Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

REIT: Mapletree Logistics Trust
(Manager: Mapletree Logistics Trust Management Ltd.)

Stock code: M44U

Meeting details:
Date: 13 July 2021
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the corporate profile, the REIT aims to provide unitholders with competitive total returns through:

- optimising organic growth and hence, property yield from the existing portfolio;
- making yield accretive acquisitions of good quality logistics properties; and
- managing capital to maintain the REIT's strong balance sheet and provide financial flexibility for growth.

Key highlights of the REIT can be seen on pages 2 to 5 of the annual report. An extract showing the assets under management, number of properties by geography and distribution per unit (DPU) is reproduced below:



(Adapted from 2020/2021 annual report)

In the last financial year, the assets under management (AUM) increased by 20.9%. AUM has almost doubled from $5.5 billion in FY16/17 to $10.8 billion in FY20/21. The cumulative annual growth rate (CAGR) of the REIT's AUM from FY16/17 is 18.4% per annum.

(i) **Can the manager help unitholders understand if the manager will continue to grow the REIT via acquisitions at the same rate? How has the pandemic affected the pace of acquisition of the REIT?** In the past financial year, the increase in AUM was 20.9%, or $1.87 billion. The total value of acquisitions in FY20/21 was $1.7 billion (page 13) while $184 million was due to a valuation uplift.

(ii) **What were the deliberations by the manager and by the board on the stage of the market cycle and on the valuation of assets?**

On the other hand, DPU increased from 7.440 cents per unit in FY16/17 to 8.326 cents per unit in FY20/21. The increase in DPU is 12% from FY16/17 to FY20/21, or a CAGR of 2.85% per annum.

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(iii) **Has the REIT manager evaluated if unitholders have benefitted equally from the acquisitions given that DPU has only increased by 2.85% per annum when AUM increased by 18.4% per annum?** In addition, over the same period, management fees increased by 13% per annum (CAGR) or 65% to $63.3 million in FY20/21.

Q2. At the portfolio level, the REIT executed on both its organic and inorganic growth strategies to "future-proof" its portfolio. Some of the highlights included:

- Completion of the redevelopment of Mapletree Ouluo Logistics Park, Shanghai, China, into a modern, two-storey ramp up facility
- Forward-purchase of a modern logistics facility in Truganina, Melbourne, Victoria, Australia
- Acquired a portfolio of nine modern logistics properties in China, Malaysia and Vietnam as well as the remaining 50% interest in 15 logistics properties in China
- Acquired a newly built modern logistics facility, Higashi Hiroshima Centre, in Japan
- Acquired a portfolio of five modern freehold logistics properties in Seoul
- Maiden acquisition of two modern logistics properties in India (Pune, Maharashtra)

China is now the largest country in the REIT's portfolio at 31.1% of the REIT's total NLA, followed by Singapore at 27.5% (page 42). As disclosed in the message from the chairman and CEO, a key plank of the REIT's growth strategy is to expand the REIT's regional footprint and build scale in key logistics hubs through selective acquisitions of quality logistics properties. The scaling-up in China also provides the REIT with a stronger foothold in a "high-growth market with resilient economic fundamentals" (page 51).

(i) **Can the manager provide greater clarity on the REIT's target capital allocation by geography?** The AUM by geography in FY2017 and FY2021 is shown below for reference.



(ii) **For the benefit of long-term unitholders, can management comment if (or how has) the risk profile of the REIT changed in view of the recent acquisitions given the heavy focus on regional expansion and on the e-commerce logistics segment?**

