

# SUSTAINABILITY

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**13<sup>th</sup> Annual General Meeting | 19 July 2023**

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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").

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# AGENDA

- KEY HIGHLIGHTS – 1 APRIL 2022 TO 31 MARCH 2023
- FINANCIAL AND CAPITAL MANAGEMENT REVIEW
- PORTFOLIO HIGHLIGHTS
- INVESTMENT UPDATE
- OUTLOOK

➤ KEY HIGHLIGHTS  
1 APRIL 2022 TO 31 MARCH 2023



*400 Minuteman Road, Andover*

## RESILIENT FINANCIAL PERFORMANCE IN FY22/23

- Distributable income: S\$356.6 million (↑ **1.6%** year-on-year)
- DPU: 13.57 cents (↓ **1.7%** year-on-year)

## ACTIVE CAPITAL MANAGEMENT

- Raised total proceeds of **S\$184 million** from Distribution Reinvestment Plan (DRP)<sup>1</sup>
- Healthy aggregate leverage ratio of **37.4%**

## PORTFOLIO UPDATE

- Average Overall Portfolio occupancy of **95.5%** (↑ from 93.9% in FY21/22)
- Healthy retention rate of **86.3%** for Singapore Portfolio (↑ from 82.5% in FY21/22)
- Completion of MIT's largest redevelopment project, Mapletree Hi-Tech Park @ Kallang Way (**S\$291.0 million**)<sup>2</sup>
- Completed two divestments:
  - 19 Changi South Street 1, Singapore on 21 April 2022 (**S\$13.0 million**)
  - 19675 West Ten Mile Road, Southfield, Michigan on 9 June 2022 (**US\$10.0 million**)

<sup>1</sup> For distributions from 3QFY21/22 to 3QFY22/23.

<sup>2</sup> Refers to the valuation of 161, 163 and 165 Kallang Way as at 31 March 2023.

# SUSTAINABLE RETURNS SINCE IPO



MIT's closing unit price of S\$2.370 as at 31 March 2023

- <sup>1</sup> Rebased MIT's unit issue price of S\$0.93 and opening unit prices of FTSE ST REITs Index and FTSE Straits Times Index on 21 October 2010 to 100.
- <sup>2</sup> Sum of distributions and capital appreciation for the period over the unit issue price at listing or closing unit price on the last trading day prior to the commencement of the period.

MIT's Return on Investment	Capital Appreciation	Distribution Yield	Total Return
Since Listing from 21 October 2010 to 31 March 2023	154.8% <sup>2</sup>	150.6%	305.4%
1 April 2022 to 31 March 2023	-11.9% <sup>2</sup>	5.0%	-6.9%

➤ FINANCIAL AND  
CAPITAL MANAGEMENT REVIEW



18 Tai Seng, Singapore



# FY22/23 FINANCIAL RESULTS

	FY21/22 S\$'000	FY22/23 S\$'000	Change %
Gross revenue	610,063	684,865	12.3
Property operating expenses	138,082	166,914	20.9
<b>Net property income</b>	<b>471,981</b>	<b>517,951</b>	<b>9.7</b>
<b>Cash distribution declared by joint venture</b>	<b>27,122</b>	<b>28,552</b>	<b>5.3</b>
<b>Amount available for distribution</b>	<b>359,320</b>	<b>366,099</b>	<b>1.9</b>
- to perpetual securities holders	8,414	9,450	12.3
- to Unitholders	350,906	356,649	1.6
<b>Distribution per Unit (Singapore cents)</b>	<b>13.80</b>	<b>13.57</b>	<b>(1.7)</b>

## AMOUNT AVAILABLE FOR DISTRIBUTION GREW BY 1.6% YEAR-ON-YEAR

- Amount available for distribution to Unitholders grew by 1.6% year-on-year due to contribution from the acquisition of 29 data centres in the United States, partially offset by higher borrowing costs and manager's management fees
- Decline in DPU was attributed by an enlarged unit base with additional units issued under the DRP

## NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As at 31 March

	2022 S\$'000	2023 S\$'000	Change %
Total assets	8,479,971	8,546,802	0.8
Total liabilities	3,201,113	3,170,867	(0.9)
<b>Net assets attributable to Unitholders</b>	<b>4,977,056</b>	<b>5,074,133</b>	<b>2.0</b>
<b>Number of Units in issue ('000)</b>	<b>2,676,562</b>	<b>2,739,870</b>	<b>2.4</b>
<b>Net asset value per Unit (S\$)</b>	<b>1.86</b>	<b>1.85</b>	<b>(0.5)</b>

## TOTAL ASSETS INCREASED BY 0.8% YEAR-ON-YEAR

- Primarily due to the redevelopment project, Mapletree Hi-Tech Park @ Kallang Way, that was largely funded by proceeds from the DRP
- Net asset value per Unit decreased from S\$1.86 to S\$1.85 on the unit base, which increased by 2.4%

