



# 3QFY14/15 Financial Results

20 January 2015



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Nothing in this presentation should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors.

# Agenda

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1 Key Highlights – 1 Oct 2014 to 31 Dec 2014

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2 3Q & YTD FY14/15 Financial Performance

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3 Portfolio Update

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4 Development Updates

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5 Outlook and Strategy

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# KEY HIGHLIGHTS

1 OCT 2014 TO 31 DEC 2014

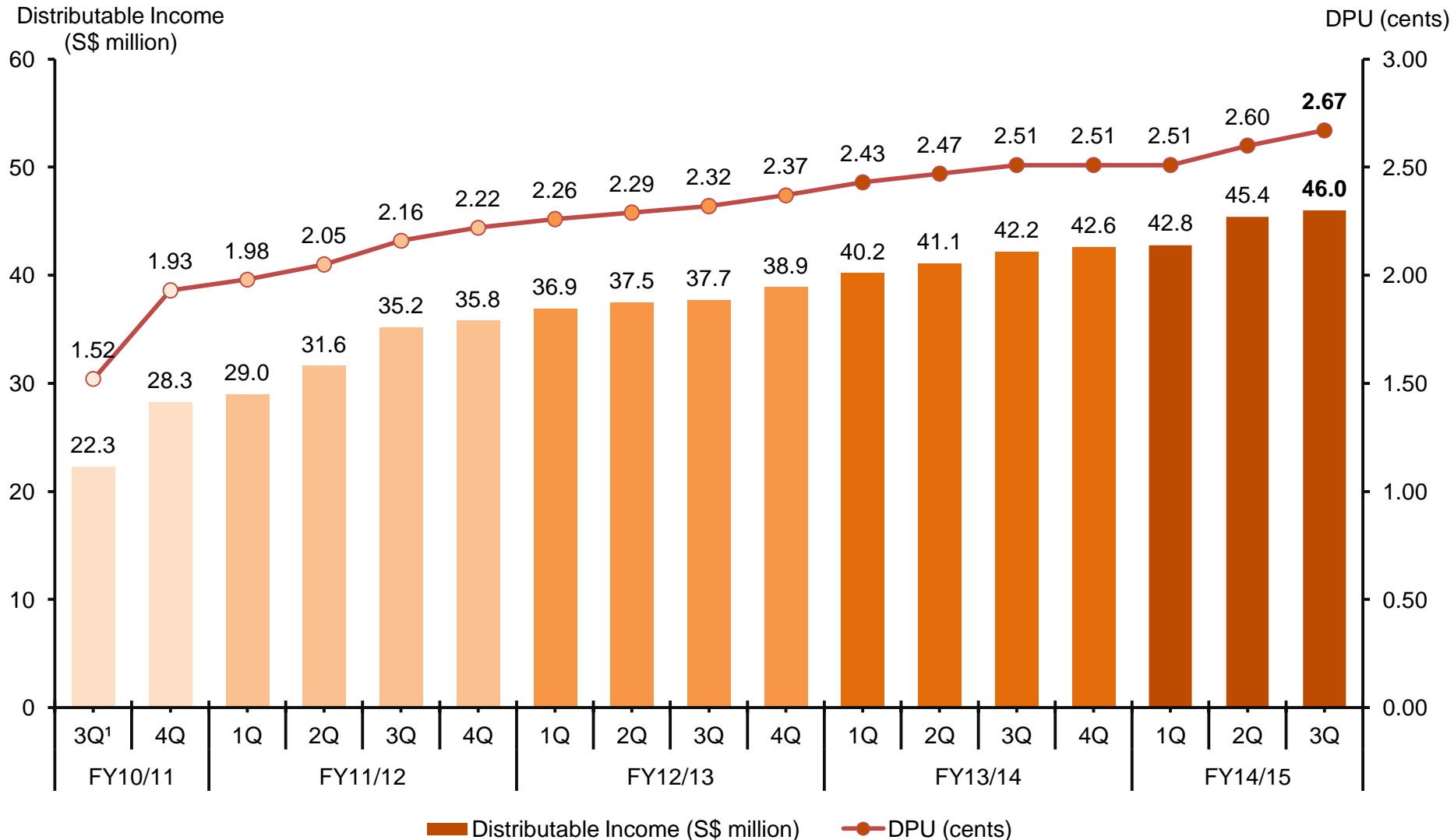


Hi-Tech Building,  
K&S Corporate Headquarters

# Key Highlights

- **Growth driven by positive rental revisions and new revenue from completed developments**
  - ▲ 3QFY14/15 Distributable Income: S\$46.0 million (↑ 9.0% y-o-y)
  - ▲ 3QFY14/15 DPU: 2.67 cents (↑ 6.4% y-o-y)
  
- **Growing and Resilient Portfolio**
  - ▲ Average portfolio occupancy of 90.8% and higher portfolio passing rental rate of S\$1.83 psf/mth
  - ▲ Achieved positive rental revisions for renewal leases
  - ▲ Only 2.1% of leases (by revenue) remain due for renewal in FY14/15
  
- **Prudent Capital Management**
  - ▲ Increased hedge ratio from 77% to 86% through interest rate swaps and fixed rate borrowings
  - ▲ Robust balance sheet with a healthy interest coverage ratio of 8.1 times and low weighted average all-in funding cost of 2.2% in 3QFY14/15
  
- **Seeking Growth from Developments**
  - ▲ Build-to-suit (BTS) development projects for Equinix and Hewlett-Packard on track

# Scorecard since IPO



<sup>1</sup> MIT was listed on 21 Oct 2010.

