

# 1QFY16/17 Financial Results

26 July 2016

# Important Notice

This presentation shall be read in conjunction with Mapletree Industrial Trust's ("MIT") financial results for First Quarter Financial Year 2016/2017 in the SGXNET announcement dated 26 July 2016.

This presentation is for information only and does not constitute an offer or solicitation of an offer to sell or invitation to subscribe for or acquire any units in Mapletree Industrial Trust ("Units").

The past performance of the Units and MIT is not indicative of the future performance of MIT or Mapletree Industrial Trust Management Ltd. (the "Manager").

The value of Units and the income from them may rise or fall. Units are not obligations of, deposits in or guaranteed by the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This presentation may also contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include general industry and economic conditions, interest rate trends, cost of capital, occupancy rate, construction and development risks, changes in operating expenses (including employees wages, benefits and training costs), governmental and public policy changes and the continued availability of financing. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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

**1** Key Highlights – 1 Apr 2016 to 30 Jun 2016

---

**2** 1QFY16/17 Financial Performance

---

**3** Portfolio Update

---

**4** Development Update

---

**5** Outlook and Strategy

---

# ***KEY HIGHLIGHTS***

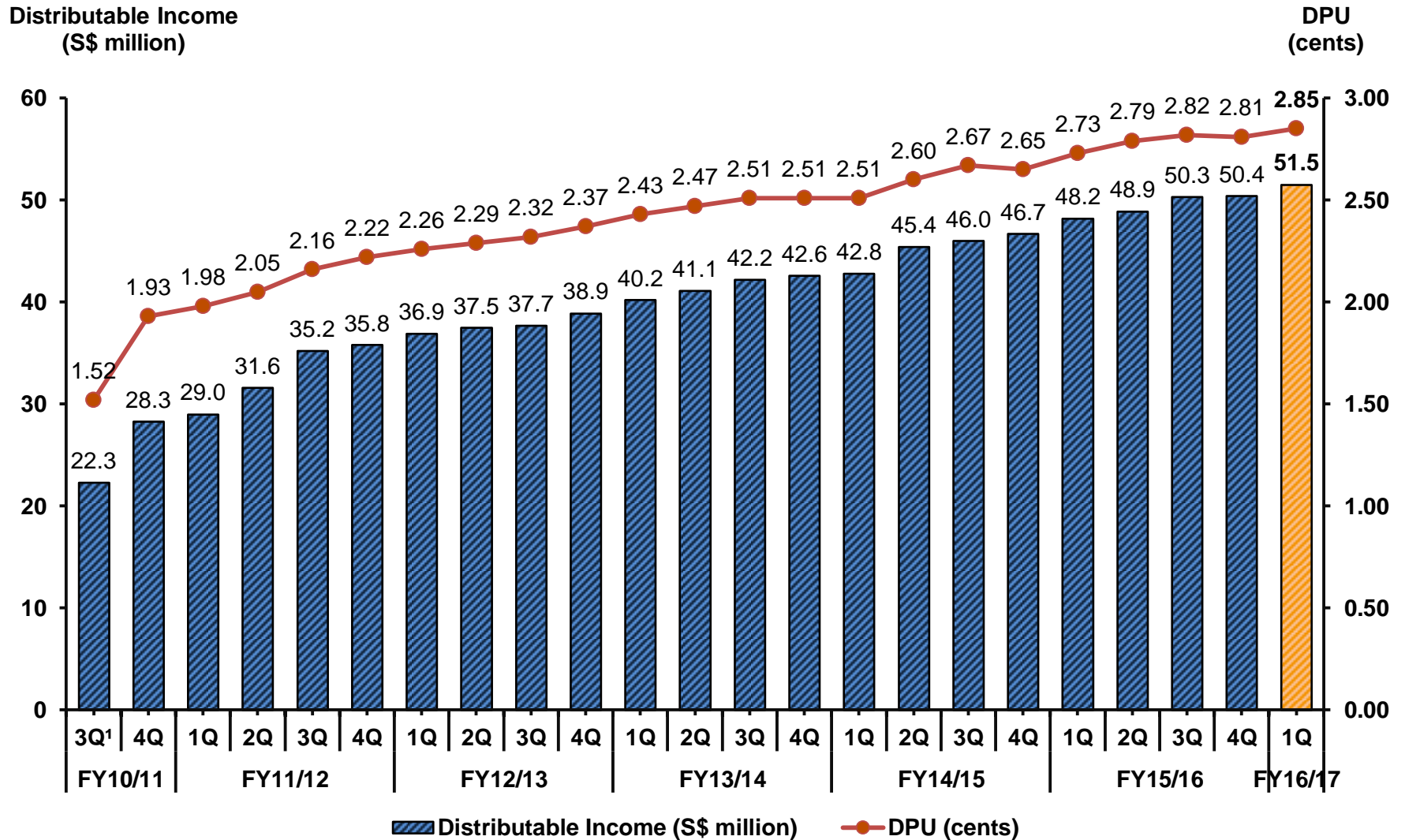
## ***1 APR 2016 TO 30 JUN 2016***



*Hi-Tech Building, build-to-suit data centre for Equinix*

- ✦ **Growth driven by y-o-y increase in rental rates across all property segments and increase in occupancies at Hi-Tech Buildings and Business Park Buildings**
  - 1QFY16/17 Distributable Income: S\$51.5 million ( ▲ 6.8% y-o-y)
  - 1QFY16/17 DPU: 2.85 cents ( ▲ 4.4% y-o-y)
  
- ✦ **Stable portfolio performance in 1QFY16/17**
  - Healthy average portfolio occupancy of 93.0%
  - Higher average portfolio passing rental rate of S\$1.92 psf/mth
  - Reduced expiring leases (by gross rental income) in FY16/17 to 14.1% (from 21.1% in preceding quarter)
  
- ✦ **Update of build-to-suit (“BTS”) development for Hewlett-Packard Singapore**
  - Redistribution of six-month rent-free periods over the first 18 months for Phase 1 and 2
  - Redevelopment at Telok Blangah Cluster on track for completion
  
