

## MESSAGE FROM THE CHAIRMAN



Mr Edmund Cheng

## STRONGER PERFORMANCE

Financial Year 2018/2019 (FY18/19) was fruitful and rewarding for Mapletree despite escalating geopolitical tensions and uncertainties in the global economy. Against all odds, Mapletree capitalised on our position as a leading real estate company and capped off our second Five-Year Plan with record profit earnings.

Mapletree's profit after tax and minority interests (PATMI)<sup>1</sup> rose 10.3% to S\$2,161.1 million, and the Group steadily expanded its total owned and managed assets under management (AUM) to S\$55.7 billion, an increase of 20.3% from FY17/18.

The Group also witnessed a stable growth with total revenue of S\$3,948.1 million. The five-year average return on invested equity (ROIE)<sup>2</sup> was 11% in FY18/19, and net asset value compounded annual growth rate (NAV CAGR)<sup>3</sup> since 1 April 2014 was 13.1%.

Looking back at the two sets of Five-Year Plans, Mapletree has grown tremendously in terms of AUM, fee income<sup>4</sup> and EBIT+ SOA<sup>5</sup>. Implemented at the start of FY09/10, these performance targets enabled the Group to focus on its objectives and strategy, including charting its growth amid the headwinds. The third Five-Year Plan that we have recently formulated continues to be ambitious but is realistic, and will lead the path for the Group to become one of the largest real estate companies in Asia.

Mapletree has journeyed a long way since its inception in 2000 as a Singapore-focused company. Back then, we had envisioned to set foot in new markets and venture beyond Asia. I am delighted that we have achieved our vision and witnessed the Group's expansion in its global footprint, which spans across continents including Australia, Europe and North America.

## BRANCHING OUT, BUILDING BUSINESS

Beyond recording favourable results in FY18/19, the Group made successful forays into the territory of competitive new sectors.

Harnessing our experience as a real estate provider, Mapletree made its maiden logistics acquisition in the United States (US) and Europe with an investment of US\$3.3 billion (~S\$4.5 billion) and EUR1 billion (~S\$1.5 billion) during the year. Completed over several tranches, the portfolio of 283 high-quality logistics assets are located in key locations with well-connected transportation nodes.

Subsequently, the Group syndicated a logistics private trust comprising logistics assets in the US and Europe, Mapletree US & EU Logistics Private Trust (MUSEL). This private fund has invested in a portfolio of 262 logistics properties across 26 states in the US and 20 European cities across seven European countries.

Since entering the European markets in FY15/16, the Group has also grown its portfolio significantly in the United Kingdom (UK), with acquisitions of the 79-hectare leading business park, Green Park, in Reading and in other core regional cities such as Manchester, Bristol and Aberdeen.

In May 2018, Mapletree entered into a forward funding acquisition project to

develop a 452-bed student housing asset, Cottages@Westwood, located in the UK. Completion is estimated to be in end-2019 and will be the nearest private purpose-built student accommodation to the University of Warwick.

Following which, in June 2018, Mapletree entered into a joint venture for the development of a 513-bed student housing asset in Philadelphia, Pennsylvania, the US. Strategically located within the University of Pennsylvania campus ground and opposite the Wharton School of Business, the property is under construction, with partial completion expected in mid-2020.

In South Asia, Mapletree made its largest acquisition in India which added Global Infocity Park Chennai to its portfolio. Spanning across three towers, the IT office park offers approximately 250,000 square metres (sqm) of net leasable space and is conveniently located in one of the largest office precincts for IT tenants in India.

Closer to home, Mapletree unveiled the design of Grade A office twin towers, V Plaza, and officially opened Oakwood Residence Saigon — the first Mapletree-developed corporate housing/serviced apartment in Ho Chi Minh City (HCMC), Vietnam. The event was graced by Guest-of-Honour, then Deputy Prime Minister of Singapore, Teo Chee Hean.



A logistics property under MUSEL in California, US

## MESSAGE FROM THE CHAIRMAN

V Plaza is set for completion in 2023 and will be the final phase of Saigon South Place in District 7 of HCMC.

Mapletree also collaborated with Faire Soapworks – a social cause co-founded by a team of students from Singapore Polytechnic and University of Economics Ho Chi Minh City to alleviate the livelihood of Vietnamese farmers in Cù Chi village. Through a start-up grant from Mapletree, each guest received a gift box of chemical-free soap, produced from excess cows' milk.

Back at Mapletree's headquarters in Singapore, CoQoons Coworking, marked a healthy occupancy rate of 85% as at 31 March 2019 – less than a year since it began operations in May 2018. Situated at HarbourFront Tower Two, the 1,000-sqm co-working office provides start-ups, small and medium-sized enterprises (SMEs), multinational corporations (MNCs) and HarbourFront tenants with flexible office set-ups. These include hot desks, dedicated desks, private offices, meeting rooms and a cosy event space. By offering this self-sustaining office solution, CoQoons helped Mapletree optimise vacancy in its asset – a win-win strategy the Group has effectively deployed.

### UPLIFTING AND ENRICHING OUR COMMUNITIES

On the Corporate Social Responsibility (CSR) front, Mapletree continues to align business performance with our CSR efforts. For every S\$500 million of PATMI, or part thereof, S\$1 million will be allocated annually, to fund CSR commitments and programmes. In FY18/19, we initiated several key projects and disbursed S\$2.6 million.

