

maple<sup>tree</sup>  
industrial trust

# Investor Presentation

February 2013



# DISCLAIMER

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This presentation may contain forward-looking statements that involve risks and uncertainties. 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 factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employees wages, benefits and training, 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 current view of management of future events.

# AGENDA

1

Overview of Mapletree Industrial Trust

2

Portfolio Highlights

3

3QFY12/13 Financial Performance

4

Strategy & Outlook

5

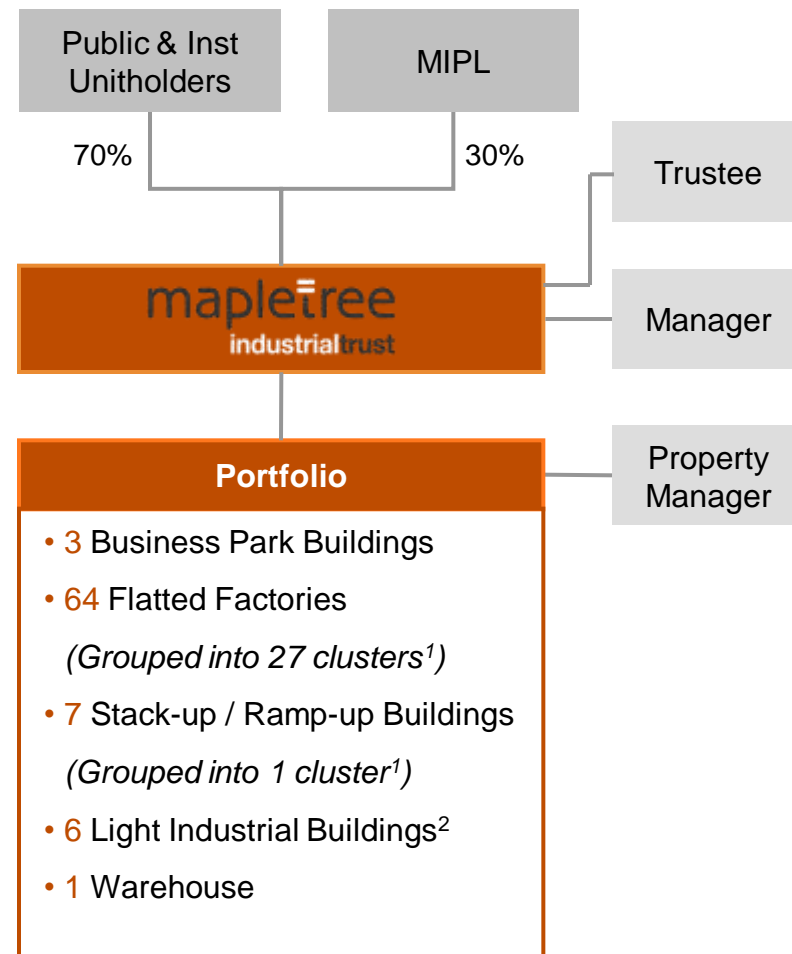
Conclusion

The background features a large, stylized orange shape that resembles a wide, horizontal banner or a thick, curved arrow pointing to the right. The shape is composed of several overlapping, semi-transparent layers of orange, creating a gradient effect. The top and bottom edges of the shape are slightly irregular, giving it a hand-drawn or layered appearance. The rest of the background is plain white.

# Overview of Mapletree Industrial Trust

# OVERVIEW OF MAPLETREE INDUSTRIAL TRUST

|                           |   |
|---------------------------|---|
| <b>Sponsor</b>            | Mapletree Investments Pte Ltd (“MIPL”)<br>Owns 30% of MIT   |
| <b>Investment mandate</b> | Focused on income producing real estate in Singapore primarily used for industrial purposes, excluding properties primarily used for logistics purposes |
| <b>Portfolio</b>          | 81 properties valued at S\$2.7 billion<br>19.1 million sq ft GFA<br>13.2 million sq ft NLA  |
| <b>Manager</b>            | Mapletree Industrial Trust Management Ltd.<br>100% owned by the Sponsor   |
| <b>Property Manager</b>   | Mapletree Facilities Services Pte. Ltd.<br>100% owned by the Sponsor  |
| <b>Trustee</b>            | DBS Trustee Limited   |

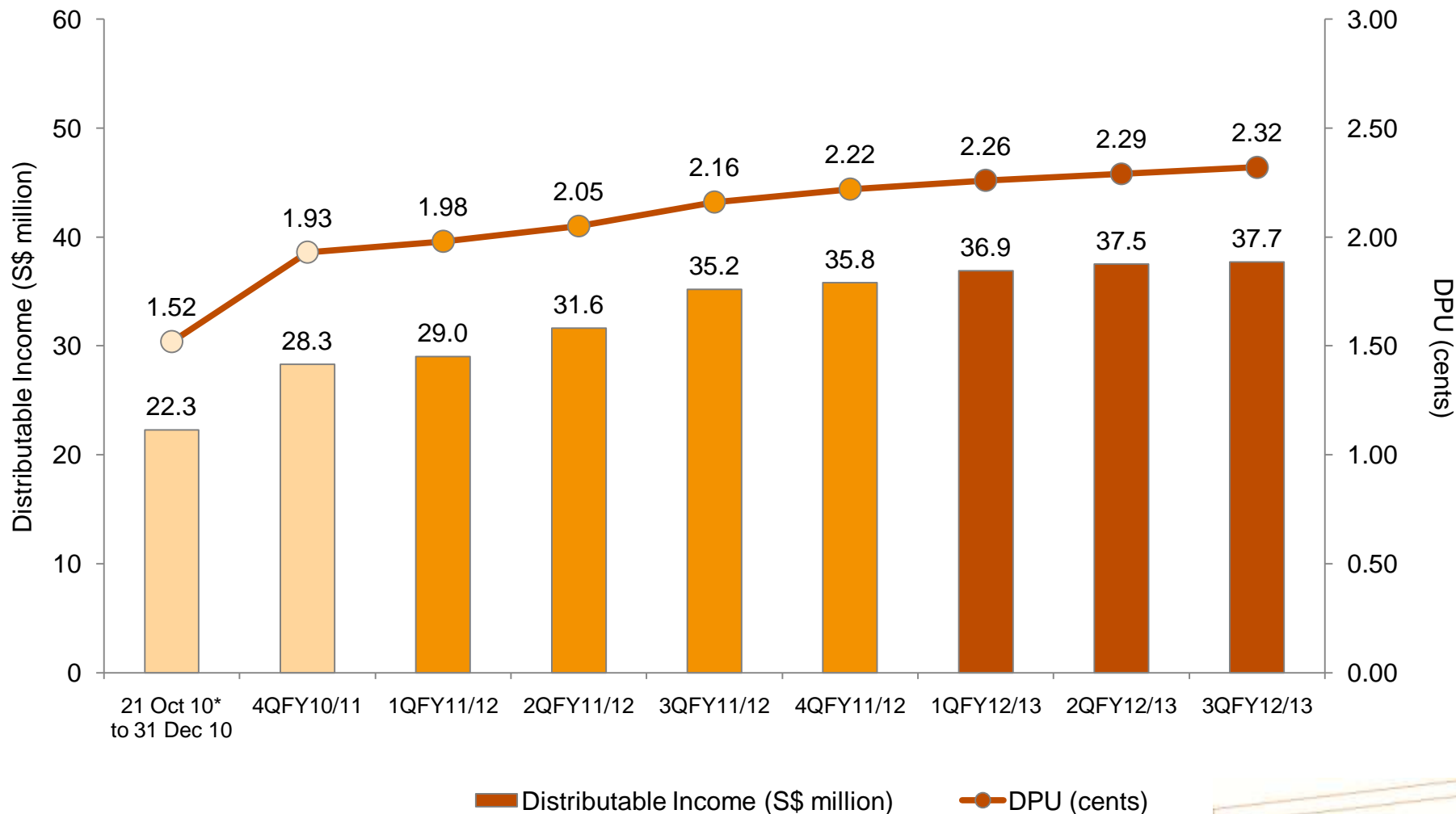


<sup>1</sup> A property “cluster” consists of one or more individual buildings situated on the same land lot or adjoining land lots

