LETTER TO UNITHOLDERS

Left
WONG MENG MENG
Chairman

Right
THAM KUO WEI
Chief Executive Officer

Dear Unitholders,

EVOLVING OUR BUSINESS

We have been progressively reshaping and building a portfolio of assets for higher value uses, which suit the changing needs of industrialists and attract users from new growth segments. We will continue to undertake acquisitions, BTS projects and AEI to keep pace with the changing industrial landscape and to enhance the stability of our returns to Unitholders.

During the financial year, we continued to execute our growth strategy with further investments in data centres. 7 Tai Seng Drive was acquired in June 2018 to be upgraded to a data centre for Equinix Singapore. The total cost of the acquisition and upgrading of 7 Tai Seng Drive is expected to be S$95 million. This collaboration with Equinix Singapore builds on its presence at MIT properties in Singapore and the United States. The upgrading of 7 Tai Seng Drive is on track for completion in the second half of 2019.

In July 2018, we completed our third BTS data centre development, Mapletree Sunview 1. The six-storey purpose-built data centre with gross floor area ("GFA") of about 242,000 square feet ("sq ft") is fully leased to an established data centre operator for an initial lease term of more than 10 years with staggered rental escalations.

In February 2019, we successfully completed the accretive acquisition of 18 Tai Seng from the Sponsor for an agreed property value of S$268.3 million. The nine-storey high-specification mixed-use industrial development comprises Business 2 industrial, office and retail spaces with a GFA of about 443,810 sq ft. Centrally located in the Paya Lebar iPark, 18 Tai Seng is the sole property which is directly connected to Tai Seng MRT station by an underground pedestrian link. With an expected net property income yield of 6.8%, the acquisition has enlarged the portfolio's tenant base to include multinational companies in the high value-added automotive, medical, information and communications technology sectors.

These expansions in the Hi-Tech Buildings segment are part of the broader evolution of our business to build and grow resilient income streams. As at 31 March 2019, the Hi-Tech Buildings segment represented the largest property segment at 43.3% of the portfolio by valuation, up from 14.8% six years ago when we set out our strategic focus on growing the segment.

DELIVERING SUSTAINABLE GROWTH

MIT achieved another year of strong financial performance in FY18/19. Net property income for FY18/19 rose by 3.7% year-on-year to S$287.8 million. This was driven by contributions from development projects and an acquisition in Singapore, mainly from Phase Two of the BTS project for HP Singapore (Private) Limited, Mapletree Sunview 1 and 18 Tai Seng. Distributable income for FY18/19 grew by 7.4% year-on-year to S$231.8 million due to higher net property income and full-year income contribution from MIT's 40% interest in the portfolio of 14 data centres in the United States ("US Portfolio"). DPU of 12.16 Singapore cents for FY18/19 was 3.5% higher than the DPU of 11.75 Singapore cents for FY17/18. This represented a total return of about 9.4%[1] for our Unitholders in FY18/19, which comprised capital appreciation of 3.4% and distribution yield of 6.0%.

MIT's total assets under management increased by 10.4% year-on-year to S$4,771.0 million[2] as at 31 March 2019. Over the same period, the net asset value per unit increased from S$1.47 to S$1.51.

MAINTAINING A STRONG BALANCE SHEET

MIT's steady growth is underpinned by its prudent approach towards capital management. As part of the efforts to diversify funding sources, we resumed the distribution reinvestment plan in 2QFY18/19. In addition, we tapped on the equity market with the successful launch of a private placement in February 2019. The private placement was more than two times covered and attracted strong participation from a diverse

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1 Sum of distributions and capital appreciation for the period over the latest closing unit price of S$2.030 as at 31 March 2018.
2 Includes MIT's 40% interest of the joint venture with the Sponsor in a portfolio of 14 data centres in the United States.

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base of investors. Gross proceeds of S$201.0 million from the private placement were utilised to partly finance the acquisition of 18 Tai Seng.