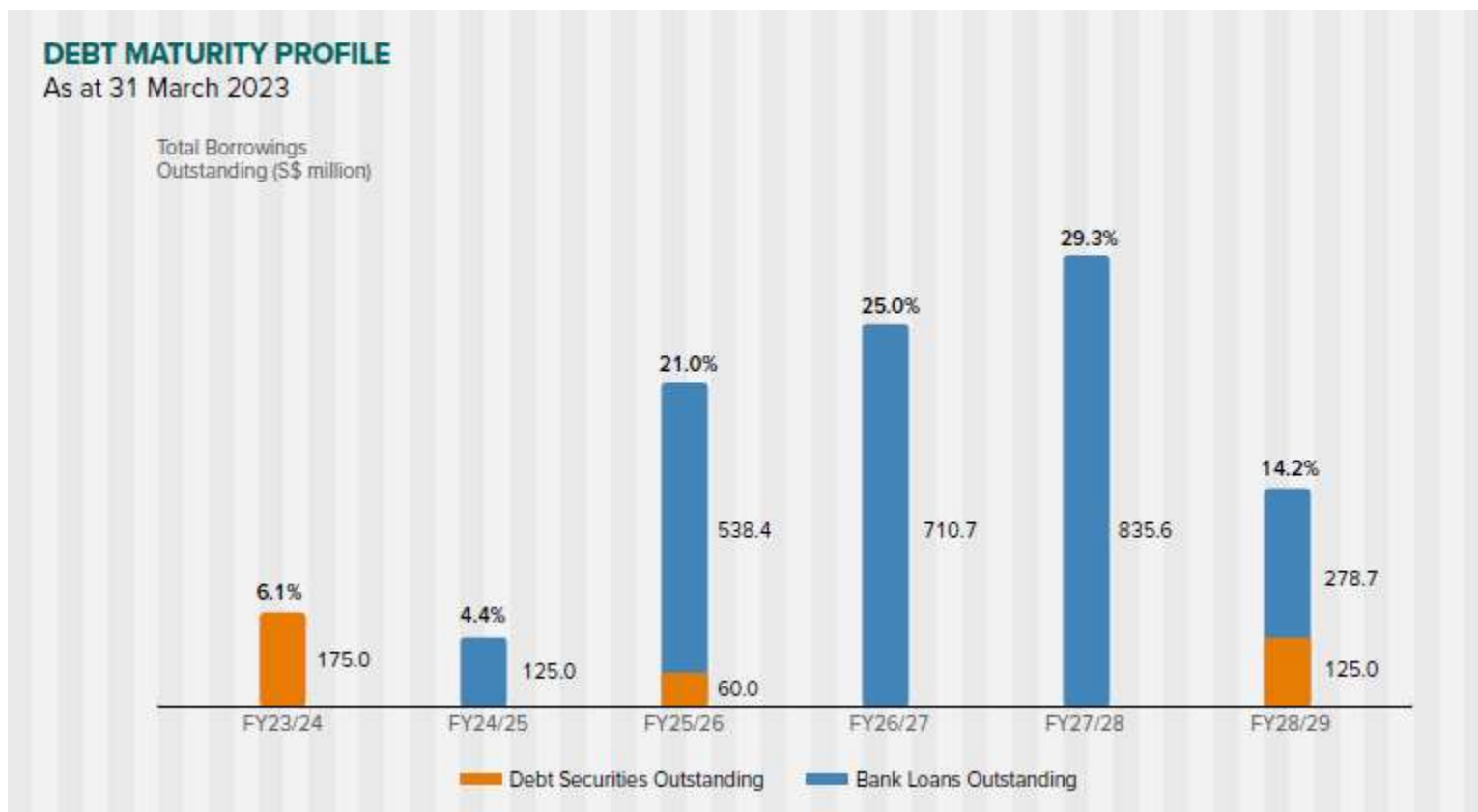
# HEALTHY BALANCE SHEET

As at 31 March (in S\$ million unless otherwise stated)	2022	2023
Total borrowings outstanding	2,904.1	<b>2,848.4</b>
Weighted average tenor of debt	3.8 years	<b>3.7 years</b>
Average borrowing cost for the financial year	2.5%	<b>3.1%</b>
Interest coverage ratio for the financial year	6.4 times	<b>5.0 times</b>
Aggregate leverage ratio*	38.4%	<b>37.4%</b>
Bank facilities available for utilisation	1,202.6	<b>1,376.9</b>
MIT Issuer Default Rating by Fitch Ratings	BBB+ Stable	<b>BBB+ Stable</b>