<sup>2</sup> Includes 26 Woodlands Loop, which is a property comprising 3 individual buildings



# SCORECARD SINCE IPO



\*MIT was listed on 21 Oct 10



# 81 PROPERTIES ACROSS 4 KEY PROPERTY TYPES

- One of the largest industrial landlords in Singapore
  - Total property assets of approx. **S\$2.7 billion**
  - Total GFA of approx. **19.1 million sq ft**
  - Total NLA of approx. **13.2 million sq ft**
  - Tenant base of more than **2,000** MNCs, listed companies & local enterprises
- ✓ **Largest tenant base among industrial S-REITs**



Flatted Factories



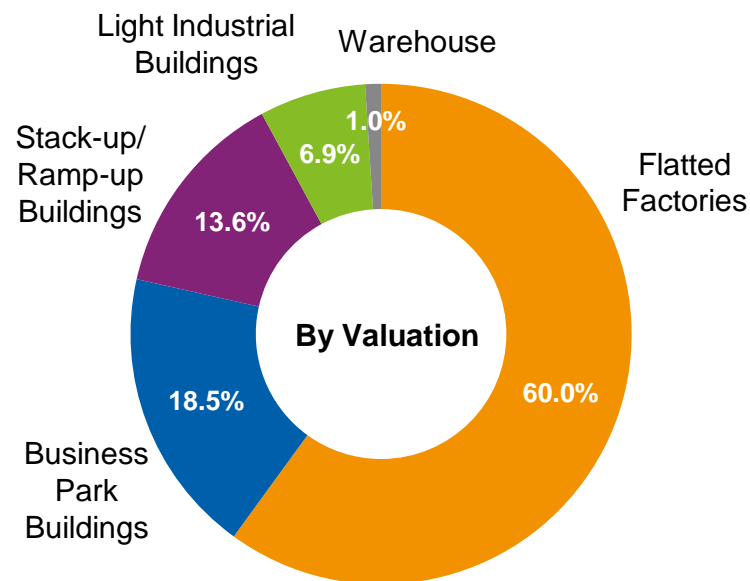
Business Park Buildings



Stack-up / Ramp-up Buildings



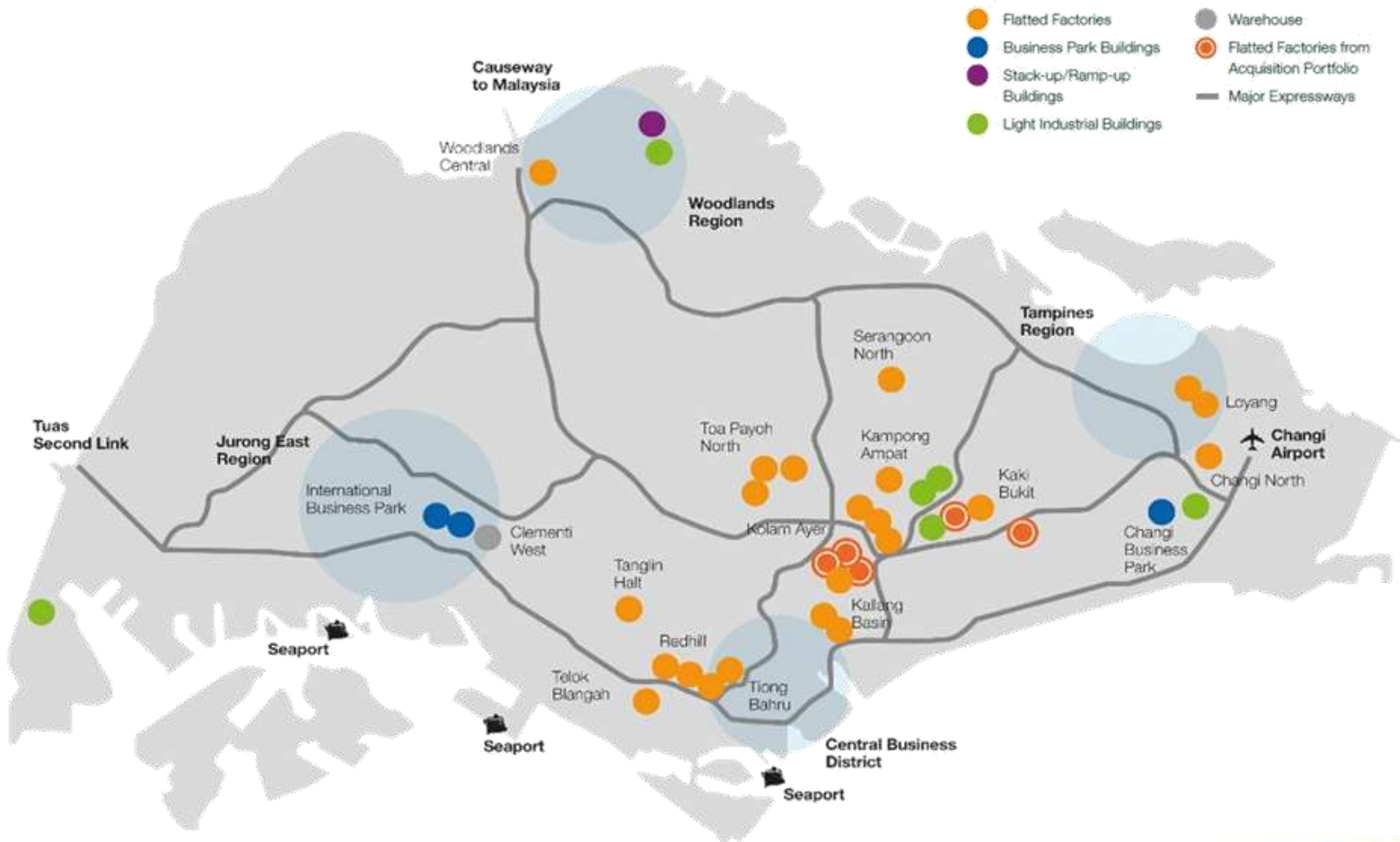
Light Industrial Buildings



As at 31 March 2012



# STRATEGICALLY LOCATED ACROSS SINGAPORE





# DIVERSE OFFERING OF INDUSTRIAL SPACE



Kampong Ubi



Telok Blangah



Redhill 1



Kallang Basin 3



Kampong Ampat



Kolam Ayer 5



The Signature



The Synergy



The Strategy



Woodlands Spectrum 1 & 2



19 Tai Seng Drive



Tata Communications Exchange

## LEGEND

■ Flatted Factories   ■ Business Park Buildings   ■ Stack-up/Ramp-Up Buildings   ■ Light Industrial Buildings



# KEY MILESTONES



## October 2010

- S\$1.188 billion raised via Initial Public Offering on SGX Mainboard
- Institutional Subscription of 39.6 times
- Public Offer Subscription of 27.7 times



## April 2011

DPU for FY10/11 of 3.45 cents exceeded Forecast by 11.3%



## July 2011

- Won Tranche 2 of JTC Corporation's Second Phase Divestment Exercise Portfolio at S\$400.3 million
- Successfully launched a S\$176.9 million Equity Fund Raising Exercise



## August 2011

Established a S\$1.0 billion Multi-Currency Medium Term Note Programme



## March 2012

Maiden issuance of S\$125 million 7-year Fixed Rate Notes was well-received from a diverse base of debt investors



## April 2012

DPU of 8.41 cents for FY11/12 exceeded Forecast by 12.7%



## May 2012

Groundbreaking of MIT's latest build-to-suit development for Kulicke & Soffa



## September 2012

- Fitch Ratings affirmed MIT's 'BBB+' Rating with a Stable Outlook
- Successful issuance of S\$45.0 million 10-year unsecured Fixed Rate Notes