# 3Q & YTD FY14/15 FINANCIAL PERFORMANCE



Flatted Factory,  
Kallang Basin 4 Cluster

# Statement of Total Returns (Year-on-Year)

	3QFY14/15 (S\$'000)	3QFY13/14 (S\$'000)	↑ / (↓)
Gross revenue	78,131	75,635	3.3%
Property operating expenses	(20,155)	(20,653)	(2.4%)
<b>Net property income</b>	<b>57,976</b>	<b>54,982</b>	<b>5.4%</b>
Interest on borrowings	(5,775)	(6,695)	(13.7%)
Trust expenses	(6,689)	(6,335)	5.6%
<b>Total return for the period</b>	<b>45,512</b>	<b>41,952</b>	<b>8.5%</b>
Net non-tax deductible items	439	219	100.5%
<b>Amount available for distribution</b>	<b>45,951</b>	<b>42,171</b>	<b>9.0%</b>
<b>Distribution per Unit (cents)</b>	<b>2.67</b>	<b>2.51</b>	<b>6.4%</b>



# Statement of Total Returns (Year-on-Year)

	YTD FY14/15 (S\$'000)	YTD FY13/14 (S\$'000)	↑ / (↓)
Gross revenue	234,465	224,107	4.6%
Property operating expenses	(63,623)	(62,663)	1.5%
<b>Net property income</b>	<b>170,842</b>	<b>161,444</b>	<b>5.8%</b>
Interest on borrowings	(17,600)	(20,080)	(12.4%)
Trust expenses	(20,029)	(18,866)	6.2%
<b>Total return for the period before tax</b>	<b>133,213</b>	<b>122,498</b>	<b>8.7%</b>
Income tax expense	(1,083)	-	N.M.*
<b>Total return for the period after tax</b>	<b>132,130</b>	<b>122,498</b>	<b>7.9%</b>
Net non-tax deductible items	1,981	1,000	98.1%
<b>Amount available for distribution</b>	<b>134,111</b>	<b>123,498</b>	<b>8.6%</b>
<b>Distribution per Unit (cents)</b>	<b>7.78</b>	<b>7.41</b>	<b>5.0%</b>

Footnote:

\* N.M. - Not meaningful.

# Statement of Total Returns (Qtr-on-Qtr)

	3QFY14/15 (S\$'000)	2QFY14/15 (S\$'000)	↑ / (↓)
Gross revenue	78,131	77,909	0.3%
Property operating expenses	(20,155)	(21,713)	(7.2%)
<b>Net property income</b>	<b>57,976</b>	<b>56,196</b>	<b>3.2%</b>
Interest on borrowings	(5,775)	(5,916)	(2.4%)
Trust expenses	(6,689)	(6,761)	(1.1%)
<b>Total return for the period</b>	<b>45,512</b>	<b>43,519</b>	<b>4.6%</b>
Net non-tax deductible items	439	1,879	(76.6%)
<b>Amount available for distribution</b>	<b>45,951</b>	<b>45,398</b>	<b>1.2%</b>
<b>Distribution per Unit (cents)</b>	<b>2.67</b>	<b>2.60</b>	<b>2.7%</b>

# Balance Sheet

	31 Dec 2014	30 Sep 2014	↑ / (↓)
Total Assets (S\$'000)	3,302,229	3,270,811	1.0%
Total Liabilities (S\$'000)	1,211,030	1,205,311	0.5%
<b>Net Assets Attributable to Unitholders (S\$'000)</b>	<b>2,091,199</b>	<b>2,065,500</b>	<b>1.2%</b>
<b>Net Asset Value per Unit (S\$)</b>	<b>1.21</b>	<b>1.20</b>	<b>0.8%</b>

# Strong Balance Sheet

	As at 31 Dec 2014	As at 30 Sep 2014
Total Debt	<b>S\$1,085.6 million</b>	S\$1,085.6 million
Aggregate Leverage Ratio	<b>32.8%</b>	33.1%
Fixed as a % of Total Debt	<b>86%</b>	77%
Weighted Average Tenor of Debt	<b>4.0 years</b>	3.8 years

	3QFY14/15	2QFY14/15
Weighted Average All-in Funding Cost	<b>2.2%</b>	2.1%
Interest Coverage Ratio*	<b>8.1 times</b>	8.0 times

## Strong balance sheet to pursue growth opportunities

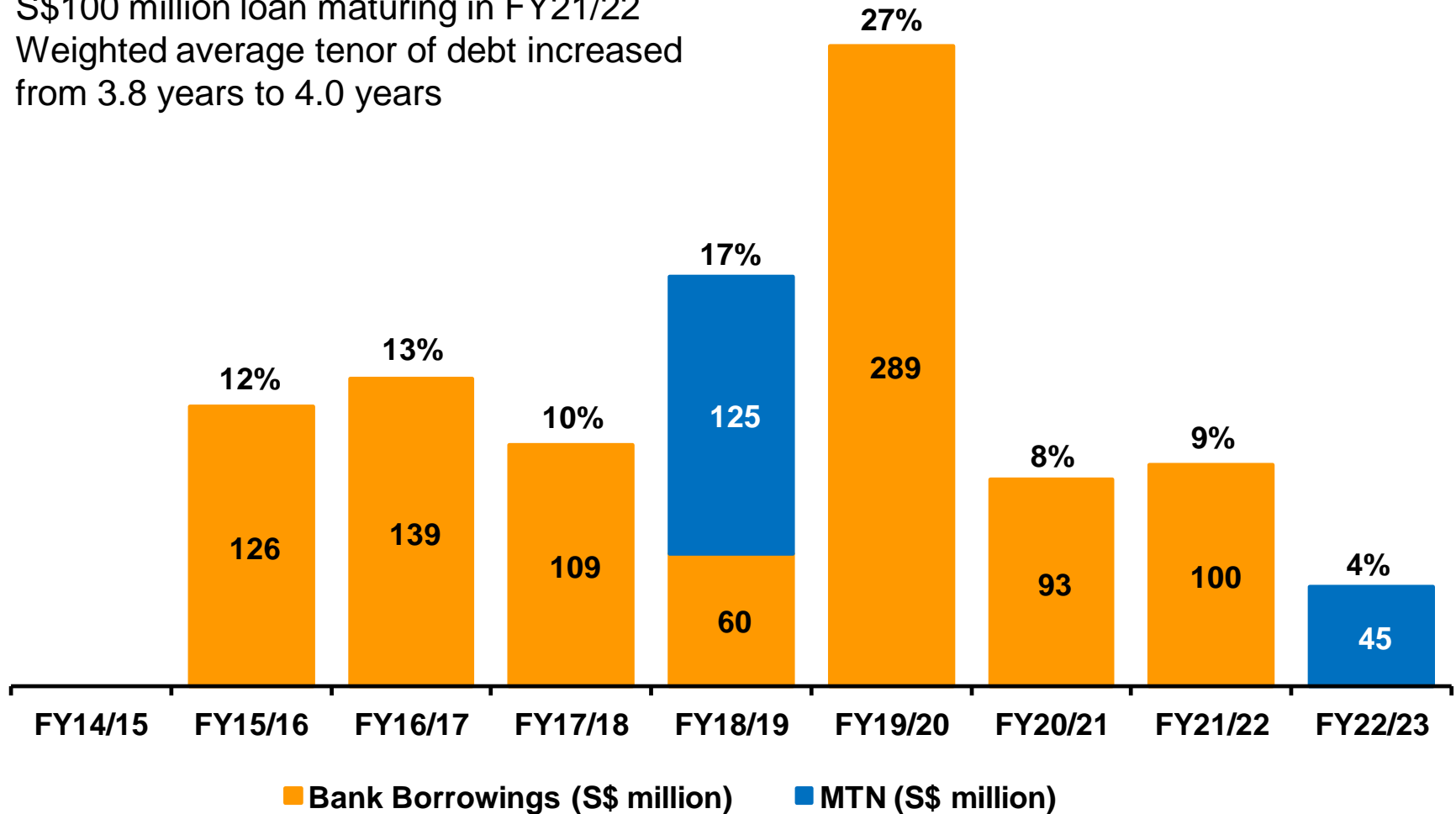
- Proceeds of S\$22.1 million from DRP in 2QFY14/15 used to fund development costs and repay loans drawn previously to fund such costs
- 'BBB+' rating with Stable Outlook by Fitch Ratings
- 100% of loans unsecured with minimal covenants

