mapletree industrial

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 January 2008 (as amended))

ANNOUNCEMENT

RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS FOR THE ANNUAL GENERAL MEETING ON 14 JULY 2021

14 July 2021 - Mapletree Industrial Trust Management Ltd., as manager (the "Manager") of Mapletree Industrial Trust ("MIT"), wishes to thank all unitholders of MIT (the "Unitholders") who have submitted their questions in advance of the 11th Annual General Meeting of MIT, which will be conducted virtually on 14 July 2021, 2.30 p.m. (Singapore Time) via the live audio-visual webcast or live audio-only stream.

Please refer to Annex A for the list of substantial and relevant questions, and the Manager's responses to these questions. Where questions overlap or are closely related, they have been merged and rephrased for clarity. For ease of reference, the questions have been grouped into the following key topics:

A. Operational Performance
B. Investments
C. Financials and Capital Management
D. Strategy and Outlook

By Order of the Board
Wan Kwong Weng
Joint Company Secretary
Mapletree Industrial Trust Management Ltd.
(Company Registration No. 201015667D)
As Manager of Mapletree Industrial Trust

Important Notice

The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by the Manager, or any of its affiliates. An investment in the 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 of MIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of MIT is not necessarily indicative of the future performance of MIT.

ANNEX A: RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

A. Operational Performance	
1.	**(i) Is MIT still providing rental reliefs to its tenants in FY21/22?** **(ii) What percentage of tenants would that be?** **(iii) Will MIT give such rental reliefs indefinitely?**
	▪ We extended rental reliefs of about S$12.7 million to support our tenants in the financial year 2020/2021 ended 31 March 2021 (“FY20/21”), which comprised MIT’s COVID-19 Assistance and Relief Programme as well as mandated rental reliefs under the COVID-19 (Temporary Measures) Act 2020. This accounted for about 2.8% of gross revenue for FY20/21. Additional support measures such as using cash security deposits for rents due and restructuring of leases were also made available to tenants on a case-by-case basis. ▪ We will continue to monitor the development of the COVID-19 pandemic and support our tenants in a targeted manner as the impact of the pandemic on different trade sector varies.
2.	**(i) What is the Manager’s strategy to further improve the average occupancy rate of Flatted Factories?** **(ii) As Flatted Factories do not have provision of ramps, what kind of tenants are typically attracted to such buildings and why?** **(iii) Does the Manager see any silver lining in the Flatted Factories segment? What are the long-term prospects of the Flatted Factories segment, given the challenges and disruptions faced by small and medium-sized enterprises which have been exacerbated by COVID-19?** **(iv) Can the REIT Manager elaborate further on the asset enhancement / repositioning potential of its Flatted Factories? In particular, the remaining term of land leases for Kallang Basin 1 and 2 Clusters are 10 years. Has the Manager adjusted the pace of redevelopment for the REIT due to COVID-19?**
	▪ The average occupancy rate of Flatted Factories increased from 87.4% in FY19/20 to 88.3% in FY20/21. We will continue to carry out improvement works such as upgrading of toilets and lifts to maintain the competitiveness of the Flatted Factories. To address the leasing challenges from the uneven recovery from the pandemic and the large impending supply of industrial space, we will strive to maintain a stable occupancy rate through tenant retention and forward lease renewals.