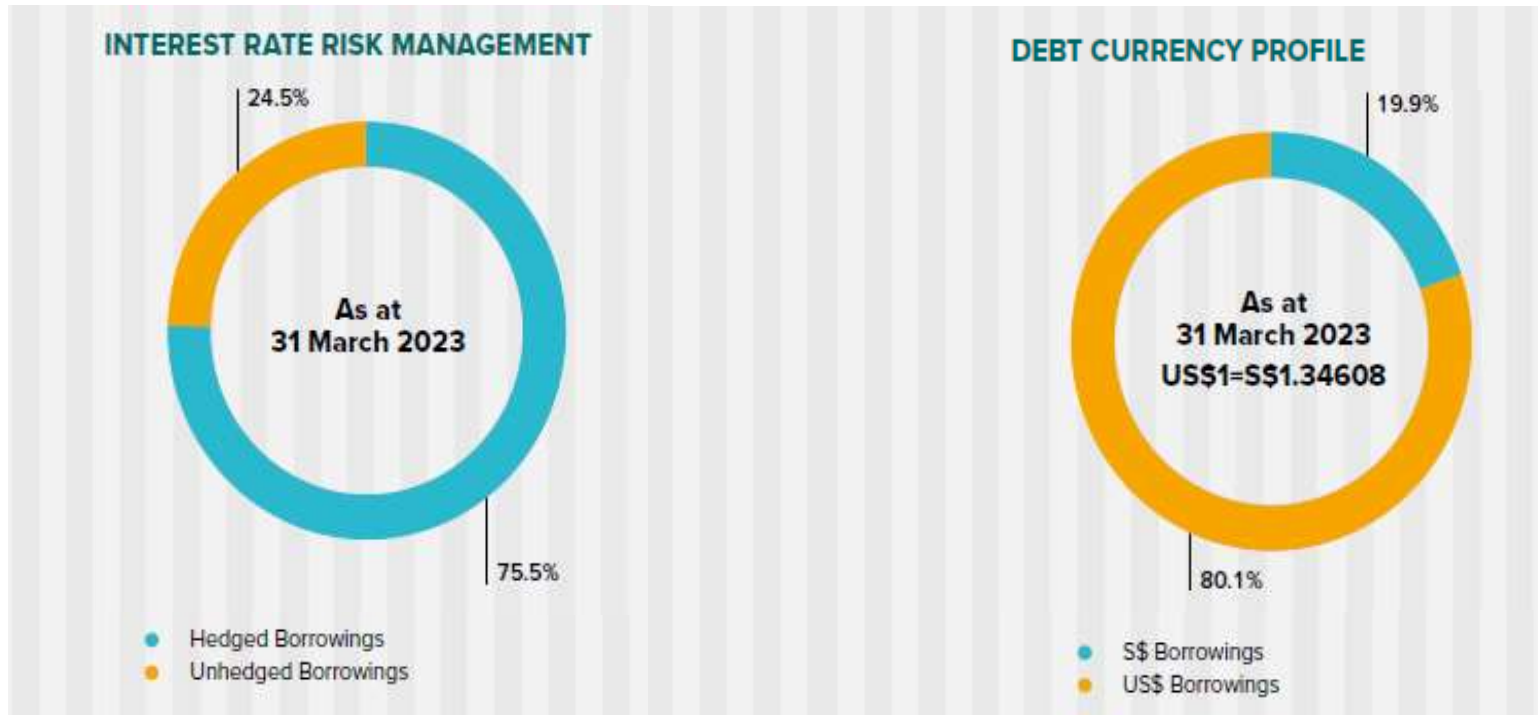
\* The aggregate leverage ratio included the proportionate share of the aggregate leverage and deposited property value of joint venture. As at 31 March 2023, the aggregate leverage including such proportionate share was S\$3,403.1 million based on the exchange rate of US\$1 to S\$1.34608. The aggregate leverage including such proportionate share as at 31 March 2022 was S\$3,467.2 million based on the exchange rate of US\$1 to S\$1.36444.

## AGGREGATE LEVERAGE AND DEBT CAPACITY

- Raised total proceeds of about **S\$184 million** from the resumption of DRP for distributions from 3QFY21/22 to 3QFY22/23 to finance the funding needs of the redevelopment project at Kallang Way
- Debt headroom of about S\$686.5 million and S\$1,140.9 million to the aggregate leverage ratios of 45% and 50%, respectively