\* - Includes capitalised interest

# Extended Weighted Average Tenor of Debt

## DEBT MATURITY PROFILE

- Refinanced shorter-term loans with 7-year S\$100 million loan maturing in FY21/22
- Weighted average tenor of debt increased from 3.8 years to 4.0 years



As at 31 Dec 2014

# Distribution Details

<b>Distribution Period</b>	<b>Distribution per Unit (cents)</b>
1 Oct 2014 to 31 Dec 2014	2.67

<b>Distribution Timetable</b>	<b>Dates</b>
Last day of trading on “cum” basis	23 Jan 2015 (Fri), 5:00pm
Ex-date	26 Jan 2015 (Mon), 9:00am
Book closure date	28 Jan 2015 (Wed), 5:00pm
Cash distribution payment date	By 5 Mar 2015 (Thu)
Crediting of DRP Units to Unitholders’ securities accounts and listing of the DRP Units on the SGX-ST	By 5 Mar 2015 (Thu)

# PORTFOLIO UPDATE



Hi-Tech Building,  
Tata Communications Exchange

# 85 Properties Across 5 Property Types



Flatted Factories



Hi-Tech Buildings



Business Park Buildings

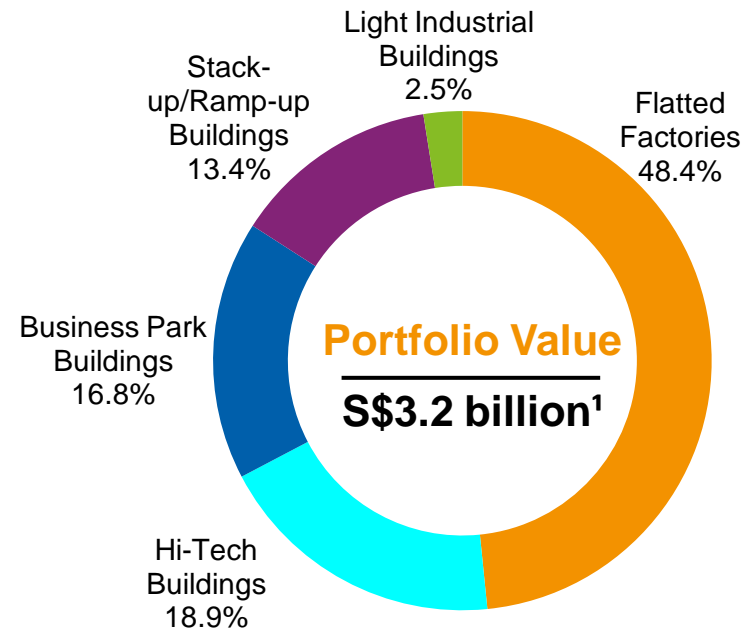


Stack-up/Ramp-up Buildings



Light Industrial Buildings

- Total property assets of approx. **S\$3.2 billion<sup>1</sup>**
- Total GFA of approx. **19.7 million sq ft**
- Total NLA of approx. **14.6 million sq ft**
- Largest tenant base among industrial SREITs with over **2,000** MNCs, listed companies & local enterprises



