mapletree pan asia commercial

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 25 August 2005 (as amended))

For Immediate Release

Singapore's strength and accretive divestment fortify MPACT against overseas headwinds

- Singapore recorded higher comparable gross revenue and NPI, led by VivoCity despite AEI impact
- Overseas contributions further impacted by persistently strong SGD
- Reduced borrowings post-divestment buffered against elevated interest rates
- Strengthened balance sheet, reducing aggregate leverage ratio to below 40%
- Portfolio resilience sustained by healthy committed occupancy and positive rental reversion
- VivoCity Basement 2 major revitalisation progressing well; mall remains on track for steady long-term performance
- Festival Walk recorded quarter-on-quarter rebound in shopper traffic and tenant sales
- Singapore accounts for more than 50% of portfolio, remains cornerstone of stability amid diverging market currents

Summary of MPACT's Results

	2Q FY24/25	2Q FY23/24	Variance (%)
Gross revenue (S$'000)[1]	225,619	240,162	(6.1)
Property operating expenses (S$'000)[1]	(57,945)	(57,004)	(1.7)
Net property income (S$'000)[1]	167,674	183,158	(8.5)
Net finance costs (S$'000)[1]	(56,035)	(57,553)	2.6
Amount available for distribution to Unitholders (S$'000)	103,996	118,035	(11.9)
Distribution per Unit (Singapore cents)	1.98	2.24	(11.6)

[1] Gross revenue, property operating expenses, NPI and net finance costs do not include contribution from The Pinnacle Gangnam. MPACT will share profit after tax of The Pinnacle Gangnam based on its 50% effective interest.

	1H FY24/25	1H FY23/24	Variance (%)
Gross revenue (S$'000)[1]	462,273	477,280	(3.1)
Property operating expenses (S$'000)[1]	(115,197)	(114,922)	(0.2)
Net property income (S$'000)[1]	347,076	362,358	(4.2)
Net finance costs (S$'000)[1]	(115,456)	(111,654)	(3.4)
Amount available for distribution to Unitholders (S$'000)	214,746	232,787	(7.8)
Distribution per Unit (Singapore cents)	4.07	4.42	(7.9)

***Singapore, 24 October 2024* –** MPACT Management Ltd., as manager of Mapletree Pan Asia Commercial Trust ("MPACT" and as manager of MPACT, the "Manager"), today announced its financial results for 2Q FY24/25 and Financial Period from 1 April 2024 to 30 September 2024 today. The results underscore the resilience of its Singapore portfolio amid diverging overseas currents.

2Q FY24/25 gross revenue and net property income ("NPI") were lower by 6.1% and 8.5% year-on-year ("yoy") to S$225.6 million and S$167.7 million, respectively. This largely reflects reduced contribution following Mapletree Anson's divestment on 31 July 2024, and lower contributions from the overseas assets, further impacted by the strengthening Singapore dollar. However, the Singapore assets demonstrated strength, with gross revenue (excluding Mapletree Anson) rising 0.7% yoy. This growth was led by the continued robust performance of flagship asset, VivoCity, despite its contribution affected by the Basement 2 asset enhancement initiative ("AEI") and tenant rejuvenation impact.

The accretive divestment of Mapletree Anson bolstered MPACT's financial performance. This strategic move, coupled with the steady performance of the Singapore assets, provided some cushion against the effects of diverse conditions in overseas markets. In navigating a high interest rate environment, the Manager reduced borrowings. This effectively offset higher interest rates and resulted in improved net finance costs for the quarter. Consequently, Distribution per Unit ("DPU") for 2Q FY24/25 was 1.98 Singapore cents.

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[1] Gross revenue, property operating expenses, NPI and net finance costs do not include contribution from The Pinnacle Gangnam. MPACT will share profit after tax of The Pinnacle Gangnam based on its 50% effective interest.

For 1H FY24/25, gross revenue and NPI decreased by 3.1% and 4.2% yoy to S$462.3 million and S$347.1 million, respectively. This was similarly driven by reduced contribution from Mapletree Anson due to its divestment, with overseas contributions further dampened by adverse foreign exchange effects. The consistently robust performance of the Singapore portfolio drove a yoy growth in gross revenue and NPI on a comparable basis,[2] with the reduction in borrowings post-divestment providing an additional buffer against overseas headwinds and higher interest rates. DPU for 1H FY24/25 amounted to 4.07 Singapore cents.

Ms Sharon Lim, Chief Executive Officer of the Manager said, "While our Singapore portfolio continues to demonstrate resilience, we remain vigilant in addressing overseas challenges. We are exploring all avenues to mitigate headwinds, particularly in the Makuhari submarket of Chiba, Japan. Concurrently, we are focused on active asset management across our portfolio, including the ongoing enhancements at Basement 2 of VivoCity to future-proof it. The mall continues to be on track for long-term success."

