



## 2Q & 1HFY19/20 Financial Results

22 October 2019

# Important Notice

This presentation shall be read in conjunction with Mapletree Industrial Trust's ("MIT") financial results for Second Quarter Financial Year 2019/2020 in the SGXNET announcement dated 22 October 2019.

This presentation is for information only and does not constitute an offer or solicitation of an offer to sell or invitation to subscribe for or acquire any units in Mapletree Industrial Trust ("Units").

The past performance of the Units and MIT is not indicative of the future performance of MIT or Mapletree Industrial Trust Management Ltd. (the "Manager").

The value of Units and the income from them may rise or fall. Units are not obligations of, deposits in or guaranteed by the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This presentation may also contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include general industry and economic conditions, interest rate trends, cost of capital, occupancy rate, 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

Nothing in this presentation should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors.

**1** Key Highlights – 1 Jul 2019 to 30 Sep 2019

---

**2** 2Q & 1HFY19/20 Financial Performance

---

**3** Portfolio Update

---

**4** Investment Update

---

**5** Outlook and Strategy

---



# ***KEY HIGHLIGHTS***

## ***1 JUL 2019 TO 30 SEP 2019***



*Hi-Tech Building, 18 Tai Seng*

## ✦ Growth underpinned by contributions from new projects

- 2QFY19/20 Distributable Income: S\$63.5 million ( ▲ 12.1% y-o-y)
- 2QFY19/20 DPU: 3.13 cents ( ▲ 4.0% y-o-y)

## ✦ Portfolio update

- Overall Portfolio occupancy of 90.5%
- Overall Portfolio's WALE increased q-o-q from 3.4 years to 3.6 years

## ✦ Expanding presence in fast-growing data centre sector

- Announced joint venture with Mapletree Investments (the "Sponsor") to co-invest in three turnkey data centres and acquire 10 powered shell data centres in North America (the "US Acquisition"), which are expected to complete in late 2019 and early 2020 respectively
- Completed upgrading of 7 Tai Seng Drive and commenced lease with Equinix Singapore

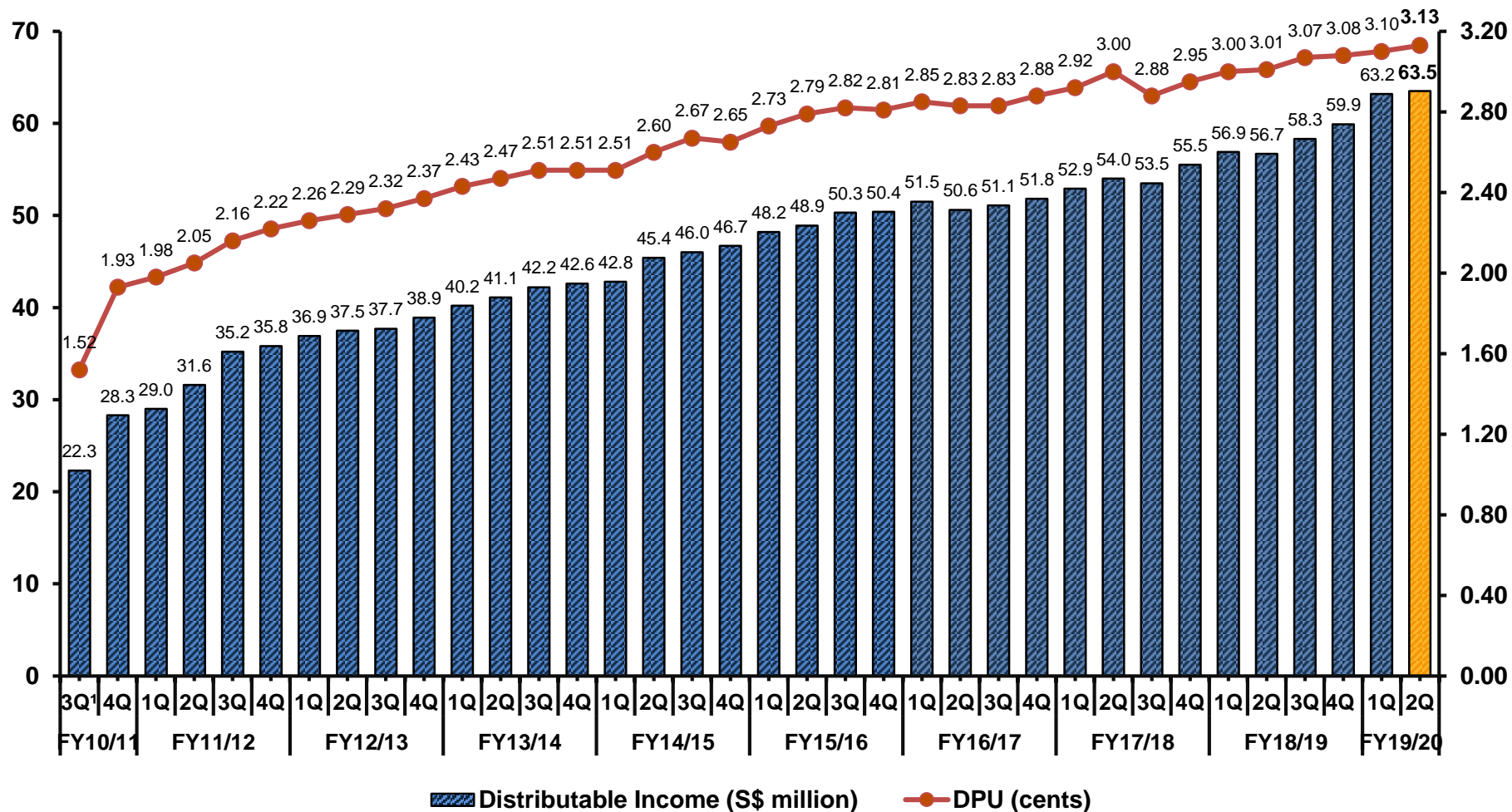
## ✦ Capital management update

- Successfully raised gross proceeds of about S\$400 million from a private placement to partially fund the US Acquisition

# Sustainable and Growing Returns

Distributable Income  
(S\$ million)

DPU  
(cents)



<sup>1</sup> MIT was listed on 21 Oct 2010.



# **2Q & 1HFY19/20 FINANCIAL PERFORMANCE**



*Hi-Tech Buildings, build-to-suit project for HP*

# Statement of Profit or Loss (Year-on-Year)

	2QFY19/20 (S\$'000)	2QFY18/19 (S\$'000)	↑ / (↓)
Gross revenue	101,872	92,221	10.5%
Property operating expenses	(21,883)	(21,635)	1.1%
<b>Net property income</b>	<b>79,989</b>	<b>70,586</b>	<b>13.3%</b>
Borrowing costs	(11,342)	(10,313)	10.0%
Trust expenses	(9,053)	(8,577)	5.5%
Share of joint venture (net of taxes) <sup>1</sup>	4,450	4,597	(3.2%)
<b>Profit for the period</b>	<b>64,044</b>	<b>56,293</b>	<b>13.8%</b>
Net non-tax deductible items	(4,387)	(3,584)	22.4%
Distribution declared by joint venture	3,850	3,953	(2.6%)
<b>Amount available for distribution</b>	<b>63,507</b>	<b>56,662</b>	<b>12.1%</b>
<b>Distribution per Unit (cents)</b>	<b>3.13</b>	<b>3.01</b>	<b>4.0%</b>

<sup>1</sup> Share of joint venture relates to MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.



