

Message from the Chairman and CEO



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Mr Lee Chong Kwee

Non-Executive Chairman and Director

Ms Ng Kiat

Executive Director and CEO

Dear Unitholders,

Looking back over the past year, MLT and the industry faced a multitude of macroeconomic challenges. Heightened geopolitical tensions, supply chain disruptions and persistently high interest rates had dampened consumer and business confidence. These uncertainties contributed to the sluggish economic growth in the Asia Pacific region, with several markets recording slower growth compared to the prior year. At the same time, the Singapore Dollar's continued strength against regional currencies had adversely impacted the performance of businesses with overseas exposure, including MLT.

In this environment, we maintained our firm focus on building a high-quality, resilient portfolio that delivers sustainable returns through economic and market cycles. Stepping up on

our portfolio rejuvenation strategy, we executed over S\$1.1 billion in acquisitions of modern logistics assets and over S\$200 million in divestments of properties with older specifications. We continued with active asset management while remaining disciplined and prudent in capital management to mitigate the risks from higher interest rates and currency volatility. These efforts have enabled MLT to deliver another year of resilient operational and financial performance in FY23/24.

RESILIENT PORTFOLIO UNDERPINS STEADY PERFORMANCE

Through the years, we have focused on building a portfolio of high-quality assets across a diversified geographic network that provides resilience through cycles. It is times like these that put it to the test, and once again, the strength of our diversified platform has shone through, enabling MLT to deliver

overall resilient operational results despite some challenges in China.

China's weaker than expected post-Covid economic recovery coupled with high supply of warehouse space contributed to a challenging leasing environment. With a focus on tenant retention and occupancy, we have maintained China's occupancy rate stable at 93.2%, as compared to 93.4% a year ago, while the average rental reversion was -7.9% for the financial year.

Nonetheless, the other eight markets in MLT's portfolio continued to achieve robust operational performance, underpinned by strong demand for modern, well-located logistics space. Excluding China, the portfolio registered a high occupancy rate of 97.5% and strong positive rental reversion of +7.7%. Including China, overall portfolio occupancy rate was still

healthy at 96.0% and rental reversion was +1.4%. We also maintained a well-staggered lease expiry profile, with a weighted average lease expiry of 3.0 years and no more than 30% of leases expiring in a given year.

Supported by the resilient operational performance, MLT reported gross revenue of S\$733.9 million for FY23/24, representing year-on-year growth of 0.4%, while net property income (“NPI”) was flat at S\$634.9 million. Performance was dampened by currency volatility as the currencies of MLT’s eight overseas markets weakened against the Singapore Dollar for the second consecutive year. On a constant currency basis, FY23/24 revenue and NPI would have grown by 4.1% and 3.6% year-on-year respectively. Growth was driven by accretive acquisitions and higher contribution from existing properties, partially offset by weaker performance in China and loss of revenue from divested properties.

At the distribution level, the impact of currency volatility was mitigated by the use of foreign currency forward contracts to hedge the income from our regional markets. Including S\$41.6 million of divestment gains, the amount distributable to Unitholders increased 3.3% year-on-year to S\$447.1 million. Distribution per unit (“DPU”) was 0.1% lower at 9.003 cents, due to an enlarged issued unit base. This represents a yield of 6.2% based on MLT’s closing price of S\$1.46 on 28 March 2024¹.

MLT’s portfolio of 187 properties was valued at S\$13.2 billion as at 31 March 2024, an increase of S\$0.4 billion or 3.2% compared to S\$12.8 billion last year. The increase was largely due to acquisitions in FY23/24, as well as capital expenditure on existing assets and a property under redevelopment in Singapore. This was partially offset by divestments,



S\$470.9 million currency translation loss due to the depreciation of regional currencies against the Singapore Dollar, and S\$1.8 million net fair value loss on investment properties. The latter was attributable to valuation losses in Australia, China and South Korea, which were substantially offset by valuation uplifts from the rest of MLT’s markets. Net asset value per unit declined 4.2% year-on-year to S\$1.38, largely on account of the currency translation loss.

BUILDING A FUTURE-READY PORTFOLIO

Active portfolio rejuvenation through accretive acquisitions, strategic asset enhancements and selective divestments has been an integral part of our strategy. These efforts are targeted to ensure our portfolio of assets is fit for the future and able to meet the evolving needs of our tenants.

