

ANNOUNCEMENT

21 March 2014

MAPLETREE INDUSTRIAL TRUST TO DEVELOP S\$250 MILLION BUILD-TO-SUIT FACILITY

1. INTRODUCTION

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, has signed an agreement with Hewlett-Packard Singapore (Private) Limited (the “Client”) to develop and lease (the “Agreement to Develop and Lease”) a new build-to-suit facility (the “BTS Facility”) at its existing Telok Blangah Cluster (the “Property”). The Client has committed to lease the BTS Facility for an initial tenure of 10.5 years.

The Property will be redeveloped and repositioned as a high-tech industrial cluster at an estimated total cost of S\$250 million¹. Subject to receipt of all necessary regulatory approvals, the proposed redevelopment is slated for completion in the first half of 2017 and will be carried out in two phases.

2. ABOUT THE CLIENT

Hewlett-Packard Singapore (Private) Limited is the Asia Pacific and Japan Headquarters of Hewlett-Packard Company. Hewlett-Packard Company is a global provider of products, technologies, software, solutions and services in over 170 countries around the world.

¹ The total development cost of S\$250 million includes construction and other costs but excludes book value of the Property.

3. INFORMATION ON THE PROPOSED REDEVELOPMENT

3.1 Location and Details of the Property

The Property currently comprises two seven-storey Flatted Factories and a canteen. It has a gross floor area (“GFA”) of approximately 437,300 square feet (“sq ft”) with a utilised plot ratio of 1.3. The Property is situated on land area of approximately 329,800 sq ft with a land lease tenure of 60 years commencing from 1 July 2008.

Located within the Telok Blangah Industrial Estate, the Property is in close proximity to business and lifestyle precincts at Alexandra and HarbourFront as well as the Central Business District. It is well-served by major expressways such as Ayer Rajah Expressway and Central Expressway as well as the Labrador Park Mass Rapid Transit Station.

The Property accounted for 1.9% of MIT’s gross revenue from 1 April 2013 to 31 December 2013 (first nine months of Financial Year 2013/2014).

3.2 Specification and Use of the BTS Facility

The purpose-built development will include facilities for manufacturing, product and software development as well as an office. The BTS Facility comprising two buildings with high specifications will have a total GFA of approximately 824,500 sq ft.

4. PRINCIPAL TERMS OF THE AGREEMENT TO DEVELOP AND LEASE

4.1 Agreement Details

MIT will develop the BTS Facility in accordance with plans and specifications agreed between MIT and the Client. The proposed redevelopment is subject to approval from the relevant authorities.

Development of the BTS Facility will be undertaken in two phases. Construction of the first phase is expected to commence in the second half of 2014 and complete in

the second half of 2016. The second phase of the BTS Facility is expected to commence in the first half of 2015 and complete in the first half of 2017.

4.2 Lease Agreement

In the Agreement to Develop and Lease, the Client has committed to fully lease the BTS Facility for 10.5 years, including a rent-free period of six months, with annual rental escalations and an option to renew for two additional five-year terms.

5. RATIONALE FOR THE PROPOSED REDEVELOPMENT

5.1 Unlocks Value for the Portfolio

The redevelopment will unlock value for MIT's portfolio by repositioning the Property to cater to higher-value industrial uses and maximising available plot ratio. The completed development will increase the GFA of the Property by approximately 387,200 sq ft and maximise the plot ratio from the current 1.3 to 2.5. This is part of MIT's proactive asset management and value-creating investment strategies.

5.2 Grows the Hi-Tech Buildings Segment and Strengthens Portfolio

The BTS Facility is expected to grow the Hi-Tech Buildings segment within MIT's portfolio. The long-term lease commitment from a good quality tenant will also lengthen the portfolio's weighted average lease to expiry and provide income stability. The income contribution from the BTS Facility is expected to be accretive to MIT's distribution per unit upon its completion.

5.3 Adds to Build-to-Suit Track Record

The BTS Facility will be MIT's largest build-to-suit development to date, adding to its build-to-suit track record. Other projects include a flagship data centre for Tata Communications International, global headquarters for Kulicke & Soffa and a data centre for Equinix Singapore which is under development.

6. TENANT ASSISTANCE PACKAGE

MIT is offering a comprehensive Tenant Assistance Package for all tenants who are affected by the redevelopment works at blocks 1160, 1200 and 1200A Depot Road. All tenants will automatically be offered preferential gross rental rates for their remaining leases at the Property. They will not be required to reinstate their premises and will not need to compensate for early termination if they choose to move out prior to the expiration of their leases. All tenants will be provided with a 12 months' notice period to vacate their current premises, with the exception of the canteen operator who will be given a 6 months' notice period.

More than 388,000 sq ft of space at Alternative MIT Clusters² has been shortlisted for tenants considering relocation. This is equivalent to about 1.7 times of the space presently used by the tenants. Premises at Alternative MIT Clusters will be offered at discounted gross rental rates for a new three-year lease. These are about 18 per cent to 38 per cent lower than the average rental rates for new leases at the respective clusters. Extended fit-out and rent-free periods of up to nine months will be given to tenants who choose to relocate to our premises. In addition, cash subsidies of up to 15 months of gross rents at the Alternative MIT Clusters will be given. Tenants who do not take-up a new lease at an Alternative MIT Cluster will also benefit from a cash subsidy equivalent to six months of gross rent based on preferential gross rental rates.

7. METHOD OF FINANCING

MIT has sufficient financial capacity to fund the BTS Facility. Assuming the BTS Facility is fully funded by debt, the aggregate leverage ratio is expected to increase progressively from 36.3% (as at 31 December 2013) to 41.0% upon completion of the BTS Facility.

² Shortlisted units within MIT's portfolio for tenants at the Telok Blangah Cluster.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

None of the directors of the Manager or substantial unitholders have an interest, direct or indirect, in the proposed redevelopment other than by way of management fees payable to the Manager and Mapletree Facilities Services Pte. Ltd.

9. DIRECTORS' SERVICE CONTRACTS

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

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, uncertainties and assumptions. 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, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in expected occupancy rate and demands, construction and development risks, changes in operating expenses (including employees wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and on the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.