	▪ Our Flatted Factories tenants are generally small and medium-sized enterprises from diverse trade sectors such as manufacturing as well as wholesale and retail trade. As MIT's Flatted Factories are near established industrial estates and public transportation networks, they offer companies a cost-effective option for generic industrial space at strategic locations across Singapore. ▪ We continuously review the competitiveness and assess the potential of repositioning each property for higher value uses. Factors for consideration include the remaining underlying land lease tenures, impact to distributions and portfolio profile and long-term total returns. As there will be loss of revenue due to downtime from redevelopment projects, we will proceed with such projects only after securing sufficient pre-commitment similar to the redevelopment works at 161, 163 & 165 Kallang Way where we proceeded with the project after securing pre-commitment from a global medical device company for 24.4% of the enlarged space.
3.	**With work-from-home arrangement becoming more prevalent in the workplace, would this pose a challenge to the occupancy of MIT's portfolio, especially the pre-leasing for enlarged gross floor area of the redevelopment at 161, 163 & 165 Kallang Way?**
	▪ While the long-term implication of widespread adoption of work-from-home is uncertain, we believe that physical premises for industrial activities such as manufacturing and data centre services will remain a necessity. ▪ Average Overall Portfolio occupancy rose to 92.6% in FY20/21 from 90.9% in FY19/20. This was driven by the improvements in occupancies for all property segments for the Singapore Portfolio, except for Light Industrial Buildings. As MIT's properties are located in established industrial estates and business park precincts, we believe that they will remain attractive to space occupiers looking for quality business space at affordable rents. ▪ While companies are cautious about business expansion in view of the pandemic, we remain confident in the leasing demand for new high-quality business space at 161, 163 & 165 Kallang Way. Located within the Kolam Ayer Industrial Estate, the new high-tech industrial precinct is a short drive to the Central Business District. It is well-served by the Central Expressway, Pan Island Expressway and Geylang Bahru Mass Rapid Transit station. The expected completion of the new industrial precinct in the first half of 2023 will be timely for high value-add and knowledge-based businesses looking for new space as the economy recovers from the COVID-19 pandemic.

4.	**(i) Any update on the leasing commitment of the redevelopment at 161, 163 & 165 Kallang Way?** **(ii) What is the expected incremental cost of the redevelopment at 161, 163 & 165 Kallang Way as a result of the difficulties posed by COVID-19? Will this have an impact on expected rental income?** **(iii) Is the completion of the redevelopment at 161, 163 & 165 Kallang Way on target, given the disruptions from the circuit breaker and restrictions under Phase 2 and 3 (Heightened Alert)?**
	▪ We have commenced the redevelopment at 161, 163 & 165 Kallang Way in July 2020 following the successful relocation of 74 out of 108 tenants to alternative MIT clusters. The construction for two industrial buildings has commenced in late November 2020 while the construction contract of the third industrial building was awarded in May 2021. Construction activities and progress have been affected by the COVID-19 pandemic. We are targeting to complete the two industrial buildings (161 & 163 Kallang Way) in the second half of 2022 and complete the third industrial building (165 Kallang Way) in the first half of 2023. ▪ The expected project cost of the redevelopment at 161, 163 & 165 Kallang Way has increased from S$263 million[1] to S$300 million[1]. There has been an increase in construction cost due to the implementation of safe management measures such as swab tests and use of personal protective equipment as well as supply chain disruptions and labour shortage. While this may lower the expected returns, we believe it is still viable and meaningful to proceed with the redevelopment as it would almost double the plot ratio from 1.5 to 2.5 and maximise the rents. The redevelopment will include a build-to-suit (“BTS”) facility for a global medical device company headquartered in Germany. The BTS facility will account for about 24.4% of the enlarged gross floor area upon completion of the redevelopment and will be leased to the global medical device company for an initial lease term of 15 years. Building on the successful leasing of the greenfield industrial development at 30A Kallang Place, we will target high value-add and knowledge-based businesses from the advanced manufacturing as well as information and communications technology sectors. The new high-tech industrial precinct will be a choice location for companies seeking high-quality industrial space or customised industrial solutions at the city-fringe.

[1] This includes the book value of the Kolam Ayer 2 Cluster at S$70.2 million as at 31 March 2019 prior to the commencement of the redevelopment.