At the same time, our portfolio has been strategically shaped to offer exposure to both developed and emerging markets, ensuring a combination of stable returns and potential for growth. Developed markets, which account for approximately 70% of our revenue base, provide stability to our portfolio performance. On the other hand, our presence in emerging Asia positions our portfolio to harness the higher growth potential in these markets.

Consistent with our portfolio rejuvenation strategy, we announced and/or completed the divestments of nine properties valued at over S\$200 million in FY23/24. Transacted at an average premium to valuation of almost 13%, these divestments have allowed us to rebalance our portfolio and redeploy capital towards acquisitions of modern assets with higher growth potential.

¹ MLT’s units closed at \$1.46 per unit on 28 March 2024, the last trading day of FY23/24.

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During the course of the year, we also announced and/or completed 12 acquisitions with an aggregate value of over S\$1.1 billion to deepen our market presence. These included the acquisitions of eight modern logistics properties from the developed markets of Japan, Australia and South Korea, for S\$902.9 million. The acquisitions have broadened MLT's presence in the key logistics hubs of Tokyo, Sydney and Seoul, which enjoy healthy demand for logistics facilities and low vacancy rates. The eight properties are fully leased to a diverse and high-quality tenant base consisting of 14 reputable companies, offering an attractive lease expiry profile.

Another strategic acquisition was the addition of a modern, Grade A warehouse located in Farrukhnagar, which marked our foray into Delhi NCR and deepened our presence in India. Acquired for approximately S\$14.6 million, the property allows us to capture opportunities in India's fast growing logistics market, which continues to be driven by robust domestic consumption and a rising middle class.

In February 2024, we announced the proposed acquisitions from the Sponsor of three Grade A assets in Malaysia and Vietnam for an agreed property value of S\$226.4 million. The acquisitions will cater to the expanding consumer markets in Kuala Lumpur, Ho Chi Minh City and Hanoi, bolstering our network connectivity in these emerging markets. With their modern specifications and strategic locations, the acquisitions will position us well to capitalise on favourable structural trends for logistics, such as consumption growth and an increased focus on supply chain diversification.

Creating value from our existing portfolio through redevelopment and intensification of land use continues to be an essential strategic focus. On this

front, the two significant redevelopment projects introduced in FY22/23 are advancing as scheduled. In Singapore, the S\$205 million redevelopment at 51 Benoi Road is on track to complete in the first half of 2025. In Malaysia, the amalgamation of two land parcels at Subang Jaya with MLT's existing assets to develop a modern ramp-up facility is ongoing. With an estimated development cost of about S\$173 million, this project is targeted for completion in the first half of 2028.

PROACTIVE AND DISCIPLINED CAPITAL MANAGEMENT

Amid continued high volatility in exchange rates and a higher-for-longer interest rate environment, the importance of robust and prudent capital management remained front of mind. We maintained a disciplined, proactive multi-year hedging strategy to mitigate the impact of rising borrowing costs and currency volatility on MLT's distributions. Prudently, 84% of our debt has been hedged into fixed rates, while approximately 78% of our income stream for the next 12 months has been hedged into or derived in Singapore Dollar.

We maintained a strong balance sheet and financial position, aided by S\$180 million of divestment proceeds and the resumption of Distribution

Reinvestment Plan ("DRP"). The issue of units in lieu of cash under the DRP will strengthen our working capital reserves and help finance the redevelopment projects.

At the close of the period, MLT's gearing level stood at 38.9%, comfortably below the regulated leverage limit of 50%. Our debt maturity profile remains well-staggered, with an average debt duration of 3.8 years. With committed credit facilities totalling S\$950 million and an interest cover ratio of 3.7 times, we are well-positioned to refinance the S\$275 million debt maturing in FY24/25.

In March 2024, we issued our maiden S\$75 million green bond with a 3.81% coupon and a 7-year maturity. Issued in accordance with our Green Finance Framework², this green bond broadens our investor base and further integrates sustainability into our financing strategy.

ADVANCING OUR GREEN AGENDA

Sustainability remains a top priority for MLT. In FY23/24, we made significant progress against all areas of our sustainability targets, reaffirming our commitment to achieving carbon neutrality for Scope 1 and 2 emissions by 2030, and attaining net zero emissions by 2050.



We will continue to focus on what is within our control and execute on priorities that will deliver long-term, sustainable value for Unitholders.



² Prepared in accordance with the Green Loan Principles 2023 by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association, and the Green Bond Principles 2021 by the International Capital Market Association.