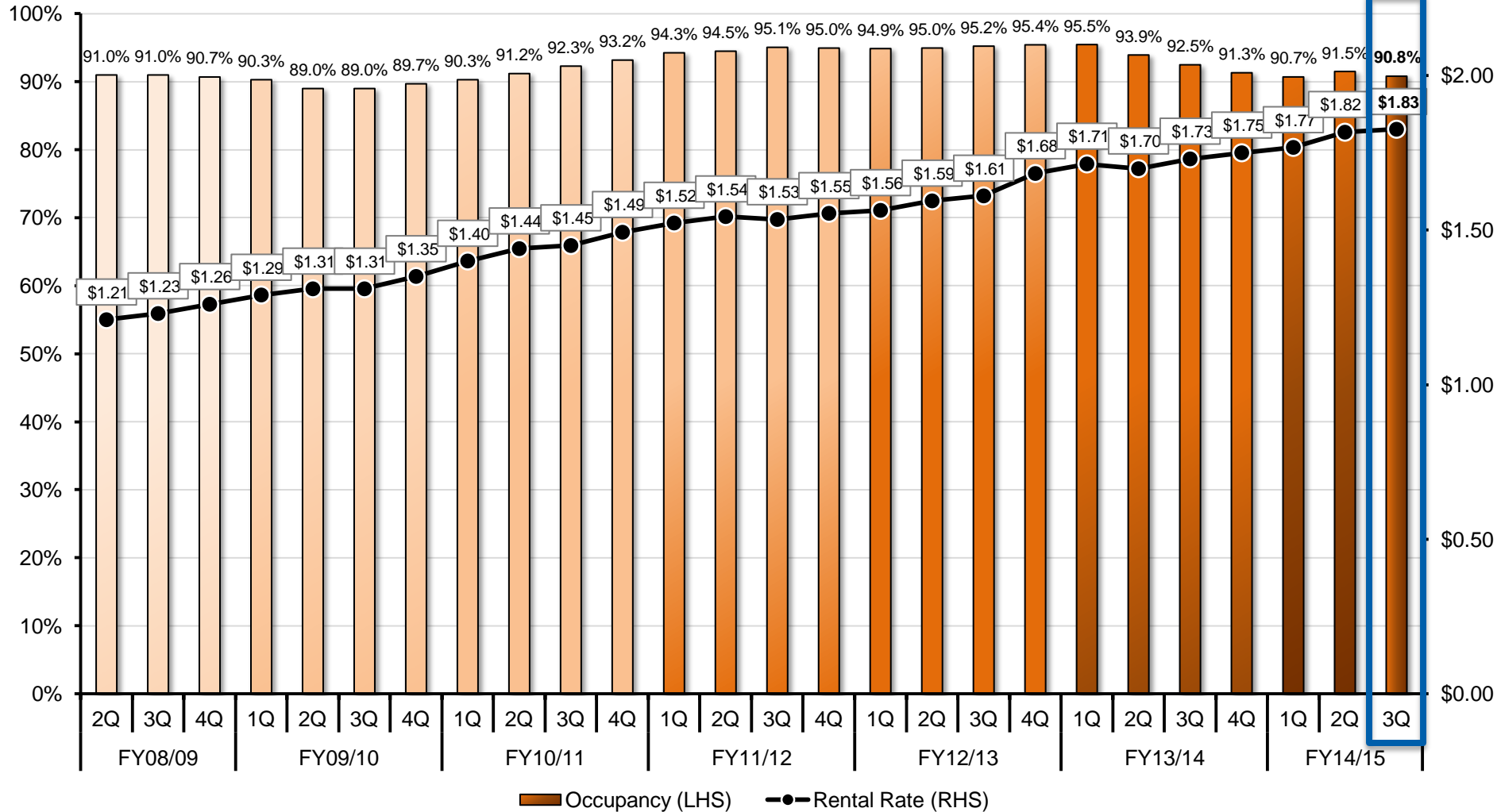
<sup>1</sup> Includes valuation of portfolio as at 31 Mar 2014 and total acquisition cost of 2A Changi North Street 2, which was acquired on 28 May 2014.