# Statement of Profit or Loss (Year-on-Year)

	1HFY19/20 (S\$'000)	1HFY18/19 (S\$'000)	↑ / (↓)
Gross revenue	201,447	183,708	9.7%
Property operating expenses	(43,539)	(43,663)	(0.3%)
<b>Net property income</b>	<b>157,908</b>	<b>140,045</b>	<b>12.8%</b>
Borrowing costs	(21,918)	(19,671)	11.4%
Trust expenses	(17,888)	(16,425)	8.9%
Share of joint venture (net of taxes) <sup>1</sup>	8,761	8,931	(1.9%)
<b>Profit for the period</b>	<b>126,863</b>	<b>112,880</b>	<b>12.4%</b>
Net non-tax deductible items	(7,719)	(6,500)	18.8%
Distribution declared by joint venture	7,604	7,190	5.8%
<b>Amount available for distribution</b>	<b>126,748</b>	<b>113,570</b>	<b>11.6%</b>
<b>Distribution per Unit (cents)</b>	<b>6.23</b>	<b>6.01</b>	<b>3.7%</b>

<sup>1</sup> Share of joint venture relates to MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

# Statement of Profit or Loss (Qtr-on-Qtr)

	2QFY19/20 (S\$'000)	1QFY19/20 (S\$'000)	↑ / (↓)
Gross revenue	101,872	99,575	2.3%
Property operating expenses	(21,883)	(21,656)	1.0%
<b>Net property income</b>	<b>79,989</b>	<b>77,919</b>	<b>2.7%</b>
Borrowing costs	(11,342)	(10,576)	7.2%
Trust expenses	(9,053)	(8,835)	2.5%
Share of joint venture (net of taxes) <sup>1</sup>	4,450	4,311	3.2%
<b>Profit for the period</b>	<b>64,044</b>	<b>62,819</b>	<b>2.0%</b>
Net non-tax deductible items	(4,387)	(3,332)	31.7%
Distribution declared by joint venture	3,850	3,754	2.6%
<b>Amount available for distribution</b>	<b>63,507</b>	<b>63,241</b>	<b>0.4%</b>
<b>Distribution per Unit (cents)</b>	<b>3.13</b>	<b>3.10</b>	<b>1.0%</b>

<sup>1</sup> Share of joint venture relates to MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

# Balance Sheet

	30 Sep 2019	30 Jun 2019	↑ / (↓)
Total assets (S\$'000)	4,902,578	4,635,120	5.8%
Total liabilities (S\$'000)	1,491,320	1,556,775	(4.2%)
<b>Net assets attributable to Unitholders (S\$'000)</b>	<b>3,411,258</b>	<b>3,078,345</b>	<b>10.8%</b>
<b>Net asset value per Unit (S\$)</b>	<b>1.55</b>	<b>1.52</b>	<b>2.0%</b>

# Strong Balance Sheet

	30 Sep 2019	30 Jun 2019
Total debt (MIT Group)	<b>S\$1,253.5 million</b>	S\$1,384.2 million
Weighted average tenor of debt	<b>4.2 years</b>	4.2 years
Aggregate leverage ratio <sup>1</sup>	<b>29.2%</b>	33.4%

## Strong balance sheet to pursue growth opportunities

- ✦ 'BBB+' rating with Stable Outlook by Fitch Ratings
- ✦ 100% of loans unsecured with minimal covenants
- ✦ Lower aggregate leverage of 29.2% following repayment of debt with part of proceeds from equity fund raising exercise

<sup>1</sup> In accordance with Property Funds Guidelines, the aggregate leverage ratio includes proportionate share of borrowings of the joint venture and deposited property values. As at 30 Sep 2019, total debt including MIT's proportionate share of joint venture debts is S\$1,501.5 million.

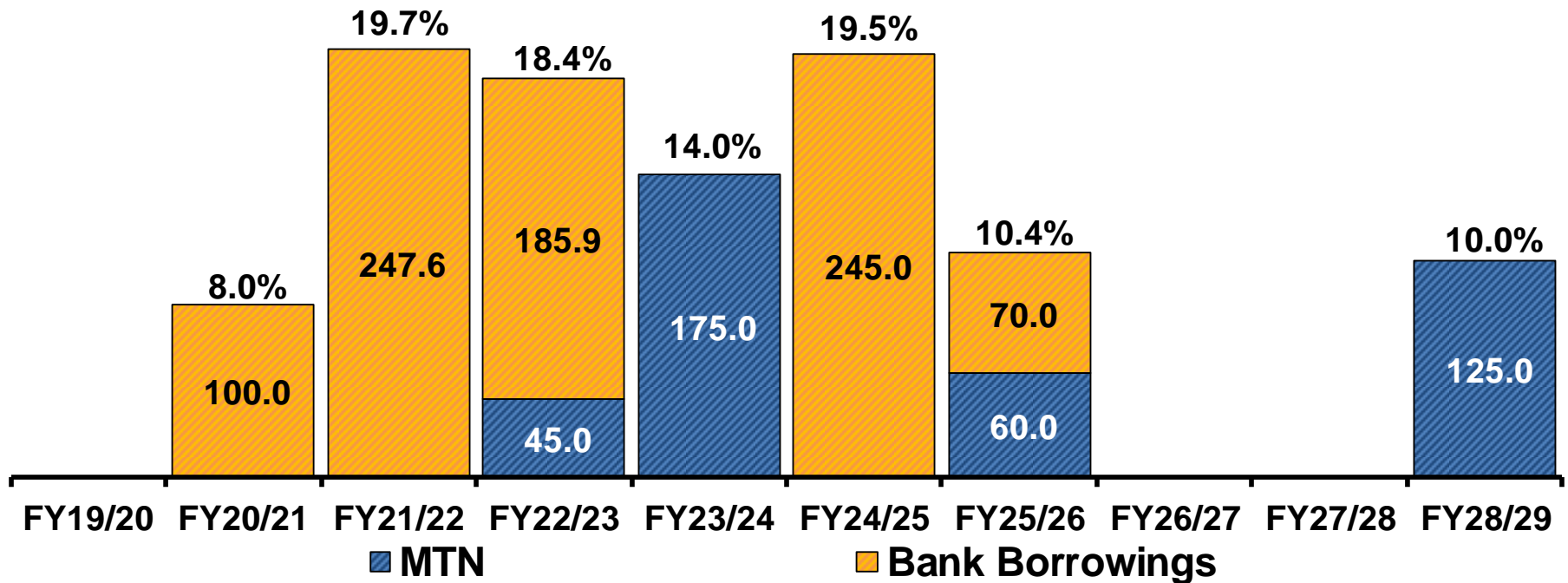


# Well Diversified Debt Maturity Profile

## DEBT MATURITY PROFILE

As at 30 September 2019

Weighted Average Tenor of Debt = 4.2 years



Amounts in S\$ million

# Risk Management

	30 Sep 2019	30 Jun 2019
Fixed as a % of total debt	<b>87.9%</b>	79.5%
Weighted average hedge tenor	<b>4.2 years</b>	4.3 years
	2QFY19/20	1QFY19/20
Weighted average all-in funding cost	<b>2.9%</b>	3.0%
Interest coverage ratio	<b>6.6 times</b>	6.6 times

- ✦ 100% capital hedge: US\$ investment in joint venture matched with US\$ borrowings
- ✦ About 89% of 3QFY19/20 net US\$ income stream are hedged into S\$

# Distribution Details

2QFY19/20 Distribution Period	DPU (cents)
1 Jul 2019 to 30 Sep 2019	3.13
<i>Advanced distribution from 1 Jul 2019 to 25 Sep 2019 (paid on 21 Oct 2019)</i>	2.93
<i>Balance distribution from 26 Sep 2019 to 30 Sep 2019 (payable with 3QFY19/20 distribution)</i>	0.20

# PORTFOLIO UPDATE



*Business Park Buildings, The Strategy and The Synergy*



# 101 Properties Across 5 Property Segments

AUM<sup>1</sup>

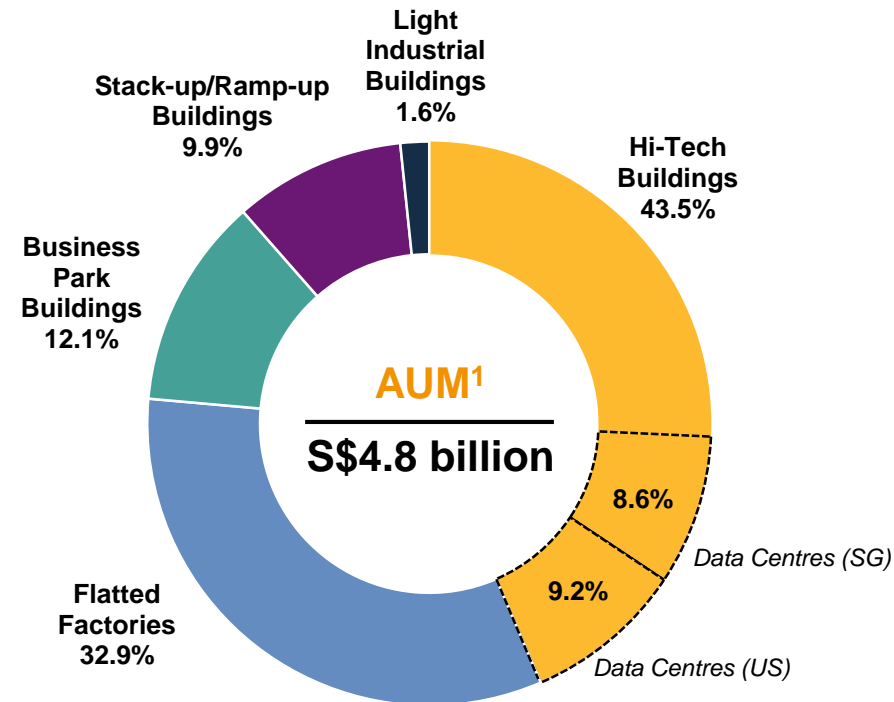
**S\$4.8 billion**

Total NLA (sq ft)