- ✦ **Prudent capital management**
  - Low aggregate leverage of 28.2%
  - Robust financial position with only S\$36.4 million debt due for refinancing in FY16/17

# Sustainable and Growing Returns



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

# 1QFY16/17 FINANCIAL PERFORMANCE



Flatted Factory, Kolam Ayer 1

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

	1QFY16/17 (S\$'000)	1QFY15/16 (S\$'000)	↑ / (↓)
Gross revenue	84,092	81,619	3.0%
Property operating expenses	(20,293)	(21,427)	(5.3%)
<b>Net property income</b>	<b>63,799</b>	<b>60,192</b>	<b>6.0%</b>
Interest on borrowings	(6,481)	(6,445)	0.6%
Trust expenses	(7,187)	(7,073)	1.6%
<b>Total return for the period</b>	<b>50,131</b>	<b>46,674</b>	<b>7.4%</b>
Net non-tax deductible items	1,381	1,558	(11.4%)
<b>Amount available for distribution</b>	<b>51,512</b>	<b>48,232</b>	<b>6.8%</b>
<b>Distribution per Unit (cents)</b>	<b>2.85</b>	<b>2.73</b>	<b>4.4%</b>



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

	1QFY16/17 (S\$'000)	4QFY15/16 (S\$'000)	↑ / (↓)
Gross revenue	84,092	83,992	0.1%
Property operating expenses	(20,293)	(21,974)	(7.6%)
<b>Net property income</b>	<b>63,799</b>	<b>62,018</b>	<b>2.9%</b>
Interest on borrowings	(6,481)	(6,633)	(2.3%)
Trust expenses	(7,187)	(7,073)	1.6%
<b>Net income</b>	<b>50,131</b>	<b>48,312</b>	<b>3.8%</b>
Net fair value gain on investment properties and investment properties under development	-	81,964	*
<b>Total return for the period</b>	<b>50,131</b>	<b>130,276</b>	<b>(61.5%)</b>
Net non-tax deductible items	1,381	(79,893)	*
<b>Amount available for distribution</b>	<b>51,512</b>	<b>50,383</b>	<b>2.2%</b>
<b>Distribution per Unit (cents)</b>	<b>2.85</b>	<b>2.81</b>	<b>1.4%</b>

# Balance Sheet

	30 Jun 2016	31 Mar 2016	↑ / (↓)
Total assets (S\$'000)	3,639,977	3,623,941	0.4%
Total liabilities (S\$'000)	1,177,712	1,158,717	1.6%
<b>Net assets attributable to Unitholders (S\$'000)</b>	<b>2,462,265</b>	<b>2,465,224</b>	<b>(0.1%)</b>
<b>Net asset value per Unit (S\$)</b>	<b>1.37</b>	<b>1.37</b>	<b>-</b>

# Strong Balance Sheet

	30 Jun 2016	31 Mar 2016
Total Debt	<b>S\$1,027.0 million</b>	S\$1,022.4 million
Aggregate Leverage Ratio	<b>28.2%</b>	28.2%
Weighted Average Tenor of Debt	<b>3.7 years</b>	4.0 years

## Strong balance sheet to pursue growth opportunities

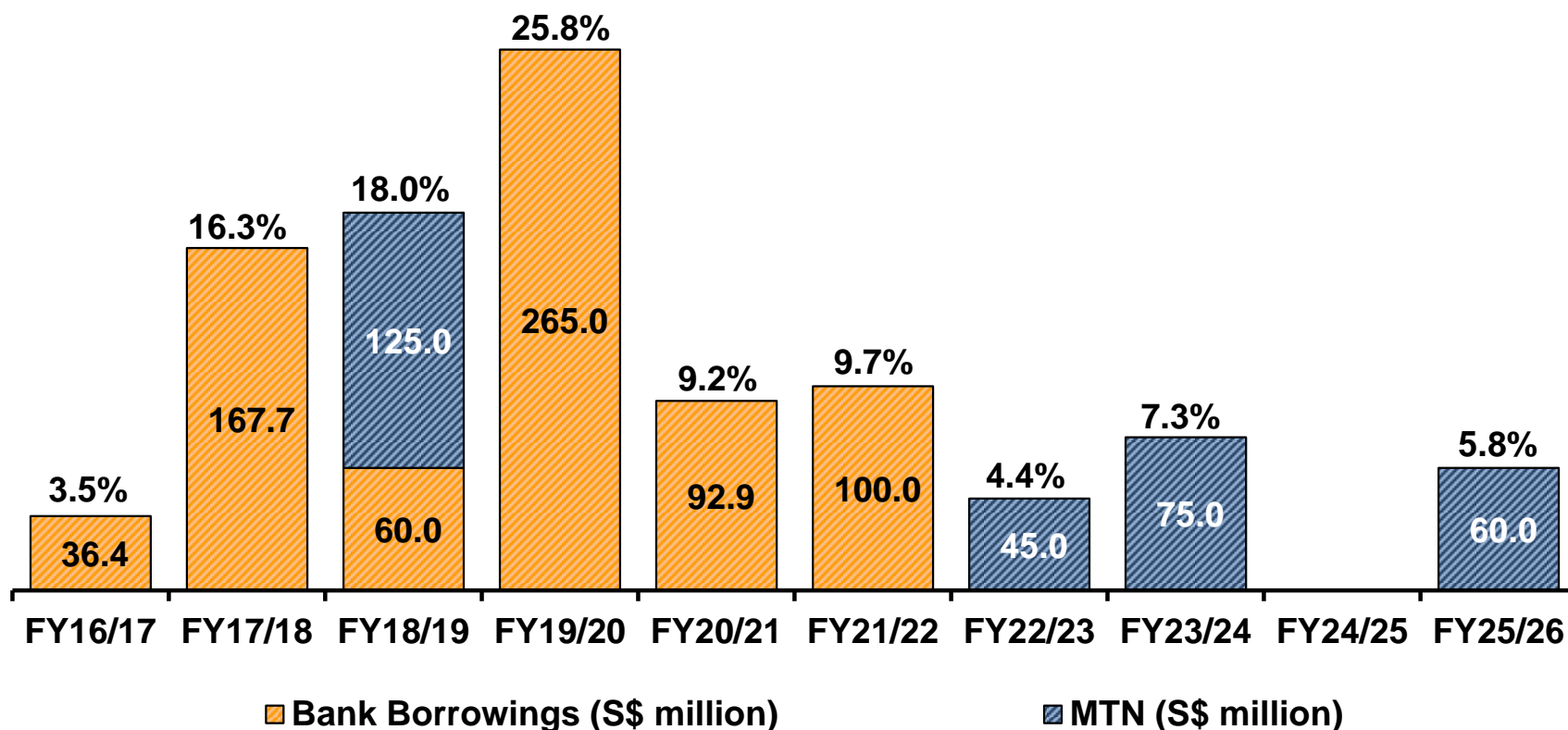
- ✦ 'BBB+' rating with Stable Outlook by Fitch Ratings
- ✦ 100% of loans unsecured with minimal covenants