Weighted average tenor of debt at **3.7 years**



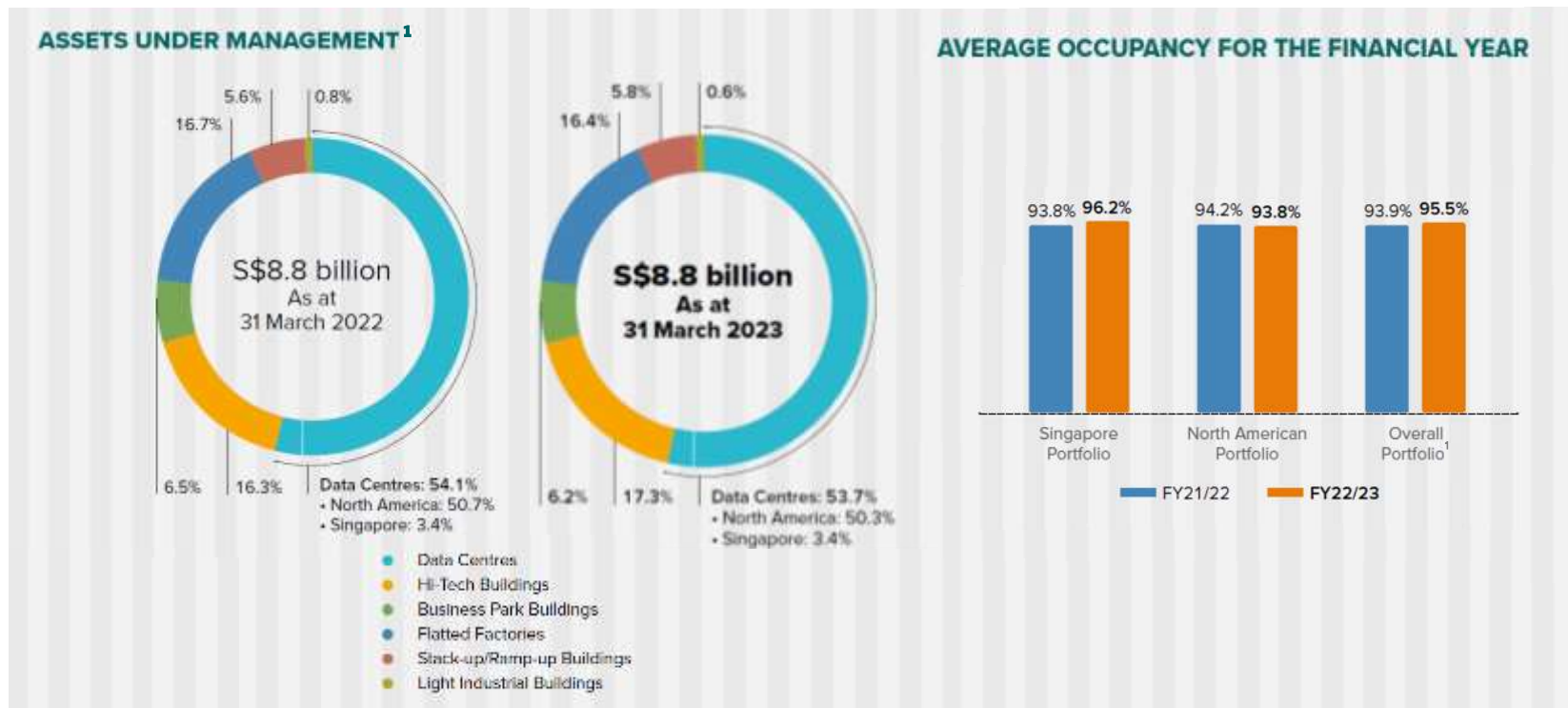
- Based on unhedged borrowings as at 31 March 2023, a 50 basis points change in base rates<sup>1</sup> would have an estimated impact of S\$2.6 million or 0.09 SGD cent per annum on amount available for distribution or DPU respectively
- 85.8%** of MIT's FY22/23 US\$ net income was hedged into S\$ through forward contracts

<sup>1</sup> Base rates denote SG\$ Singapore Overnight Rate Average and US\$ Secured Overnight Financing Rate.

# ➤ PORTFOLIO HIGHLIGHTS



*3255 Neil Armstrong Boulevard, Eagan*



As at 31 March	2022	2023
Number of properties	<b>143 Properties</b> 86 in Singapore 57 in North America	<b>141 Properties</b> 85 in Singapore 56 in North America
NLA (million sq ft)	24.2 <sup>2</sup>	<b>24.8<sup>2</sup></b>

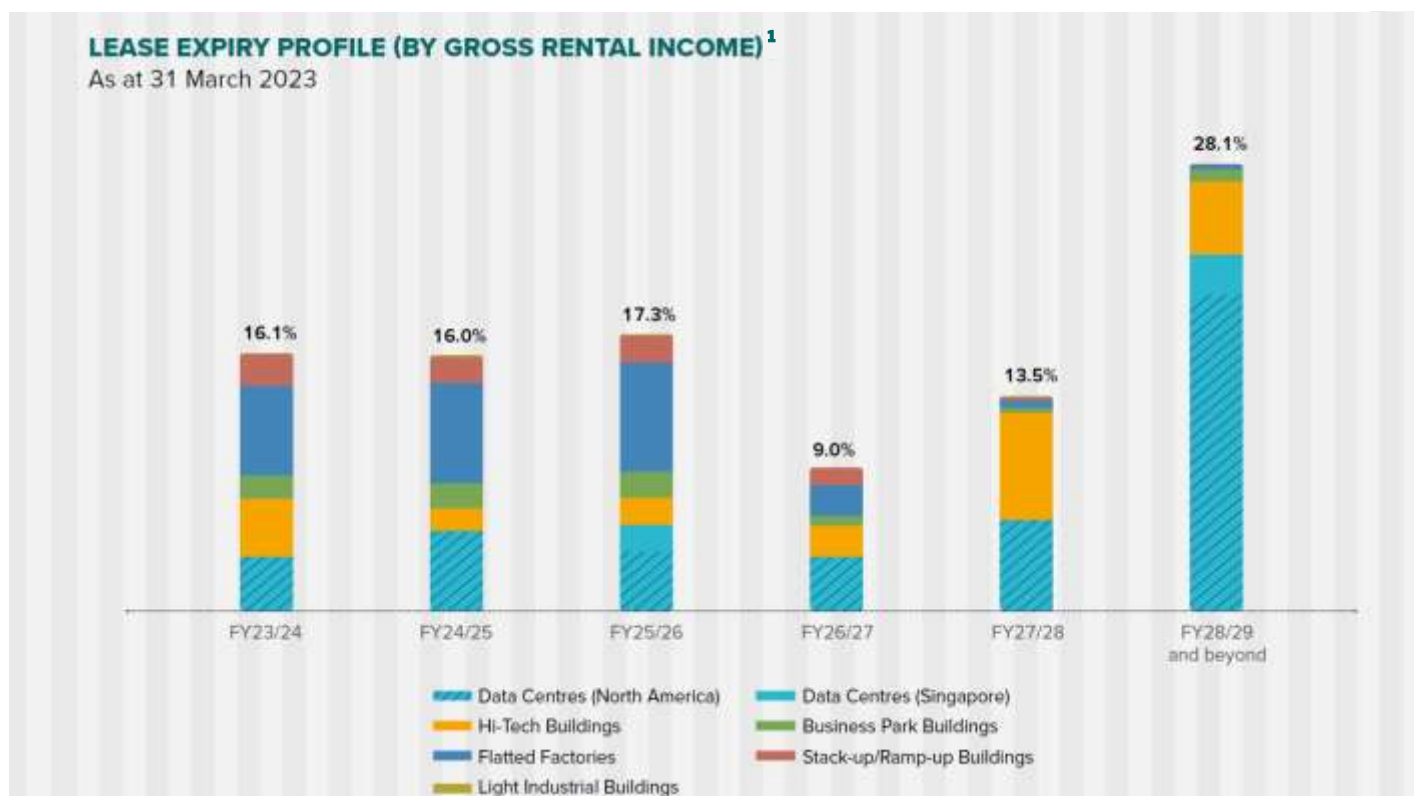
<sup>1</sup> Based on MIT's 50% interest of the joint venture with Mapletree Investments Pte Ltd ("MIPL") in three fully fitted hyperscale data centres and 10 powered shell data centres in North America through Mapletree Rosewood Data Centre Trust ("MRODCT").