**18.9 million<sup>2</sup>**

Tenant Base

**>2,200 tenants**



## Portfolio value by geography

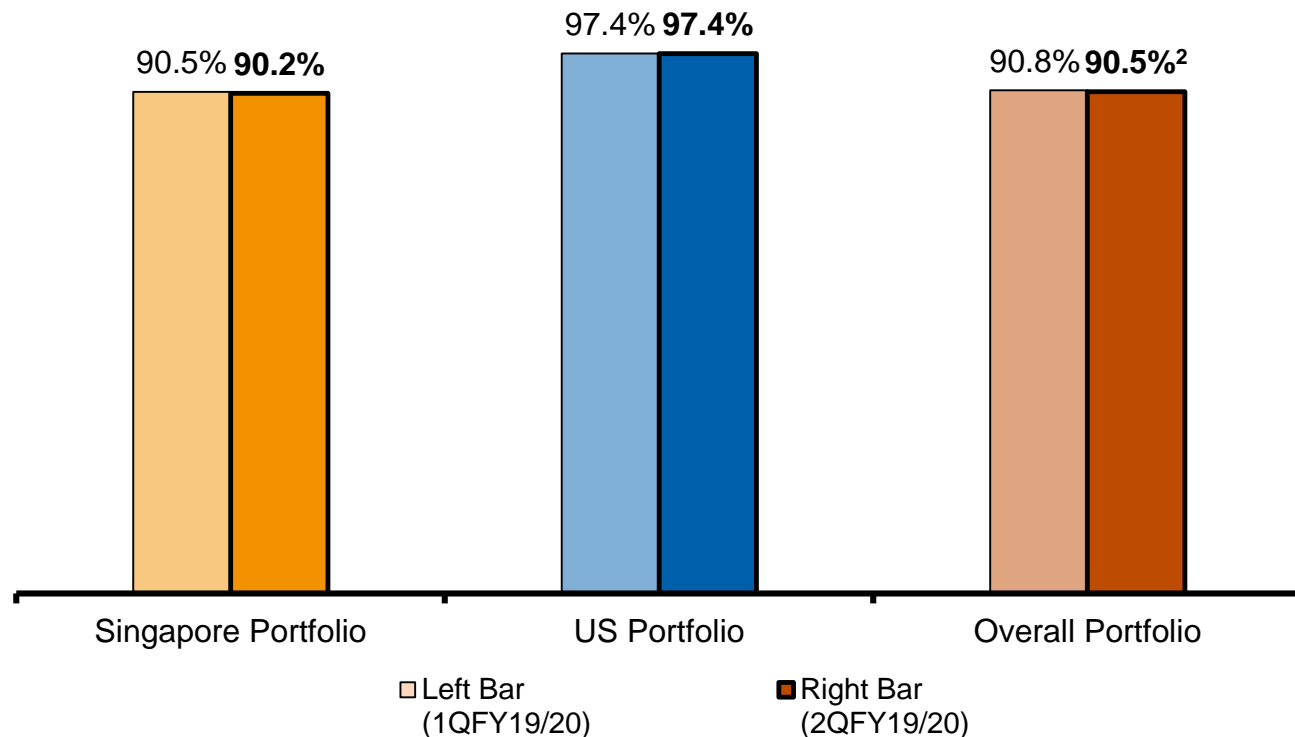
Singapore	90.8%
United States	9.2%

<sup>1</sup> Based on MIT's book value of investment properties and investment properties under development as well as MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States and included right of use assets of S\$19.5 million as at 30 Sep 2019.

<sup>2</sup> Excludes the parking decks (150 Carnegie Way and 171 Carnegie Way) at 180 Peachtree.

# Portfolio Overview

	Singapore Portfolio	US Portfolio	Overall Portfolio
Number of properties	87	14	101
NLA (million sq ft)	16.6	2.3 <sup>1</sup>	18.9 <sup>1</sup>
Average passing rental rate (\$ psf/mth)	S\$2.10	US\$2.07	



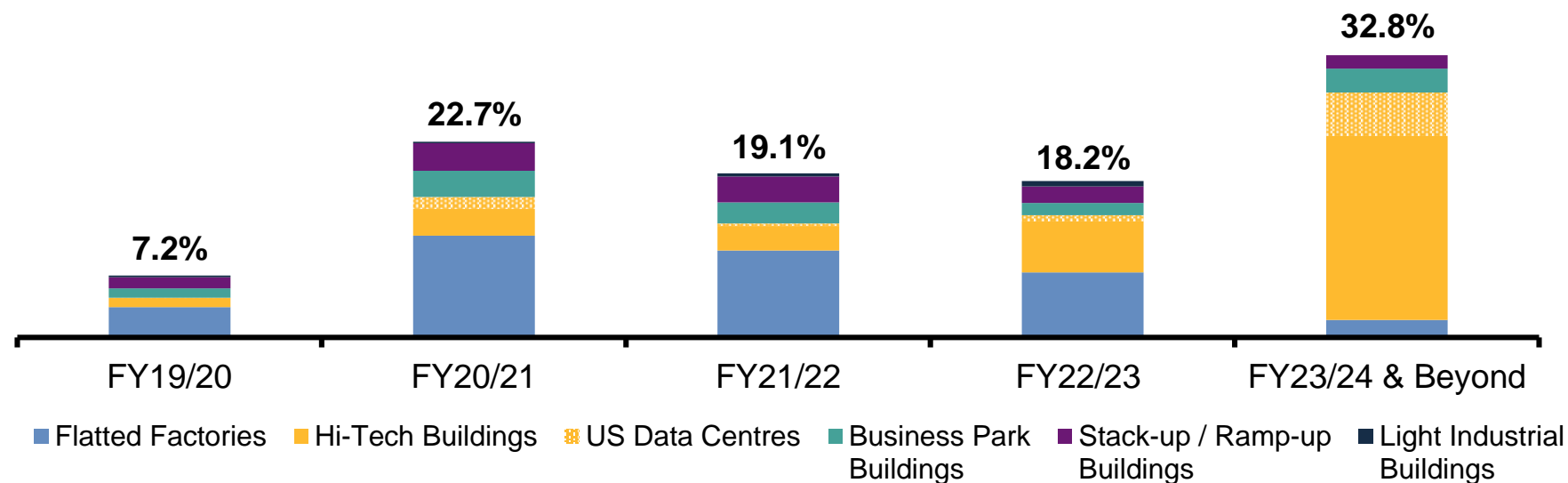
<sup>1</sup> Excludes the parking decks (150 Carnegie Way and 171 Carnegie Way) at 180 Peachtree.  
<sup>2</sup> Based on MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

## EXPIRING LEASES BY GROSS RENTAL INCOME<sup>1</sup>

As at 30 September 2019

### WALE based on date of commencement of leases (years)<sup>2</sup>

Singapore Portfolio	3.6
US Portfolio	4.5
<b>Overall Portfolio<sup>1</sup></b>	<b>3.6</b>