## January 2013

Implementation of Distribution Reinvestment Plan



Artist's impression of the completed development for K&S





# Portfolio Highlights

# ROBUST, RESILIENT, RELEVANT & REPUTABLE



**Embedded Organic Growth Potential**



**Large, Diversified and Resilient Portfolio with Market Presence**



**Growth Opportunity from Asset Enhancements and Acquisitions**

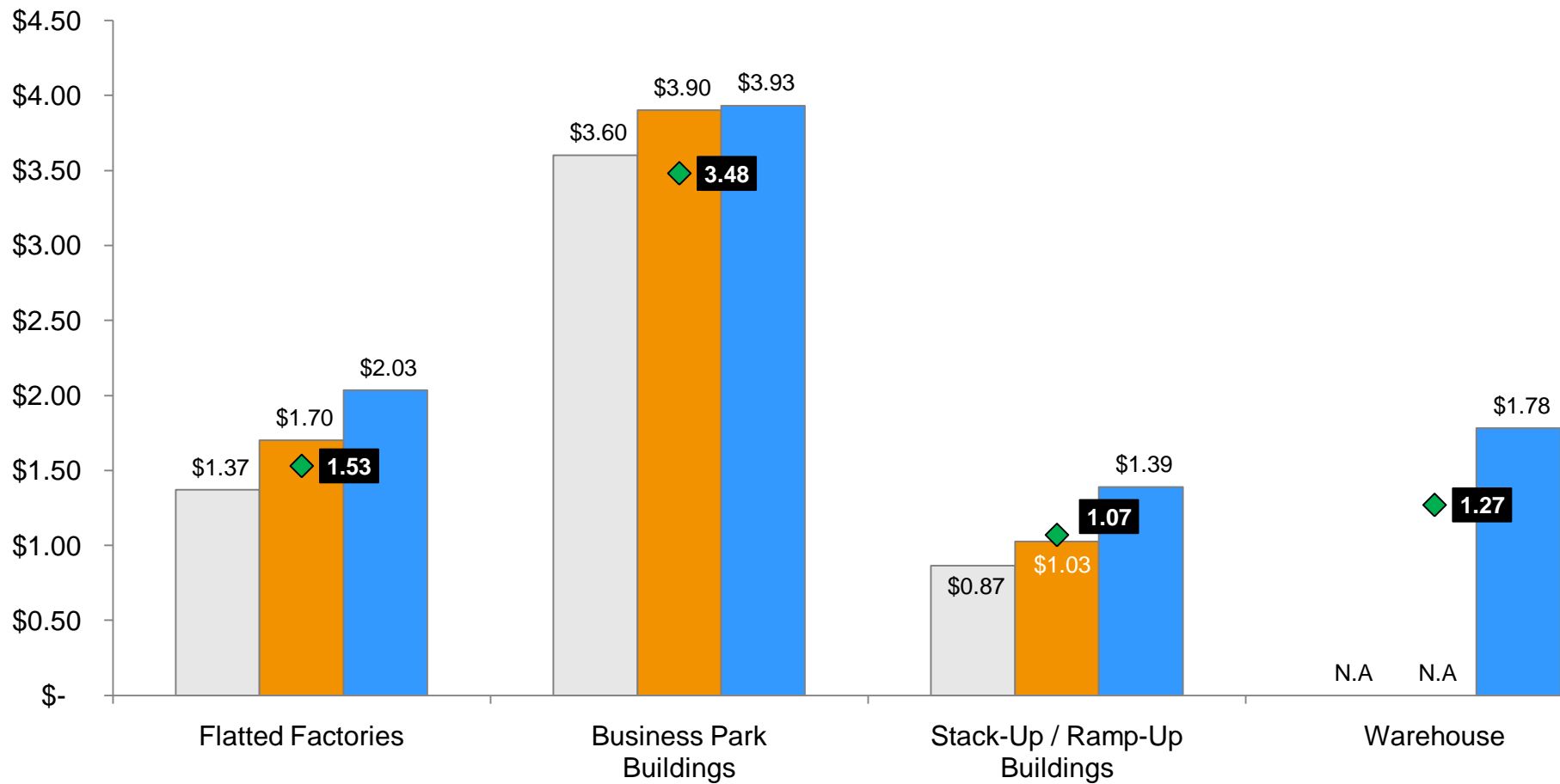


**Experienced Manager and Committed Sponsor**

# EMBEDDED ORGANIC GROWTH



Gross Rental Rate  
S\$ psf/mth

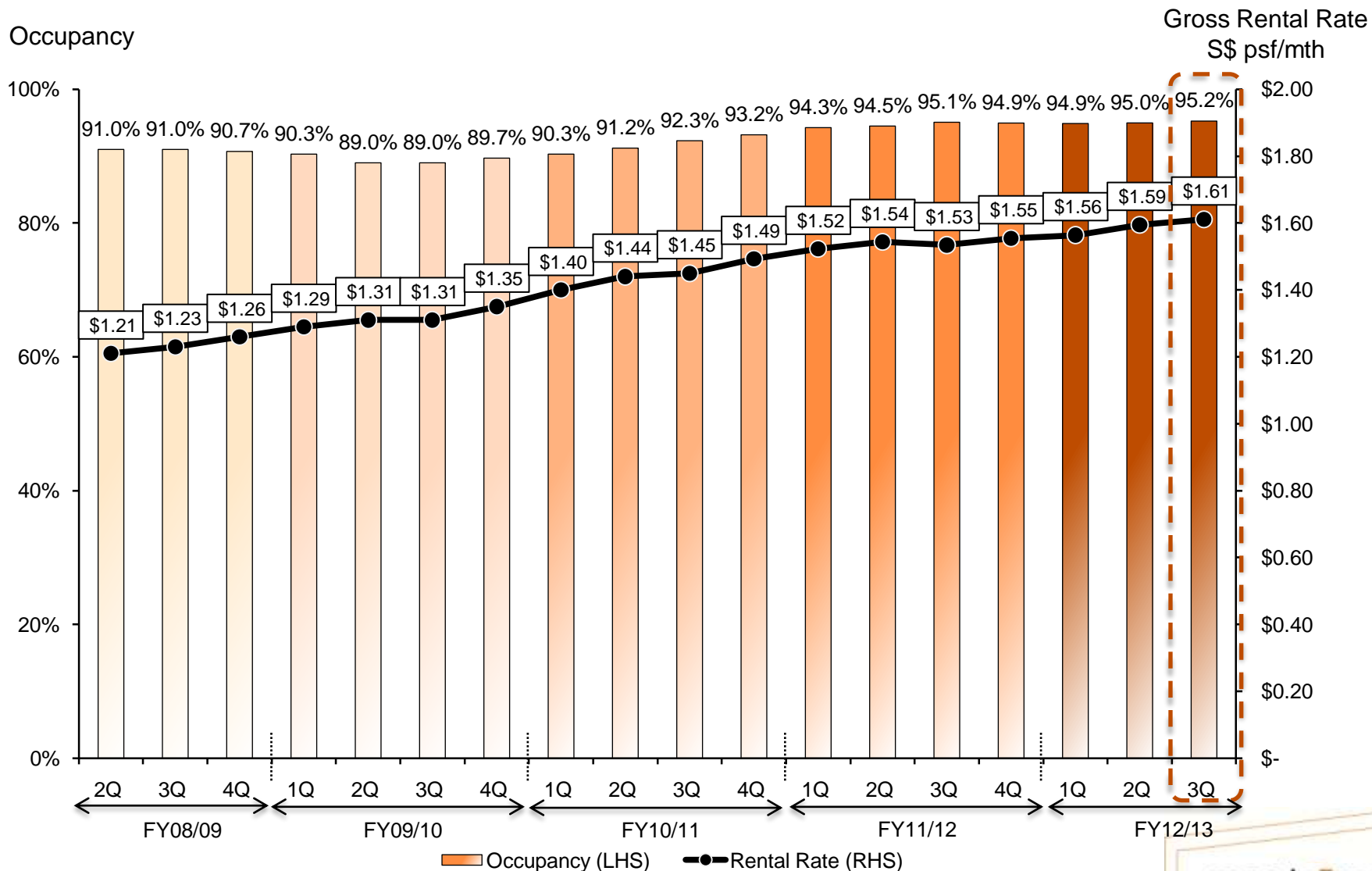


