

Message from the Chairman



Mr Edmund Cheng

To build upon our portfolio of income-producing assets and generate strong and consistent returns for our stakeholders, Mapletree has taken further steps to invest beyond Asia in FY16/17.



Oakwood Portland Pearl District, a serviced apartment owned by Mapletree and managed by Oakwood in the US

FY16/17 Financial Performance

Financial year 2016/2017 (FY16/17) is the third year Mapletree has embarked on its second Five-Year Business Plan. Despite challenging market conditions, it has been a very fruitful year for Mapletree. Without wavering from our business and key performance indicator targets, the Group has gained ground in markets beyond Asia. Hence we have set the theme for FY16/17 annual report as “Gaining Ground”.

The Group has achieved strong growth with total revenue of S\$2,328.8 million and a record high PATMI¹ of S\$1,413.7 million. The EBIT + SOA² grew by 19%, to S\$1,575.1 million. The five-year average return on invested equity (ROIE³) was 11.2% in FY16/17 and net asset value compounded annual growth rate (NAV CAGR⁴) since 31 March 2012 was 11.8%. These results are a testament to the Group’s robust business model as well as the discipline adopted in its operations and execution to achieve strong and sustainable returns.

The upswing was mainly contributed by recurring PATMI, which has increased from S\$529.4 million to S\$643.6 million, and the Group’s expansion in the United States (US), United Kingdom (UK) and key Asian markets, namely China, Malaysia, Japan, Singapore and Vietnam.

As a real estate developer, investor and capital manager, we are focused on investing in markets and real estate sectors with good growth potential.

FY16/17 Highlights of Key Events

To build upon our portfolio of income-producing assets and generate strong and consistent returns for our stakeholders, Mapletree has taken further steps to invest beyond Asia in FY16/17.

At the beginning of the year, the Group made a strategic move to accelerate growth and strengthen its business park, corporate housing / serviced apartment, and student accommodation businesses globally by acquiring Green Park, an award-winning 7.9-hectare business park in Reading, Berkshire, UK in May 2016. We subsequently acquired a portfolio of seven student accommodation assets located across six states in the US in November. We ended the financial year by assuming full ownership of Oakwood Worldwide, a premier global provider of corporate housing / serviced apartment solutions. With these acquisitions, the Group has gained presence and a stronger foothold in the US and the UK.

In the same year, we also acquired Kumho Asiana Plaza, a prime mixed-use development comprising Grade A

office, serviced apartment, a hotel and a F&B podium in District 1 of Ho Chi Minh City, Vietnam, in June. Enjoying an occupancy rate of over 90% across its office, serviced apartment and retail components, it has been the Group’s largest acquisition to-date in Vietnam.

We are also committed to providing our investors with strong recurring earnings. The Group successfully closed Mapletree Global Student Accommodation Private Trust (MGSA P-Trust) at US\$535 million (~S\$746.2 million) in March 2017. The first trust in Singapore to focus on this strong-yielding sector, MGSA P-Trust offers investors the opportunity to invest in the stable income-producing and resilient student accommodation sector.

1 PATMI denotes net profit (after tax and non-controlling interests) attributable to perpetual securities holders and equity holder of the Company.

2 Earnings before interest and tax (EBIT) plus share of operating profit or loss of associated companies and joint ventures (SOA), excluding revaluation, SOA gains or losses relating to disposal, foreign exchange and derivatives gains or losses.

3 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.

4 NAV CAGR is adjusted for dividends distributed to shareholder and calculated excluding non-controlling interests and perpetual securities and with NAV as of 31 March 2012 as starting base.



Bursary recipients from the Singapore University of Technology and Design at an interaction session with Mapletree's management in February 2017

Here in Asia, we continued to undertake opportunities to grow our real estate portfolio. In Vietnam, the Group's first office development, Mapletree Business Centre, was officially opened by guest-of-honour, Singapore's Prime Minister Mr Lee Hsien Loong in March 2017. Since obtaining its Temporary Occupation Permit (TOP), the 17-storey office tower with Grade A specifications in District 7 has been well received by prominent multinational companies. The office building is one component in the vibrant work, live and play precinct which the Group has developed as Saigon South Place.

Alexandra precinct in Singapore completed its final phase of the master plan for rejuvenation when the development of Mapletree Business City Phase II (MBC II) received its temporary occupation permit in April 2016. Besides broadening the Group's portfolio, the 30-storey MBC II is Singapore's tallest business park. It has also earned prestigious awards for its environmentally sustainable design and development, namely the Singapore Building and Construction Authority's Green Mark Platinum Award and the U.S. Green Building Council's Precertification for LEED for Core & Shell Development Gold Level.