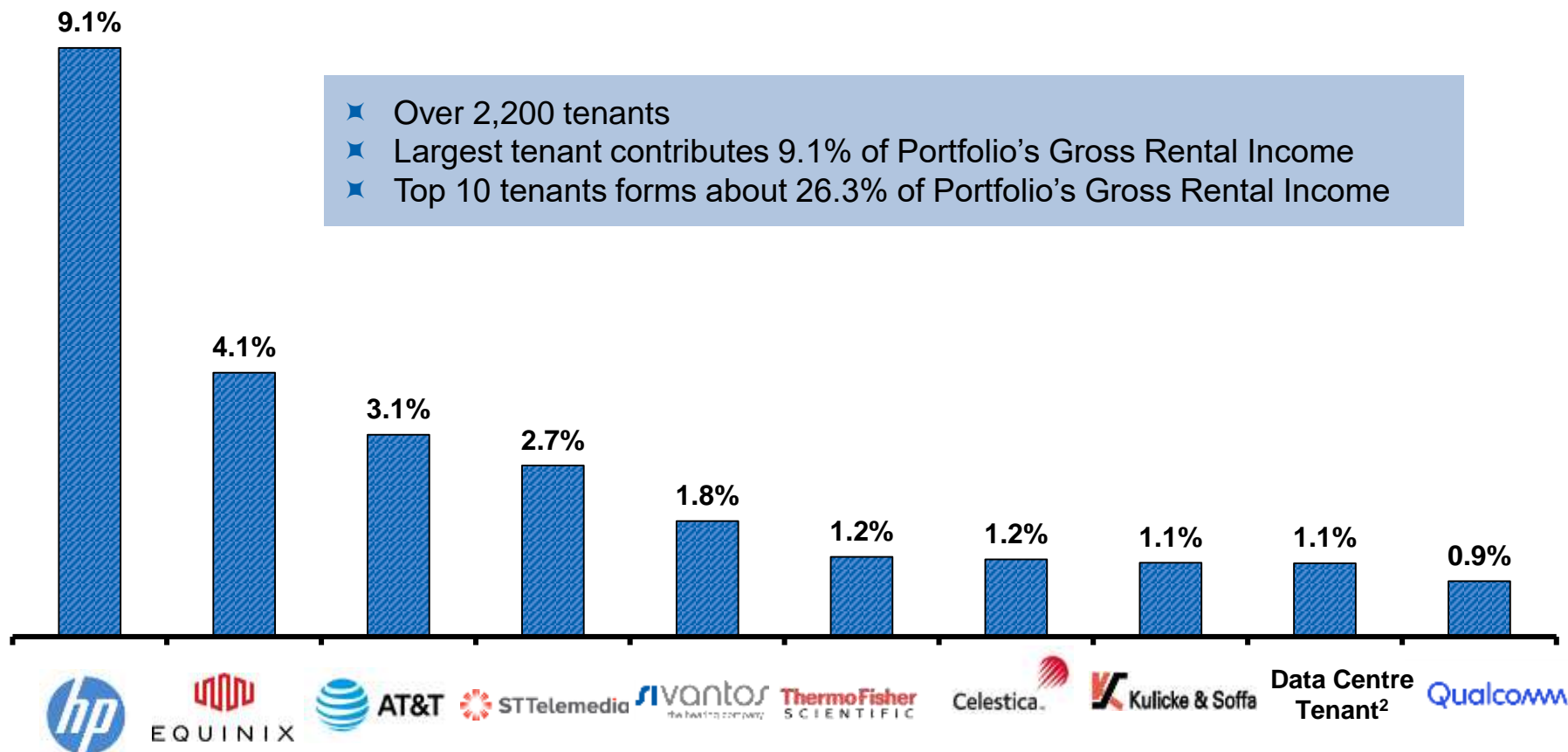
<sup>1</sup> Based on MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

<sup>2</sup> Refers to leases which commenced prior to and on 30 Sep 2019.

# Large and Diversified Tenant Base

## TOP 10 TENANTS BY GROSS RENTAL INCOME<sup>1</sup>

As at 30 September 2019



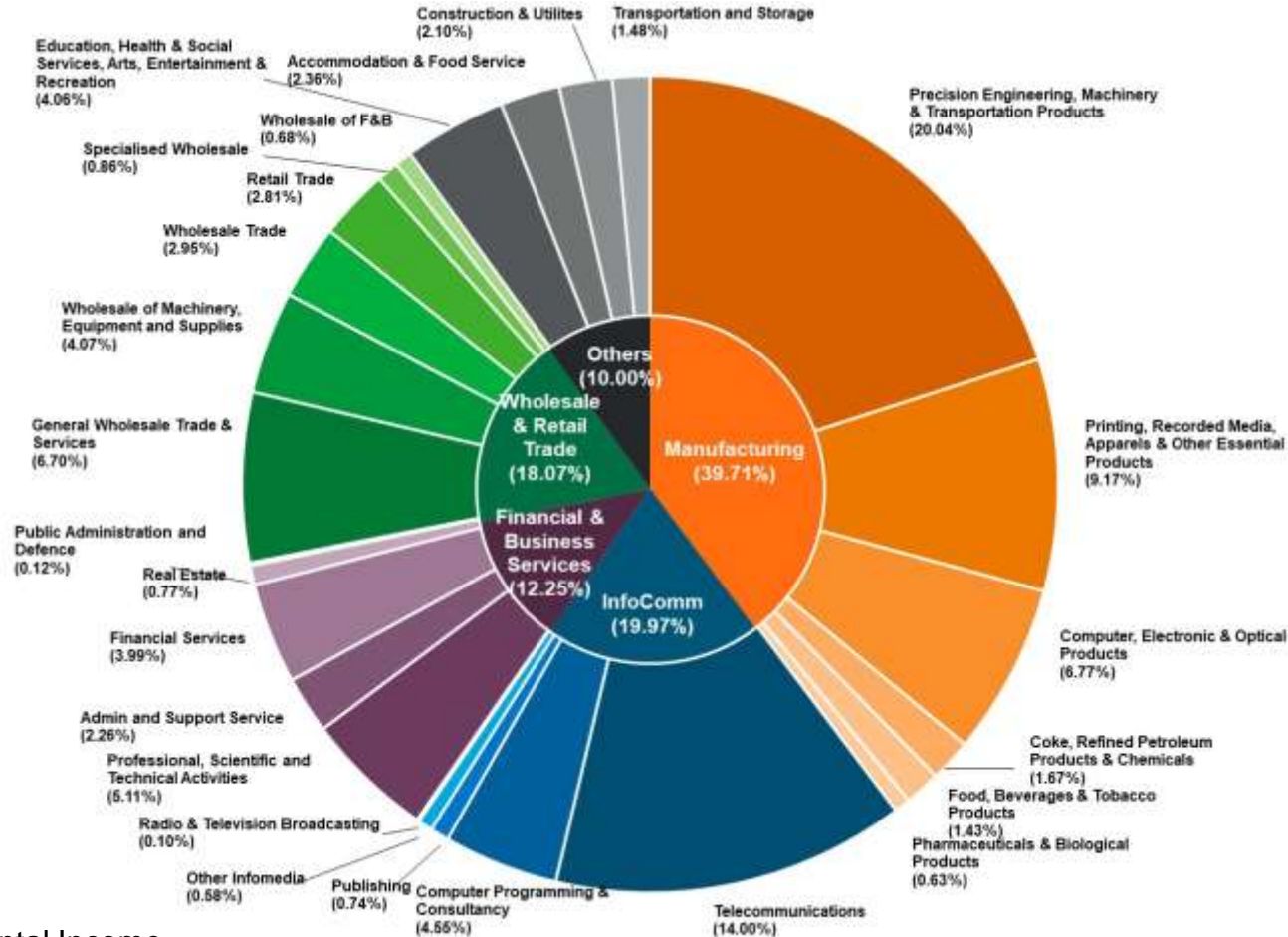
<sup>1</sup> Based on MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

<sup>2</sup> The identity of the tenant cannot be disclosed due to the strict confidentiality obligations under the lease agreement.