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

# WELL-DISTRIBUTED LEASE EXPIRY PROFILE

## WALE Based on Date of Commencement of Leases (By Gross Rental Income)

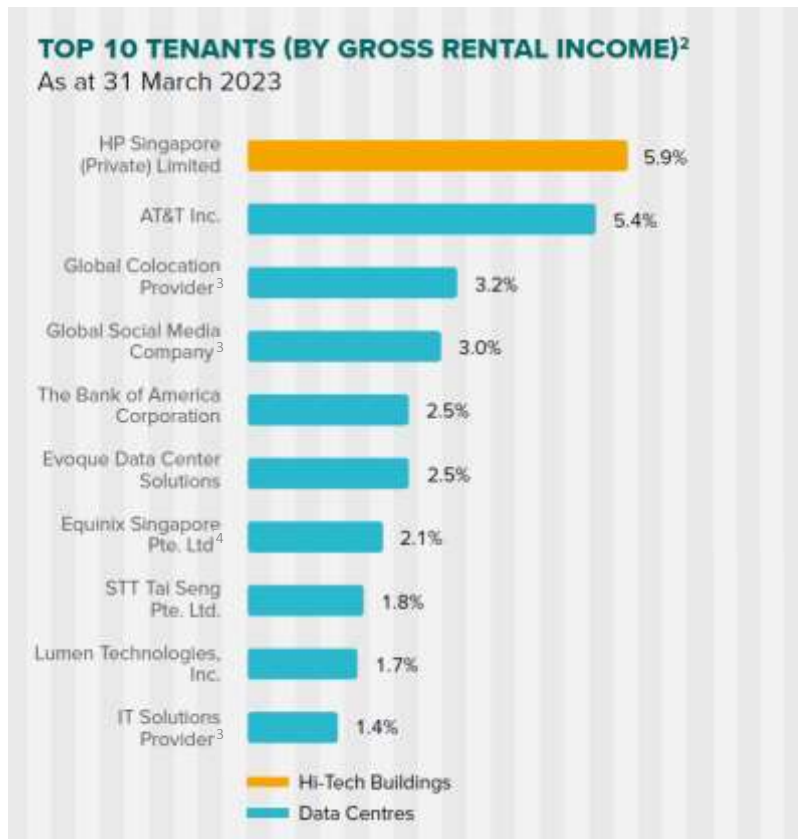
WALE (in years)	As at 31 March 2022	As at 31 March 2023
North American Portfolio	6.1	5.6
Singapore Portfolio	2.7	2.9
Overall Portfolio <sup>1</sup>	4.1	3.9



<sup>1</sup>Based on MIT's 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America through MRODCT.



# LARGE AND WELL-DIVERSIFIED TENANT BASE



- Large and well-diversified tenant base of **2,366<sup>1</sup>** tenants with 2,803 leases
- Top 10 tenants accounted for **29.5%** of the Overall Portfolio's monthly gross rental income as at 31 March 2023

<sup>1</sup> The total number of tenants in the portfolio is lower than the aggregate number of tenants in all six property segments as there are some tenants who have leases in more than one property segment or geographical location.

<sup>2</sup> Based on MIT's 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America through MRODCT.

<sup>3</sup> The identities of the tenants cannot be disclosed due to the strict confidentiality obligations under the lease agreements.