# Well Diversified Debt Maturity Profile

## DEBT MATURITY PROFILE

As at 30 June 2016

Weighted Average Tenor of Debt = 3.7 years



# Interest Rate Risk Management

	30 Jun 2016	31 Mar 2016
Fixed as a % of Total Debt	<b>87.6%</b>	88.0%
Weighted Average Hedge Tenor	<b>2.7 years</b>	2.7 years
	1QFY16/17	4QFY15/16
Weighted Average All-in Funding Cost	<b>2.5%</b>	2.5%
Interest Coverage Ratio	<b>8.7 times</b>	8.0 times

- ✦ 87.6% of debt is hedged for a weighted average term of 2.7 years
- ✦ In total, S\$470 million of hedges will expire in FY16/17, of which S\$200 million has been extended or replaced
- ✦ Replacements of expiring interest rate hedges are expected to be more costly in view of low interest rates of these hedges

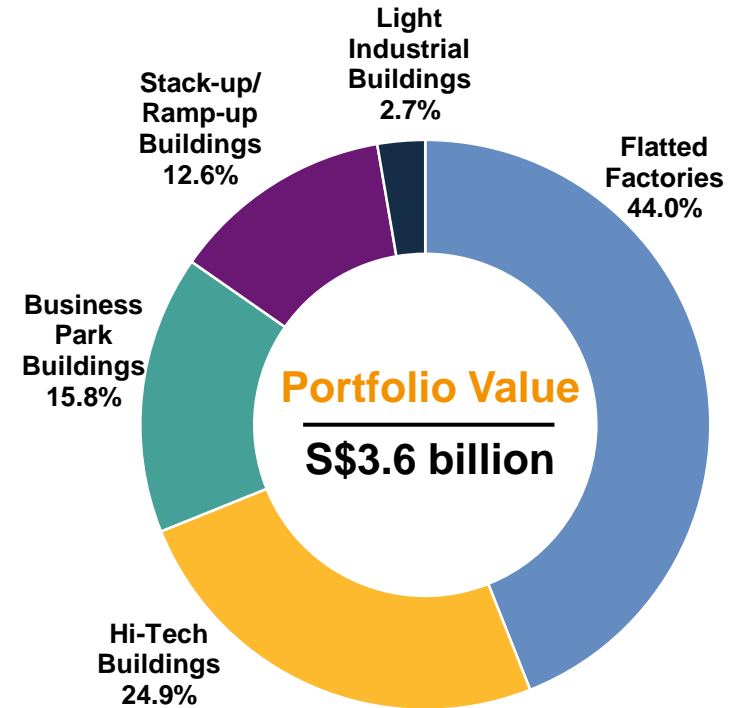
# PORTFOLIO UPDATE



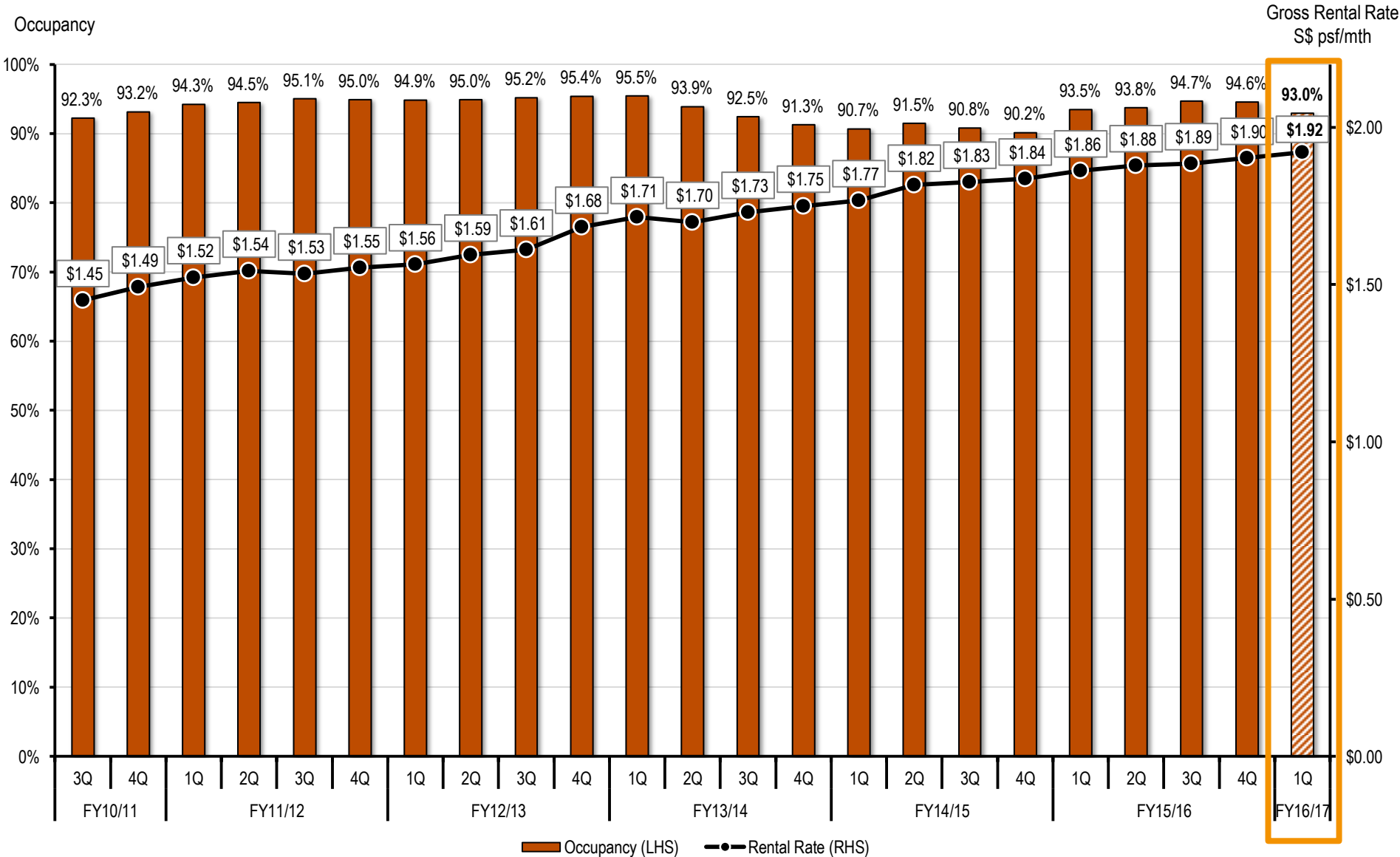
*Hi-Tech Building, K&S Corporate Headquarters*