# Tenant Diversification Across Trade Sectors<sup>1</sup>

No single trade sector accounted >21% of Portfolio's Gross Rental Income



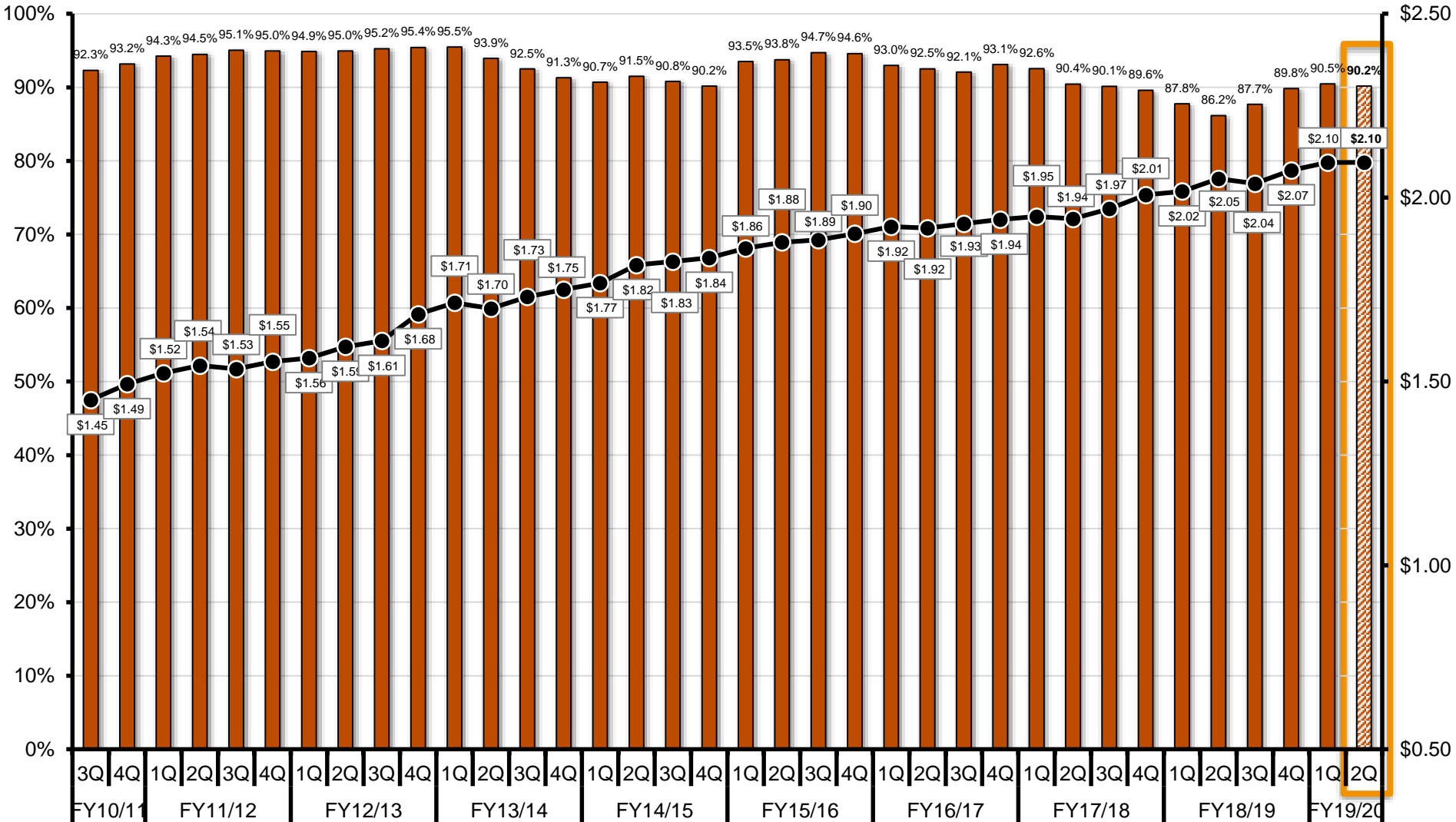
By Gross Rental Income  
As at 30 Sep 2019

<sup>1</sup> Based on MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States through Mapletree Redwood Data Centre Trust.

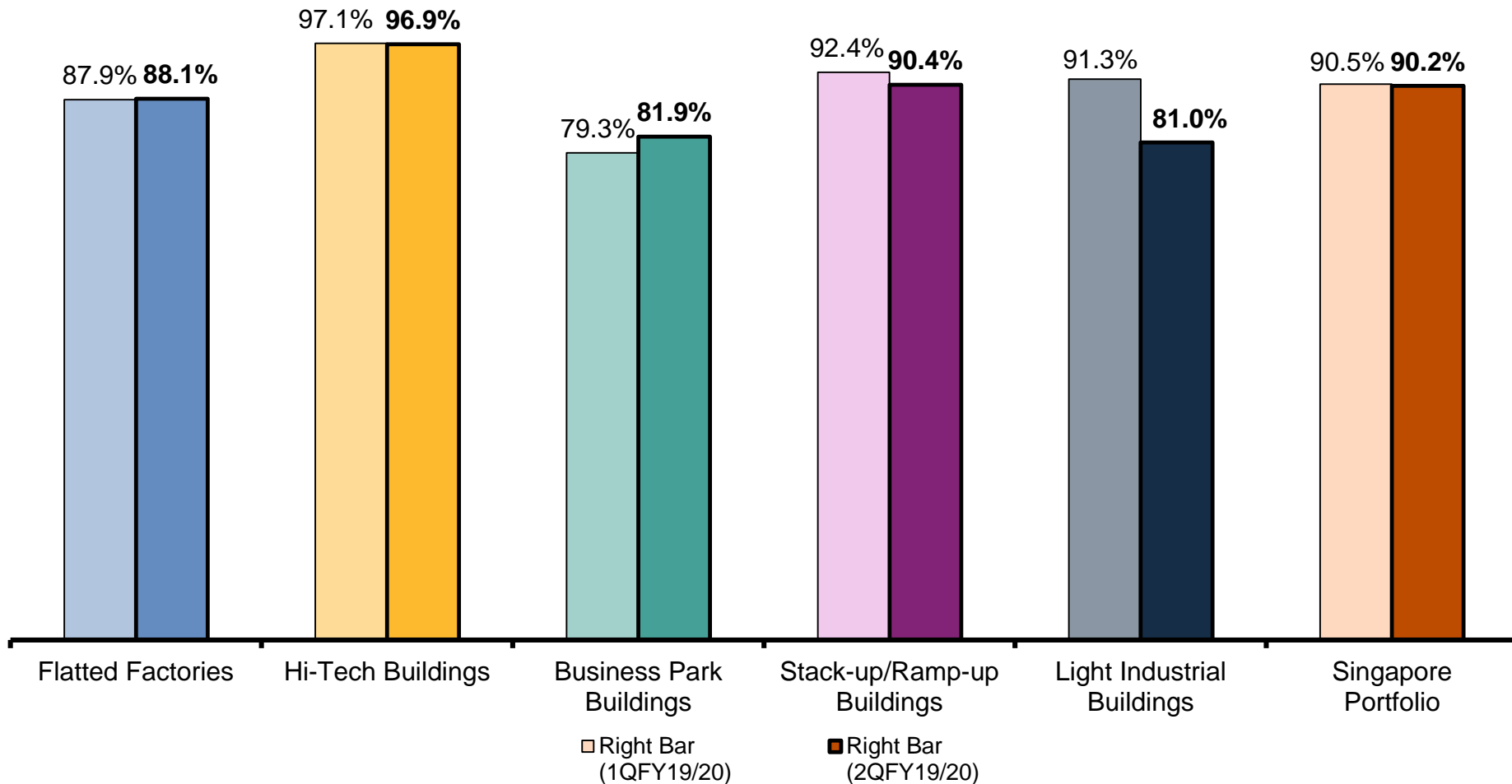
# Singapore Portfolio Performance

Gross Rental Rate  
S\$ psf/mth

Occupancy



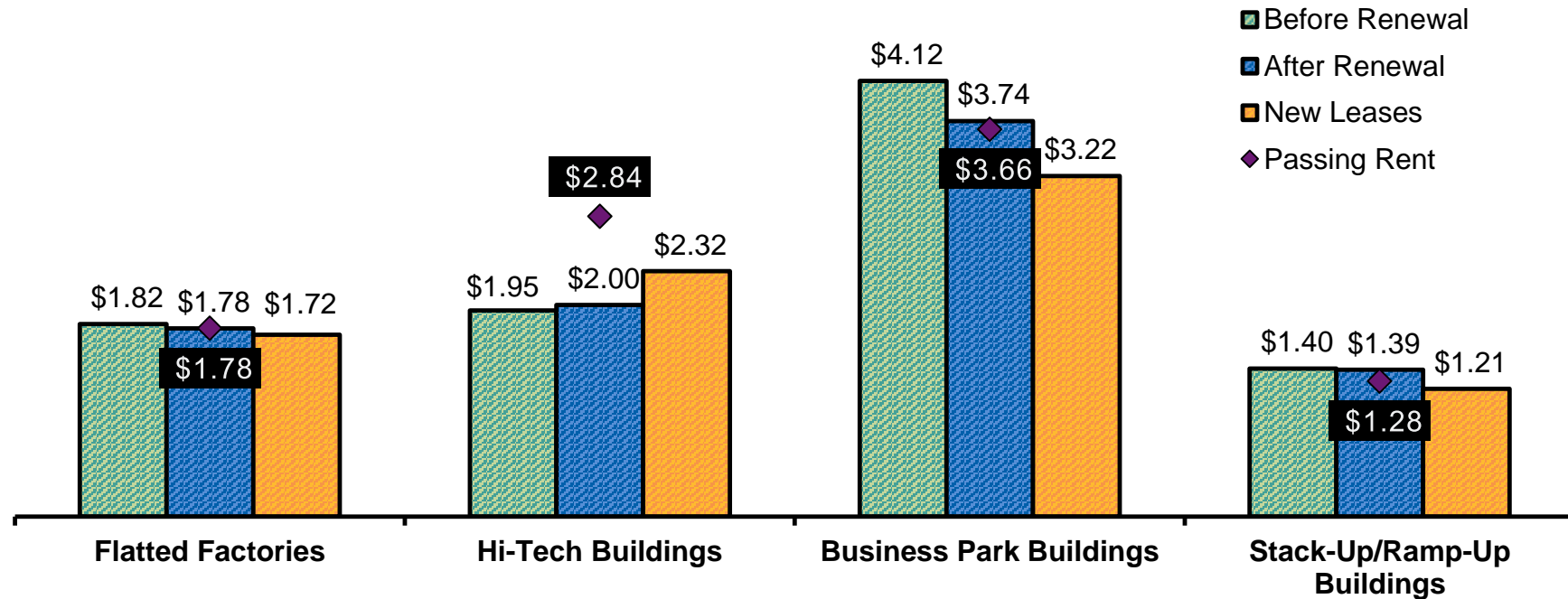
# Segmental Occupancy Levels (Singapore)