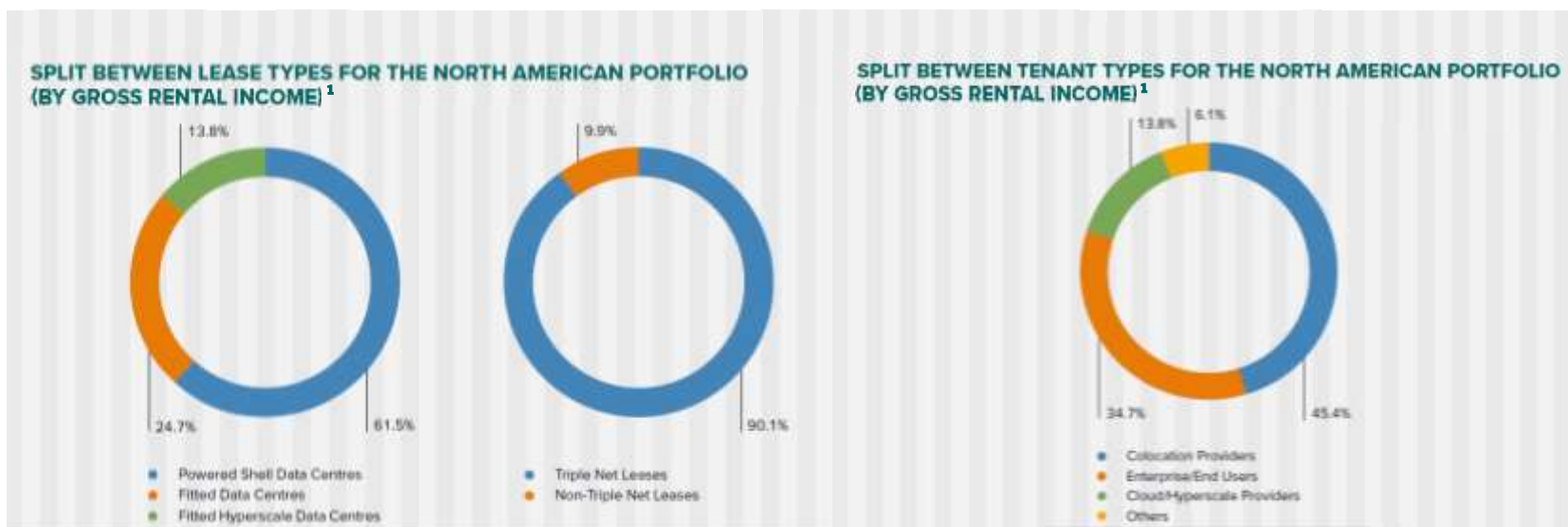
<sup>4</sup> Included the contribution from Equinix Inc. at 180 Peachtree Street NW, Atlanta.



- Weighted average unexpired lease term for underlying leasehold land for the properties was **35.3 years** as at 31 March 2023
- Freehold land accounted for about **65.7%** of the Overall Portfolio (by land area)

<sup>1</sup> Based on MIT's 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America through MRODCT.

<sup>2</sup> Excludes the options to renew.



- Average North American Portfolio occupancy rate of **93.8%**
- Long WALE of **5.6 years** as at 31 March 2023
- About **48.4%** of leases have expiries beyond five years
- Average passing rental rate of **US\$2.38** psf/mth (↑ from US\$2.35 psf/mth in FY21/22), which was primarily due to built-in rental escalations

<sup>1</sup>Based on MIT's 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America through MRODCT.

## Environmental



Achieved **BCA Green Mark Platinum** Award for 161 and 163 Kallang Way and **BCA Green Mark Gold<sup>Plus</sup>** Award for Serangoon North Cluster



Installed **solar panels** at 5 **Flatted Factory clusters** with generating capacity of about **4,000 kWp**



Implemented **staff sustainability** programme on waste minimisation and recycling



Established target for non-material matter, **“Waste Management”**

## Social



Introduced **sustainability clauses** for new and renewal leases in Hi-Tech Buildings and Business Park Buildings



Engaged **26%** of tenants (by Overall Portfolio’s NLA) on ESG matters (including data sharing)



Average **training hours** per employee of **49.2 hours** in FY22/23 (↑ from 43.3 hours in FY21/22)



Ranked **Top 10** in Singapore for Gender Equality in 2022 by Equileap

## Governance



Improved **GRESB** Real Estate Assessment score from 50 points in 2021 to **71 points** in 2022



Attained **‘A’** for **GRESB** Public Disclosure Level



Rated as **Low Risk** by Morningstar Sustainalytics ESG Risk Ratings



Improved **female representation** on the Board from 18% to **25%**

## Long-term Targets By FY29/30

Average Building Electricity Intensity<sup>1</sup>

▼ 15%

Average Building GHG Emissions Intensity<sup>1</sup>

▼ 17%

Total Solar Energy Generating Capacity

10,000 kWp



**Accelerate Adoption of Renewable Energy**



**Attain Green Building Certifications**

### Achievements

- Completed installation of solar panels at five Flatted Factories clusters<sup>2</sup> in FY22/23 with an aggregate generating capacity of about 4,000 kWp
- Obtained BCA Green Mark Gold<sup>Plus</sup> Award for Serangoon North Cluster (23 Sep 2022)
- Obtained BCA Green Mark Platinum Award for 161 & 163 Kallang Way (9 Dec 2022)

### Plans for FY23/24

- To install more solar panels from FY23/24
- Re-certified BCA Green Mark Gold for The Signature (4 Jul 2023)<sup>Completed</sup>



*Acceleration in use of renewable energy and adoption of nature-based solutions are part of Mapletree Group Net Zero by 2050 Roadmap*

<sup>1</sup> For MIT's properties in Singapore from the base year of FY19/20. FY19/20 was used as the base year as FY19/20 energy performance was more representative of operational activities at MIT's properties prior to the COVID-19 pandemic.