# 85 Properties Across 5 Property Segments

Portfolio Value	Total GFA (sq ft)	Total NLA (sq ft)	Tenant Base
<b>S\$3.6 billion</b>	<b>19.7 million</b>	<b>14.8 million</b>	<b>&gt;2,000 tenants</b>

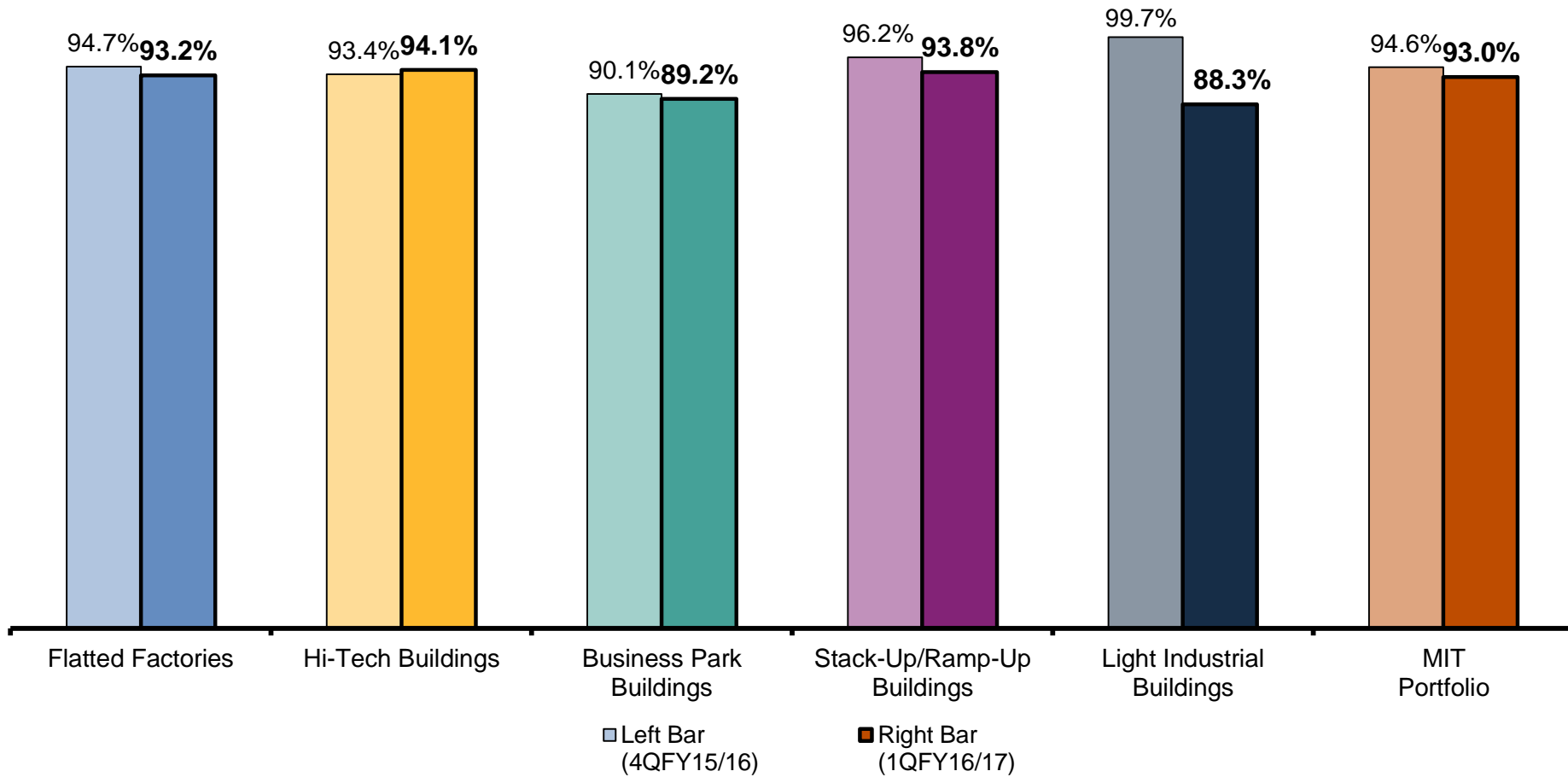


# Stable Portfolio Performance





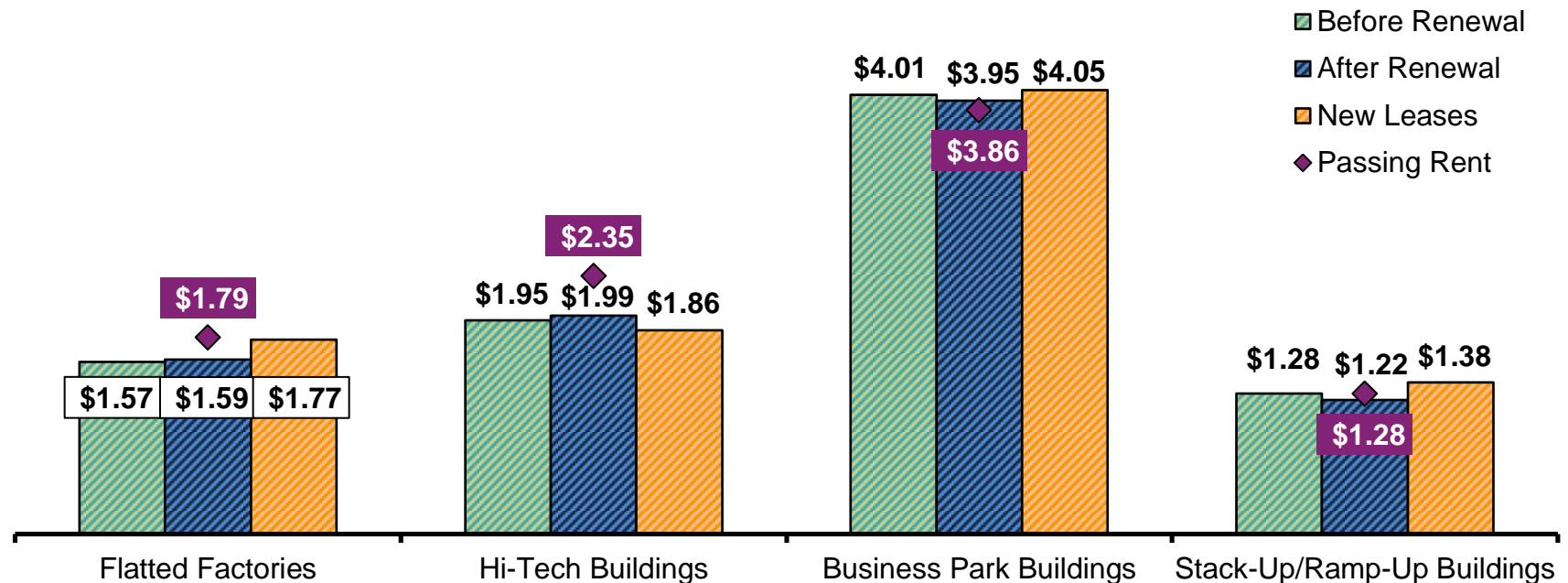
# Segmental Occupancy Levels



# Rental Revisions<sup>1</sup>

## Gross Rental Rate (\$/psf/mth)<sup>2</sup>

For period 1QFY16/17

