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Issuer: Mapletree Pan Asia Commercial Trust
(Manager: MPACT Management Ltd.)

Stock code: N2IU

Meeting details:

Date: 29 July 2025

Time: 2.30 p.m.

Venue: 20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439

Q1. Despite the annual report being titled “*Resolute and Resilient*”, unitholders may be disappointed by the 10% drop in distribution per unit (DPU) to 8.02 cents.

Under the manager’s 4R asset & capital management strategy, a well performing asset, Mapletree Anson, was divested. This is notable as it was a stable income-generating asset with no foreign currency exposure. Meanwhile, Vivocity, which posted a 3.5% increase in revenue and a 2.1% rise in net property income (NPI), driven by 16.8% in positive rental reversions, saw its impact diluted due to the enlarged unit base post-acquisition of Mapletree North Asia Commercial Trust (MNACT).


In contrast, many of the overseas assets continue to face headwinds. Key challenges include operating pressures, valuation impairments and foreign currency losses, particularly from properties in Hong Kong, China and Japan.

	Purchase Price (million)	Valuation (million)	Gross revenue FY21/22 (million) ¹	Gross revenue FY24/25 (million)	Vacancy rate at acquisition	Vacancy in rate at 31 Mar 25
Festival Walk	HKD25,565 (S\$4,452.7)	HKD23,779 (S\$4,086.4)	S\$204.4	HKD1,163 (S\$199.8)	0.4%	3.2%
Gateway Plaza	RMB6,353 (S\$1,336.0)	RMB5,780 (S\$1,065.1)	S\$82.5	RMB338.0 (S\$62.7)	5.7%	13.9%
Sandhill Plaza	RMB2,427 (S\$510.4)	RMB2,172 (S\$400.2)	S\$27.5	RMB109.9 (S\$20.4)	1.4%	13.8%
mBAY POINT Makuhari	JPY35,500 (S\$430.6)	JPY33,200 (S\$299.4)	S\$42.3	JPY2,934.5 (S\$25.7)	7.8%	25.4%
Fujitsu Makuhari Building	JPY19,500 (S\$236.5)	JPY11,500 (S\$103.7)	S\$13.9	JPY1,153.2 (S\$10.1)	0%	0%
Makuhari Bay Tower	JPY20,500 (S\$248.7)	JPY15,200 (S\$137.1)	S\$21.8	JPY829.1 (S\$7.3)	0%	73.5%

(Source: annual reports)

Rental reversions in Hong Kong, China and Japan have also continue to be negative, with China showing the steepest decline of 9.3%. At Makuhari Bay Tower, the lettable area has been reduced significantly from 761,483 square feet to 403,425 square feet due to conversion to a multi-tenant building after Seiko Instruments Inc. exited as a key tenant after its lease expiry on 30 June 2024.

¹ <https://links.sgx.com/FileOpen/20220523%20-%20MCT%20EGM%20Presentation-Proposed%20Merger%20with%20MNACT.aspx?App=Announcement&FileID=718161>

	Number of Leases Committed	Retention Rate by Lettable Area (%)	Lettable Area Renewed/Re-Let ('000 square feet)	Rental Reversion ² (%)
MBC, Singapore	10	71.4	283.7	2.2 
VivoCity, Singapore	101	76.8	291.2	16.8 
Other Singapore properties ³	26	83.0	65.9	7.4 
Festival Walk, Hong Kong	48	58.4	155.8	-6.9 
China properties	36	50.5	231.3	-9.3 
Japan properties	47	25.8	433.8	-7.2 
The Pinnacle Gangnam, South Korea	5	22.6	15.6	26.9  1% of AUM
MPACT Portfolio	273	46.7	1,477.4	3.6

Interest coverage ratio (ICR) slipped to 2.8 times. While the sale of Mapletree Anson brought aggregate leverage down from 40.5% to 37.7%, many unitholders are still unconvinced that the acquisition of MNACT has created value for long-time MCT unitholders.

- (i) **Are there any positive developments in the overseas portfolio that the manager can share with unitholders?**
- (ii) **How does the manager address unitholder concerns that the REIT may be divesting strong-performing assets like Mapletree Anson to offset the impact of underperforming properties, i.e. selling the winners and keeping the losers?**
- (iii) **For the portfolio acquired from MNACT, can the manager confirm whether any of the assets remain above their original purchase price in Singapore dollar terms after accounting for foreign exchange hedging?**
- (iv) **Can the manager describe whether its acquisition due diligence was sufficiently robust? With the benefit of hindsight, can the manager identify any key assumptions or hypotheses underlying the investment thesis that ultimately proved inaccurate or were inadequately stress-tested?** For reference, certain assets, such as Fujitsu Makuhari Building, have lost as much as 50% of its value, and the China portfolio has declined by \$381 million while Festival Walk has lost \$366 million. On a portfolio basis, the overseas properties are now valued at \$6.95 billion, compared to \$8.15 billion as at the effective date of merger.

Q2. In FY24/25, MPACT reported declines across key financial metrics, including gross revenue, net property income, distributable income, and distribution per unit (DPU). At the trust level, an impairment loss of \$(814.2) million was recognised on investment in a subsidiary. As a result, profit fell sharply from \$643.9 million to \$119.4 million (page 105 – Statements of profit or loss).

The foreign currency translation reserve stood at \$(335.9) million as at 31 March 2025. (page 112 – Statements of movements in unitholders’ funds). Prior to the acquisition of MNACT, the group was not exposed to foreign currency risk.