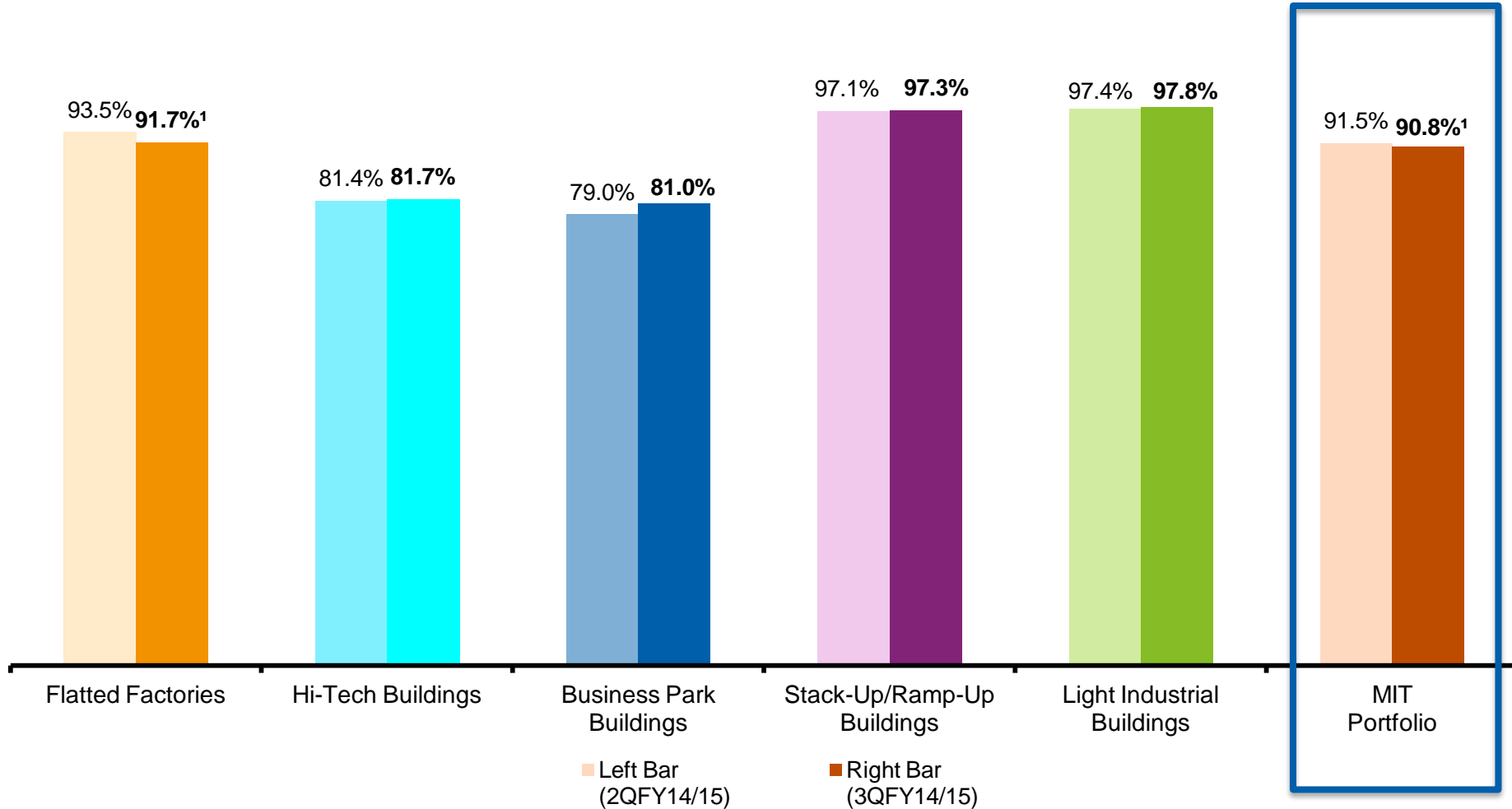
# Resilient Portfolio Performance

Occupancy

Gross Rental Rate  
S\$ psf/mth



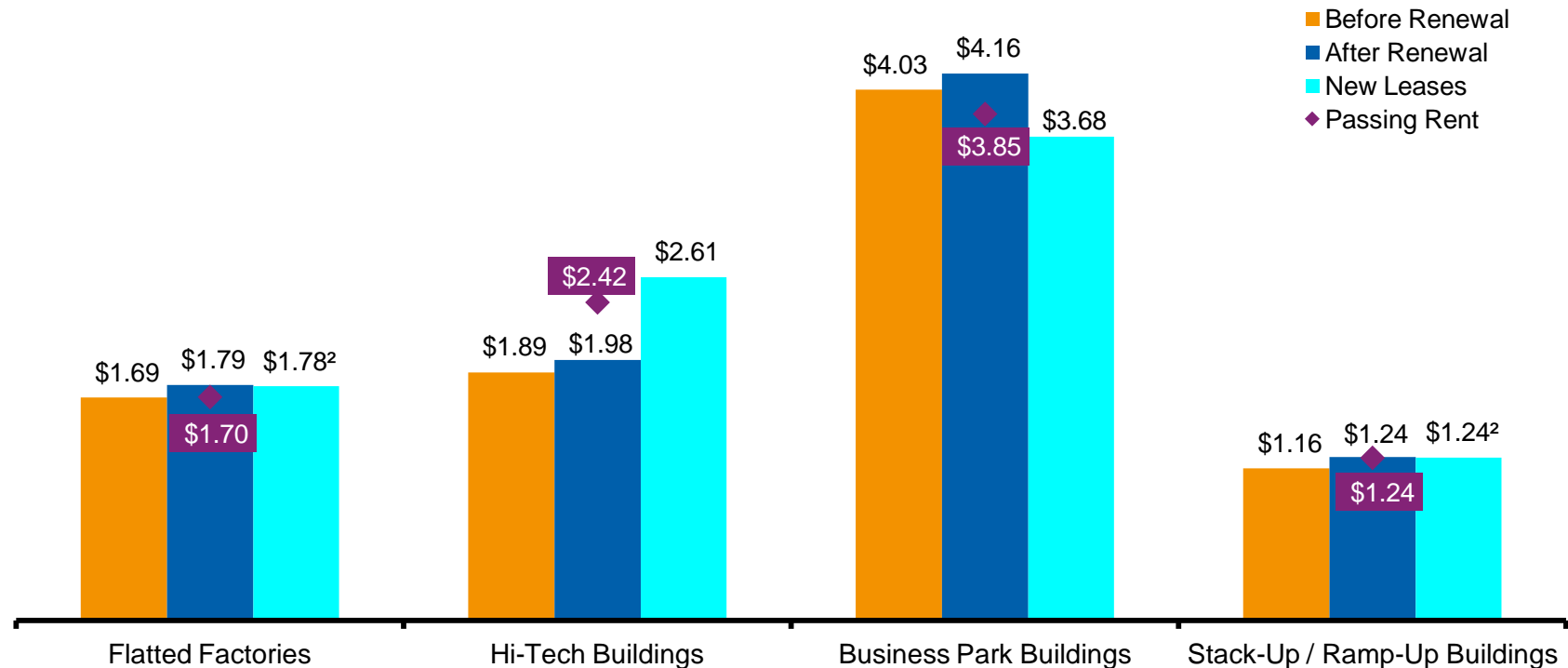
# Segmental Occupancy Levels



<sup>1</sup> The fall in occupancy rate was due to the progressive relocation of the tenants from the Telok Blangah Cluster. The Telok Blangah Cluster will be redeveloped as a BTS project for Hewlett-Packard.

# Positive Rental Revisions

## Gross Rental Rate (\$\$ psf/mth)<sup>1</sup>



### Renewal Leases

113 Leases  
(275,107 sq ft)

9 Leases  
(14,549 sq ft)

8 Leases  
(36,598 sq ft)

4 Leases  
(84,993 sq ft)

### New Leases

34 Leases  
(89,382 sq ft)

9 Leases  
(36,460 sq ft)

9 Leases  
(20,229 sq ft)

3 Leases  
(52,453 sq ft)

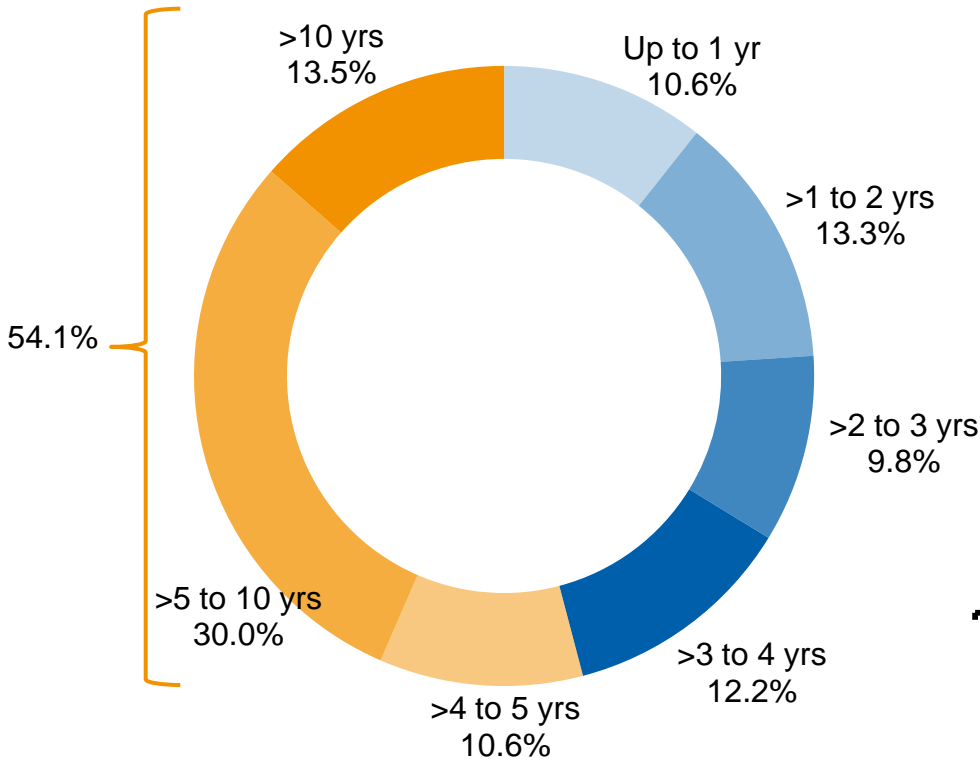
For period 3QFY14/15

<sup>1</sup> Gross Rental Rate figures exclude short term leases; except Passing Rent figures which include all leases.