Following the private placement, the aggregate leverage of 33.8% as at 31 March 2019 will provide MIT sufficient financial capacity to support anticipated funding requirements in the near-term. Accordingly, we had suspended the application of the distribution reinvestment plan after the 4QFY18/19 distribution.

MIT issued S$125.0 million 10-year 3.58% fixed rate notes under the S$2 billion Euro Medium Term Securities Programme in March 2019. As a result, the weighted average tenor of debt increased from 3.3 years as at 31 March 2018 to 4.4 years as at 31 March 2019. The weighted average all-in funding cost stood at 3.0% in FY18/19.

To manage the impact of interest rate and foreign exchange fluctuations on distributions, about 78.6% of MIT's total debt as at 31 March 2019 had been hedged through interest rate swaps and fixed rate borrowings while 90.4% of FY18/19 foreign currency net income stream had been hedged into Singapore dollars through foreign exchange forward contracts.

IMPROVING PORTFOLIO RESILIENCE

The large supply of industrial space and the uneven recovery in the manufacturing sector continued to affect the performance of the portfolio of properties in Singapore ("Singapore Portfolio"). The Singapore Portfolio occupancy rate decreased to 87.9% in FY18/19 from 89.1% in the preceding year. This was attributed to the lower occupancies registered across most property segments except the Hi-Tech Buildings and Light Industrial Buildings segments. The positive leasing momentum and completion of investment projects improved the occupancy rate of the Hi-Tech Buildings segment. The US Portfolio occupancy rate remained unchanged at 97.4%. Consequently, MIT's average portfolio occupancy rate was 88.4% in FY18/19, as compared to 89.6% in FY17/18.

We strive to capture opportunities for organic growth through tenant retention, forward lease renewals and prospecting for new tenants. The Singapore Portfolio retention rate stood at a healthy level of 71.6% as a result of the recalibration of rental rates in response to market conditions and the active engagement with our tenants ahead of their lease expiries. In addition, we are proactively prospecting tenants from growing trade sectors. At the recently completed AEI at 30A Kallang Place, we have a high committed occupancy of 92.9%, with long leases secured from high-quality tenants from various sectors such as information communications and technology and precision engineering.

COMMITTING TO SUSTAINABILITY

We are committed to conducting our business in an environmentally and socially responsible manner while maintaining high corporate governance standards. We will be incorporating the United Nations Sustainable Development Goals in our framework to guide our long-term sustainability strategies in our third annual sustainability report. We will continue to advance our sustainability practices to deliver greater value for our stakeholders and enhance the resilience of our business.

SHAPING THE FUTURE

Amid waning global growth momentum, the pace of growth in the Singapore economy is expected to slow in 2019 as compared to 2018. The slowing economic growth and the demand-supply imbalance may weigh on the leasing activity in selected segments of the industrial market in Singapore.

Demand for data centre space in the United States remained strong, backed by growth in data consumption as well as increasing adoption of cloud services by businesses and consumers. These will underpin the stability of revenue contribution from the US Portfolio.

We expect the timely investments within the Hi-Tech Buildings segment to enhance the portfolio resilience and deliver sustainable returns. With the Sponsor's extensive capabilities and network, we remain disciplined in pursuing investment opportunities in Singapore and overseas.

ACKNOWLEDGEMENTS

On behalf of the Board, we welcome Mr Pok Soy Yoong, Mr Andrew Chong, Dr Andrew Lee and Mr William Toh. With their vast experience in management and the financial sector, we believe Mr Pok, Mr Chong, Dr Lee and Mr Toh will add to the bench strength as well as diversity of perspectives to the business strategy of MIT.

We wish to extend our sincere appreciation to our directors and staff for their dedication and commitment. We would also like to thank our Unitholders, tenants and business partners for their continued support.

WONG MENG MENG
Chairman

Tham Kuo Wei

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Chief Executive Officer

21 MAY 2019