

## LETTER TO UNITHOLDERS

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**WONG MENG MENG**  
Chairman

**THAM KUO WEI**  
Chief Executive Officer

**DISTRIBUTION  
PER UNIT**

▲ **10.0%**  
Year-on-year

**13.80**  
SINGAPORE CENTS

## Dear Unitholders,

The rollout of vaccines worldwide fuelled hopes of a global recovery at the start of FY21/22; however, it suffered a setback due to the resurgence of more infectious COVID-19 variants. Despite this, the global recovery strengthened towards the end of 2021 as countries increased vaccination coverage and focused on managing COVID-19 as an endemic disease.

## POSITIONING OURSELVES FOR THE FUTURE

FY21/22 was another eventful year for MIT. We made significant strides in our strategy to reshape and build a portfolio of assets for higher value uses. The US\$1.32 billion portfolio acquisition of 29 data centres in the United States (the "US Portfolio Acquisition") enabled us to significantly scale up our data centre presence and diversify our footprint across key markets in the United States. The 29 data centres with a total net lettable area ("NLA") of approximately 3.3 million square feet ("sq ft"), are strategically located across 18 states in the United States, allowing MIT to gain exposure to new established markets such as Chicago, Los Angeles and Houston. The 29 data centres with an average occupancy rate of 87.5%, were leased to 32 tenants, including Fortune Global 500 corporations, NYSE-listed and Nasdaq-listed companies as well as multinational companies with investment grade ratings. They are primarily leased on a triple net basis with annual rental escalations from 1.5% to 3.0%. After the US Portfolio Acquisition, MIT's assets under management increased year-on-year from S\$6.8 billion to S\$8.8 billion as at 31 March 2022 with Data Centres accounting for about 54.1% of the portfolio.

The US Portfolio Acquisition has enhanced the sustainability of MIT's returns to Unitholders with increased freehold land component and long leases with embedded rental growth. It has also positioned MIT to capture opportunities from structural trends accelerated by the pandemic such as cloud computing and e-commerce.

## ACHIEVING STRONG FINANCIAL PERFORMANCE

MIT's strong financial performance is a testament to the disciplined execution of our portfolio rebalancing strategy. Net property income for FY21/22 rose 34.5% year-on-year to S\$472.0 million. This was underpinned by contributions from the US Portfolio Acquisition as well as the 14 data centres in the United States previously held under Mapletree Redwood Data Centre Trust ("MRDCT")<sup>1</sup> and 8011 Villa Park Drive, Richmond, Virginia. Correspondingly, the amount available for distribution to Unitholders for FY21/22 increased 18.8% year-on-year to S\$350.9 million. DPU of 13.80 Singapore cents for FY21/22 was 10.0% higher than the DPU of 12.55 Singapore cents for FY20/21. As at 31 March 2022, MIT has delivered total returns of 3.2%<sup>2</sup> in FY21/22 and 325.2%<sup>3</sup> since its listing on 21 October 2010.

The total valuation of 143 properties in MIT's portfolio<sup>4</sup> was S\$8,718.6 million as at 31 March 2022. This represented a 28.9% increase over the previous valuation of S\$6,762.2 million as at 31 March 2021, mainly due to the US Portfolio Acquisition. The net asset value per unit increased by 12.0% from S\$1.66 to S\$1.86 over the same period.

## SECURING A SUSTAINABLE FUTURE

We accelerated our progress in advancing sustainable practices. In recognition of the increasing responsibility of businesses to consider environmental and climate concerns, we undertook our inaugural Environmental Risk Assessment to understand the material environmental risks faced in the countries where we operate, and how we can mitigate these risks. We have included climate-related disclosures in this year's Sustainability Report. We will align subsequent reports with the recommendations from the Task Force on Climate-Related Financial Disclosures framework.

As part of our efforts to build a climate resilient portfolio, we will step up the adoption of renewable energy by progressively installing solar panels at Flatted Factory clusters. Our commitment to renewable energy is underscored by the introduction of the long-term target on total solar energy generating capacity across MIT's portfolio. We look forward to collaborating with our tenants on the sustainability journey through the introduction of sustainability clauses for new leases in Hi-Tech Buildings and Business Park Buildings.

In FY21/22, we completed the reassessment of MIT's material matters and sought the views of external stakeholders for the first time. In addition, we introduced the Board Diversity Policy and set targets to improve board diversity. We recognise that a diverse board will foster more robust discussions and facilitate better decision-making, which will in turn create long-term value for MIT.

## MAINTAINING A STRONG BALANCE SHEET

MIT remains prudent in its approach towards capital management to support its growth initiatives. During the financial year, we completed an S\$823.3 million equity fund raising exercise to partially finance the US Portfolio Acquisition. This comprised approximately S\$512.9 million and S\$310.4 million from the private placement and the preferential offering respectively. The private placement and the preferential offering, which garnered robust support from a broad spectrum of investors, were about 3.1 times and 1.8 times covered respectively.