For period 3QFY12/13

Before Renewal
  After Renewal
  New Leases
  Passing Rent



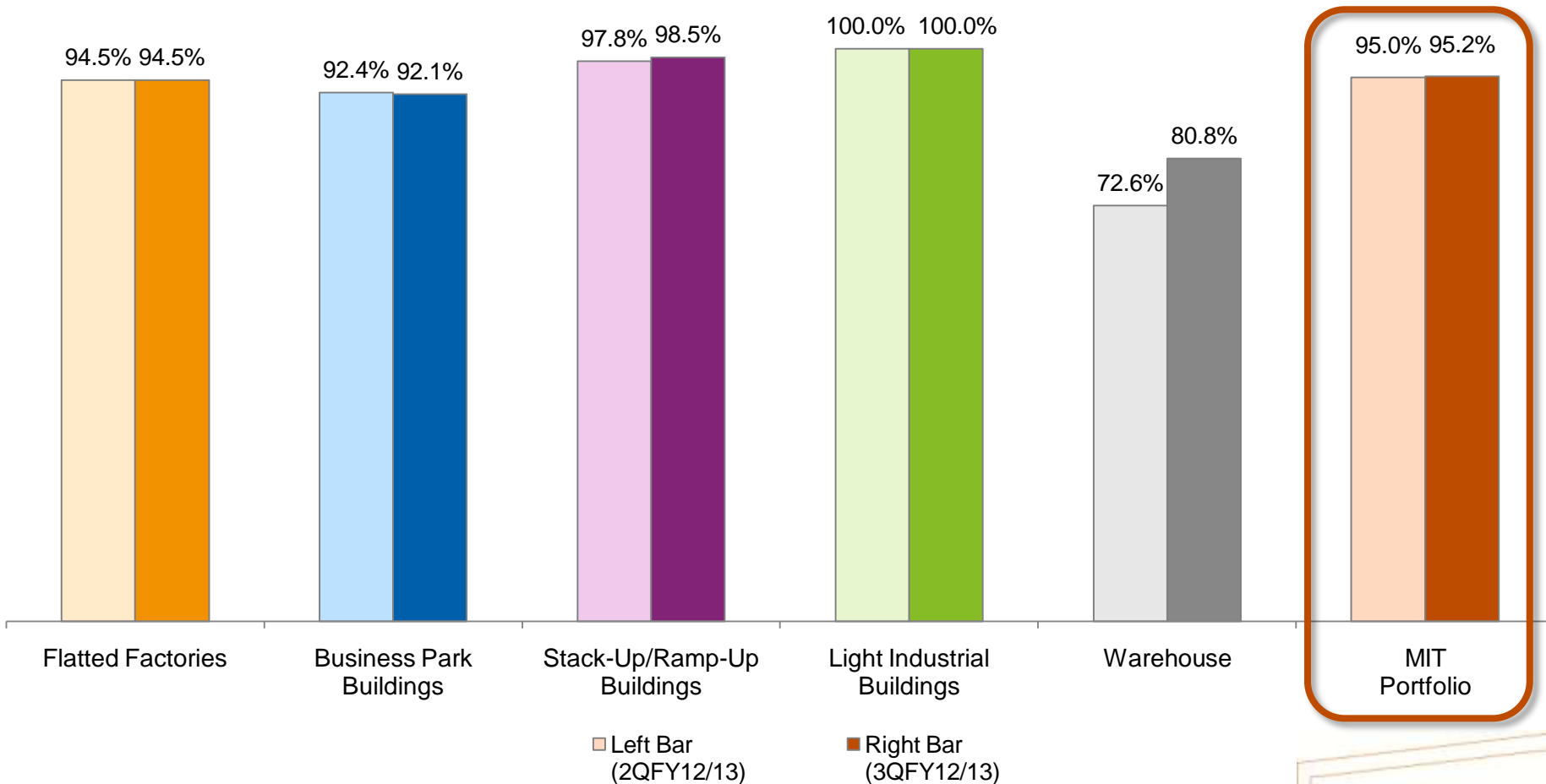
# RESILIENT PORTFOLIO PERFORMANCE



# STABLE OCCUPANCY LEVELS



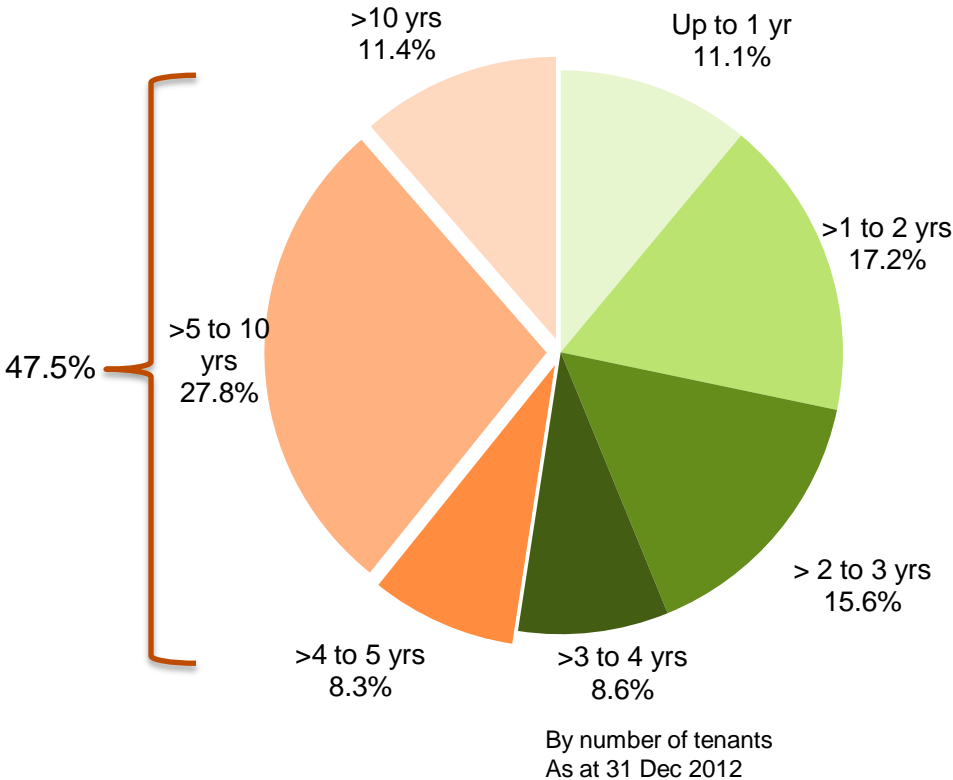
## Breakdown of Occupancy Levels by Property Segments



# STRONG TENANT RETENTION

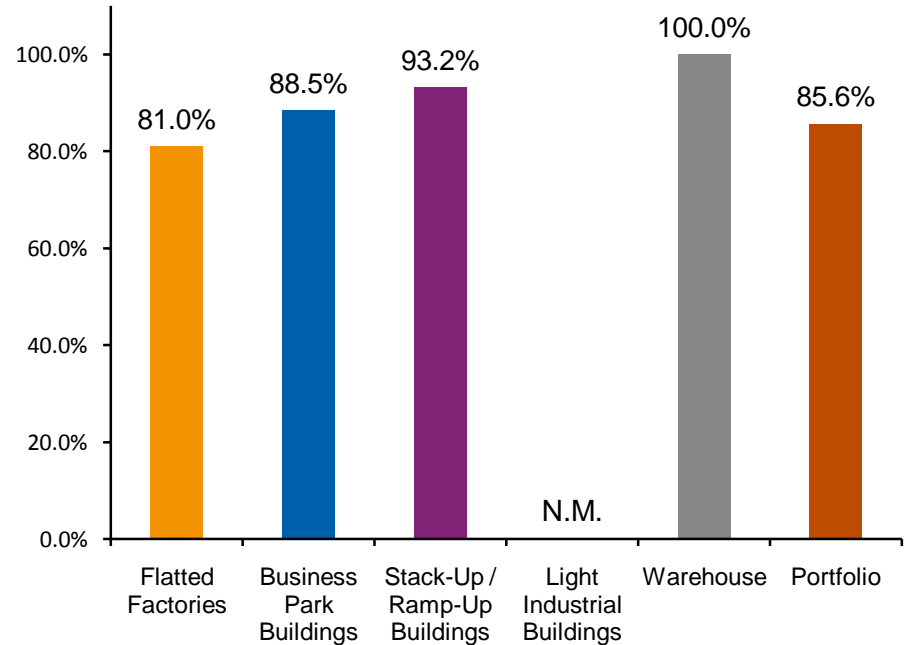


## Long Staying Tenants



## Retention Rate for 3QFY12/13

Average Retention Rate



Based on NLA.  
Not meaningful for Light Industrial Buildings as no leases were due for renewal