5.	**Why was the rental revision for Data Centres omitted from page 38 of the Annual Report?**
	There were no renewal leases for MIT's Data Centres (Singapore) in FY20/21; and hence, this segment was excluded from the chart on "Rental Revisions (Singapore Portfolio)".
6.	**Data Centres accounted for only 19.7% of gross revenue (Page 76 of the Annual Report) and 21.7% of net property income for FY20/21, even though it comprised about 41.2% of assets under management as at 31 March 2021 (Page 9). Is the low rental yield characteristic of this segment?**
	▪ Gross revenue and net property income do not include MIT's interests in the joint ventures with Mapletree Investments Pte Ltd ("MIPL" or the "Sponsor"), as these are equity accounted in accordance with the accounting standards. Financial results of the 14 data centres in the United States of America (the "United States") previously held under Mapletree Redwood Data Centre were only consolidated following the completion of the acquisition of the remaining 60% interest on 1 September 2020. Accordingly, gross revenue and net property income for FY20/21 were not reflective of the full-year contributions of MIT's Data Centres in North America. ▪ However, the capitalisation rates for data centres have been compressing due to increasing investor interest. The yields for data centres on freehold land are generally lower as compared to leasehold industrial properties.
7.	**Please explain the rationale of having a single property in Canada.**
	▪ 6800 Millcreek, Toronto was part of the portfolio acquired from Digital Realty in FY19/20. We continue to explore opportunities in Canada. Toronto (Canada) remains attractive as it is the 10th largest market in North America[2]. Nevertheless, we will continuously review the competitiveness and potential of each property within the portfolio.
8.	**Please explain the fall in valuations for some property clusters.**
	<u>Kallang Basin 1 and 2 Clusters</u> ▪ The fall in valuations for Kallang Basin 1 and 2 Clusters were due to their short remaining underlying land lease tenures of less than 10 years. In view of their

[2] Source: 451 Research/S&P Global Market Intelligence, 2021.

	locations and permissible land use in the Singapore Master Plan, it is likely that both plots of land will be returned to the state at the end of their land leases. <u>2000 Kubach Road, Philadelphia and 3300 Essex Drive, Richardson</u> ▪ The fall in valuations for 2000 Kubach Road, Philadelphia and 3300 Essex Drive, Richardson were due to differing assumptions (including market rents and outlook of the local area) by independent valuers in 2020 and 2021. Cushman & Wakefield, Inc. and Newmark Knight Frank Valuation & Advisory, LLC conducted the valuations as at 31 March 2020 and 31 March 2021 respectively.
9.	**(i) The occupancy rates of some properties were lower than the average occupancy rates of their respective property segments. What are the reasons for the lower occupancies of these properties?** **(ii) Are these properties currently undergoing any asset enhancement works?** **(iii) What are being done to improve the occupancy rates of these properties?**
	▪ While these properties had lower occupancy rates, the impact was moderated by MIT's large tenant base. Conversely, there could be potential upside in the event if MIT was able to lease out the vacant space. ▪ Presently, these properties are not undergoing any asset enhancement works. We remain proactive in sourcing for new tenants and managing lease renewals so as to improve the occupancy rates of these properties. ▪ We are continuously reviewing the portfolio to identify opportunities to unlock value. We adopt a disciplined approach in evaluating development opportunities by considering factors such as property attributes, impact to distributions and portfolio profile as well as long-term total returns.
10.	**What percentage of tenants in MIT's Flatted Factories are in arrears?**
	▪ For the Overall Portfolio (including Flatted Factories), rental arrears of more than one month was approximately 1.2% of previous 12 months' gross revenue. This was an improvement from 1.4% as at 31 December 2020.
11.	**How does the business park segment fit the industrial profile of MIT, considering that it is mainly office space? Would MIT consider divesting its Business Park Buildings? If no, how is the Manager working to improve its occupancy rate of 85.5%?**
	MIT's Business Park Buildings are high-rise multi-tenanted buildings in designated "Business Park zones", which cater to businesses engaged in high-technology,