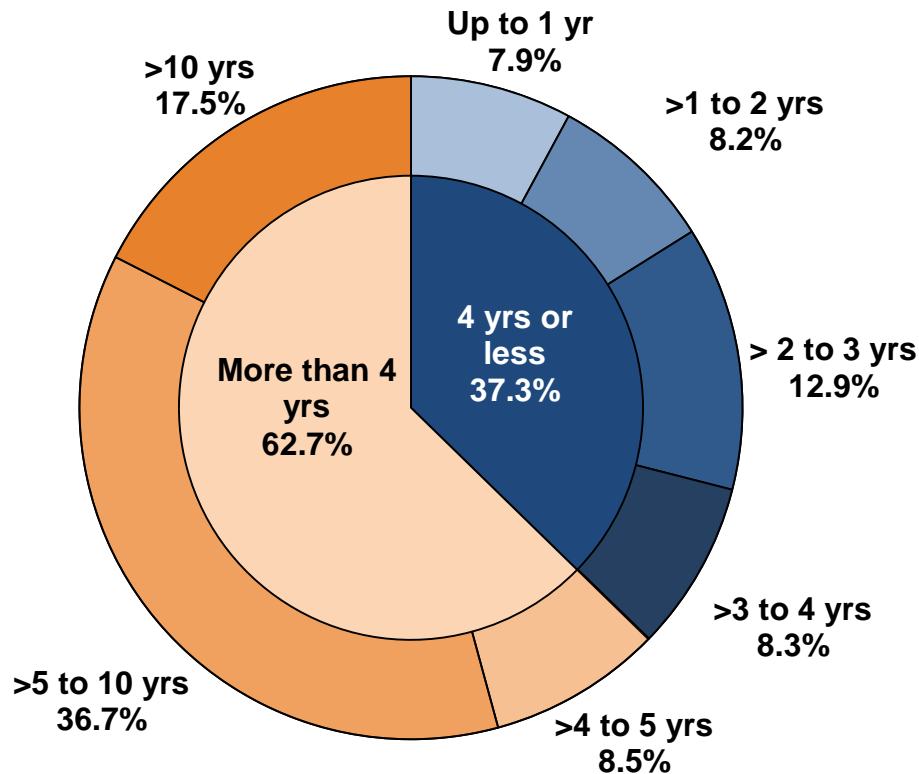


<b>Renewal Leases</b>	115 Leases (575,967 sq ft)	7 Leases ( 8,525 sq ft)	6 Leases (22,752 sq ft)	5 Leases (73,690 sq ft)
<b>New Leases</b>	46 Leases (97,880 sq ft)	7 Leases (22,504 sq ft)	6 Leases (16,936 sq ft)	2 Leases (4,489 sq ft)

<sup>1</sup> Excluded Light Industrial Buildings as no leases were due for renewal and no new leases were secured for the period.