- 47.5% of the tenants have leased the properties for more than 4 years
- Tenant retention rate of 85.6% in 3QFY12/13

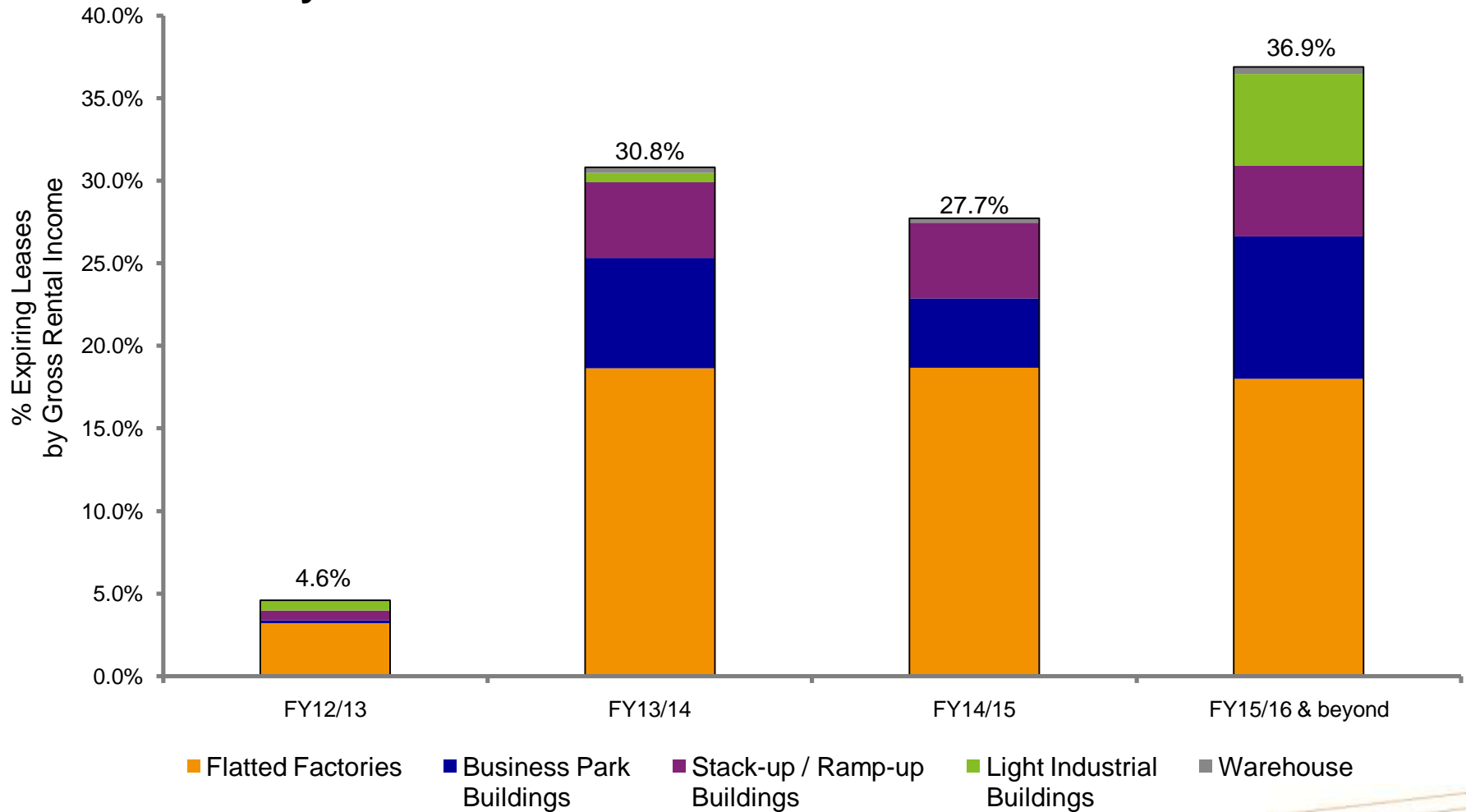




# STABLE RENTAL REVENUE



## Only 4.6% of Leases Remain Due for Renewal in FY12/13



**Portfolio WALE by Gross Rental Income = 2.4 years**

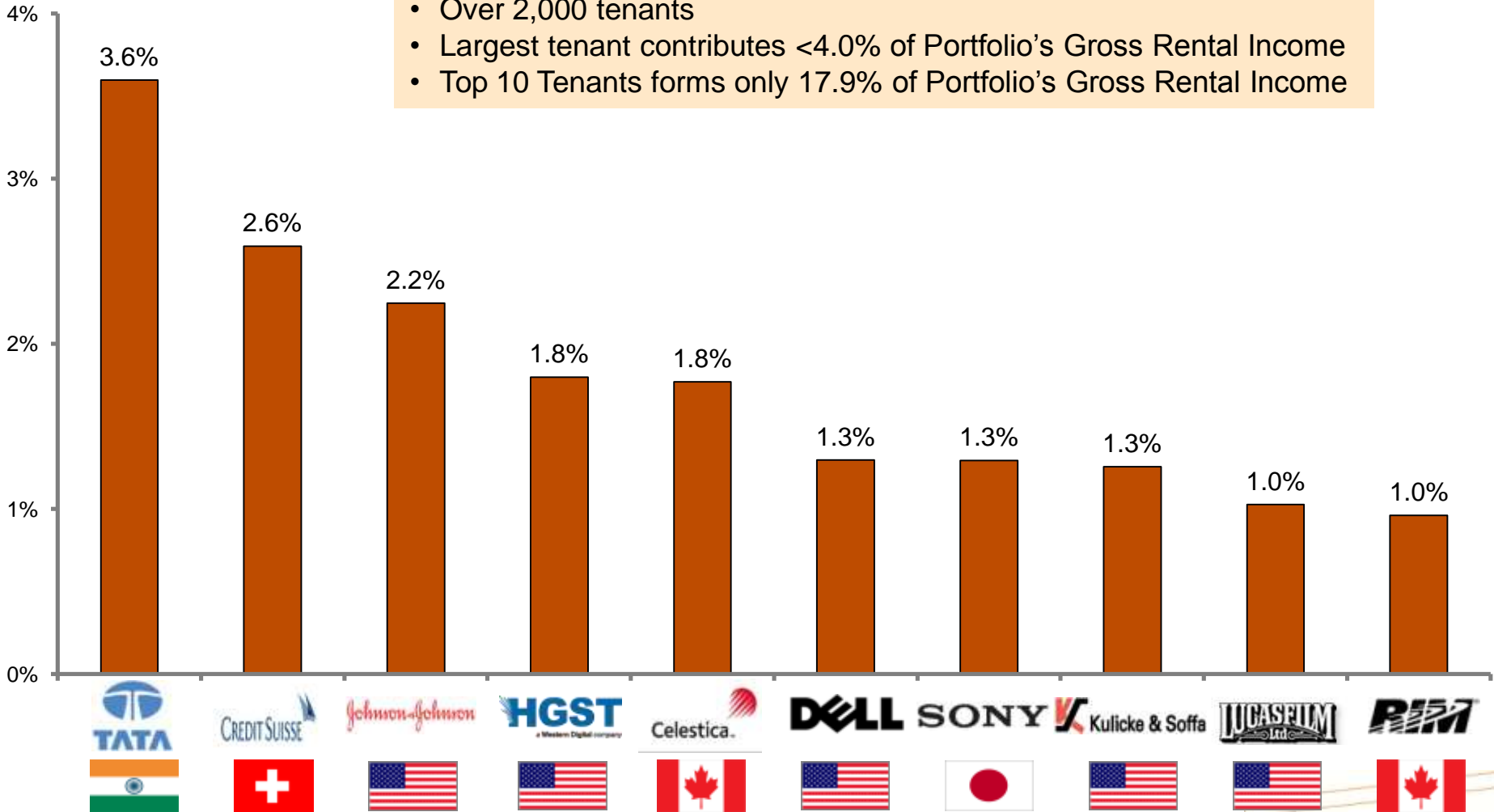


# LARGE AND DIVERSE TENANT BASE



- Over 2,000 tenants
- Largest tenant contributes <4.0% of Portfolio's Gross Rental Income
- Top 10 Tenants forms only 17.9% of Portfolio's Gross Rental Income