	research and development, high value-added and knowledge intensive activities. Business parks are within MIT's investment mandate, which focuses on industrial real estate assets in Singapore. We believe business parks will remain relevant in the long term. Nevertheless, we will evaluate if we receive any compelling offers for our properties. MIT's Business Park Buildings' average occupancy rate of 85.5% in FY20/21 was in line with the market occupancy of 85.1% as at 1Q2021. We remain proactive in sourcing for new tenants and managing lease renewals so as to improve the occupancy rate for this property segment.
12.	**In a challenging economic environment today, does the Manager prioritise occupancy over positive rental revisions or vice versa?**
	The uneven recovery from the pandemic and the large impending supply of industrial space are expected to exert pressure on selected segments of the industrial market in Singapore. To address such leasing challenges, we strive to maintain a stable portfolio occupancy through tenant retention and forward lease renewals. We will continuously calibrate the rental rates for new and renewal leases in response to market conditions.
13.	**(i) Why was 2A Changi North Street 2 not occupied by any tenant? What is the plan for this building?** **(ii) The four Light Industrial Buildings had an average occupancy rate of 80.0% in FY20/21. What are the challenges in increasing the average occupancy rate, and if divestment is being explored?**
	2A Changi North Street 2 was vacant due to the exit of the tenant, which partly resulted in the lower average occupancy rate of Light Industrial Buildings in FY20/21. We have successfully secured a replacement tenant for 2A Changi North Street 2, which will increase the occupancy rate to 86.9%. Following the new tenant's lease commencement in August 2021, the occupancy of 2A Changi North Street 2 will increase to 86.9%. We continuously review the competitiveness and potential of each property within the portfolio. Properties with lower long-term relevance to the portfolio may be considered for divestment.
B. Investments	
14.	**Are there any data centres with right of first refusal outside of the United States?**
	▪ The Sponsor has granted MIT a right of first refusal to acquire the Sponsor's 50% interest in Mapletree Rosewood Data Centre Trust ("MRODCT"). MRODCT, which is a 50:50 joint venture between MIT and MIPL, holds 10 powered shell data centres and an 80% interest in three fully fitted hyperscale data centres in North

	America. This portfolio provides a significant visible data centre pipeline, which MIT could consider as an investment opportunity in the future if the Sponsor decides to divest its interest in MRODCT. ▪ In February 2021, the Sponsor had successfully won a HK$813 million land tender to develop a data centre in Fanling, New Territories, Hong Kong SAR. While there is no right of first refusal in place for this particular data centre development, we will engage the Sponsor should it decide to divest the property in the future.
15.	**What is net property income yield for the recent data centre acquisition in the United States?**
	The net property income yield for the proposed acquisition of 29 data centres in the United States is about 5.1%.
16.	**(i) What is the REIT's value proposition in investing in the data centre segment in North America? How can the REIT Manager value-add to create value for Unitholders (other than the contribution of capital/being a financial investor)?** **(ii) Is there a risk that "hot money" is piling into data centres and the sector may be faced with a demand-supply imbalance as demand from COVID-19 normalises?** **(iii) The data centre sector has been doing quite well in recent years. What external factors could pose inherent threats to the sector and affect MIT's performance?**
	▪ MIT is focused on the real estate ownership of data centres. This is different from other data centre players who focus on ownership and operation of data centres whereby they are responsible for service level provisions. MIT's North American data centres are primarily leased on a triple-net basis, with more than half comprising powered shell data centres. Through asset enhancements, we will strive to enhance the properties by improving the building specifications or reconfiguring unusable or under-utilised space into leasable space based on tenants' requirements. ▪ According to 451 Research, the COVID-19 pandemic is boosting data centre demand in the short, and potentially, the long term. The adoption of cloud services and digitalisation are likely to continue into the future, even after the pandemic. This will in turn underpin the demand for data centre space.
17.	**Any future plans to invest in other countries besides Singapore and the United States?**
	▪ The United States is a natural consideration as it is the world's largest and most established data centre market. We are also interested in investment opportunities