<sup>2</sup> Refers to Chai Chee Lane, Kampong Ubi, Kolam Ayer 5, Loyang 1 and 2 Clusters.

# ➤ INVESTMENT UPDATE



*K&S Corporate Headquarters, Singapore*

# REDEVELOPMENT – 161, 163 & 165 KALLANG WAY

Valuation	S\$291.0 million (as at 31 March 2023)
Gross Floor Area	865,685 sq ft
Plot Ratio	2.5 (↑ from initial plot ratio of 1.5)
Completion	23 March 2023
Tenant Commitment	<ul style="list-style-type: none"> <li>▪ BTS Facility (165 Kallang Way) is 100% leased to a global medical device company headquartered in Germany for lease term of 15 + 5 + 5 years<sup>1</sup> with annual rental escalations</li> <li>▪ Secured committed occupancy of 44.1% (by NLA)<sup>2</sup></li> </ul>
Sustainability Certification	Obtained BCA Green Mark Platinum Award for 161 and 163 Kallang Way

Before: Kolam Ayer 2 Cluster



After: Mapletree Hi-Tech Park @ Kallang Way



<sup>1</sup> Includes a rent-free period of six months distributed over the first six years. Anchor tenant of the build-to-suit (“BTS”) facility is responsible for all operating expense and property tax of the BTS Facility.

<sup>2</sup> Includes the 28.9% commitment (by NLA) from the anchor tenant of the BTS facility.

# PROPOSED ACQUISITION OF A DATA CENTRE IN OSAKA, JAPAN

Purchase Consideration / Effective Consideration	<ul style="list-style-type: none"> <li>100% Basis: JPY52.0 billion (approximately S\$507.9 million<sup>1</sup>)</li> <li>98.47% MIT effective interest<sup>2</sup>: JPY51.2 billion (approximately S\$500.1 million)</li> </ul>
Valuation <sup>3</sup>	100% Basis: JPY52.0 billion (approximately S\$507.9 million)
MIT Total Acquisition Outlay <sup>4</sup>	JPY51.8 billion (approximately S\$505.9 million)
Land Area	Approx. 45,280 sq ft
Land Tenure	70 years from 1 October 2020 (67.3 years remaining as at 30 June 2023)
Net Lettable Area	Approx. 136,900 sq ft
Expected Completion Date	By 3Q 2023
Vendor	Suma Tokutei Mokuteki Kaisha
About the Property	<ul style="list-style-type: none"> <li>Multi-storey, fully-fitted data centre, located in downtown Osaka</li> <li>Construction and first phase of fit-out works completed in November 2022, with remaining three fit-out phases to be completed progressively by May 2025</li> <li>100% leased to an established data centre operator<sup>5</sup></li> <li>Net lease structure with minimal landlord operational obligations</li> </ul>

<sup>1</sup> Unless otherwise stated, an illustrative exchange rate of JPY102.38 to S\$1.00 is used in this presentation.

<sup>2</sup> The balance of the Purchase Consideration will be funded by the Sponsor, MIPL.

<sup>3</sup> Based on the independent valuation of JLL Morii Valuation & Advisory K.K. as at 30 April 2023 using cost approach and income capitalisation approach.

<sup>4</sup> Comprising the Effective Consideration, the acquisition fee to the Manager for the Proposed Acquisition, the estimated professional and other fees and expenses incurred or to be incurred by MIT in connection with the Proposed Acquisition.

<sup>5</sup> 100% committed occupancy by the same tenant has been secured for the Property, including all four fit-out phases.