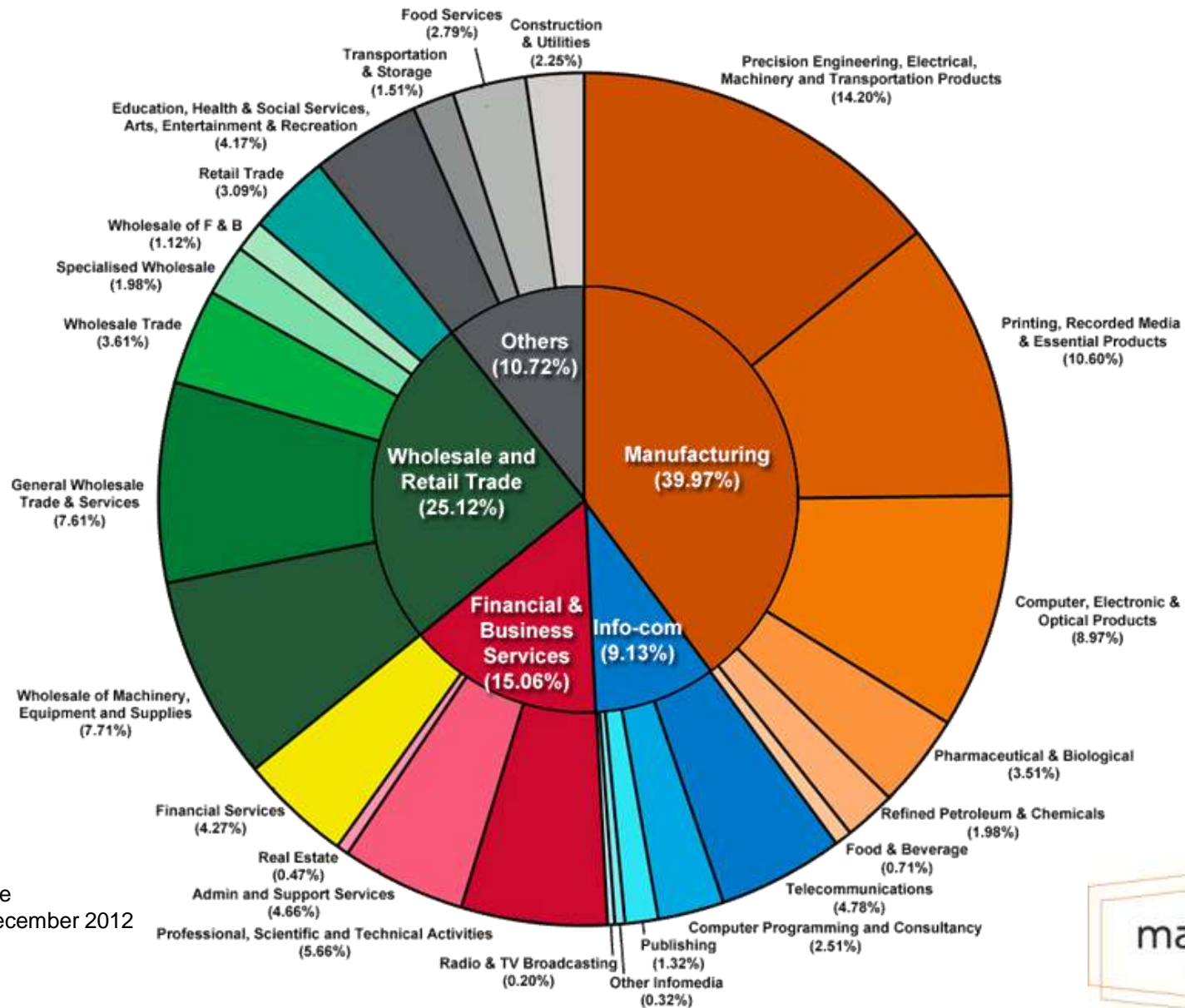
Percentage of Gross Rental Income



By Gross Rental Income  
As at 31 December 2012



# DIVERSITY OF TENANT TRADE SECTOR



By Revenue  
As at 31 December 2012





*3<sup>rd</sup> storey structural works in-progress*



*Artist's impression of completed development*

- **Build-to-suit (BTS) project for Kulicke & Soffa (K&S) on track for completion**
  - ✓ New 5-storey high-tech industrial building
  - ✓ 69% of space committed by K&S
  - ✓ 10-year lease with the option to renew additional 10 + 10 years
  - ✓ Land lease of 30 + 28 years
  - ✓ Embedded annual rental escalation

| BTS Development for K&S    |                           |
|----------------------------|---------------------------|
| <b>Location</b>            | Serangoon North Ave 5     |
| <b>GFA</b>                 | 330,000 sq ft             |
| <b>Expected Completion</b> | 2 <sup>nd</sup> Half 2013 |

# ASSET ENHANCEMENT UPDATES



*Completed super-structure works for Car Park*



*Artist's impression of completed development*

- **Asset enhancement initiative (AEI) at Woodlands Central cluster on track for completion**
  - ✓ Reposition cluster as a high-tech industrial space for biomedical and medical technology companies
  - ✓ Extension of 6-storey wing, multi-storey car park and canteen
  - ✓ Secured 50% commitment for the new wing

| Woodlands Central          |  |
|----------------------------|--|
| <b>Location</b>            | 33 & 35 Marsiling Industrial Estate Road 3 |
| <b>Additional GFA</b>      | 70,000 sq ft                               |
| <b>Expected Completion</b> | 2nd Quarter 2013                           |





*Completed casting to pile caps*

- **AEI at Toa Payoh North 1 cluster on track for completion**
  - ✓ Development of new high-tech industrial building and amenity block with canteen, multi-storey car park and showrooms
  - ✓ Central location with convenient access to various amenities
  - ✓ Well-connected to Central Business District via major expressways



*Artist's impression of completed development*

| Toa Payoh North 1          |                                 |
|----------------------------|---------------------------------|
| <b>Location</b>            | 970, 970A & 998 Toa Payoh North |
| <b>Additional GFA</b>      | 150,000 sq ft                   |
| <b>Expected Completion</b> | 4 <sup>th</sup> Quarter 2013    |

# NEW AEI – THE SIGNATURE



*Artist's impression of main entrance*



*Artist's impression of new drop-off point*

- **AEI to improve competitiveness of The Signature**
  - ✓ Conversion of gymnasium space to business space
  - ✓ Enhancement of frontage with a larger main lobby and improved drop-off area
  - ✓ Addition of escalator to improve the accessibility to the retail shops at Level 1
  - ✓ Choice site for high-technology businesses due to strategic location

| The Signature              |                                   |
|----------------------------|-----------------------------------|
| <b>Location</b>            | 51 Changi Business Park Central 2 |
| <b>Expected Completion</b> | 2 <sup>nd</sup> Quarter 2013      |



# EXPERIENCED MANAGER & COMMITTED SPONSOR

Reputable



- Leading Asia-focused real estate and capital management company
- Owns and manages S\$19.9 billion<sup>1</sup> of office, logistics, industrial, residential and retail/lifestyle properties
- Extensive regional network in Singapore, China, Hong Kong, India, Japan, Malaysia, South Korea and Vietnam
- Business model:
  - ✓ Incubate, develop and rejuvenate real estate assets
  - ✓ Unlock asset value through origination of REITs and private real estate funds

## Proven management track record

- Acquired and managed portfolio from JTC since 1 July 2008 and grew revenue through the financial crisis
- Sourced for, developed and managed portfolio under Mapletree Industrial Fund

<sup>1</sup> As at 31 March 2012

<sup>2</sup> Excluding Mapletree Business City and The Comtech

## Benefits to MIT

### 1 Leverage on Sponsor's network

Leverage on Mapletree's financial strength, market reach and network

### 2 Alignment of Sponsor's interest with Unitholders

Committed Sponsor's stake of 30% in MIT

### 3 Development capabilities

Able to support growth of MIT by developing and warehousing assets to offer to MIT

### 4 Right of First Refusal to MIT

Sponsor has granted right of first refusal to MIT over future sale or acquisition of industrial or business park properties<sup>2</sup>





The background features a white-to-orange gradient with a central orange shape that resembles a stylized arrow or a wide, shallow 'V' pointing downwards. The shape is composed of several overlapping, semi-transparent layers of orange, creating a sense of depth and movement. The text is centered within this shape.