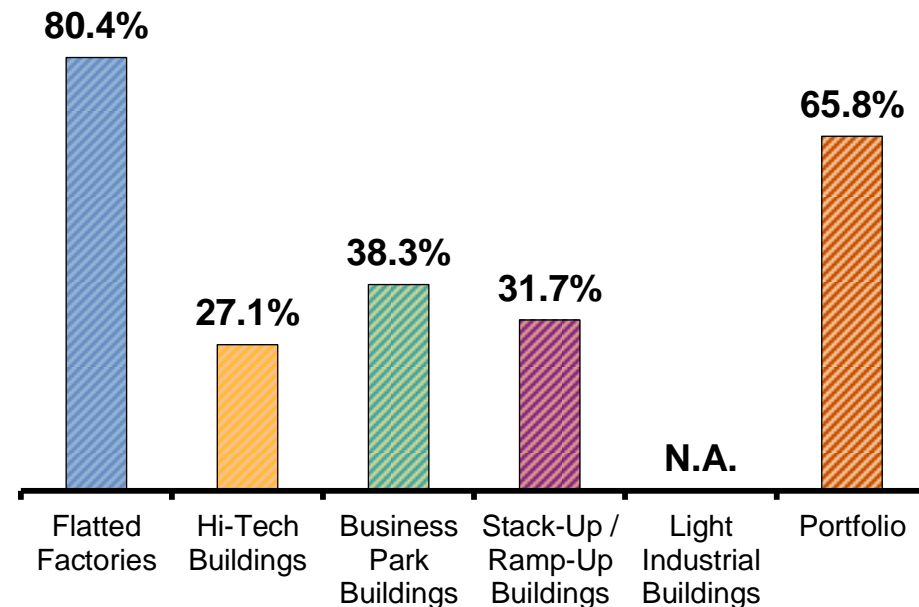
<sup>2</sup> Gross Rental Rate figures exclude short term leases; except Passing Rent figures which include all leases.

## LONG STAYING TENANTS



As at 30 Jun 2016  
By number of tenants

## RETENTION RATE FOR 1QFY16/17



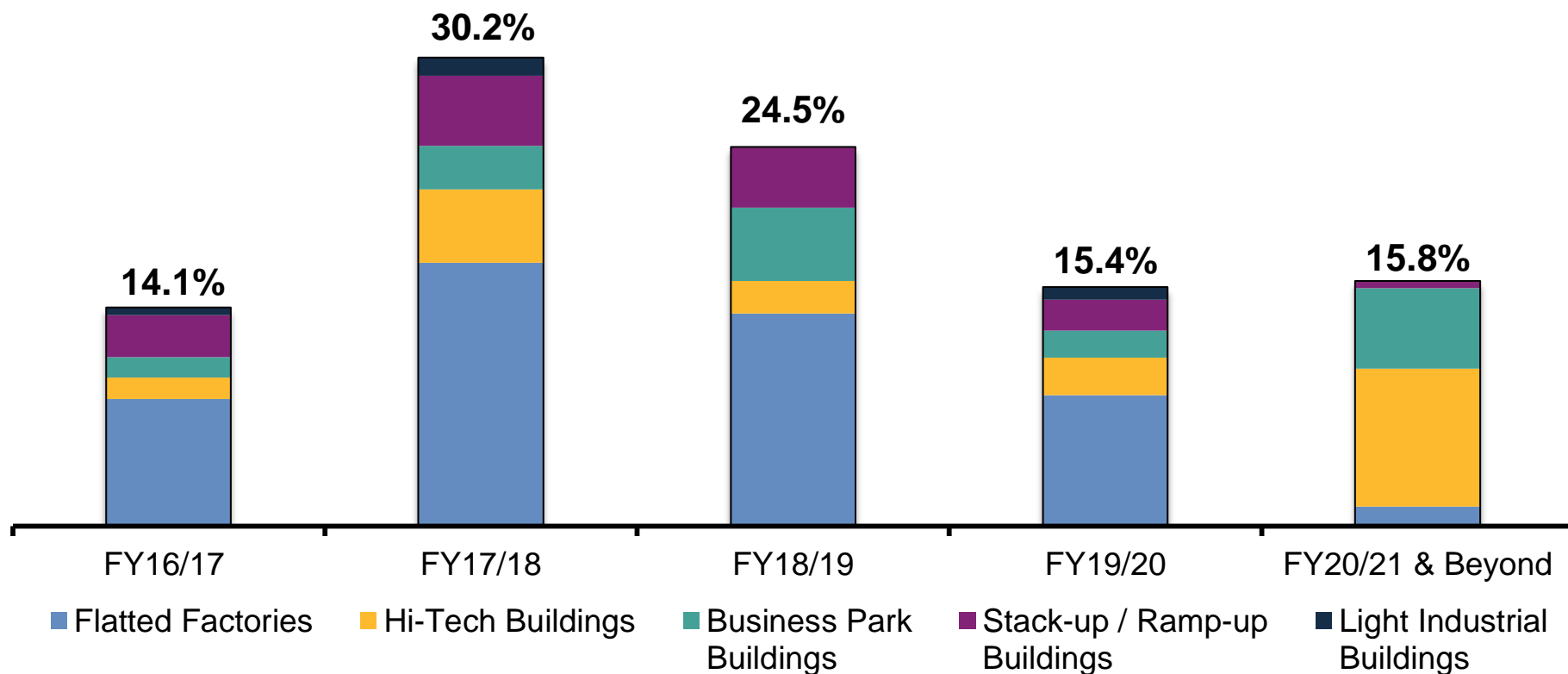
Based on NLA.  
N.A. – Not applicable as no leases were due for renewal.