We continued to enlarge our footprint in Singapore with the completion of another mixed-use development, 18 Tai Seng.

Comprising business 2 (B2) industrial, retail and office space, and linked directly to Tai Seng MRT station, the project received its TOP in November 2016. The retail centre commenced operations in February 2017 with a committed occupancy of 93%.

We have also strengthened our presence in China with the launch of South China Singapore City International Education Zone, a part of the mixed-use Nanhai Business City Phase 4. The official opening in January 2017 was graced by guest-of-honour, Singapore's Minister of State for Manpower, Mr Teo Ser Luck.

Community Engagement

Since the start of Mapletree's Corporate Social Responsibility (CSR) policy in 2011, the Group have continued to make a difference in the lives of individuals by supporting their education and healthcare needs. We also seek to benefit communities through adopting environmental sustainability practices and our support for the arts. As a key part of our commitment, we have set a goal to allocate S\$2 million to CSR initiatives when Group PATMI exceeds S\$300 million in a particular financial year, a target we met in FY16/17.

To date, the Group has committed over S\$3 million to support financially needy students studying in all six Singapore

universities. As a home-grown company, we see our commitment to tertiary education also as helping to build a strong pipeline of talents for the future growth of our business.

The Group has also contributed S\$3 million to the endowment programmes of the six Singapore universities to establish the Mapletree Bursary and to sponsor book prizes for Bursary recipients who have done well academically. In addition, more than \$98,000 was disbursed to fund book prizes at the five local polytechnics and SIM Global Education.

Besides our support for education, we also held the inaugural Mapletree Futsal Challenge at Mapletree Business City (MBC) futsal courts in March 2017. It is a joint community engagement initiative between Mapletree and its tenants, which saw teams from Mapletree, MBC I and II tenants, and youth teams from Boys' Town and Beyond Social Services competing for the Champion Cup.

Another area of focus for our CSR programme is at-risk youths. In 2015, we initiated the Mapletree Youth Resilience Programme (MYRP) which provides financial support to youths who are determined to continue studying despite their challenging socio-economic circumstances. We are happy to report that the five youths we are supporting are progressing well in their studies, and two have been accepted into polytechnic.

As the Group has performed well, with revenue increasing year-on-year, we hope to strengthen our CSR programmes and extend more support to communities.



A match in action at the Mapletree Futsal Challenge held at the Mapletree Business City futsal courts

Driving Employee Engagement

In the recent years, our employee strength has grown from 1,368 in FY12/13 to over 3,000 presently. To encourage employees engagement in various geographies to engage with their communities, each country office has organised CSR activities aimed at gathering those with common interests to give back to the community.

Staff-led CSR initiatives in Singapore include conducting reading sessions for students of PAP Community Foundation preschools in the vicinity of our corporate headquarters at MBC, as well as charity bazaars organised at Mapletree properties - VivoCity and MBC I and working together with industrial tenants to fulfil the wishes of adopted beneficiaries.

The Group also provides seed funding of S\$5,000 per project for up to five staff-led initiatives annually under the Mapletree Staff CSR Programme. The result has been positive, with China and India initiating their own CSR activities and rallying employees to participate.

Two years ago, we launched the Mapletree Academic Achievement Programme to sponsor diploma graduation book prizes under our CSR Programme. We have since extended it to our employees' children under the Mapletree Education Award (EduAward). The first batch of 41 awards was given



Recipients of the first batch of Mapletree Education Awards which were given out in March 2017

out in March 2017, and it was gratifying to see our employees, their children and even the grandparents at the ceremony.

Introduction to Sustainability Report

Given our focus on driving sustainability in Mapletree's business operations, we are including our first Sustainability Report in this Annual Report. The Sustainability Report will outline the activities we have undertaken to meet the requirements of the Singapore Exchange Reporting Guide.

Acknowledgements

On behalf of the Board, I would like to acknowledge the efforts of Group CEO, Mr Hiew Yoon Khong, and the Management in leading Mapletree to greater heights every year. The Group has achieved this record performance because of their commitment and the dedication of all Mapletree staff, including our new additions from Australia, the US and the UK.

I would also like to thank fellow Board members for their invaluable counsel and guidance to the Management team over the years. In addition, I would also like to take this opportunity to welcome Mr Cheah Kim Teck who joined the Board in March 2017. He was formerly an Independent Director and a member of the Audit and Risk Committee of Mapletree Logistics Trust Management Ltd.

In the year ahead, we at Mapletree look forward to building an even more sustainable business and gaining ground globally.

Edmund Cheng
Chairman



Employees bringing elders out for an afternoon activity at Shanghai's Xintiandi district