Selected Balance Sheet Details					
As at 31 March	2021	2022	2023	2024	2025
Total Assets (S\$ million)	8,950.6	8,984.5	16,828.8	16,662.3	16,141.6
Portfolio Property Value (S\$ million)	8,737.0	8,821.0	16,575.7	16,499.5	15,960.0
Gross Debt Outstanding (S\$ million)	3,032.9	3,014.0	6,940.8 ²	6,803.0 ²	6,139.9²
Unitholders’ Funds (S\$ million)	5,709.0	5,793.5	9,220.3	9,209.2	9,364.0
Net Asset Value (“NAV”) per Unit (S\$)	1.72	1.74	1.76	1.75	1.78
Market Capitalisation (S\$ million)	7,030.4	6,281.4	9,430.8	6,723.8	6,584.5

As shown in the table above, the market capitalisation is now even lower than it was in FY2021, before the acquisition of MNACT.

Despite these weaker performance, the CEO and key management personnel (KMPs) appear to continue to receive remuneration packages that are rather stable, including significant variable compensation. For example, the CEO’s remuneration package included bonuses of up to 43% and long-term incentives of 24% of total pay. The CEO remuneration in FY24/25 is \$1.59 million as compared to \$1.5 to \$1.75 million last year. Total remuneration for the CEO and top four KMPs was \$4.0 million in FY24/25 and \$4.9 million in FY23/24 (for five KMPs).

Total Remuneration of CEO and Key Management Personnel for FY24/25

The exact remuneration for the CEO and a percentage breakdown of the remuneration of the CEO and other key management personnel of the Manager, are provided in the remuneration table below. Other than the CEO, the Manager has four key management personnel.

	Salary, Allowances and Statutory Contributions	Bonus ¹	Contingent Award of Long-term Incentives ²	Benefits-in-Kind	Total
CEO					
Ms Sharon Lim	33%	43%	24%	N.M. ⁴	S\$1,594,284
Other Key Management Personnel					
Ms Janica Tan	53%	33%	14%	N.M. ⁴	} S\$2,418,037
Mr Koh Wee Leong	59%	30%	11%	N.M. ⁴	
Ms Charissa Wong ³	61%	29%	10%	N.M. ⁴	
Ms Wendy Lee ³	64%	29%	7%	N.M. ⁴	

Notes:

- ¹ The amounts disclosed are bonuses declared during FY24/25.
- ² The amounts disclosed include the grant value of the contingent LTI award. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum contingent on the achievement of the TSR targets and fulfillment of vesting period of up to five years.
- ³ Ms Charissa Wong and Ms Wendy Lee are employees of the Property Managers and are deemed key management personnel who have responsibility for the management of VivoCity and Festival Walk respectively, which are material to the performance of MPACT.
- ⁴ N.M. means Not Meaningful.

Total Remuneration Bands of CEO and Key Management Personnel for FY23/24

	Salary, Allowances and Statutory Contributions	Bonus ¹	Long-term Incentives ²	Benefits	Total
Above S\$1,500,000 to S\$1,750,000					
Ms Sharon Lim	29%	45%	26%	N.M. ⁴	100%
Other Key Management Personnel					
Ms Janica Tan	47%	36%	17%	N.M. ⁴	100%
Mr Chow Mun Leong	49%	35%	16%	N.M. ⁴	100%
Mr Koh Wee Leong	56%	31%	13%	N.M. ⁴	100%
Ms Charissa Wong ³	61%	30%	9%	N.M. ⁴	100%
Ms Wendy Lee ³	60%	31%	9%	N.M. ⁴	100%

Notes:

- ¹ The amounts disclosed are bonuses declared during the financial year.
- ² The amounts disclosed include the grant of the LTI award. The LTI award is a form of unit-linked incentive plan and represents conditional rights to receive a cash sum based on the achievement of MPACT's TSR targets and fulfillment of vesting period of up to five years.
- ³ Ms Charissa Wong and Ms Wendy Lee are employees of the Property Managers and are deemed key management personnel who have responsibility for the management of VivoCity and Festival Walk respectively, which are material to the performance of MPACT.
- ⁴ Not meaningful.

The total remuneration for the CEO and the top five key management personnel in FY23/24 was S\$4.9 million.

- (i) **Can the board, especially the nominating and remuneration committee (NRC), provide detailed information on the specific financial and non-financial criteria used to determine annual bonuses and long-term incentives for the CEO and KMPs?**

- (ii) **Given that the remuneration of the CEO and KMPs is supposedly tied to KPIs such as total unitholder return, NPI, DPU and NAV, why has their remuneration remained relatively stable despite significant declines in operating and financial performance?**

Q3. The board of the manager comprises 11 directors, including Mr Samuel Tsien, a non-independent chairman. For context, the three local banks each have 10 directors, while the largest two REITs each have 8 to 9 directors.



(Source: annual report)

- (i) **Can the board/NRC help unitholders better understand how the current board size facilitates effective decision-making? When was the last substantive review of the board size conducted and what were its key findings?**
- (ii) **What governance framework supports the inclusion of the sponsor-linked directors, and how does the current board composition benchmark against best-in-class governance standards?**

The manager states that the board's performance is ultimately reflected in the performance of the manager and the group.

- (iii) **Has the board or the NRC formally assessed the group's performance in relation to unitholder value creation? Is the board satisfied with both the REIT's and its own performance?**

The manager has previously clarified that the merger with MNACT was conceived by the manager.

- (iv) **What has been the total unitholder return since 27 December 2021, the last trading day before the announcement? How does this compare with peer REITs, especially those focused on Singapore assets?**
- (v) **In light of the persistent outperformance of Singapore assets and the negative impact of overseas properties on performance, currency, and valuation, does the board consider the MNACT transaction to have delivered value to unitholders? Please provide a detailed quantification of the value creation or destruction.**
- (vi) **What accountability measures has the board taken regarding the MNACT acquisition, and how have lessons learned been incorporated into future strategic decisions?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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