We diversified our funding sources with the issuance of S\$300.0 million of perpetual securities and the resumption of the distribution reinvestment plan ("DRP"). The inaugural issuance of perpetual securities in May 2021 was oversubscribed, with price tightening to 3.15% from the initial guidance of 3.375%. The resumption of the DRP from the 3QFY21/22

<sup>1</sup> Prior to 1 September 2020, gross revenue and net property income did not include MIT's 40% interest in the 14 data centres in the United States, which were previously held by MRDCT, a 40:60 joint venture between MIT and Mapletree Investments Pte Ltd ("MIPL"), as the joint venture was equity accounted. The acquisition of the remaining 60% interest in the 14 data centres in the United States from MIPL was completed on 1 September 2020.

<sup>2</sup> Sum of distributions and capital appreciation for the period over the closing unit price of S\$2.740 as at 31 March 2021.

<sup>3</sup> Sum of distributions and capital appreciation for the period over the unit issue price of S\$0.930 at listing.

<sup>4</sup> Refers to 86 properties in Singapore, 44 data centres in North America wholly-owned by MIT and MIT's 50% interest in Mapletree Rosewood Data Centre Trust, which holds 13 data centres in North America.

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Distribution will help finance the progressive funding needs of development projects and accord MIT greater financial flexibility to pursue growth opportunities. We are encouraged by the support from Unitholders, as evident in the healthy DRP take-up of 42.5% for 3QFY21/22 Distribution.

MIT's balance sheet remained strong with a healthy interest coverage ratio of 5.7 times<sup>5</sup> and an average borrowing cost of 2.5% in FY21/22. MIT's aggregate leverage ratio of 38.4% as at 31 March 2022 was well within the revised leverage limit of 50% imposed by the Monetary Authority of Singapore ("MAS").

Interest rates are expected to increase as the United States Federal Reserve had commenced interest rate hikes and the MAS had tightened its monetary policy to alleviate inflation pressure. About 70.5% of MIT's total borrowings as at 31 March 2022 had been hedged into fixed rates and 60.1% of FY21/22 foreign currency net income stream had been hedged into Singapore dollars. We continue to adopt appropriate hedging strategies to manage the impact of interest rate and foreign currency fluctuations on distributions.

### ENHANCING PORTFOLIO RESILIENCE

Average Overall Portfolio occupancy increased from 92.6% in FY20/21 to 93.9% in FY21/22. This was attributed to the improvement in the average Singapore Portfolio occupancy rate from 91.7% in FY20/21 to 93.8% in FY21/22. Higher occupancies were registered at Hi-Tech Buildings, Flatted Factories and Stack-up/Ramp-up Buildings. The average North American Portfolio occupancy rate fell from 97.9% in FY20/21 to 94.2% in FY21/22 following the US Portfolio Acquisition, which had a lower average occupancy rate of 87.5%.

In December 2021, we announced the divestment of 19 Changi South Street 1, Singapore for S\$13.0 million. This divestment accords with our strategy to divest non-core assets and to recycle the capital for better investment properties.

The high upcoming supply of industrial space is expected to moderate the recovery of the industrial sector in Singapore. We remain focused on tenant retention and forward lease renewals to maintain a stable portfolio occupancy. Consequently, the retention rate of the Singapore Portfolio increased from 78.9% in FY20/21 to 82.5% in FY21/22.

The redevelopment of the Kolam Ayer 2 Cluster remained on track for full completion in the first half of 2023. With an enlarged gross floor area ("GFA") of about 865,600 sq ft, the new high-tech industrial precinct will be attractive to companies seeking BTS solutions and high-quality industrial space at the city fringe.

**"We are confident that our proactive portfolio rebalancing efforts will stand us in good stead to navigate the challenging course ahead and to emerge from this crisis stronger than ever."**

### RISING TO THE CHALLENGE

Global economic prospects have deteriorated since January 2022. The fallout from the Russia-Ukraine war and China's strict zero-COVID strategy compounded inflationary pressure and weighed on an already fragile global recovery. We remain mindful of the risks on margins from rising energy prices and higher interest costs while proactively taking steps to manage their impact on the portfolio.

We are confident that our proactive portfolio rebalancing efforts will stand us in good stead to navigate the challenging course ahead and to emerge from this crisis stronger than ever. Over the years, we have strengthened the resilience of our portfolio by scaling up our data centre presence, building a portfolio of higher value assets and prospecting tenants from growing trade sectors. The right of first refusal from the Sponsor for the acquisition of its 50% interest in Mapletree Rosewood Data Centre Trust ("MRODCT") remains a significant acquisition pipeline. We remain disciplined in pursuing investment opportunities in Singapore and overseas while leveraging on the Sponsor's strong capabilities and extensive network.

### BOARD RENEWAL AND ACKNOWLEDGEMENTS

On behalf of the Board, we welcome Ms Chan Chia Lin as an Independent Non-Executive Director in January 2022. With her vast experience in the financial services sector and active community involvement, we believe Ms Chan will add to bench strength as well as diversity of perspectives to the business strategy of MIT. We thank Ms Mary Yeo who stepped down after nine years of invaluable contributions.

We wish to extend our sincere appreciation to our directors and staff for their dedication and contributions. We would also like to thank our Unitholders, tenants and business partners for their continuous support of MIT.

#### WONG MENG MENG

Chairman

#### THAM KUO WEI

Chief Executive Officer

26 May 2022

<sup>5</sup> Refers to adjusted interest coverage ratio for the trailing 12 months.