<sup>2</sup> Excluded new leases at preferential rates for tenants relocated from the Telok Blangah Cluster.

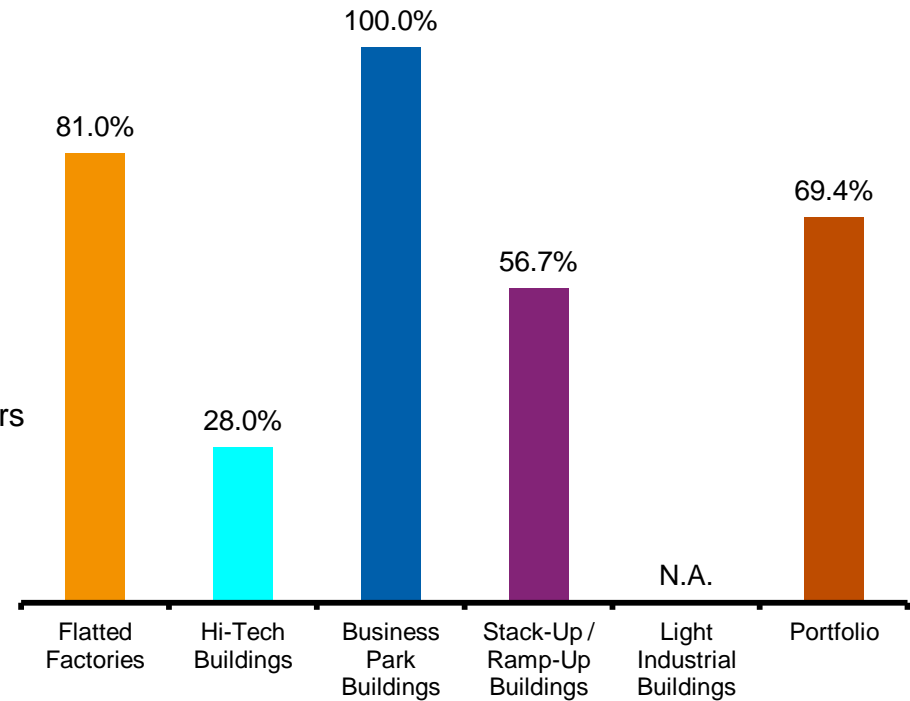
# Healthy Tenant Retention

## LONG STAYING TENANTS



As at 31 Dec 2014  
By number of tenants.

## RETENTION RATE FOR 3QFY14/15



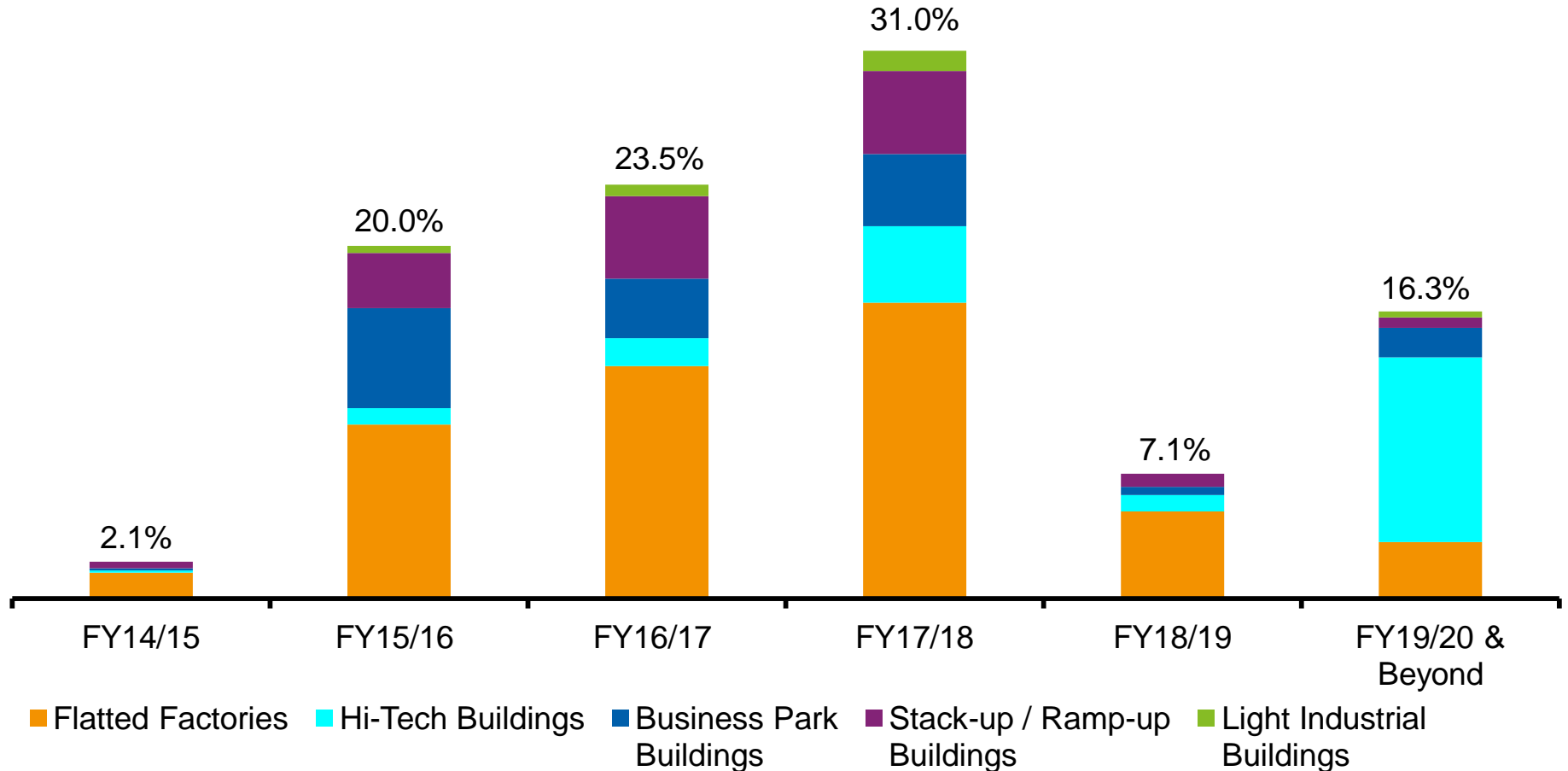
Based on NLA.