	in established data centre markets in Europe (Frankfurt, London, Amsterdam, Paris and Dublin) and Asia Pacific (Singapore, Hong Kong, Japan and Australia). These are strategically located markets (near submarine communications cables) in countries with highly developed infrastructure. ▪ Our investment focus remains in established data centre markets while leveraging on the Sponsor's extensive capabilities and network to pursue suitable investment opportunities. We continue to anchor our presence in Singapore through suitable development and acquisition opportunities. ▪ To deliver sustainable and growing returns to our Unitholders, we are always on the lookout for relevant asset classes that can diversify and add value to our portfolio.
18.	**What are the potential threats or headwinds for data centre assets in view of the maturity of blockchain and P2P infrastructure whereby data no longer goes through a centralised server?**
	Some of these trends may lead to decentralised data storage, which also underscores the importance of data to be processed and stored closer to the end users for low latency. MIT's data centres in North America are strategically located in both established and secondary markets, which will help to capture demand from varied data centre users.
19.	**The major growth trends will be in hyperscale and edge data centres, which deploy highly cost effective robotic handling capabilities with high energy/ water efficiency. Will such trends limit MIT to invest only in large and scalable data centres, preferably in data centre hubs and in tax friendly states in the United States?**
	In the evaluation of investment opportunities, we will consider various factors such as the property attributes, impact on distributions and portfolio profile as well as long-term total returns. According to 451 Research, the main growth driver for data centre space has been from hyperscale cloud providers while demand for edge infrastructure is expected to continue to grow. We are cognisant of such trends and will strive to diversify our footprint in both established and secondary data centre markets in North America in order to capture demand from varied data centre users. In addition to Singapore and North America, we will explore investment opportunities in established data centre markets in Asia Pacific and Europe.
20.	**(i) Can the Manager help Unitholders understand its "in-house" capability to source for and evaluate investment opportunities? How dependent is the REIT on the Sponsor for acquisitions?**

	(ii) Given that the Sponsor does not have an organic pipeline of data centres, would it be more beneficial for Unitholders if the REIT Manager develops its capability to source for high quality assets that fit the REIT's investment mandate?
	▪ We actively source for leads through our existing network and leverage on the Sponsor's global network. Our earlier transactions and growing data centre presence in North America have raised the awareness of our profile, which in turn generated acquisition and development referrals for MIT. ▪ The Sponsor's established teams in North America had facilitated MIT's successful data centre acquisitions in FY20/21 amidst the tightening of border controls during the pandemic. The Sponsor also partnered with MIT to successfully acquire two sizeable portfolio acquisitions in North America. The right of first refusal from the Sponsor for the acquisition of its 50% interest in MRODCT will be significant pipeline for growth. These demonstrated the advantages of having the support of a strong Sponsor.
21.	**When is the moratorium for building of data centres in Singapore likely to be removed? Will MIT consider BTS projects again? Is the return on investment better with BTS data centres in Singapore or the acquisitions in the United States?**
	▪ It remains unclear when the moratorium on new data centre developments in Singapore will be lifted. ▪ We will continue to explore BTS opportunities in Singapore that focus on established companies in growth industries. An example will be the development of a BTS facility for a global medical device company at 161, 163 & 165 Kallang Way. It is difficult to draw a comparison between BTS data centres in Singapore and acquisition of data centres in the United States as the return of investment will depend on the property's attributes, quality of tenant, lease term and underlying land tenure amongst other factors.
C. Financials and Capital Management	
22.	**(i) The aggregate leverage ratio has been on an upward trend and hit 40.3% as at 31 March 2021. On the other hand, interest coverage ratio has been declining. Are the Board and management comfortable with this trend? What are the ideal ratios that the REIT is looking to maintain?** **(ii) Will the current leverage ratio of 40.3% as at 31 March 2021 affect potential growth plan?** **(iii) Will the redevelopment at 161, 163 & 165 Kallang Way result in higher aggregate leverage ratio?**