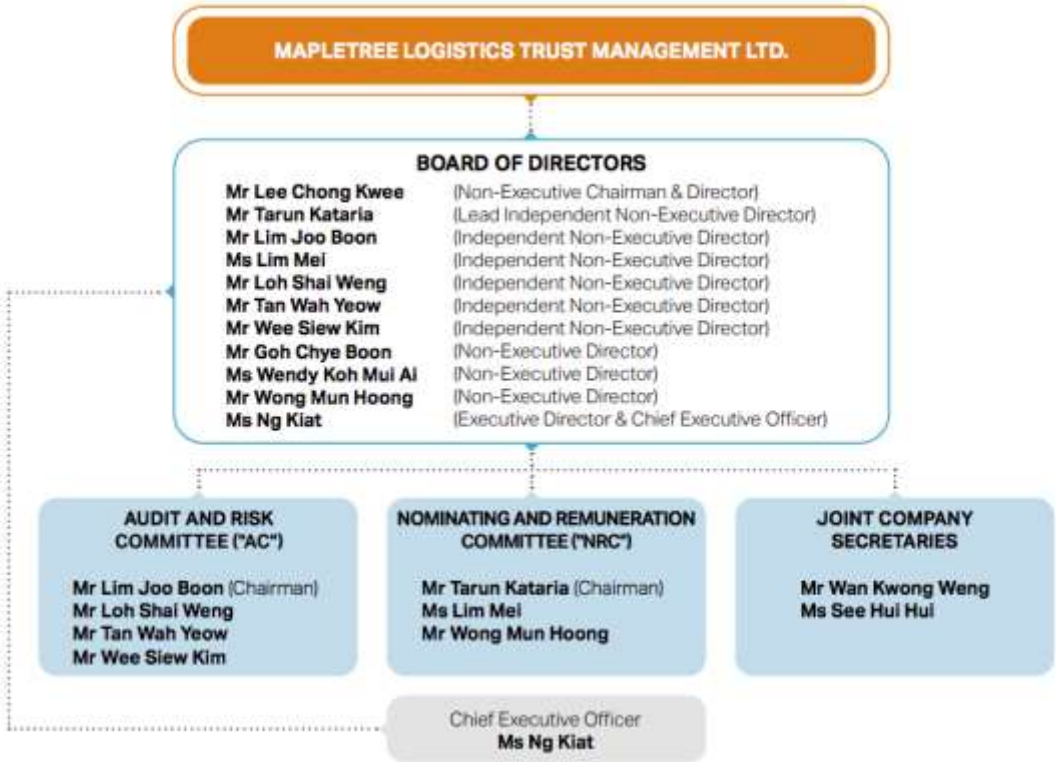
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(iii) **How does management ensure that it maintains intimate knowledge of the local real estate (specifically logistics) conditions as it expands to more countries/cities in its regional expansion?** For instance, the REIT made its first foray into India with the acquisition of two modern logistics properties in Pune, Maharashtra.

In addition, following the redevelopment of Singapore – Mapletree Benoi Logistics Hub (2014), Mapletree Logistics Hub – Toh Guan (2016) and 76 Pioneer Road (2018), the REIT appears to have slowed down on its asset enhancement/redevelopment initiatives. The two-stage redevelopment of Mapletree Ouluo Logistics Park in Shanghai, China was started in 2017 and was recently completed in 2Q FY20/21.

(iv) **Is the REIT manager still focused on value creation via redevelopment/asset enhancement? What are the opportunities in the current portfolio? Will the REIT be carrying out any major redevelopment in the near term?**

Q3. The biographies of the directors and the composition of the board (including board committees; reproduced below) can be found on pages 20 to 23 and 19 of the annual report respectively.



(Source: annual report 2020/2021)

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(i) **Can the nominating and remuneration committee (NRC) help unitholders understand if the current board size of 11 is appropriate in facilitating effective decision making?**

(ii) **How deep is the collective knowledge of the independent directors of the logistics sector in the key markets?** Based on the profiles of the directors, none of the independent directors appears to have professional working experience in the real estate/logistics industry.

(iii) **Can the NRC help unitholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in the logistics sector, to engage in effective and constructive debate with management/other directors?**

(iv) Three of the independent directors, namely Mr Tarun Kataria, Mr Loh Shai Weng and Mr Tan Wah Yeow, receive fees from other Mapletree entities (see pages 126 and 127 of the annual report). **How did the NRC evaluate the independence of these directors and assessed that the directors are able to act in the best interests of all unitholders as a whole?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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