

## PRESS RELEASE

### Mapletree Industrial Trust Delivers Stable Distribution per Unit of 12.24 cents for FY19/20

- Improved operational performance in 4QFY19/20 driven by contributions from acquisitions and development projects
- Tax-exempt income of S\$6.6 million withheld in 4QFY19/20 for greater flexibility in cash management in view of the uncertainty from the COVID-19 pandemic
- Committed to support tenants with a COVID-19 Assistance and Relief Programme of up to S\$13.7 million
- Refinanced loans due in FY20/21 and increased the weighted average tenor of debt from 4.1 years as at 31 December 2019 to 4.7 years as at 31 March 2020

27 April 2020 – 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 Financial Year 2019/2020 from 1 April 2019 to 31 March 2020 (“FY19/20”) was 12.24 cents, 0.7% higher than the previous financial year.

#### Financial Results of MIT for 4Q & FY19/20

|                                | 4QFY19/20           | 3QFY19/20 | ↑/(↓)% | FY19/20              | FY18/19   | ↑/(↓)% |
|--------------------------------|---------------------|-----------|--------|----------------------|-----------|--------|
| Gross revenue (S\$'000)        | 101,801             | 102,610   | (0.8)  | 405,858              | 376,101   | 7.9    |
| Property expenses (S\$'000)    | (23,545)            | (20,705)  | 13.7   | (87,789)             | (88,331)  | (0.6)  |
| Net property income (S\$'000)  | 78,256              | 81,905    | (4.5)  | 318,069              | 287,770   | 10.5   |
| Distributable income (S\$'000) | 69,153 <sup>1</sup> | 69,436    | (0.4)  | 265,337 <sup>1</sup> | 231,759   | 14.5   |
| No. of units in issue ('000)   | 2,201,002           | 2,200,749 | *      | 2,201,002            | 2,021,111 | 8.9    |
| DPU (cents)                    | 2.85 <sup>1</sup>   | 3.16      | (9.8)  | 12.24 <sup>1</sup>   | 12.16     | 0.7    |

\* Percentage is less than 0.1%

<sup>1</sup> Distributable income included the tax-exempt income (distributions relating to joint ventures) of S\$6.6 million withheld in 4QFY19/20, which was equivalent to DPU of 0.30 cent. Had the tax-exempt income distribution been included, DPU for 4QFY19/20 and FY19/20 would be 3.15 cents and 12.54 cents respectively.

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Gross revenue and net property income for FY19/20 grew 7.9% and 10.5% year-on-year to S\$405.9 million and S\$318.1 million respectively. This was primarily attributed to the higher contributions from 18 Tai Seng, 30A Kallang Place, 7 Tai Seng Drive and Mapletree Sunview 1.

Distributable income for FY19/20 rose 14.5% year-on-year to S\$265.3 million. The improved performance was mainly due to higher net property income, interest income and contributions from the newly acquired 13 data centres in North America held under Mapletree Rosewood Data Centre Trust, a 50:50 joint venture between MIT and Mapletree Investments Pte Ltd<sup>2</sup>. DPU for FY19/20 increased by 0.7% to 12.24 cents.

Distributable income and DPU for the period from 1 January 2020 to 31 March 2020 (“4QFY19/20”) are S\$69.2 million and 2.85 cents respectively. Tax-exempt income of S\$6.6 million relating to the distributions declared by joint ventures had been withheld in 4QFY19/20.

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, “FY19/20 was another fruitful year for MIT with the strategic acquisition of 13 data centres in North America and completion of the upgrading of 7 Tai Seng Drive into a data centre. MIT’s balance sheet remained healthy with about S\$380 million of committed facilities available for drawdown.”

### **Portfolio Update**

Average Overall Portfolio occupancy for 4QFY19/20 increased to 91.5% from 90.9% in the preceding quarter. This was partly due to the improvement in occupancy for the Singapore Portfolio from 90.5% in 3QFY19/20 to 90.7% in 4QFY19/20 as higher occupancies were registered for the Hi-Tech Buildings, Business Park Buildings and Stack-up/Ramp-up Buildings segments. The North American Portfolio occupancy improved from 97.8% in 3QFY19/20 to 98.7% in 4QFY19/20 due to the addition of the 10 powered shell data centres held under Mapletree Rosewood Data Centre Trust (the “Powered Shell Portfolio”), which were 100% leased.

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<sup>2</sup> Mapletree Rosewood Data Centre Trust holds 10 powered shell data centres and an 80% interest in three fully fitted hyperscale data centres in North America (the “MRODCT Portfolio”).

The weighted average lease to expiry (“WALE”) for the Overall Portfolio increased from 3.9 years as at 31 December 2019 to 4.2 years as at 31 March 2020. This was attributable to the long WALE of the MRODCT Portfolio of 8.9 years as at 31 March 2020.

Mr Tham added, “Our portfolio rebalancing efforts and strong capital structure had helped to strengthen the resilience of MIT. In view of the uncertainty of the COVID-19 pandemic situation, we have adopted a prudent approach to withhold the tax-exempt income distribution of S\$6.6 million in 4QFY19/20 to provide MIT greater flexibility in FY20/21. We have also rolled out our COVID-19 Assistance and Relief Programme to support our tenants, with priority given to small and medium-sized enterprise tenants, who have been affected by supply chain disruptions and fall in business volume as a result of the pandemic.”

#### **COVID-19 Assistance and Relief Programme**

MIT will be supporting its tenants in Singapore with a COVID-19 Assistance and Relief Programme of up to S\$13.7 million. This is in addition to approximately S\$10.5 million property tax rebates of 100% and 30% for qualifying commercial premises<sup>3</sup> and non-residential properties respectively<sup>4</sup>, which will be fully passed on to all tenants in MIT’s properties in Singapore.