	(iv)Are there any plans to lower the aggregate leverage ratio?
	▪ On 16 April 2020, the Monetary Authority of Singapore ("MAS") had raised the aggregate leverage limit from 45% to 50%; and with effect from 1 January 2022, the aggregate leverage limit may exceed 45% (up to maximum of 50%) if the adjusted interest coverage ratio is at least 2.5 times. ▪ MIT's aggregate leverage ratio of 40.3% as at 31 March 2021 and interest coverage ratio of 6.4 times for FY20/21 were well within the limits imposed by MAS. We are comfortable with an aggregate leverage of around 40% level. Taking reference from the aggregate leverage limits set by MAS, the debt headroom to the aggregate leverage ratios of 45% and 50% were about S$588.0 million and S$1,340.6 million, respectively. MIT has sufficient debt headroom to support investment growth activities and the ongoing redevelopment at 161, 163 & 165 Kallang Way. ▪ The ongoing redevelopment at 161, 163 & 165 Kallang Way will lead to higher aggregate leverage ratio assuming if it is fully funded by debt. As part of MIT's proactive capital management strategy, MIT has successfully issued its inaugural S$300 million perpetual securities at 3.15% in May 2021. This will strengthen MIT's balance sheet, provide funding for its development project and improve its financial flexibility for investment opportunities. We may also consider various sources of funding such as the resumption of distribution reinvestment plan, which will finance the progressive funding needs of such development projects.
23.	**In previous equity fund raisings, I noticed that the company chose private placements, instead of a rights issue to existing Unitholders. Why do the company not take care of your existing Unitholders or minority Unitholders with a rights issue?**
	Depending on the prevailing market conditions, as well as value and type of investment projects, we will tap on the capital market in various ways so as to optimise the funding structure. We had decided on an overnight private placement for past acquisitions as this would minimise uncertainty and MIT's previous private placements were small in size relative to its market capitalisation. While existing Unitholders were unable to participate in previous private placements, and may suffer a dilution, the acquisitions undertaken by MIT to date had been accretive to Unitholders in terms of distribution per unit ("DPU") and net asset value ("NAV") per unit after taking into account the diluted interest arising from the private placements.
24.	**On 20 May 2021, the REIT announced a non-renounceable preferential offering of 117,576,607 new units to eligible Unitholders to raise S$300 million, along with a private placement to raise S$500 million. At the close of the non-renounceable**

	preferential offering, the REIT received valid acceptances for 102,516,855 new units, or 87.2% of the units available under the preferential offering. **(i) Has the Board evaluated, ex-post, the relatively low acceptance rate by Unitholders?** **(ii) Can the Board, especially the independent directors, help Unitholders understand why it had carried out a non-renounceable preferential offering? What were the deliberations by the Board on the negative/dilutive impact on Unitholders who are unable or unwilling to subscribe to the preferential offering?** **(iii) Given that the new units under the private placement were issued on 1 June 2021 while the preferential offering units were only issued on 21 June 2021, would it disadvantage Unitholders who participated in the preferential offering?**
	▪ The valid acceptance rate of 87.2% was based on the pro-rata entitlement; it is not likely for preferential offering to achieve full acceptance rate as overseas unitholders who did not provide The Central Depository (Pte) Limited with addresses in Singapore for the service of notices and documents would not be able to participate. Unitholders with investment mandate limits and other considerations might also not participate in the preferential offering. The valid acceptance rate of 87.2% is in line with the general acceptance rates of past preferential offerings by other REITs. Taking the excess applications into consideration, the total applications for 207,248,390 new units represented approximately 176.3% of the total number of new units available under the preferential offering. We would like to thank Unitholders for their support in the successful completion of the preferential offering, which was oversubscribed at the top end of the issue price. ▪ In view of the quantum of funds to be raised from the capital market, the prevailing market conditions, amongst other considerations, we believe the combination of private placement and non-renounceable preferential offering would be the most appropriate funding structure. While there could be existing Unitholders who are unable or unwilling to subscribe in the preferential offering, we believe the accretion from the proposed acquisition of 29 data centres in the United States is still positive to this group of Unitholders in respect of DPU and NAV per unit after taking into account the diluted interest. ▪ The new units issued pursuant to the preferential offering will, upon issue on 21 June 2021, *rank pari passu* in all respects with the existing units in issue on 20 June 2021, being the day immediately prior to the date on which the new units are issued pursuant to the preferential offering. This includes the right to any distributions which may be paid for the period from 1 June 2021 (being the day on

