

## PRESS RELEASE

### MIT Achieves 3.3% Year-on-Year Growth for 1QFY19/20 Distribution per Unit driven by New Projects

- Robust financial performance driven by contributions from new projects : 18 Tai Seng, 30A Kallang Place and Mapletree Sunview 1
- Completed upgrading of 7 Tai Seng Drive into a data centre for Equinix Singapore
- Embarking on its largest redevelopment project at Kolam Ayer with 24.4% of space pre-committed

23 July 2019 – Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of Mapletree Industrial Trust (“MIT”), is pleased to announce that MIT’s distribution per Unit (“DPU”) for the First Quarter Financial Year 2019/2020 from 1 April 2019 to 30 June 2019 (“1QFY19/20”) increased 3.3% year-on-year to 3.10 cents.

#### Financial Results of MIT for 1QFY19/20

	1QFY19/20	4QFY18/19	↑/(↓)%	1QFY18/19	↑/(↓)%
Gross revenue (S\$'000)	99,575	98,822	0.8	91,487	8.8
Property expenses (S\$'000)	(21,656)	(22,972)	(5.7)	(22,028)	(1.7)
Net property income (S\$'000)	77,919	75,850	2.7	69,459	12.2
Distributable income (S\$'000)	63,241	59,936	5.5	56,908	11.1
No. of units in issue ('000)	2,023,590	2,021,111	0.1	1,885,609	7.3
DPU (cents)	3.10	3.08	0.6	3.00	3.3

Net property income for 1QFY19/20 rose 12.2% year-on-year to S\$77.9 million. The strong performance was largely driven by new revenue contributions from 18 Tai Seng, 30A Kallang Place and Mapletree Sunview 1.

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Distributable income for 1QFY19/20 grew 11.1% year-on-year to S\$63.2 million as a result of higher net property income and income contribution from MIT's 40% interest in the portfolio of 14 data centres in the United States ("US Portfolio"). DPU for 1QFY19/20 increased by 3.3% year-on-year to 3.10 cents on an enlarged unit base.

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, "We have delivered another set of robust financial results with our well-timed investments within the Hi-Tech Buildings segment. In Singapore, we will be redeveloping the Kolam Ayer 2 Flatted Factory Cluster into a high-tech industrial precinct to unlock value for the portfolio and utilise untapped plot ratio. The Hi-Tech Buildings segment will continue to underpin our efforts to strengthen MIT's growth profile."

### **Investment Update**

The upgraded data centre at 7 Tai Seng Drive obtained its temporary occupation permit on 3 July 2019. The seven-storey data centre with a gross floor area ("GFA") of about 256,600 square feet ("sq ft") has been fully leased to Equinix Singapore for an initial lease term of 25 years<sup>1</sup> with annual rental escalations.

On 10 July 2019, the Manager announced its largest redevelopment project of the Kolam Ayer 2 Cluster into a high-tech industrial precinct at a total project cost of about S\$263 million<sup>2</sup>. The proposed redevelopment will include a build-to-suit facility with GFA of about 211,000 sq ft ("BTS Facility") for a global medical device company headquartered in Germany (the "Anchor Tenant"). The seven-storey BTS Facility will account for about 24.4% of the enlarged GFA upon completion of the proposed redevelopment. The Anchor Tenant is committed to fully lease it for 15 years<sup>3</sup> with annual rental escalations.

Building on the successful leasing of the new greenfield industrial development at 30A Kallang Place which achieved 100% commitment, the Manager will target high value-add and knowledge-based businesses from the advanced manufacturing, information and

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<sup>1</sup> This includes a rent-free period of two months.

<sup>2</sup> The total project cost of about S\$263 million 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 proposed redevelopment.

<sup>3</sup> This includes a rent-free period of six months distributed over the first six years. The Anchor Tenant will be responsible for the payment of all operating expenses and property tax of the BTS Facility.

communications technology sectors for the other new blocks at the Kolam Ayer 2 Cluster, which is close by, with total GFA of about 654,600 sq ft. Given its proximity to the Geylang Bahru Mass Rapid Transit station and connectivity to the Central Business District, the new industrial precinct has the potential to cater to companies seeking build-to-suit solutions.

