapletree Challenge 2023* with Minister of State, Ministry of Education and Ministry of Manpower, Gan Siow Huang and senior management of the Singapore Institute of Technology and Mapletree.

Making arts accessible to all is central to Mapletree's CSR efforts. Building on the immense success of previous performances at VivoCity Amphitheatre, we continued The TENG Ensemble's highly acclaimed concert series during the Chinese New Year and Mid-Autumn Festival seasons. Now in its sixth year, we held a three-day concert for the Mid-Autumn Festival for the first time, and it was fully sold out.

Mapletree further renewed its commitment to the Mapletree-TENG Scholarship with S\$11,000 per scholar over two years. This gives recipients from less privileged backgrounds financial support to pursue their passion for Chinese music. Twenty-three recipients have benefitted since the scholarship's establishment.

To commemorate the 100th birth anniversary of Singapore's founding prime minister Lee Kuan Yew, Mapletree presented the heartfelt production *What's Inside the Red Box?* in July 2023. Adapted from the eponymous children's book, the play told the story of Mr Lee and his iconic red box, in which he kept documents while in political office. Through this engaging performance we hope that the younger generation will be reminded of and inspired by Mr Lee's unwavering dedication to Singapore.

Expanding our artistic offerings in FY23/24, we presented a variety of musical concerts featuring collaborations with many accomplished arts groups. These included the Singapore Chinese Dance Theatre, the Singapore Chinese Orchestra, Peranakan Sayang, Sing'theatre and the Singapore Police Force Band. We are pleased to note that the 17 immersive performances drew a total audience of over 9,500.

Meanwhile, the 39th edition of the Singapore Bird Race continued

to soar, drawing over 360 participants from seven categories – the largest-ever number for any Singapore bird race. It is jointly organised by the Nature Society Singapore and BirdLife International with support from the National Parks Board. We strive to enrich communities by encouraging environmental awareness and establishing Mapletree Business City as the axis for Southern Corridor birdwatching.

Leveraging the momentum of the Singapore Bird Race, we extended the initiative to Vietnam. Attracting nearly 140 enthusiastic participants, the inaugural event in Can Gio increased the awareness of migratory waterbirds in the Mekong Delta. BirdLife International, Mapletree and WildTour then jointly organised an exhibition at Mapletree's SC VivoCity of winning photographs taken during the race, as well as a separate photography competition leading up to the exhibition.

Recognising the ongoing challenges faced by healthcare professionals in the post-Covid-19 era, particularly those from lower-income households, we donated S\$250,000 to the Singapore General Hospital to alleviate the stress of educational expenses. In 2023, 34 deserving employees and children benefitted from this initiative, with more recipients to be supported in 2024.

Lastly, this year's Mapletree Staff CSR Programme saw 29 teams submitting proposals to organise activities that help support their local communities. Of these, 27 teams received S\$5,000 each in seed funding across 13 markets – Singapore, Australia, China, Hong Kong

SAR, India, Japan, Malaysia, Poland, South Korea, the Netherlands, the UK, the US and Vietnam.

ACKNOWLEDGEMENTS

We are committed to delivering even stronger results in the coming year as we begin our latest FYP in FY24/25. Recognising the multitude of risks in today's volatile economy, we will balance a prudent approach with the flexibility to adapt our strategies when needed.

In closing, I would like to express my sincere appreciation to the Board of the Mapletree Group of companies for their guidance this past financial year. I am also grateful to Group Chief Executive Officer, Mr Hiew Yoon Khong, the Management and all employees for their dedication and contributions to seeing Mapletree through another successful year. We will continue to move forward, stronger.



Edmund Cheng
Chairman

- 1 PATMI denotes net profit after tax and non-controlling interests attributable to Perpetual Securities Holders and Equity Holder of the Company.
- 2 Revenue is adjusted to exclude incentive fee income and residential revenue. They are not deemed to be the core business activities for the Group.
- 3 Based on estimated total development value of the logistics development projects (including the value of land plots), upon the fund being fully deployed.
- 4 S\$ exchange rate on total fund equity as at fund inception.

Reference:

- i. World Economic Forum Report 2024