N.A. - Not applicable as no leases were due for renewal.

- 54.1% of the tenants have leased the properties for more than 4 years
- Tenant retention rate of 69.4% in 3QFY14/15

# Lease Expiry Profile

## EXPIRING LEASES BY GROSS RENTAL INCOME (%)

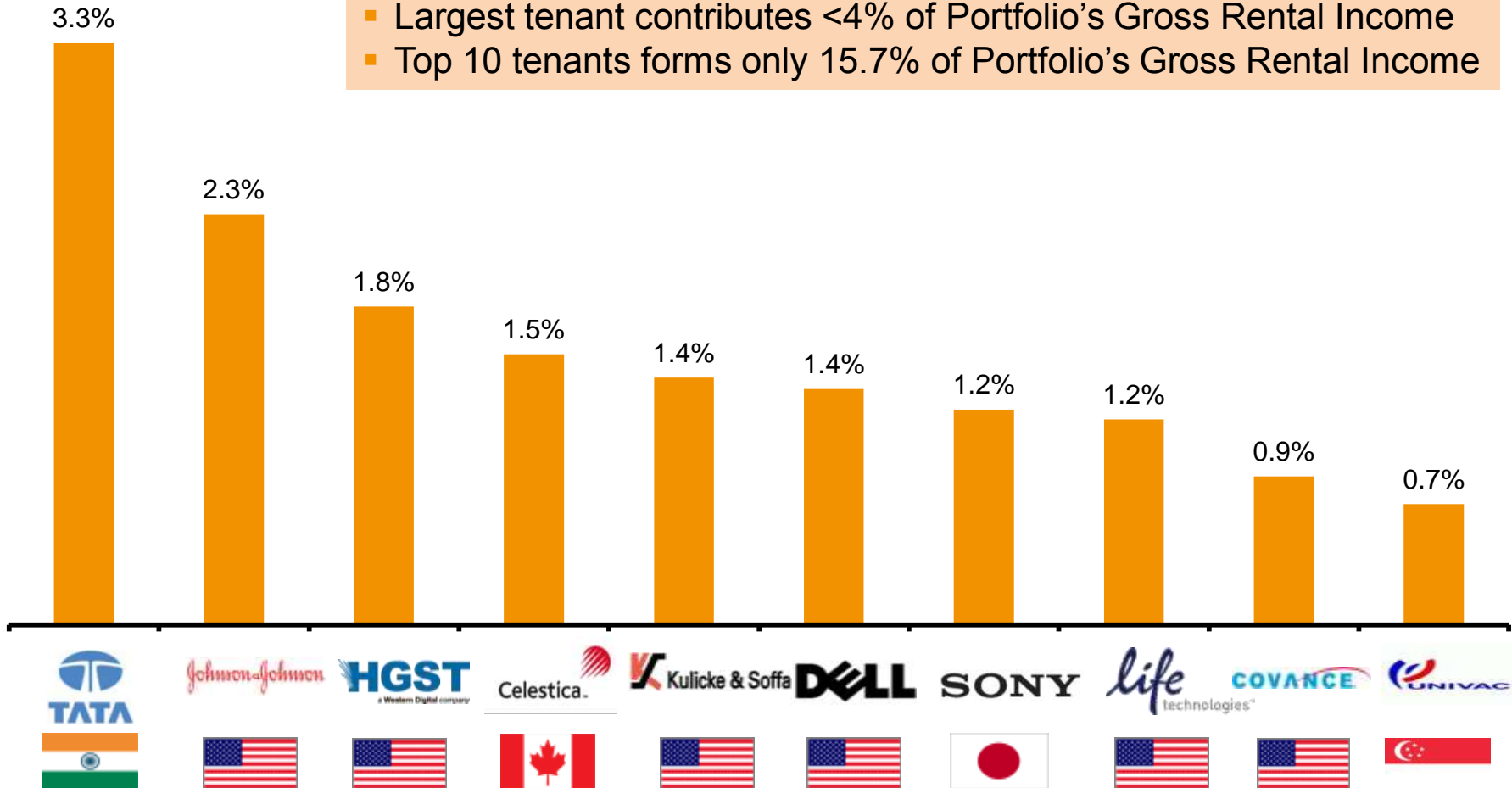


**Portfolio WALE by Gross Rental Income = 2.6 years**

# Large and Diversified Tenant Base

## TOP 10 TENANTS (BY GROSS RENTAL INCOME)

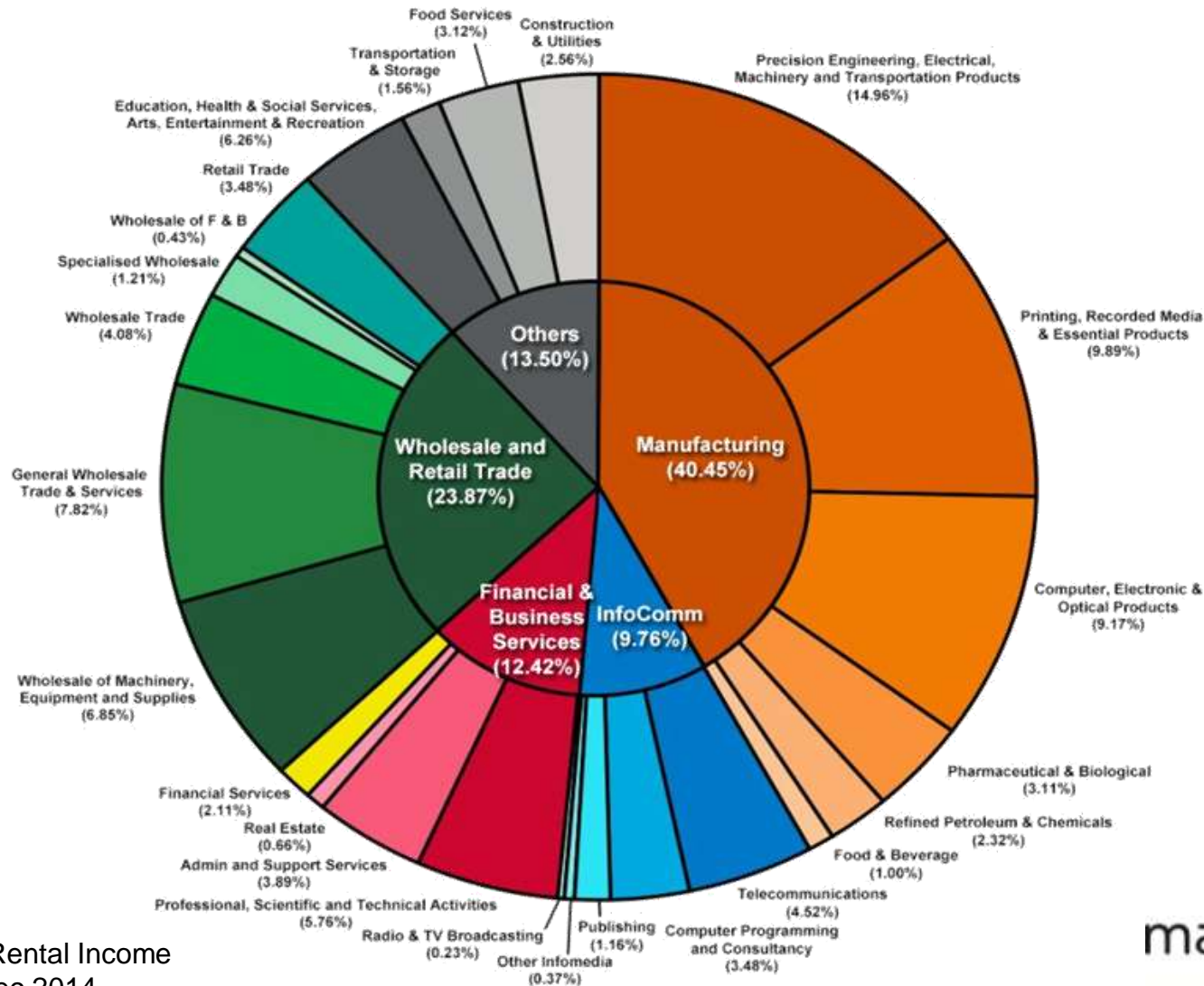
- Over 2,000 tenants
- Largest tenant contributes <4% of Portfolio's Gross Rental Income
- Top 10 tenants forms only 15.7% of Portfolio's Gross Rental Income



As at 31 Dec 2014

# Tenant Diversification Across Trade Sectors

No single trade sector accounted >15% of Portfolio's Gross Rental Income



# DEVELOPMENT UPDATES



Hi-Tech Building,  
Woodlands Central Cluster



# BTS – Equinix

Location	GFA	Estimated Cost	Date of Completion
26A Ayer Rajah Crescent	385,000 sq ft	S\$108 million	1 <sup>st</sup> Quarter 2015



- New 7-storey data centre for Equinix (100% of space committed)
- 20-year lease with the option to renew for another two additional 5-year terms, or any duration depending on the remaining land lease
- Land lease of 30 years
- Embedded annual rental escalation

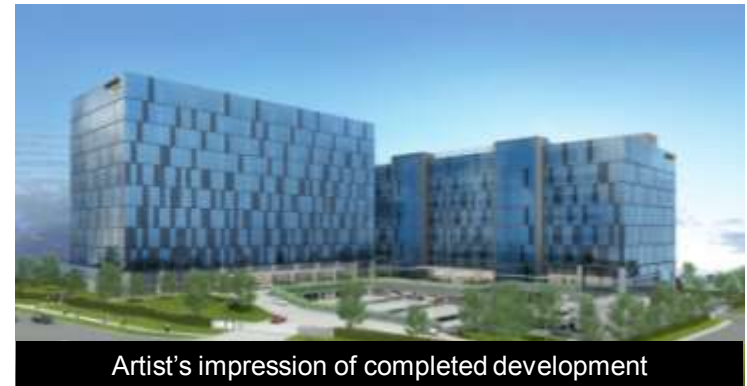
# BTS – Hewlett-Packard

	Property	GFA	Plot Ratio
Before	Two 7-storey Flatted Factories and a canteen	437,300 sq ft	1.3
After Redevelopment	Two Hi-Tech Buildings	824,500 sq ft	2.5

Telok Blangah Cluster,  
1160, 1200 & 1200A  
Depot Road



Commencement of load testing



Artist's impression of completed development

- Secured largest BTS project at S\$226 million<sup>1</sup> with 100% commitment by Hewlett-Packard
- 69 of 100 existing tenants have committed to new leases at alternative MIT clusters
- Income stability from lease term of 10.5<sup>2</sup> + 5 + 5 years with annual rental escalations