- ✦ 62.7% of the tenants have leased the properties for more than 4 years
- ✦ Tenant retention rate of 65.8% in 1QFY16/17

# Lease Expiry Profile

## EXPIRING LEASES BY GROSS RENTAL INCOME (%)

As at 30 June 2016

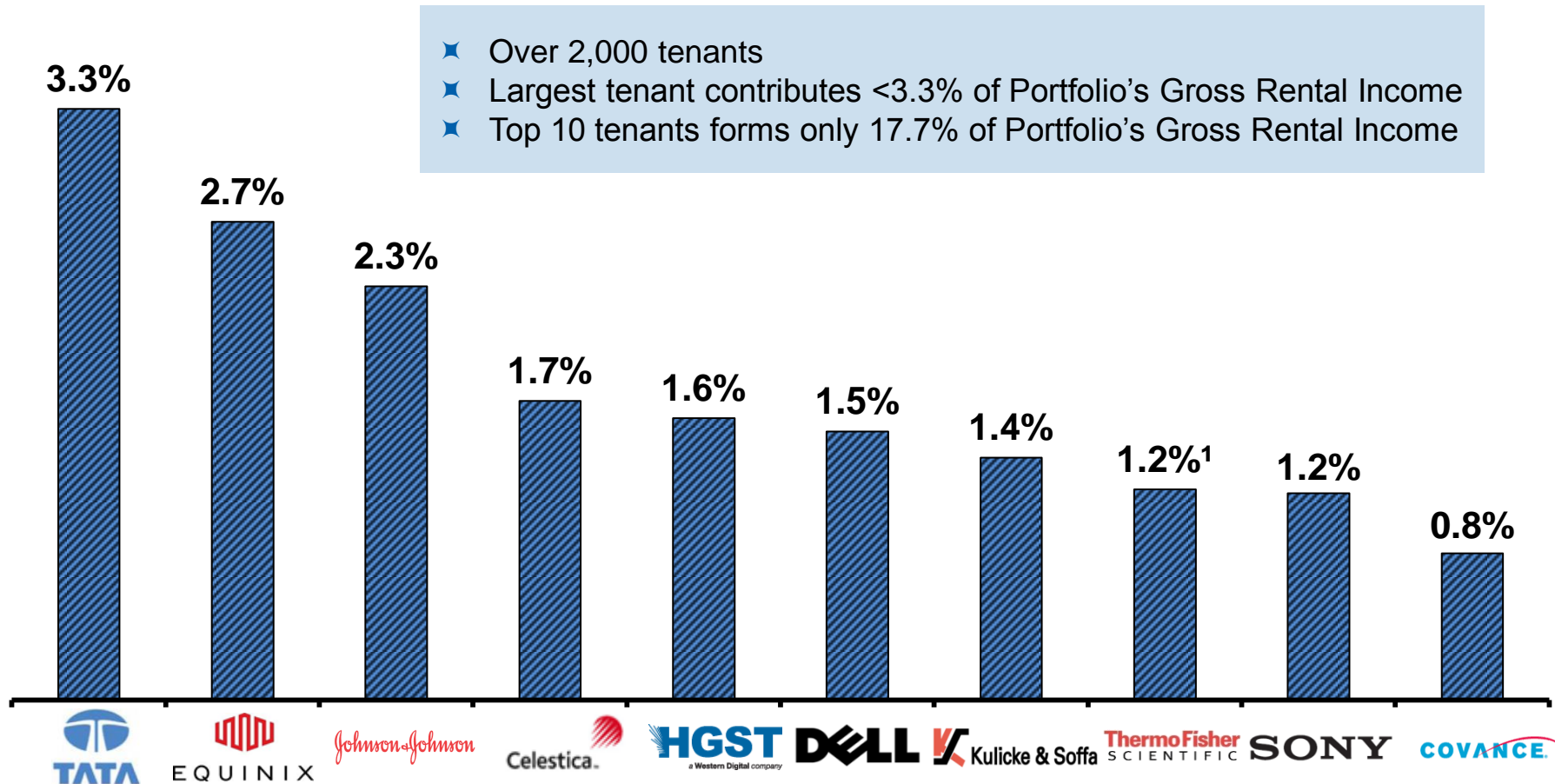


**Portfolio WALE by Gross Rental Income = 2.8 years**

# Large and Diversified Tenant Base

## TOP 10 TENANTS (BY GROSS RENTAL INCOME)

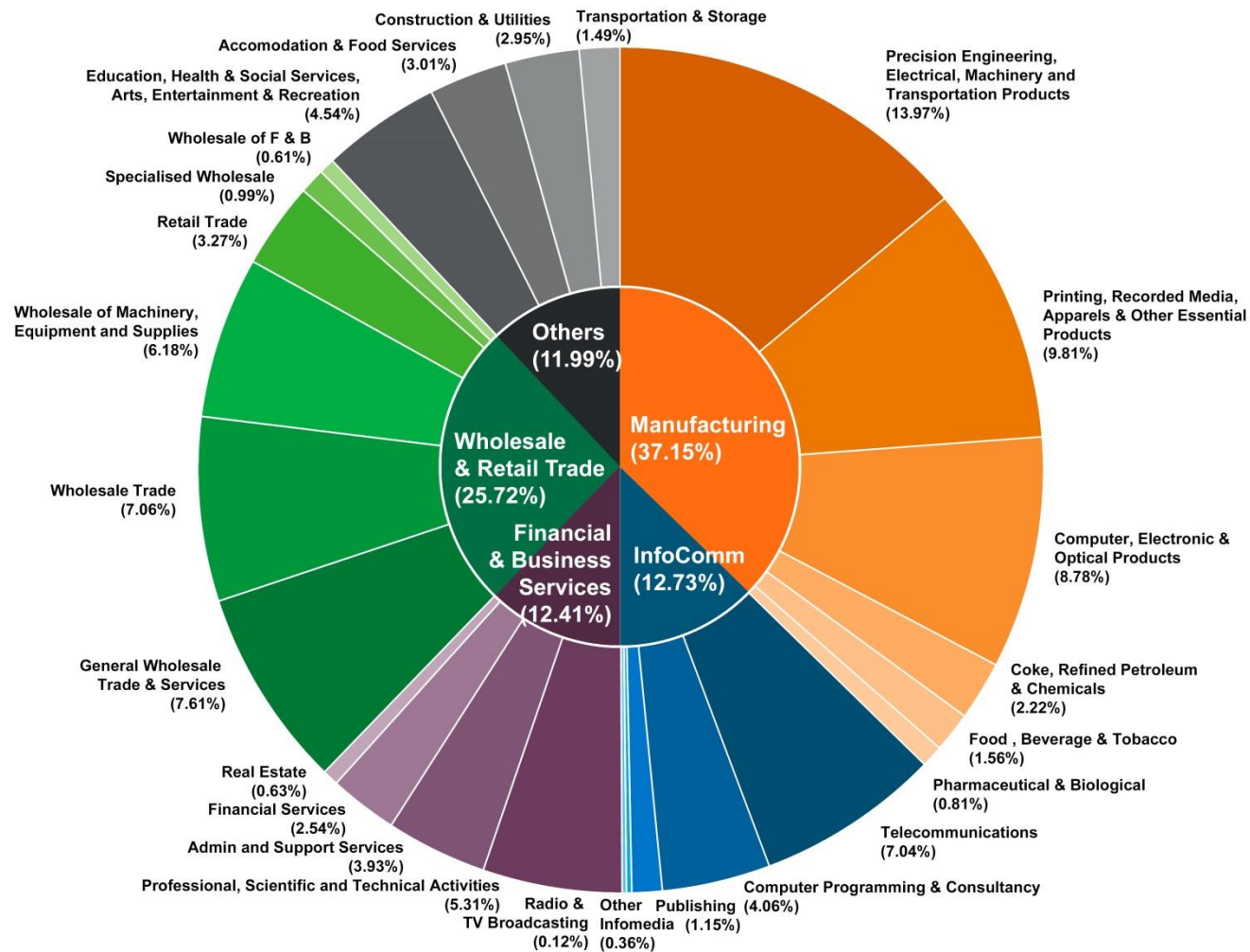
As at 30 June 2016



<sup>1</sup> The lease agreement was entered into with Life Technologies Holdings Pte. Ltd., which was acquired subsequently by Thermo Fisher Scientific.

# Tenant Diversification Across Trade Sectors

No single trade sector accounted >14% of Portfolio's Gross Rental Income





mapletree  
Industrial

***DEVELOPMENT  
UPDATE***

*Hi-Tech Building, Toa Payoh North 1*



Estimated Cost  
**S\$226 million<sup>1</sup>**

GFA  
**824,500 sq ft**

Completion  
**Phase 1 : By 4Q2016**  
**Phase 2 : By 2Q2017**

- ✦ 100% committed by Hewlett-Packard for lease term of 10.5<sup>2</sup> + 5 + 5 years with annual rental escalations<sup>3</sup>
- ✦ Redistribution of 6-month rent-free periods<sup>2</sup> over first 18 months for Phase 1 and 2
- ✦ On track for completion



<sup>1</sup> Includes book value of S\$56 million (as at 31 Mar 2014) prior to commencement of redevelopment.

<sup>2</sup> The original lease agreement included 6-month rent-free periods, which will commence following the completion of Phase 1 and 2 respectively. Following a review of the lease agreement, the 6-month rent-free periods will be redistributed over the first 18 months for both phases.

<sup>3</sup> Hewlett-Packard will pay gross rents and MIT will be responsible for property tax and property operating expenses.



# AEI – Kallang Basin 4 Cluster



Estimated Cost  
**S\$77 million**

Additional GFA  
**336,000 sq ft**

Completion  