# 3QFY12/13 Financial Performance

# KEY HIGHLIGHTS

- **Stable performance driven by healthy rental revenue and improved occupancies in Flatted Factories and Stack-up/Ramp-up Buildings**
  - ✓ 3QFY12/13 Distributable Income rose by 6.9% y-o-y to S\$37.7 million
  - ✓ DPU increased by 7.4% y-o-y to 2.32 cents
- **Resilient Portfolio with higher average occupancy and rental rates**
  - ✓ Healthy average passing rental rate of S\$1.61 psf/mth
  - ✓ Stable average portfolio occupancy rate at 95.2%
- **Proactive Capital Management**
  - ✓ Healthy balance sheet with aggregate leverage ratio of 37.1% and weighted all-in funding cost of 2.4%
  - ✓ Implementation of Distribution Reinvestment Plan (DRP)

# STATEMENT OF TOTAL RETURNS (YEAR-ON-YEAR)

|  | 3QFY12/13<br>(S\$'000) | 3QFY11/12<br>(S\$'000) | ↑ / (↓)     |
|--|------------------------|------------------------|-------------|
| Gross revenue  | 69,230                 | 65,660                 | 5.4%        |
| Property operating expenses  | (20,130)               | (20,088)               | 0.2%        |
| <b>Net Property Income</b>   | <b>49,100</b>          | <b>45,572</b>          | <b>7.7%</b> |
| Interest on borrowings   | (6,773)                | (6,331)                | 7.0%        |
| Trust expenses   | (5,660)                | (5,684)                | (0.4%)      |
| <b>Net income before tax &amp; distribution</b>                              | <b>36,667</b>          | <b>33,557</b>          | <b>9.3%</b> |
| Net non-tax deductible items   | 996                    | 1,660                  | (40.0%)     |
| <b>Adjusted taxable income available<br/>for distribution to Unitholders</b> | <b>37,663</b>          | <b>35,217</b>          | <b>6.9%</b> |
| <b>Distribution per Unit (cents)</b>   | <b>2.32</b>            | <b>2.16</b>            | <b>7.4%</b> |

# STATEMENT OF TOTAL RETURNS (QTR-ON-QTR)

|  | 3QFY12/13<br>(S\$'000) | 2QFY12/13<br>(S\$'000) | ↑ / (↓)     |
|--|------------------------|------------------------|-------------|
| Gross revenue  | 69,230                 | 68,218                 | 1.5%        |
| Property operating expenses  | (20,130)               | (19,804)               | 1.6%        |
| <b>Net Property Income</b>   | <b>49,100</b>          | <b>48,414</b>          | <b>1.4%</b> |
| Interest on borrowings   | (6,773)                | (6,776)                | N.M.        |
| Trust expenses   | (5,660)                | (5,734)                | (1.3%)      |
| <b>Net income before tax &amp; distribution</b>                              | <b>36,667</b>          | <b>35,904</b>          | <b>2.1%</b> |
| Net non-tax deductible items   | 996                    | 1,566                  | (36.4%)     |
| <b>Adjusted taxable income available<br/>for distribution to Unitholders</b> | <b>37,663</b>          | <b>37,470</b>          | <b>0.5%</b> |
| <b>Distribution per Unit (cents)</b>   | <b>2.32</b>            | <b>2.29</b>            | <b>1.3%</b> |

# HEALTHY BALANCE SHEET

|   | 31 Dec 2012      | 30 Sep 2012      |
|---|------------------|------------------|
| Total Assets (S\$'000)                                  | 2,818,486        | 2,806,404        |
| Total Liabilities (S\$'000)                             | 1,163,475        | 1,151,380        |
| <b>Net Assets Attributable to Unitholders (S\$'000)</b> | <b>1,655,011</b> | <b>1,655,024</b> |
| <b>Net Asset Value per Unit (S\$)</b>                   | <b>1.02</b>      | <b>1.02</b>      |

# PROACTIVE CAPITAL MANAGEMENT

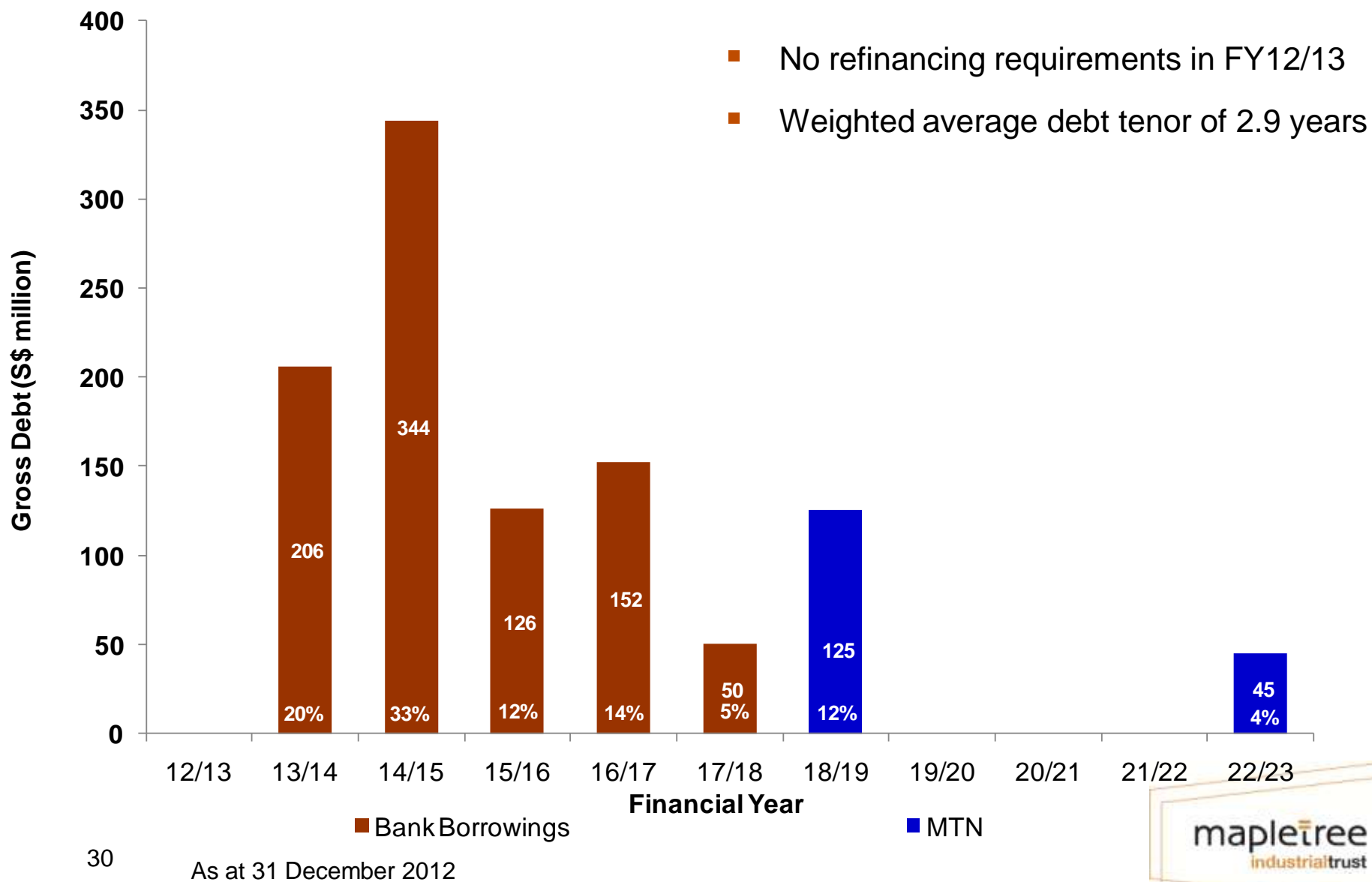
|                                   | As at 31<br>Dec 2012  | As at 30<br>Sep 2012  |
|-----------------------------------|-----------------------|-----------------------|
| Total Debt                        | S\$1,048.5<br>million | S\$1,048.5<br>million |
| Aggregate Leverage Ratio          | 37.1%                 | 37.2%                 |
| Fixed as a % of Total Debt        | 87%                   | 87%                   |
| Weighted Average Tenor<br>of Debt | 2.9 years             | 3.2 years             |