	which new units were issued pursuant to the private placement) to 30 June 2021, as well as all distributions thereafter[3].
25.	**With reference to Resolution 3 – "To authorise the Manager to issue Units and to make or grant instruments convertible into Units":** **(i) How is the unit weightage payable to the Manager calculated?** **(ii) Why can't the Manager be paid in cash or a mixture of cash and units?** **(iii) Besides the usual reason that payment in Units to the Manager will align with Unitholders' interest, what are the other benefits to pay the Manager in Units rather than cash?**
	For FY20/21, about 10.9% of base and performance fees were paid in Units, with the balance paid in cash. The election of fees in Units are typically done for acquisitions mainly to ensure alignment of the Manager's interest with Unitholders on a project-by-project basis. Over time, we plan to progressively reduce the amount of fees in Units for each project.
D. Strategy and Outlook	
26.	**Why MIT is moving more towards data centres? Does the lower yield in data centres (as compared to business parks) posed a potential concern for us?**
	▪ Data centres remain resilient with attractive growth opportunities, which are underpinned by the acceleration of digitalisation, cloud adoption and e-commerce during the pandemic. In addition, data centres are expected to benefit from nascent trends with enormous potential, which include the rollout of 5G networks, the proliferation of Internet of Things, autonomous vehicles and artificial intelligence. ▪ The increasing investor interest has led to yield compression in this asset class. Nevertheless, we remain disciplined in pursuing suitable investment opportunities for data centres. As MIT expands its presence in this resilient and fast-growing asset class, data centres will continue to augment MIT's portfolio with the increased freehold land component and long leases with embedded rental growth.
27.	**(i) Do we expect Data Centres to increase in portfolio composition?** **(ii) Is the goal of having 67% of the portfolio in the data centre segment too concentrated in one single segment?**
	▪ Data Centres may comprise up to two thirds of MIT's portfolio (by assets under management) in the medium term over the next three to five years, in view of the scalability and growth potential of this asset class.

[3] Details can be found in the announcement dated 21 June 2021 titled "Issue of 117,576,607 New Units in Mapletree Industrial Trust Pursuant to the Preferential Offering".

	▪ While this may pose concentration risk, we will strive to mitigate such risk through diversification across multiple geographies, which comprise established data centre markets in Asia Pacific and Europe. In addition, we will focus on segments with future growth potential such as Hi-Tech Buildings and Business Park Buildings. An example will be the ongoing redevelopment of Flatted Factories into a high-tech industrial precinct at 161, 163 & 165 Kallang Way.
28.	**Apart from acquiring data centres, what other areas of growth will MIT be venturing into?**
	▪ With effect from 1 April 2020, we reclassified Data Centres as a standalone property segment to reflect its growth within the portfolio. Stronger focus will be on segments with future growth potential including Data Centres, Hi-Tech Buildings and Business Park Buildings. This is underscored by the ongoing redevelopment of Flatted Factories into a high-tech industrial precinct at 161, 163 & 165 Kallang Way, which is slated for completion in the first half of 2023. ▪ To deliver sustainable and growing returns to our Unitholders, we are always on the lookout for relevant asset classes that can diversify and add value to our portfolio.
29.	**How will the proposed increase in tax rate in the United States and globally affect MIT's decision to invest in data centres?**
	▪ It is too early to determine the impact of a global minimum corporate tax rate on MIT's investment decisions. It will take time to reach a global consensus in view of the complexities of multilateral negotiations. ▪ The distributions repatriated back from the North American Portfolio to Singapore is subject to a withholding tax of 30%. The effective tax rate is generally at 10% to 15% of the net property income of the North American Portfolio after accounting for interest expense on onshore loans and depreciation deductions.
30.	**The Sponsor's stake in the REIT has been reduced to 27.50%. In May 2017, the Sponsor's stake was 34.25%. Although the REIT has stated that the Sponsor's stake in the REIT "demonstrates its alignment of interests with Unitholders", it does appear that the alignment has weakened over the years as the REIT Manager opted to raise funds via numerous private placements. Have the independent directors evaluated the impact, if any, on the REIT given that the Sponsor's alignment of interests with Unitholders has been reduced?**
	▪ Depending on the prevailing market conditions, as well as value and type of investment projects, we will explore various funding sources that are in the best interest of Unitholders. The gradual reduction of the Sponsor's stake over the past

