



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

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## **ANNOUNCEMENT**

27 March 2013

### **MAPLETREE INDUSTRIAL TRUST SIGNS AGREEMENT TO DEVELOP DATA CENTRE FOR EQUINIX**

#### **1. INTRODUCTION**

##### **1.1 Development of seven-storey data centre for Equinix Singapore**

Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of Mapletree Industrial Trust (“MIT”) is pleased to announce that MIT, through DBS Trustee Limited, as trustee of MIT (the “Trustee”), has signed an agreement to develop and lease (“ADL”) a build-to-suit (“BTS”) facility for Equinix Singapore, a wholly-owned subsidiary of Equinix Inc., to be used primarily as a data centre (“Proposed BTS”). MIT has been allocated a plot of land within one-north by JTC Corporation for the Proposed BTS.

#### **2. ABOUT THE TENANT**

##### **2.1 Equinix Singapore**

Equinix Singapore (“Equinix”), a wholly-owned subsidiary of Equinix Inc., began operations in Singapore in 2000. Equinix Singapore provides regional support to the Asia Pacific operations of Equinix Inc. Equinix Inc. is a global interconnection and data centre company, routing more than 90% of the world’s internet traffic over 900 telecommunication exchanges. Equinix Inc. was founded in 1998 and listed on NASDAQ in 2000. Equinix Inc. has a market capitalisation of US\$10.3 billion as at 26 March 2013.

#### **3. INFORMATION ON THE PROPOSED BTS**

##### **3.1 Location of the Proposed BTS**

The Proposed BTS will be situated within one-north, a 200-hectare development by JTC Corporation designed to host a cluster of world-class research facilities and

business park space to support growth in the biomedical sciences, infocomm technology, media, physical sciences and engineering industries. Located in the South-Western region of Singapore, the property is easily accessed via major expressways such as Ayer Rajah Expressway and Pan Island Expressway. It is also within close proximity to one-north Mass Rapid Transit (“MRT”) Station (serving the Circle Line) and Buona Vista MRT Station (interchange serving East West and Circle Lines).

### **3.2 Information on the Land**

The Proposed BTS is situated on land area of approximately 10,214 square metres (approximately 110,000 square feet). The land has been allocated to MIT by JTC Corporation. The site is zoned for Business Park use, suitable for non-pollutive businesses that engage in high technology, research and development, high value-added and knowledge-intensive activities. The tenure of the Land is 30 years commencing from 22 May 2013.

### **3.3 Specification and Use of Building**

The Proposed BTS will be a seven-storey high specification building with a gross floor area of about 385,000 square feet. It will be Equinix’s third International Business Exchange™ (IBX®) data centre in Singapore. The new data centre will further extend Equinix’s current offering, Platform Equinix™, to meet strong demand for premium interconnection and data centre services in Singapore from financial and cloud companies. It will be located in close proximity to Equinix’s existing data centre in one-north. The new IBX will also meet the changing security requirements of financial customers by being compliant with guidelines set by the Monetary Authority of Singapore in July 2012.

## **4. PRINCIPAL TERMS OF THE PROPOSED BTS**

### **4.1 Agreement Details**

MIT will develop the base building for Equinix in accordance with plans and specifications agreed between MIT and Equinix. The estimated cost of the Proposed BTS is S\$108 million and is expected to be completed in the second half of 2014.

In addition to the design and construction of the core shell of the Proposed BTS, MIT has granted Equinix options to enhance two floors of the Proposed BTS with additional infrastructure to support data centre activities (“Infrastructure Options”). Should the Infrastructure Options be exercised, the estimated total cost will be S\$217 million and additional rent would be payable by Equinix.

#### **4.2 Lease Agreement**

The Proposed BTS is expected to have a gross floor area of 385,000 square feet which Equinix has committed to fully take-up. The ADL includes a lease agreement (“Lease Agreement”) which Equinix and MIT will enter into upon the completion of the Proposed BTS. Equinix will lease the Proposed BTS with an initial tenure of 20 years with an option to renew for two additional five-year terms, or any other duration depending on the remaining land lease.

#### **4.3 Option to Purchase**

Equinix has an option to purchase the Proposed BTS by serving MIT with a written notice expressing its intention to exercise this option. The option is available only for three months from sixth year anniversary of the lease term; after which, this option shall lapse absolutely. The purchase price is subject to the market value of the Proposed BTS and Infrastructure Options exercised, with a price floor and cap determined in accordance with the mechanism provided in the Lease Agreement.

### **5. RATIONALE AND BENEFIT OF THE PROPOSED BTS TO MIT**

#### **5.1 Quality Tenant in a Growing Industry**

Equinix Inc. operates data centres in 31 markets across 15 countries internationally. The commitment from a global company like Equinix demonstrates MIT’s ability to attract quality tenants to enhance its portfolio. Equinix’s development of its third data centre in Singapore was in response to strong demand for interconnection and data centre services from financial and cloud companies.

## **5.2 Expands Foothold in Data Centre Segment**

This is MIT's second data centre development, further expanding MIT's foothold in the data centre segment. Tata Communications Exchange at Paya Lebar iPark was completed in 2010 as the flagship data centre for Tata Communications International Pte. Ltd.

## **5.3 Extends BTS capabilities**

MIT has demonstrated its strength in BTS developments, with the ability to secure its third BTS development and second BTS project in the financial year ending 31 March 2013. In addition to Tata Communications Exchange, MIT is developing a new global headquarters for Kulicke and Soffa at Serangoon North Industrial Estate which is slated for completion in the 2<sup>nd</sup> half of 2013.

## **5.4 Enlarges and Diversifies Portfolio**

The Proposed BTS will bring a new income stream to MIT's portfolio and contribute positively to the overall performance; the long lease term with Equinix Singapore will lengthen the portfolio's weighted average lease to expiry. The addition of the Proposed BTS will also further diversify MIT's tenant trade sector, increasing the contribution from the infocomm sector. Upon completion, the Proposed BTS is expected to be accretive to MIT's distribution to unitholders.

## **6. METHOD OF FINANCING**

The Proposed BTS may be funded by debt and/or equity. MIT has sufficient financial flexibility and capacity to fund the development. Assuming that the Proposed BTS (excluding the infrastructure options) is fully funded by debt, the aggregate leverage ratio is expected to increase progressively to 42%<sup>1</sup>.

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<sup>1</sup> Includes development cost for asset enhancement initiatives at Toa Payoh North 1 and Woodlands Central clusters as well as BTS project for Kulicke and Soffa in Serangoon North.

## **7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

None of the directors of MITM or substantial unitholders have an interest, direct or indirect in the Proposed BTS other than by way of development management fees and ongoing management fees payable to the Manager by MIT.

## **8. OTHER INFORMATION**

### **8.1 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Proposed BTS.

### **8.2 Development Management Fees**

MIT is expected to incur development management fees of S\$1.8 million, representing 1.7% of the development cost for the Proposed BTS. If Equinix exercises the Infrastructure Options, MIT will incur additional development management fees of up to S\$3.3 million, representing 3% of the additional development cost for the Infrastructure Options. The development management fees will be payable to the Manager.

### **8.4 Document for Inspection**

A copy of the ADL is available for inspection during normal business hours (by prior appointment only) at the registered office of the Manager at 10 Pasir Panjang Road, #13-01, Mapletree Business City, Singapore 117438, for a period of 3 months commencing from the date of this Announcement.

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

This announcement may contain forward-looking statements that involve risks and uncertainties. Future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, construction risks, project management risks, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employees wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.