|   | 3Q<br>FY12/13 | 2Q<br>FY12/13 |
|---|---------------|---------------|
| Weighted Average All-in<br>Funding Cost | 2.4%          | 2.3%          |
| Interest Coverage Ratio                 | 6.4 times     | 6.3 times     |

## Maintained an optimal capital structure with financial flexibility

- 100% of loans unsecured with minimal covenants
- High interest coverage ratio of 6.4 times
- Affirmed 'BBB+' rating with Stable Outlook by Fitch Ratings
- Implementation of DRP
  - ✓ Enable Unitholders to acquire new Units without additional transaction related cost
  - ✓ Strengthen balance sheet and accord greater financial flexibility to pursue growth opportunities

# REFINANCING COMPLETED FOR FY12/13





# Strategy & Outlook



# TO DELIVER SUSTAINABLE GROWTH IN DPU



## Active Asset Management

- Proactive leasing and marketing initiatives
- Improve operational efficiency to reduce operating cost
- Implement AElS

## Acquisition Growth & Selective Development

- Pursue acquisitions and development opportunities with the potential for long-term returns

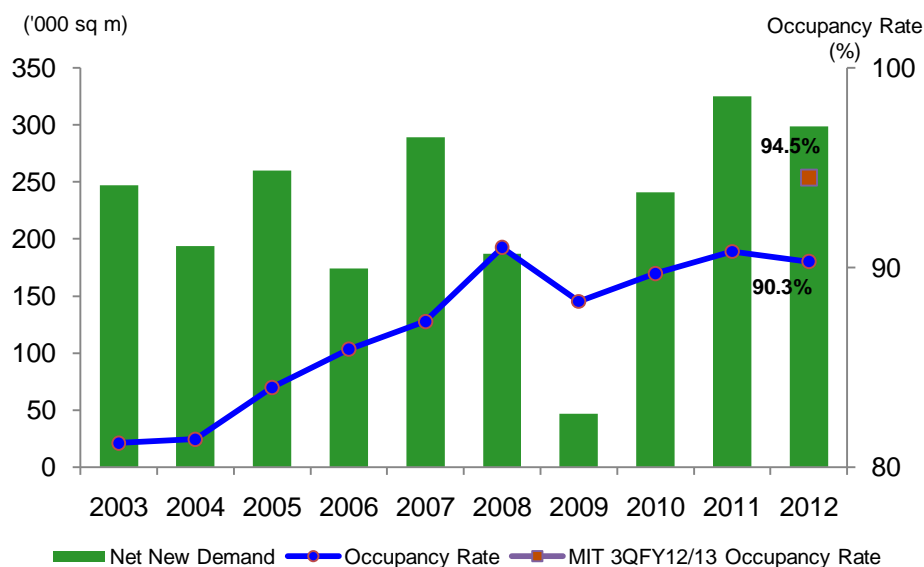
## Capital & Risk Management

- Maintain a strong balance sheet
- Employ appropriate capital structure
- Diversify sources of funding
- Active interest rate management

*Artist's impressions of the completed developments of Woodlands Central cluster (left) and BTS project for K&S (right)*

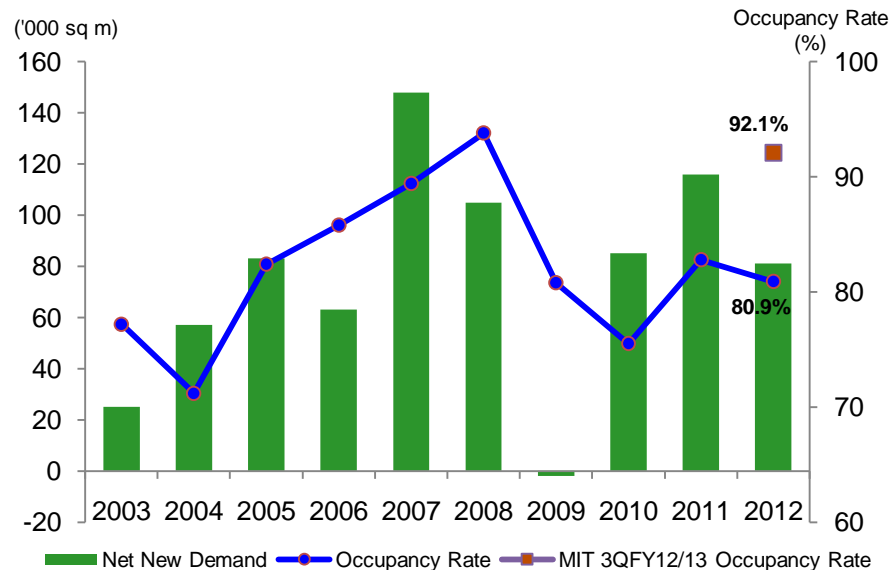
# MARKET OUTLOOK

## DEMAND AND OCCUPANCY FOR FLATTED FACTORIES



Source: URA

## DEMAND AND OCCUPANCY FOR BUSINESS PARKS



Source: URA

- Average rents for industrial real estate for 4Q 2012<sup>1</sup>
  - ✓ Business Park Space : S\$3.91 psf/mth (0.0%)
  - ✓ Factory (Ground Floor) : S\$2.48 psf/mth (+1.2%)
  - ✓ Factory (Upper Floor) : S\$2.17 psf/mth (+0.9%)
  
- Singapore economy grew by 3.3% on a quarter-on-quarter seasonally-adjusted annualised basis, as compared to 4.6% contraction in the preceding quarter<sup>2</sup>
  - ✓ Due to a 3.1% quarter-on-quarter growth in manufacturing sector

<sup>1</sup> Colliers Market Report

<sup>2</sup> Ministry of Trade and Industry



The image features a large, stylized orange shape that resembles a wide, shallow bowl or a funnel. The shape is composed of several overlapping, semi-transparent layers of orange, creating a sense of depth and a gradient from a lighter shade on the left to a darker shade on the right. The word "Conclusion" is centered within the shape in a bold, black, sans-serif font. The background is plain white.

**Conclusion**

# CONCLUSION

## RESILIENT AND STABLE PORTFOLIO

- Higher Portfolio occupancy and rental rates
- Achieved positive rental revisions across key segments
- Limited leasing risk with only 4.6% of Portfolio's leases due for renewal in FY12/13

## ENHANCED FINANCIAL FLEXIBILITY AND STRENGTHENED BALANCE SHEET

- Refinancing completed for FY12/13
- Ready access to diverse sources of funding
- DRP introduced to strengthen balance sheet and accord MIT greater financial flexibility to pursue growth opportunities

## GROWTH BY SELECTIVE DEVELOPMENT

- Development of AEs and BTS on track
- Focus on value-adding development projects



Thank You

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