Under the COVID-19 Assistance and Relief Programme, rental relief will be made available to tenants in a targeted manner as the impact of COVID-19 on different trade sectors varies. A rental rebate of up to 1.5 months of Fixed Rent<sup>5</sup> will be given to retail tenants at 18 Tai Seng by May 2020. Industrial canteen operators (including cafeterias and food courts) will be given a rental rebate of one month of Net Rent<sup>6</sup> in May 2020. Additional support measures such as a rental rebate of up to 0.5 month of Net Rent<sup>6</sup> or utilisation of cash security deposits for rents due will be made available to industrial tenants in Singapore based on eligibility criteria, which will be reviewed on a case-by-case basis.

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<sup>3</sup> Only retail tenants at 18 Tai Seng will receive the property tax rebate of 100% as announced in the Singapore’s Resilience Budget on 26 March 2020.

<sup>4</sup> Details can be found in the Singapore’s Resilience Budget announced on 26 March 2020.

<sup>5</sup> Fixed Rent comprises base rent, service charge and advertising & promotion fee.

<sup>6</sup> Net Rent excludes service charge.

### **Proactive Capital Management**

During the quarter, MIT refinanced all borrowings due in FY20/21, which increased the weighted average tenor of debt to 4.7 years as at 31 March 2020 from 4.1 years in the preceding quarter. Following the completion of the acquisition of the Powered Shell Portfolio, MIT's aggregate leverage increased from 34.1% as at 31 December 2019 to 37.6% as at 31 March 2020. About 73.4% of MIT's gross borrowings of S\$1,434.1 million were hedged via interest rate swaps and fixed rate borrowings, which will minimise the effect of interest rate fluctuations on distributions to unitholders. MIT's weighted average all-in funding cost for 4QFY19/20 was 2.9%, with a healthy interest coverage ratio of 7.7 times.

### **Increase in Portfolio Valuation**

As at 31 March 2020, the total valuation of 114 properties in MIT's portfolio was S\$5,894.6 million. This comprised 87 properties in Singapore valued at S\$4,447.9 million and MIT's interest in 27 data centres in North America valued at US\$1,043.6 million (approximately S\$1,446.7 million<sup>7</sup>). It represented an increase of 23.6% over the previous valuation of S\$4,771.0 million as at 31 March 2019 due to the addition of 13 data centres in North America. Over the same period, the net asset value per unit increased from S\$1.51 to S\$1.62.

### **Outlook**

The COVID-19 pandemic is severely affecting the global economic outlook. Singapore Commercial Credit Bureau's Business Optimism Index study<sup>8</sup> reports that business confidence plunged to an all-time low for the second quarter of 2020, after displaying positive sentiment in the preceding quarter. This negative outlook reflects Singapore firms' worries about the coronavirus health risks and the associated economic impact. Business sentiment for the manufacturing, services and construction sectors are the worst among the various industry sectors.

Most, if not all, businesses are impacted by the drastic and sudden fall in business volume, with the attendant cash flow constraint. Different businesses suffer these in different degrees, perhaps more so for the small and medium-sized enterprises ("SME"). About 55% of MIT's

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<sup>7</sup> Based on applicable March 2020 month end exchange rate of US\$1 to S\$1.38619.

<sup>8</sup> Source: Singapore Commercial Credit Bureau, 2Q2020.

Singapore Portfolio (or 45% of the Overall Portfolio) are SME tenants. If the pandemic drags on, these tenants may seek relief under the COVID-19 (Temporary Measures) Act (the “Act”). As at 31 March 2020, the rental arrears ratio remained stable at 0.2% of the previous 12 months’ gross revenue. However, this ratio will increase if more of these SME tenants seek the temporary relief under the Act.

According to JLL<sup>9</sup>, data centre markets in the United States of America (the “United States”) finished 2019 with 349.6 megawatts (“MW”) in net absorption amidst increased cloud activities across data centre markets in the United States. Net absorption in 2019 was lower than 2018 by 120.5 MW, which was partly due to Northern Virginia’s record year in 2018 of 270 MW in net absorption versus 124.0 MW in 2019. Robust pipelines and large megawatt deals executed at lower rates compressed rental rates in markets across the United States in 2019. JLL expects this downward trend to continue in 2020. Given the lack of comprehensive data on the effect of COVID-19 pandemic on fundamentals, JLL has identified data centres as one of the more defensive asset classes due to its operation criticality<sup>10</sup>.

All MIT’s properties in Singapore and North America remain open during the COVID-19 pandemic to support tenants in essential services who continue to be operational during this period.

MIT’s large diversified tenant base with low dependence on any single tenant or trade sector will continue to underpin its portfolio resilience. In addition, the long leases with high-quality tenants in MIT’s data centres in Singapore and North America, comprising about 31.6% of MIT Portfolio (by assets under management), should contribute to the portfolio resilience.

### **Distribution to Unitholders**

Unitholders can expect to receive their quarterly DPU for the period from 1 January 2020 to 31 March 2020 on 4 June 2020. The closure of MIT’s transfer books and register of Unitholders will be at 5.00pm on 6 May 2020. The Manager expects to continue with quarterly reporting and distributions in FY20/21.

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<sup>9</sup> Source: JLL Research, Data Center Outlook Year-end 2019.

<sup>10</sup> Source: JLL Global Research, COVID-19 Global Real Estate Implications, 12 March 2020.

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 27 data centres in North America (through the joint ventures 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 31 March 2020, MIT’s total assets under management was S\$5.9 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.