# Rental Revisions (Singapore)

## Gross Rental Rate (S\$ psf/mth)<sup>1</sup>

For Period 2QFY19/20



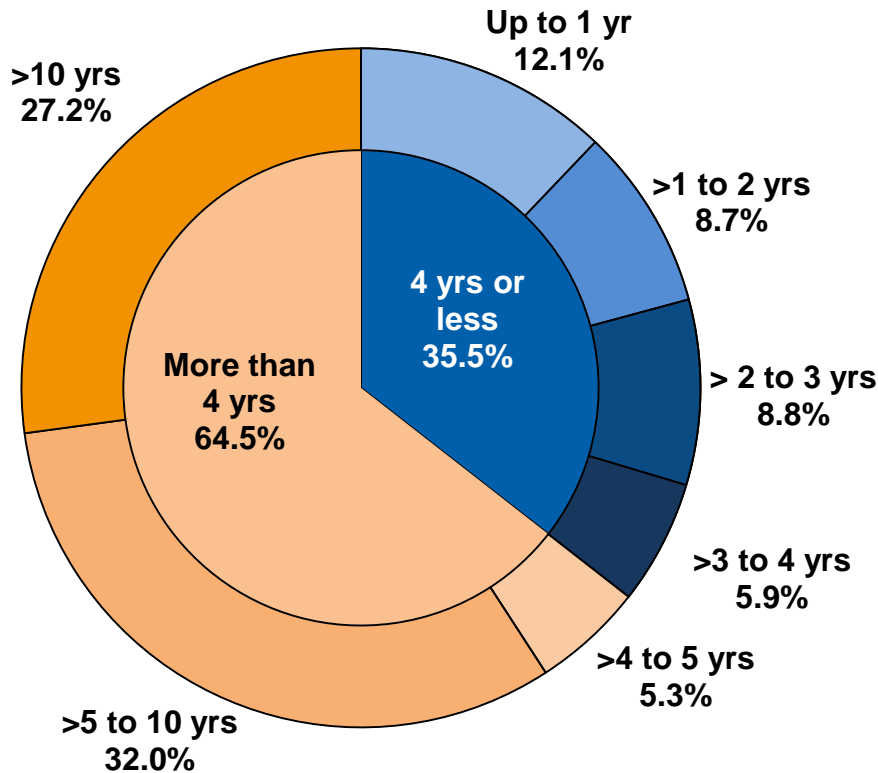
<b>Renewal Leases</b>	119 Leases (320,251 sq ft)	11 Leases (32,282 sq ft)	6 Leases (23,589 sq ft)	11 Leases (121,246 sq ft)
<b>New Leases</b>	53 Leases (144,820 sq ft)	10 Leases (303,862 sq ft)	7 Leases (63,860 sq ft)	5 Leases (39,751 sq ft)

<sup>1</sup> Gross Rental Rate figures exclude short term leases; except Passing Rent figures which include all leases.



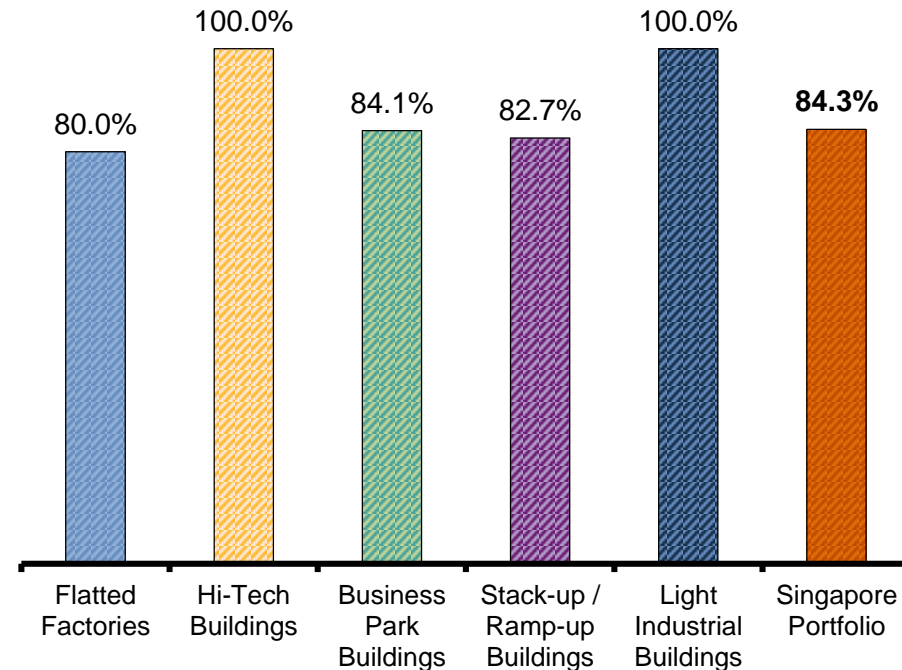
# Healthy Tenant Retention (Singapore)

## LONG STAYING TENANTS



As at 30 Sep 2019  
By number of tenants.

## RETENTION RATE FOR 2QFY19/20



Based on NLA.

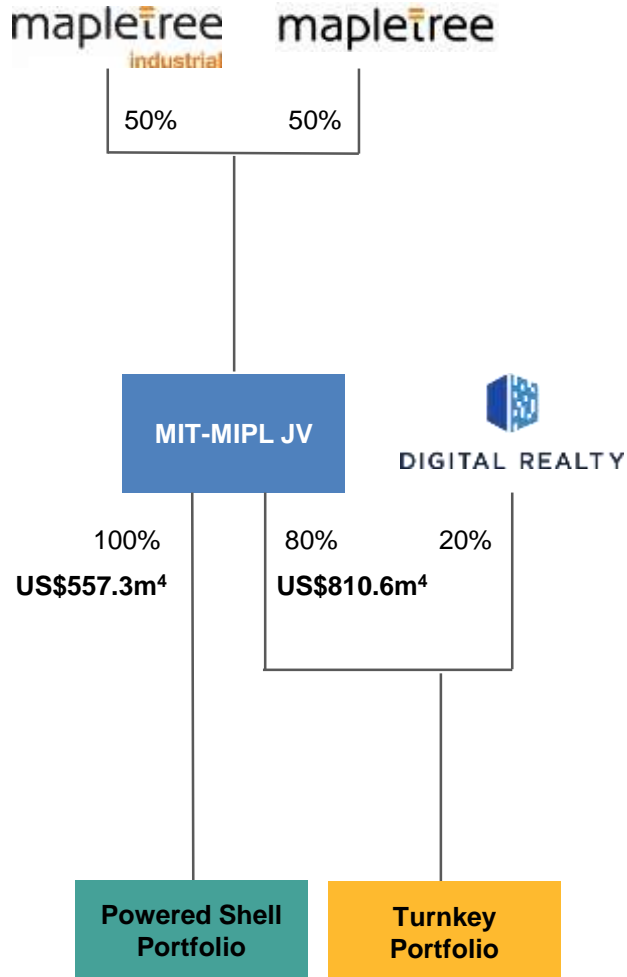
- ✦ 64.5% of the tenants have leased the properties for more than 4 years
- ✦ Tenant retention rate of 84.3% in 2QFY19/20