Ms Lim added, "In Greater China, near-term challenges persist, but the recent rate cut by the Fed and China's economic stimulus measures are positive steps for overall market sentiment. As we navigate the complex landscape, the Singapore portfolio, which forms the majority of MPACT's portfolio, continues to be our anchor of stability. We are committed to overcome hurdles while continuing to deliver value to our unitholders."

OPERATIONAL PERFORMANCE

During 1H FY24/25, MPACT renewed and re-let approximately 1.3 million square feet of lettable area. Of this, approximately 1.1 million square feet were from leases with expiries in FY24/25, yielding a notable 4.1% rental uplift. The Singapore portfolio stood out, with rental uplifts ranging from 2.5% at Mapletree Business City to 17.3% at VivoCity.

As at 30 September 2024, the portfolio maintained a resilient committed occupancy of 90.3%. The weighted average lease expiry ("WALE") was 2.2 years for the retail segment and 2.5 years for the office/business park segment, resulting in an overall portfolio WALE of 2.3 years.

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[2] Comparable basis refers to the exclusion of Mapletree Anson from both Gross Revenue and NPI for both periods, and the exclusion of the one-off property tax refund for VivoCity (S$2.8 million) in 1H FY23/24 which only affects the NPI.

MPACT's retail assets continue to evolve in response to dynamic market conditions. At VivoCity, the reconfiguration of Basement 2 is progressing well in two key phases. The first phase, which increases the number of food kiosks from 21 to 24, is progressing well with the initial group of tenants beginning operations from October 2024. This enhancement aims to introduce an improved mix of F&B options and maximise capture of the high footfall at Basement 2. Phase 2 of the AEI focuses on transforming lower-yielding areas into higher-yielding spaces. By converting carpark into retail space, approximately 14,000 square feet of new retail area will be added, significantly elevating the overall Basement 2 experience. The entire AEI is projected to deliver over 10% return on investment[3] and is scheduled for completion by end-2025. While VivoCity experienced a temporary yoy dip in 2Q FY24/25 tenant sales due to increased downtime from the AEI and higher number of non-trading days resulting from tenant changeovers and rejuvenation efforts, the mall remains on course for steady long-term performance.

In Hong Kong, Festival Walk maintained a high committed occupancy and demonstrated notable quarter-on-quarter improvements in shopper traffic and tenant sales despite market-wide impact from currency-driven outbound travel. 2Q FY24/25 shopper traffic increased 7.9% compared to the previous quarter while tenant sales rebounded 3.1% over the same period. These positive results stemmed from targeted marketing efforts and active reshaping of the mall's offerings to cater to local shoppers' demand for experiential and lifestyle concepts. The quarter featured several high-impact celebrity appearances and events that successfully raised the mall's profile and boosted footfall.

INTERIM VALUATION OF THREE PROPERTIES IN CHIBA, JAPAN

An interim valuation was conducted for MPACT's three properties in the Makuhari submarket of Chiba, Japan. As at 30 September 2024, the valuation of these properties totalled S$547.0 million, 17.2% lower when compared to the previous valuation of S$660.8 million as at 31 March 2024.

The fair value losses are however non-cash in nature and primarily stemmed from localised market softness in Makuhari. This market weakness has exerted pressure on occupancy levels and market rents, prompting shifts in market assumptions used by the independent valuer.

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3 Based on revenue on a stabilised basis and capital expenditure of approximately S$42 million for the entire Basement 2 rejuvenation.

Additionally, there was also a change in the valuation basis for Fujitsu Makuhari Building following the expressed intention of its single tenant, Fujitsu Limited, not to renew its lease upon expiry on 31 March 2026.

In light of Fujitsu Limited's anticipated non-renewal, the Manager is proactively assessing various strategic options. These include, but are not limited to, re-letting the property to new tenants, exploring potential change of use (subject to government approvals), pursuing divestment opportunities, and implementing other mitigating initiatives. Material information and developments regarding Fujitsu Makuhari Building will be provided as and when they become available.

The three properties in Makuhari accounted for approximately 5.4% of MPACT's FY23/24 NPI. The remaining six properties in Japan are expected to maintain stable performance.

CAPITAL MANAGEMENT

Utilising proceeds from the Mapletree Anson divestment to reduce floating-rate debt, total gross debt was lowered from S$6,818.9 million (as at 30 June 2024) to S$6,084.3 million (as at 30 September 2024). However, the interim valuation of the Makuhari properties partially offset the positive impact of this debt reduction on the leverage ratio. Consequently, the aggregate leverage ratio improved from 40.5% to 38.4% over the same period. The overall value of investment properties declined over the same period largely due to the divestment and interim valuation of the three Makuhari properties.