**1Q2018**

- ✦ Development of 14-storey Hi-Tech Building (at existing car park) and improvement works at existing buildings
- ✦ Awarded construction contract
- ✦ Located at Kallang iPark, an upcoming industrial hub for high value and knowledge-based businesses



# OUTLOOK AND STRATEGY



*Business Park Buildings, The Strategy and The Synergy*

- ✦ The economy grew by 2.2% y-o-y in the quarter ended 30 Jun 2016, marginally higher than 2.1% growth in preceding quarter<sup>1</sup>
  
- ✦ Median rents for industrial real estate for 1QFY16/17<sup>2</sup>
  - Multi-user Factory Space: S\$1.82 psf/mth (-3.2% q-o-q)
  - Business Park Space: S\$4.10 psf/mth (-4.4% q-o-q)
  
- ✦ The business environment is expected to remain subdued in view of the global uncertainties and large impending supply of industrial space in Singapore. This is likely to exert pressure on occupancy and rental rates.
  
- ✦ Continued focus on active asset management and prudent capital management
  - Focusing on tenant retention to maintain portfolio occupancy
  - Implementing appropriate interest rate hedging strategies

<sup>1</sup> Ministry of Trade and Industry (Advance Estimates), 14 Jul 2016

<sup>2</sup> URA/JTC Realis, 25 Jul 2016

## Stable and Resilient Portfolio

- ✦ Achieved higher portfolio passing rental rate of S\$1.92 psf/mth
- ✦ Reduced expiring leases (by gross rental income) in FY16/17 to 14.1% (from 21.1% in preceding quarter)

## Enhanced Financial Flexibility

- ✦ Hedged borrowings of 87.6%
- ✦ Aggregate leverage ratio of 28.2% allows sufficient headroom for growth opportunities

## Growth by Acquisitions and Developments

- ✦ BTS development for Hewlett-Packard on track for completion in 2Q2017
- ✦ AEI at Kallang Basin 4 on track for completion in 1Q2018



## End of Presentation

For enquiries, please contact Ms Melissa Tan, Vice President, Investor Relations,  
DID: (65) 6377 6113, Email: [melissa.tanhl@mapletree.com.sg](mailto:melissa.tanhl@mapletree.com.sg)