During the year, we obtained green certifications for 26 additional properties, increasing our green certified space by 80% to 3.0 million sqm. With this progress, the proportion of green certified space within our portfolio has reached 39% (by gross floor area), bringing us closer to our target of 80% of total portfolio by 2030.

16 new solar projects were completed in FY23/24, increasing our self-funded solar generating capacity by 110% or 19.0 MWp to 36.2 MWp. We are on track to achieve our target of 100 MWp self-funded solar generating capacity by 2030. Including third-party funded solar systems, MLT's total onsite rooftop solar capacity has reached 59.8 MWp, the largest among S-REITs reported to-date.

Our green lease programme is gaining good traction. Building upon the successful rollout of the initiative in Singapore last year, the green lease programme was extended to eight overseas markets in FY23/24 for all new and renewal leases. Green leases include clauses that require tenants to share their environmental data with the landlord, thus increasing the visibility of Scope 3 tenant emissions. As at 31 March 2024, approximately 22% of our portfolio is covered by green leases, up from 1% a year ago.

MLT achieved a 4-star rating in the 2023 GRESB Real Estate Assessment and maintained our "A" level Public Disclosure score. In recognition of our sustainability reporting efforts, MLT was named joint winner of the inaugural Singapore Corporate Sustainability Award (REITs and Business Trusts category) by the Securities Investors Association (Singapore) in November 2023.

Cognisant that there is still much to be done, we remain focused on expanding our use of renewable energy, pursuing green building certifications, and supporting our tenants' decarbonisation ambitions as we collectively work towards net zero emissions by 2050.

STRATEGICALLY POSITIONED TO NAVIGATE CHALLENGES

As we look ahead, many of the macroeconomic challenges of FY23/24 are expected to linger in FY24/25. For MLT, we anticipate that the volatility of regional currencies, higher interest costs and the uncertain trajectory of China's economic recovery will continue to weigh on our performance.

We remain undeterred as we have a robust portfolio of strategically-located assets that will be able to leverage the attractive long-term fundamentals supporting the logistics industry. The impact of the ongoing US-China trade war and geopolitical uncertainty continue to drive global supply chain diversification, and e-commerce growth is set to continue, albeit at a more moderate pace. Our focus on future-proofing MLT's portfolio will bolster its resilience, providing a strong foundation for the Trust to navigate challenges and market cycles effectively, and seize opportunities when they arise.

We will continue to focus on what is within our control and execute on priorities that will deliver long-term, sustainable value for Unitholders. In FY24/25, we will remain focused on advancing our portfolio rejuvenation strategy through accretive acquisitions, asset enhancements and selective divestments. Our team is committed to optimising portfolio performance and maintaining a proactive capital management approach to mitigate higher interest rates and currency volatility, while ensuring a strong balance sheet. These efforts will allow us to build on our strengths, create greater value and achieve our "Yield + Growth" objectives over the long term.

EXECUTIVE LEADERSHIP CHANGE

In May 2024, we announced that Ng Kiat will be stepping down as CEO and Executive Director of the Manager on 22 July 2024. Ng Kiat will be transferred to Mapletree Investments, Sponsor of MLT, to assume new responsibilities. Succeeding her in this role is Jean Kam, who is currently our

Head of Investment. The Board would like to thank Ng Kiat for her valuable and significant contributions over the past 12 years. Under her leadership, MLT grew to become one of the leading logistics REITs in Asia with a S\$13.2 billion portfolio of quality assets spanning nine markets in the region. Jean Kam, who has spent 17 years with the Manager, played an active role in driving MLT's growth during this period through various senior executive positions, including General Manager of Singapore and Head of Asset Management. The Board welcomes Jean Kam in her new role and looks forward to working with her and the management team to steer the development and execution of MLT's strategy for continued sustainability and growth.

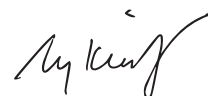
ACKNOWLEDGEMENTS

We would like to express our gratitude to the Board for their leadership and counsel over the past twelve months. To our employees, we would like to extend our heartfelt thanks for your dedication and hard work in delivering these results. We would also like to extend our appreciation to our Unitholders, tenants and business partners for their confidence and trust.

We look forward to your continued support on our journey to create greater value and returns – a journey aimed at building a high-quality portfolio that delivers resilient performance and secures a sustainable future for MLT and our stakeholders.



Lee Chong Kwee
Non-Executive Chairman and Director



Ng Kiat
Executive Director and CEO