With arts as one of the cornerstones advocated by Mapletree, the Group continued its support for local non-profit arts company,



Under the Mapletree-TENG Academy Scholarship, the scholars jointly performed with The TENG Ensemble at the amphitheatre in VivoCity, Singapore

The TENG Company, and raised the sponsorship amount from S\$90,000 to S\$165,000 in FY18/19.

Apart from sponsoring two community concerts at the VivoCity Amphitheatre, in Singapore, in September 2018 and February 2019, Mapletree also awarded four students with a two-year scholarship. Under the tutelage of established music educators and practitioners from The TENG Academy, the inaugural Mapletree-TENG Academy scholars have progressed well and shared the stage with The TENG Ensemble at one of its public performances.

To preserve Singapore's rich maritime heritage, Mapletree restored a historic fire engine that was built in 1938 by Merryweather & Sons (London) before its acquisition by the Singapore Harbour Board (the precursor to the Port of Singapore Authority) in 1946. The refurbished fire engine now breathes a new lease of life as an art piece at our flagship development, Mapletree Business City (MBC).

As part of the unveiling ceremony of the grand old dame, Mapletree

hosted more than 70 preschoolers to an arts and history session at MBC in July 2018. Four months later, Mapletree hosted Singapore's Olympic champion swimmer Joseph Schooling. The refurbished fire engine holds special significance for Mr Schooling, as his late granduncle, Mr Lloyd Valberg was the fire engine's last fire chief.

Mr Schooling also met with more than 60 youths comprising Mapletree's youth beneficiaries as well as children of Mapletree's tenants and staff, for a motivational dialogue. He shared how he had persevered through multiple setbacks to achieve his Olympic dream.

Under the multi-faceted Mapletree Real Estate Programme at the Singapore Management University (SMU) launched in January 2018, I am pleased to note that two events which served as platforms for industry professionals to share insights were successfully organised. Held in November 2018, the Mapletree Annual Lecture attracted more than 250 participants, while the Mapletree

Real Estate Forum saw more than 110 SMU students, industry professionals and members of the public in attendance in February 2019.

## ENCOURAGING THE SPIRIT OF VOLUNTEERISM

Since the launch of Mapletree Staff CSR Programme in 2014, the number of applications among employees to lead ground-up CSR initiatives has grown.

In FY18/19, a total of 14 teams were awarded seed funding of S\$5,000 each. They included teams from Australia, Greater China (Beijing, Chongqing, Foshan, Hong Kong SAR and Shanghai), Japan, Singapore (Mapletree North Asia Commercial Trust<sup>6</sup> and Group Corporate Services), the UK, the US (Chicago and New York) and Vietnam (Hanoi and HCMC).

## GREEN PRACTICES

Taking an even more proactive approach to be an environmentally responsible company that adopts green practices in our daily operations, Mapletree in FY18/19 supported the transformative plan of the United Nations 2030 Agenda for Sustainable

Development, and identified seven goals most relevant to our business.

Mapletree's stance on tackling core sustainability issues serves as a roadmap to provide a richer meaning to our business and ensures that we take the necessary steps to minimise our environmental impact. The Group's commitment to support and contribute to these goals are detailed in our third Sustainability Report. You may read about our green initiatives from Pages 96 to 120.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I extend my heartfelt appreciation to Group Chief Executive Officer, Mr Hiew Yoon Khong, the Management and all employees for the steadfast commitment and support to propel Mapletree further.

I would also like to express my gratitude to my fellow Board Members and the respective Boards of our REITs' management companies for their leadership, counsel and helpful insight. At the same time, I extend a warm welcome to Mr Lim Hng Kiang, who joined the Board and Mapletree's Investment Committee in October 2018. Mr Lim brings with him more

than 26 years of experience in the Singapore Government, having held Cabinet posts in National Development, Health, Foreign Affairs, Finance and the Prime Minister's Office.

Our continued success is built upon our firm foundation of leveraging our core capabilities and offering our tenants with a sound business proposition. This long-term approach has brought Mapletree to great achievements for close to two decades. As we embark on the third Five-Year Plan, Mapletree will embrace the global market environment that is poised to be more challenging than before. I am confident that the Group will continue to streamline its portfolio, build meaningful relationships with its stakeholders and deepen its regional presence in the coming years.



**Edmund Cheng**  
Chairman



Mapletree hosted Joseph Schooling at MBC, where he visited the refurbished Merryweather Fire Engine and gave a motivational dialogue to 60 youths

- 1 PATMI denotes net profit after tax and non-controlling interests attributable to Perpetual Securities Holders and Equity Holder of the Company.
- 2 ROIE is computed based on Operational PATMI (less profit attributable to perpetual securities) over the Group's equity from shareholder adjusted for unrealised revaluation gains or losses and such other non-cash flow and non-operating items including mark-to-market fair value adjustments and negative goodwill.
- 3 NAV CAGR is adjusted for dividends distributed to shareholder and calculated excluding non-controlling interests and perpetual securities and with NAV as at 31 March 2014 as starting base.
- 4 Includes REIT management fees.
- 5 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation gains or losses, divestment gains or losses, foreign exchange and derivatives gains or losses.
- 6 Formerly known as Mapletree Greater China Commercial Trust (MGCCT). Please refer to MNACT's SGX-ST Announcement dated 25 May 2018 titled "Change of Name of Mapletree Greater China Commercial Trust and the Manager".