	years was a result of MIT's growth through acquisitions and consequent equity fund raising exercises, some of which the Sponsor was unable to participate in. ▪ The Sponsor remains committed in supporting the growth of MIT. This was demonstrated in the last two joint ventures where the Sponsor had partnered with MIT, which enabled the REIT to successfully acquire two sizeable portfolio acquisitions in North America. In addition, the Sponsor's established teams in North America had facilitated MIT's successful acquisitions in FY20/21 amidst the tightening of border controls during the pandemic.
31.	**After the very challenging FY20/21, I appreciated the team at MIT for managing the REIT well and maintaining the DPU. Going forward, how confident is MIT in seeing DPU normalise to the historical average growth rate of 3% to 4%?**
	While the global growth outlook has improved amidst positive progress in vaccine rollout, the pace of economic recovery remains uneven and uncertain. It is difficult to provide a guidance in this environment. Nevertheless, we remain committed to deliver sustainable returns to Unitholders in the long term through our proactive asset management and portfolio rebalancing efforts, which are underpinned by our prudent capital management strategy.
32.	**(i) What are the differences between MIT and Mapletree Logistics Trust ("MLT")?** **(ii) How are MLT and MIT's investment mandates different?** **(iii) How does the Sponsor decide which REIT to offer a particular asset to?** **(iv) Does MLT and MIT have a right of first refusal over a particular asset class from the Sponsor?** **(v) How does the Sponsor address potential conflict of interest between MLT and MIT?** **(vi) Will the Sponsor offer a better (worst) property to the REIT that the Sponsor has a higher (lower) monetary interest in the REIT?** **(vii) Are there any plans to merge MLT and MIT?**
	▪ MLT's focus is to invest in a diversified portfolio of logistics real estate and real estate-related assets in Asia Pacific. In contrast, MIT focuses on industrial real estate assets in Singapore and data centres beyond Singapore. MIT's investment mandate specifically excludes industrial properties primarily used for logistics purposes. Accordingly, the Sponsor has proper procedures and safeguards in place when granting the right of first refusal of the property to MLT and MIT based on their respective investment mandates. We will conduct our due diligence and consider factors such as impact on distributions and portfolio profile as well as long-term total returns before acquiring any property from the Sponsor.

	▪ There are measures in place to mitigate any potential conflict of interest. The managers of MIT and MLT have separate Board of Directors, with more than half of the Board members comprising independent directors. In addition, there are no overlap of management teams between the managers of MIT and MLT. All interested person transactions are undertaken on normal commercial terms and the Audit and Risk Committee regularly reviews all interested person transactions. Interested person transactions exceeding certain materiality thresholds will be subject to Unitholders' approval while the Sponsor and the Manager will abstain from voting. ▪ We believe that there is sufficient differentiation between MIT and MLT in terms of asset types, tenant profiles and types of uses of properties. MIT and MLT are both of significant scale and in different sectors with growth potential; and hence, there is no compelling reason to merge.
33.	**Please provide an explanation why remuneration for key management (except for Mr Tham Kuo Wei, Chief Executive Officer ("CEO")) was not provided in bands.**
	The REIT management industry is highly competitive and the pool of qualified candidates is limited, and such full disclosure will give rise to recruitment and talent retention issues. In addition, remuneration details are commercially sensitive due to the confidential nature of remuneration matters. We have assessed and decided that the interest of the Unitholders would not be prejudiced as there are sufficient information provided on the remuneration framework to enable the Unitholders to understand the link between the performance of MIT and the remuneration paid to CEO and key management personnel. Since the remuneration of the CEO and key management personnel of the Manager are paid by the Manager, we are also of the view that the interest of the Unitholders would not prejudiced as the indicative range of the CEO's remuneration, as well as the total remuneration for the CEO and key management personnel of the Manager, have been provided.