As at 30 September 2024, MPACT maintained a well-distributed debt maturity profile, with no single financial year facing more than 24% of debt refinancing. The average term to maturity was 3.3 years. MPACT's financial position remains robust, supported by approximately S$1.0 billion of cash and undrawn committed facilities, ensuring ample financial liquidity to meet working capital needs and financial obligations.

To mitigate uncertainties arising from interest rate and foreign exchange volatilities, approximately 83.6% of total gross debt was in fixed-rate debts or fixed through interest rate swaps, and approximately 90% of MPACT's distributable income (based on rolling four quarters) was either derived from or hedged into Singapore dollar.

The weighted average all-in cost of debt was 3.56% per annum, and the adjusted interest coverage ratio was approximately 2.8 times on a 12-month trailing basis.

DISTRIBUTION TO UNITHOLDERS

DPU for 2Q FY24/25 is 1.98 Singapore cents. Unitholders can expect to receive the distribution on Friday, 6 December 2024. The Transfer Books and Register of Unitholders of MPACT will be closed at 5.00 p.m. on Monday, 4 November 2024.

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<u>About Mapletree Pan Asia Commercial Trust</u>

Mapletree Pan Asia Commercial Trust ("MPACT") is a real estate investment trust ("REIT") positioned to be the proxy to key gateway markets of Asia. Listed on the Singapore Exchange Securities Limited on 27 April 2011, it made its public market debut as Mapletree Commercial Trust and was subsequently renamed MPACT on 3 August 2022 following the merger with Mapletree North Asia Commercial Trust. Its principal investment objective is to invest on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate used primarily for office and/or retail purposes, as well as real estate-related assets, in the key gateway markets of Asia (including but not limited to Singapore, Hong Kong, China, Japan and South Korea).

Following the divestment of Mapletree Anson, MPACT's portfolio comprises 17 commercial properties across five key gateway markets of Asia – four in Singapore, one in Hong Kong, two in China, nine in Japan and one in South Korea. They have a total lettable area of 10.5 million square feet independently valued at S$15.5 billion. For more information, please visit www.mapletreepact.com.

<u>About the Manager – MPACT Management Ltd.</u>

MPACT is managed by MPACT Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd. The Manager's main responsibility is to manage MPACT's assets and liabilities for the benefit of Unitholders. The Manager is also responsible for setting the strategic direction of MPACT on the acquisition, divestment and/or enhancement of assets of MPACT in accordance with its stated investment strategy. The Manager's key objectives are to provide Unitholders of MPACT with an attractive rate of return on their investment through regular and relatively stable distributions and to achieve long-term growth in DPU and net asset value per Unit, with an appropriate capital structure for MPACT.

About the Sponsor – Mapletree Investments Pte Ltd

Headquartered in Singapore, Mapletree Investments Pte Ltd ("MIPL") is a global real estate development, investment, capital and property management company committed to sustainability. Its strategic focus is to invest in markets and real estate sectors with good growth potential. By combining its key strengths, MIPL has established a track record of award-winning projects, and delivers consistently attractive returns across real estate asset classes. MIPL manages three Singapore-listed real estate investment trusts ("REITs") and nine private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the United Kingdom ("UK") and the United States ("US"). As at 31 March 2024, Mapletree owns and manages S$77.5 billion of office, retail, logistics, industrial, data centre, residential and student accommodation properties.

MIPL's assets are located across 13 markets globally, namely Singapore, Australia, Canada, China, Europe, Hong Kong, India, Japan, Malaysia, South Korea, the UK, the US and Vietnam. To support its global operations, MIPL has established an extensive network of offices in these countries.

For more information, please visit www.mapletree.com.sg.

IMPORTANT NOTICE

This release is for information only and does not constitute an offer or solicitation of an offer to sell or invitation to subscribe for or acquire any units in Mapletree Pan Asia Commercial Trust ("MPACT", and the units in MPACT, the "Units").

The past performance of MPACT and MPACT Management Ltd., in its capacity as manager of MPACT (the "Manager"), is not indicative of the future performance of MPACT and the Manager. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This release may also contain forward-looking statements involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these risks, uncertainties and assumptions include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Nothing in this release should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors. Neither the Manager nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation. This release shall be read in conjunction with MPACT's financial results for the Second Quarter and Financial Period from 1 April 2024 to 30 September 2024 in the SGXNET announcement dated 24 October 2024.

For further information, please contact:

MPACT Management Ltd.

Teng Li Yeng
Investor Relations
Tel: +65 6377 6836
Email: teng.liyeng@mapletree.com.sg
Website: www.mapletreepact.com