- Land tenure of 60 years (from 1 Jul 2008)
- Phase 1: Commence in 2H2014 and complete in 2H2016
- Phase 2: Commence in 1H2015 and complete in 1H2017

<sup>1</sup> Includes book value of S\$56 million (as at 31 Mar 2014) for existing Telok Blangah Cluster.

<sup>2</sup> Includes a rent-free period of six months.

# OUTLOOK AND STRATEGY



Business Park Buildings,  
The Strategy and The Synergy

# Market Outlook

- The economy grew by 1.5% year-on-year in the quarter ended 31 Dec 2014, compared to 2.8% in the preceding quarter<sup>1</sup>
- Average rents for industrial real estate for 3QFY14/15<sup>2</sup>
  - ▲ Multi-user Factory Space: S\$1.98 psf/mth (+3.7% q-o-q)
  - ▲ Business Park Space: S\$4.09 psf/mth (+2.3% q-o-q)
- Overall rents for multi-tenanted developments may ease due to increases in industrial space supply, while rents for properties with higher building specifications could see some upside<sup>3</sup>

<sup>1</sup> Ministry of Trade and Industry (Advance Estimates), 2 Jan 2015

<sup>2</sup> URA/JTC Realis, 19 Jan 2015

28 <sup>3</sup> Singapore industrial property market 4Q2014 report by Colliers International Research

# Positioned for Growth

## Stable and Resilient Portfolio

- Achieved positive rental revisions for renewal leases
- Limited leasing risk with only 2.1% of leases due for renewal in FY14/15

## Enhanced Financial Flexibility

- 86% of gross borrowings hedged via interest rate swaps and fixed rate borrowings
- Application of DRP for 3QFY14/15 distribution to finance progressive payment requirements of development projects

## Growth by Acquisitions and Developments

- BTS development for Equinix on track for completion in 1Q2015
- Phase 1 of BTS development for Hewlett-Packard slated to complete in 2H2016



# End of Presentation

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