The proposed redevelopment will increase the utilised plot ratio from 1.5 to 2.5, and increase the total GFA to about 865,600 sq ft. Construction works is expected to commence in the second half of 2020 and complete in the second half of 2022.

### **Portfolio Update**

Average portfolio occupancy improved to 90.8% in 1QFY19/20 from 90.2% in 4QFY18/19. The Singapore Portfolio occupancy increased to 90.5% in 1QFY19/20 from 89.8% in 4QFY18/19, which was largely attributed to the higher occupancy rate registered for the Hi-Tech Buildings segment. The US Portfolio occupancy rate remained unchanged at 97.4%. Through proactive management of expiring leases, only 12.3% of the leases (by gross rental income) remain due for renewal in FY19/20.

### **Outlook**

Business sentiment among local companies edged up slightly after three consecutive quarters of decline. However, they remained cautious amid the mounting downside economic risks from the ongoing United States-China trade tensions and an uncertain global growth outlook. A lukewarm manufacturing sector is also expected in the third quarter of 2019, with economic uncertainties and global trade issues posing particular challenges for the electronics and precision engineering sectors.

According to 451 Research<sup>4</sup>, the United States remained the world's largest and most established data centre market, representing 32% of the global insourced and outsourced data centre space by operational sq ft. The United States leased data centre supply (by net operational sq ft) and demand (by net utilised sq ft) are expected to grow at a compound annual growth rate of 4.6% and 7.6% respectively between 2017 and 2023F. The explosive growth of data and cloud computing and the proliferation of consumer devices as well as the need for

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<sup>4</sup> Source: 451 Research, LLC., 1Q2019

data to be stored close to its end users and at multiple locations for geographic diversity and resilience continue to be the primary growth drivers for the outsourced data centre market in United States.

### **Distribution to Unitholders**

Unitholders can expect to receive their quarterly DPU for the period from 1 April 2019 to 30 June 2019 on 28 August 2019. The closure of MIT's transfer books and register of Unitholders will be at 5.00pm on 31 July 2019.

For further information, please contact:

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## **About Mapletree Industrial Trust**

Mapletree Industrial Trust is a real estate investment trust (“REIT”) listed on the Main Board of Singapore Exchange. Its principal investment strategy is to invest in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore, as well as real estate-related assets.

MIT’s property portfolio comprises 87 industrial properties in Singapore and 14 data centres in the United States (40% interest through the joint venture with Mapletree Investments Pte Ltd). The properties in Singapore include Hi-Tech Buildings, Flatted Factories, Business Park Buildings, Stack-up/Ramp-up Buildings and Light Industrial Buildings. As at 30 June 2019, MIT’s total assets under management was S\$4.8 billion.

MIT is managed by Mapletree Industrial Trust Management Ltd. and sponsored by Mapletree Investments Pte Ltd.

## **About Mapletree Industrial Trust Management Ltd.**

Mapletree Industrial Trust Management Ltd. is the manager of MIT. It manages MIT’s assets and liabilities for the benefit of the Unitholders, sets MIT’s strategic directions and provides recommendations on the acquisition, divestment, development and/or enhancement of MIT’s assets in accordance with MIT’s investment strategy. Employing proactive asset management, value-creating investment management and prudent capital management strategies, Mapletree Industrial Trust Management Ltd. seeks to deliver sustainable and growing returns for Unitholders. Mapletree Industrial Trust Management Ltd. is a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

## **About Mapletree Investments Pte Ltd**

Mapletree Investments Pte Ltd (“MIPL”) is a leading real estate development, investment, capital and property management company headquartered in Singapore. Its strategic focus is to invest in markets and real estate sectors with good growth potential. By combining its key strengths, MIPL has established a track record of award-winning projects, and delivers consistent and high returns across real estate asset classes.

MIPL currently manages four Singapore-listed REIT and six private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the United Kingdom and the United States.

As at 31 March 2019, MIPL owns and manages S\$55.7 billion of office, retail, logistics, industrial, residential and lodging properties.

MIPL’s assets are located across 12 markets globally, namely Singapore, Australia, China, Europe, Hong Kong SAR, India, Japan, Malaysia, South Korea, the United Kingdom, the United States and Vietnam. To support its global operations, MIPL has established an extensive network of offices in these countries.