***INVESTMENT  
UPDATE***

*Stack-up/Ramp-up Buildings, Woodlands Spectrum*

# Overview of the Proposed Acquisition and Joint Ventures



<b>Proposed Transaction</b>	50:50 joint venture (“MIT-MIPL JV”) with Mapletree Investments (“MIPL”) to acquire 13 data centres in the US and Canada: <ul style="list-style-type: none"> <li>– 3 fully fitted hyperscale data centres (“Turnkey Portfolio”)</li> <li>– 10 powered shell data centres (“Powered Shell Portfolio”)</li> </ul> 80:20 joint venture between MIT-MIPL JV and Digital Realty to co-invest in the Turnkey Portfolio
<b>Purchase Consideration</b>	MIT-MIPL JV share: US\$1,367.9 million (S\$1,900.3 million <sup>1</sup> ) <b>MIT share: US\$683.9 million (S\$950.2 million)</b>
<b>Total Cost Relating to MIT’s Investment in MIT-MIPL JV<sup>2</sup></b>	US\$694.5 million (S\$965.0 million)
<b>Valuation<sup>3</sup></b>	100% Basis: US\$1,625.0 million (S\$2,257.6 million) MIT-MIPL JV share: US\$1,416.4 million (S\$1,967.8 million) <b>MIT share: US\$708.2 million (S\$983.9 million)</b>
<b>Vendor</b>	Digital Realty
<b>Target Completion Date</b>	Turnkey Portfolio (Late 2019) Powered Shell Portfolio (Early 2020)

1 Unless otherwise stated, an illustrative exchange rate of US\$1.00 to S\$1.38927 is used in this presentation.

2 Comprises MIT’s proportionate share of the Purchase Consideration, estimated transfer taxes, professional and other fees and expenses in connection with the Proposed Acquisition respectively, as well as the acquisition fee payable to the Manager for the JV (1% of MIT’s proportionate share of the Purchase Consideration) and other expenses in connection with MIT’s investment in the JV.

3 Independent valuations of the Powered Shell Portfolio and Turnkey Portfolio (on a 100% basis) as at 1 Sep 2019 by Newmark Knight Frank Valuation & Advisory, LLC. based on the sales comparison approach and income capitalisation approach.

4 Refers to the purchase consideration of MIT-MIPL JV.

# 13 Data Centres Across the US and Canada

Key Tenants (combined 51.7% of GRI<sup>1</sup>)

**3 of the top 10 largest tech companies in the US<sup>2</sup>**

Occupancy

**100.0%**

WALE<sup>3</sup>

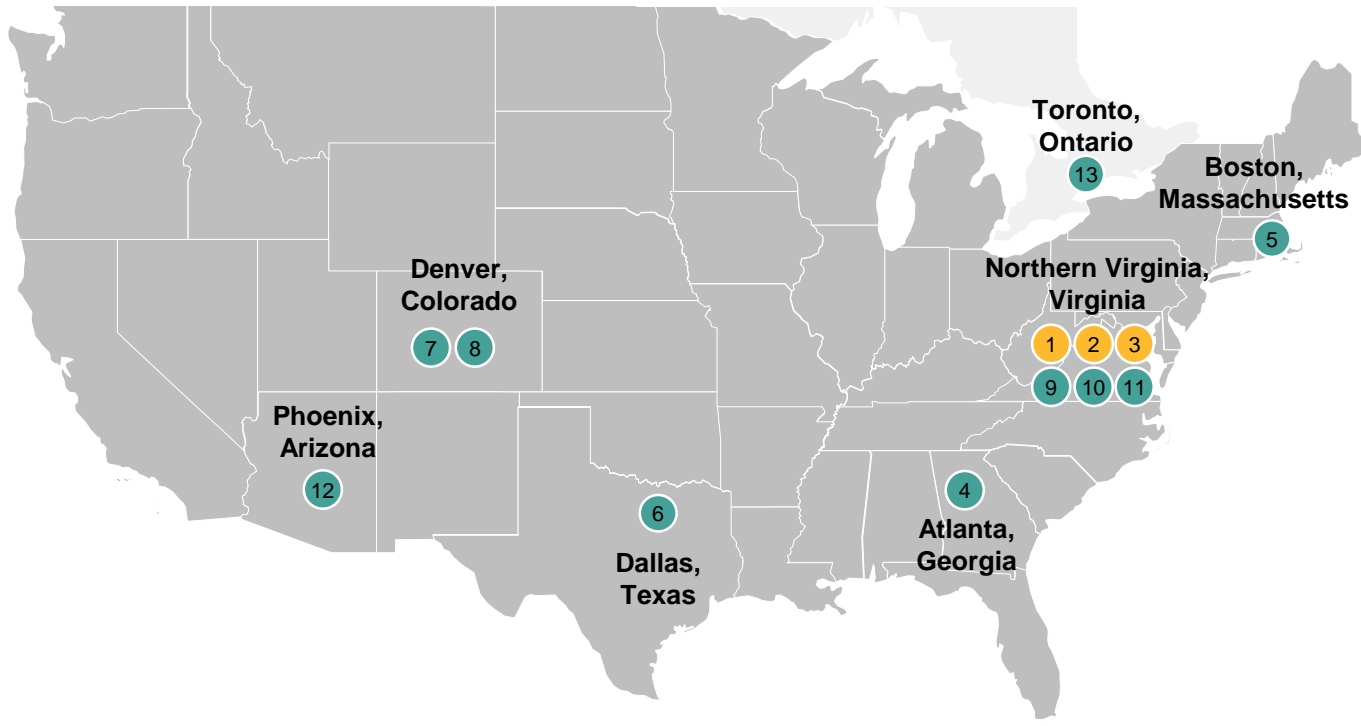
**9.1 years**

Fixed Rental Escalations

**≥2% p.a. for about 92.2% of leases**

Land Tenure<sup>4</sup>

**94.1% Freehold**



## Turnkey Portfolio (US\$810.6m)<sup>5</sup> (Hyperscale Data Centres)

<b>Northern Virginia Virginia</b>	1	21744 Sir Timothy Drive (ACC10)
	2	21745 Sir Timothy Drive (ACC9)
	3	44490 Chilum Place (ACC2)

## Powered Shell Portfolio (US\$557.3m)<sup>6</sup>

<b>Atlanta Georgia</b>	4	375 Riverside Parkway
<b>Boston Massachusetts</b>	5	115 Second Avenue
<b>Dallas Texas</b>	6	17201 Waterview Parkway
<b>Denver Colorado</b>	7	8534 Concord Center Drive
	8	11900 East Cornell Avenue
<b>Northern Virginia Virginia</b>	9	21110 Ridgetop Circle
	10	21561-21571 Beaumeade Cicle
	11	45901-45845 Nokes Boulevard
<b>Phoenix Arizona</b>	12	2055 East Technology Circle
<b>Toronto Ontario</b>	13	6800 Millcreek

1 By proforma GRI based on MIT-MIPL JV's 100% interest in the Powered Shell Portfolio and 80% interest in the Turnkey Portfolio (the "MRODCT Portfolio") as at 1 Apr 2020.  
 2 Based on market capitalisation as at 31 Aug 2019.  
 3 Based on WALE by proforma GRI of the MRODCT Portfolio as at 1 Apr 2020.  
 4 Based on land area of MRODCT Portfolio.  
 5 Purchase Consideration of MIT-MIPL JV's 80% stake in the Turnkey Portfolio.  
 6 Purchase Consideration of the Powered Shell Portfolio.

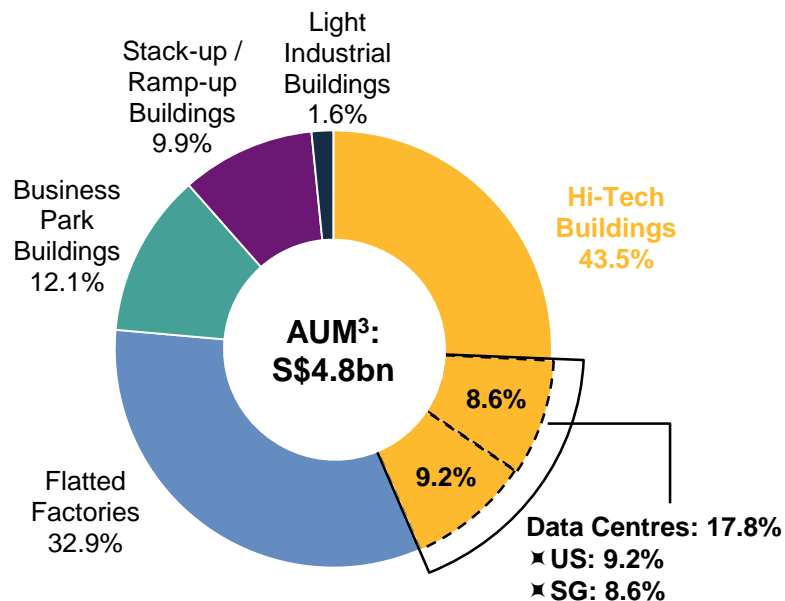


# Capturing Growth in the Data Centre Sector

## Access to fast-growing data centre sector

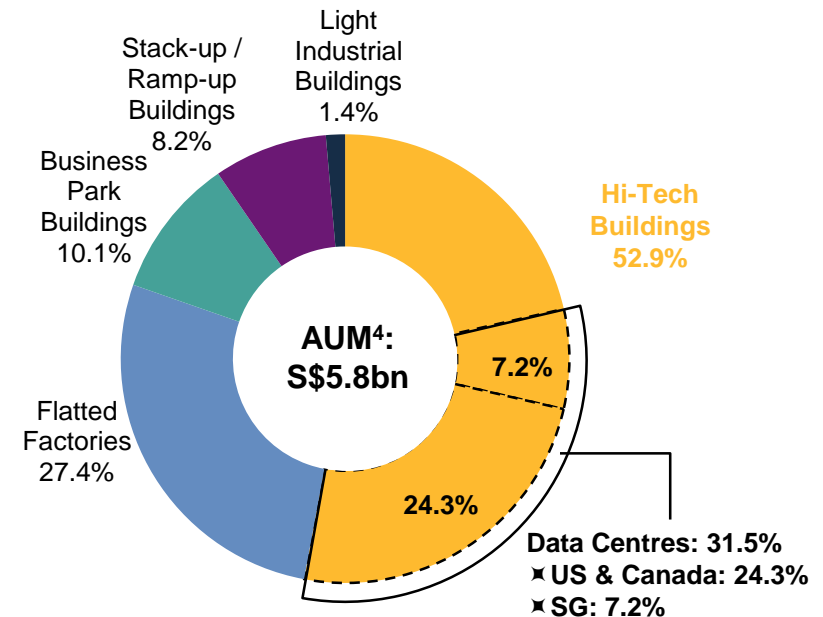
- Increases MIT's exposure to Hi-Tech Buildings from 43.5%<sup>1</sup> to 52.9%
- Increases MIT's exposure to overseas data centres from 9.2%<sup>1</sup> to 24.3%
- The Sponsor has granted MIT the right of first refusal ("ROFR") to acquire its 50% interest in MRODCT Portfolio. Combined with the ROFR to acquire the Sponsor's 60% interest in Mapletree Redwood Data Centre Trust<sup>2</sup>, these provide significant investment pipeline

### Pre-Acquisition: Portfolio Breakdown<sup>3</sup>



Singapore	90.8%
United States	9.2%

### Post-Acquisition: Portfolio Breakdown<sup>4</sup>



Singapore	75.7%
United States and Canada	24.3%

<sup>1</sup> As at 30 Sep 2019.

<sup>2</sup> MIT acquired 14 data centres in the United States through a 40:60 joint venture with the Sponsor.

<sup>3</sup> Based on MIT's book value of investment properties and investment properties under development as well as MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States and included right of use assets of S\$19.5 million as at 30 Sep 2019.

<sup>4</sup> Based on MIT's AUM as at 30 Sep 2019 and total cost relating to MIT's investment in MIT-MIPL JV.

# Upgrading – 7 Tai Seng Drive



7 Tai Seng Drive (after upgrading into a data centre)

Total Project Cost  
**S\$95.0 million<sup>1</sup>**

GFA  
**256,600 sq ft**

Completion

**3 Jul 2019**

Lease  
Commencement

**20 Jul 2019<sup>2</sup>**

- ✦ Upgraded the seven-storey property into a data centre
- ✦ Upgrading works included increasing power and floor loading capacities and installing additional telecommunication infrastructure
- ✦ 100% committed by Equinix Singapore for an initial term of 25 years<sup>3</sup> with annual rental escalations

<sup>1</sup> Includes the purchase consideration of 7 Tai Seng Drive for S\$68.0 million.

<sup>2</sup> Includes a rent-free period of two months.

<sup>3</sup> Subject to MIT exercising the option to extend the land lease for the additional 30 years.

# Redevelopment – Kolam Ayer 2

	Property	GFA	Plot Ratio
Kolam Ayer 2 Cluster	Two Flatted Factories and an amenity centre	506,720 sq ft	1.5
After Redevelopment	New Hi-Tech Buildings, including a seven-storey BTS Facility for Anchor Tenant	865,600 sq ft	2.5



*Kolam Ayer 2 Cluster*



*Artist's impression of MIT's new high-tech industrial precinct with BTS Facility on the left*

- ✦ Redevelopment of Kolam Ayer 2 Flatted Factory Cluster into a new high-tech industrial precinct at total project cost of S\$263 million<sup>1</sup>
- ✦ Secured pre-commitment from a global medical device company headquartered in Germany (the “Anchor Tenant”) for about 24.4% of enlarged GFA (~211,000 sq ft)
- ✦ BTS Facility is 100% committed by Anchor Tenant for lease term of 15 + 5 + 5 years<sup>2</sup> with annual rental escalations
- ✦ 59 out of 108 existing tenants have committed to new leases at alternative MIT clusters
- ✦ Commencement in 2H2020 and completion in 2H2022

<sup>1</sup> Includes the book value of the Kolam Ayer 2 Cluster at S\$70.2 million as at 31 Mar 2019 prior to the commencement of the redevelopment.

<sup>2</sup> Includes a rent-free period of 6 months distributed over the first six years. Anchor Tenant is responsible for all operating expense and property tax of the BTS Facility.





# ***OUTLOOK AND STRATEGY***

*Hi-Tech Buildings, 7337 Trade Street, San Diego*

## Singapore

- ✦ Challenging operating environment
  - Singapore economy grew by 0.1% y-o-y in the quarter ended 30 Sep 2019, same pace of growth in the preceding quarter<sup>1</sup>
  - Local business confidence fell to a near two-year low for the fourth quarter of 2019, after edging up slightly in the preceding quarter. The manufacturing and wholesale trade sectors are bracing for a downturn, as they are the most exposed to the heightened trade tensions between United States and China<sup>2</sup>
- ✦ Median rents for industrial real estate for 2QFY19/20<sup>3</sup>
  - Multi-user Factory Space: S\$1.80 psf/mth (1.7% q-o-q)
  - Business Park Space: S\$4.20 psf/mth (5.0% q-o-q)

## United States

- ✦ According to 451 Research<sup>4</sup>, the United States remained the world's largest and most established data centre market, which accounted for about 32% of the global insourced and outsourced data centre space (by net 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 6.5% respectively.

The Manager will continue to proactively manage the existing portfolio and adopt a disciplined approach to investment opportunities while monitoring the global economic developments closely.

<sup>1</sup> Source: Ministry of Trade and Industry (Advance Estimates), 14 Oct 2019

<sup>2</sup> Source: Singapore Commercial Credit Bureau, 4Q2019

<sup>3</sup> Source: JTC J-Space, 21 Oct 2019

33 <sup>4</sup> Source: 451 Research, LLC., 2Q2019



## Stable and Resilient Portfolio

- ✦ Overall Portfolio's WALE increased q-o-q from 3.4 years to 3.6 years as at 30 Sep 2019
- ✦ Only 7.2% of leases (by gross rental revenue) remain due for renewal in FY19/20

## Enhanced Financial Flexibility

- ✦ Successfully raised about S\$400.0 million from a private placement to partly fund the US Acquisition

## Growth by Acquisitions and Developments

- ✦ Embarking on its largest redevelopment project at Kolam Ayer with 24.4% of space pre-committed
- ✦ Completed upgrading of 7 Tai Seng Drive into a data centre for Equinix Singapore
- ✦ Announced second overseas acquisition of 13 data centres in North America



## End of Presentation

For enquiries, please contact Ms Melissa Tan, Director, Investor Relations,  
DID: (65) 6377 6113, Email: [melissa.tanhl@mapletree.com.sg](mailto:melissa.tanhl@mapletree.com.sg)