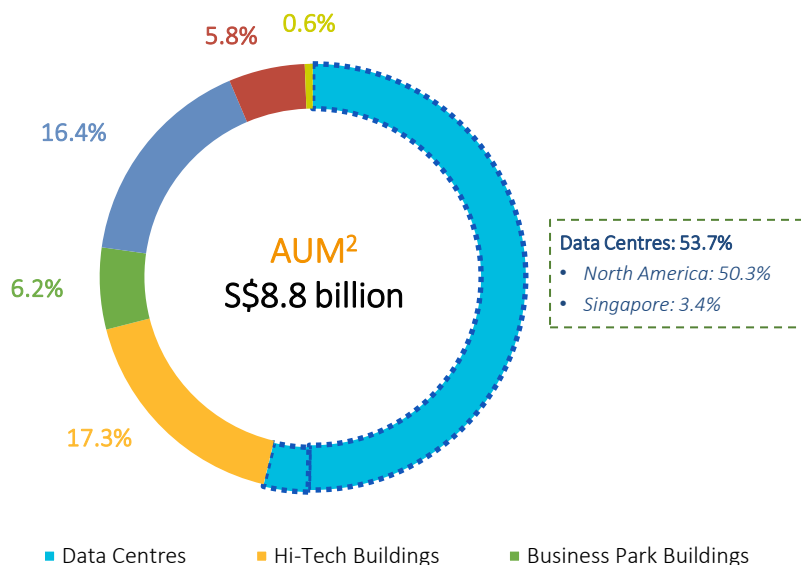


# PROPOSED ACQUISITION OF A DATA CENTRE IN OSAKA, JAPAN (2)

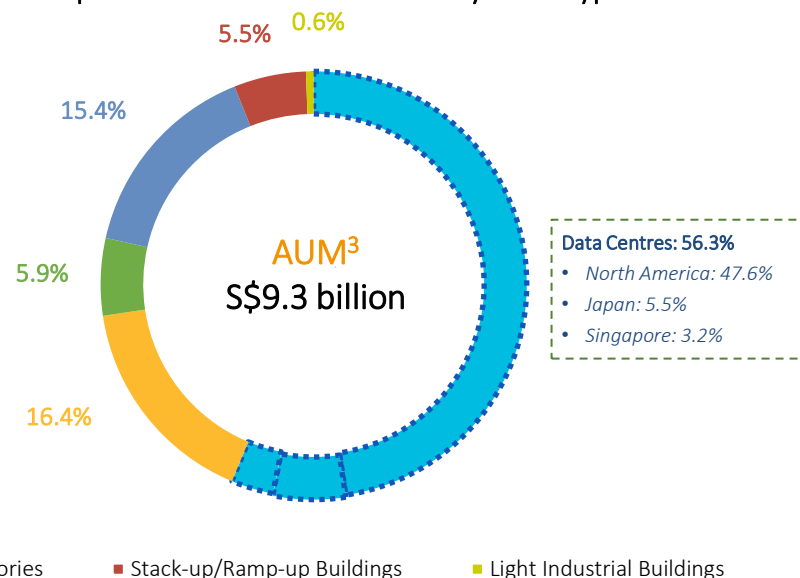
## Enlarges presence in the growing data centre sector

- Increases MIT's exposure to data centres from 53.7%<sup>1,2</sup> to 56.3%<sup>1,3</sup>
- Increases MIT's exposure to APAC data centres from 3.4%<sup>1,2</sup> to 8.7%<sup>1,3</sup>

Pre-Acquisition: Portfolio Breakdown by Asset Type<sup>1</sup>



Post-Acquisition: Portfolio Breakdown by Asset Type<sup>1</sup>



AUM by Geography

North America	50.3%
Singapore	49.7%

AUM by Geography

North America	47.6%
Singapore	46.9%
Japan <sup>New</sup>	5.5%

<sup>1</sup> By AUM.

<sup>2</sup> Based on MIT's book value of investment properties as well as MIT's interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America and included MIT's right of use assets as at 31 March 2023.

<sup>3</sup> Based on MIT's portfolio as at 31 March 2023 and the Total Acquisition Outlay with MIT's effective interest of 98.47% in the Property.

## *Opportunistic divestments of non-core properties to redeploy capital for investments*



Property	19 Changi South Street 1, Singapore
GFA / NLA (sq ft)	82,737
Land Tenure	30-year land lease from 16 November 1996 <sup>1</sup>
Sale Price	S\$13.0 million
Valuation	S\$11.9 million <sup>2</sup>
Premium to Valuation	9.2%
Completed	21 April 2022

Property	19675 West Ten Mile Road, Southfield, Michigan
GFA / NLA (sq ft)	52,940 <sup>3</sup>
Land Tenure	Freehold
Sale Price	US\$10.0 million
Valuation	US\$6.9 million <sup>4</sup>
Premium to Valuation	44.9%
Completed	9 June 2022

<sup>1</sup> It has an option to extend for another 30 years.

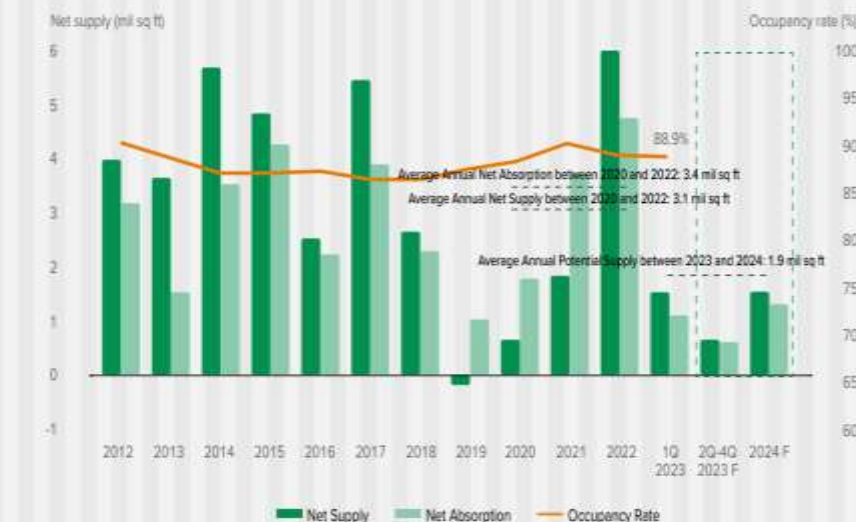
<sup>2</sup> As at 5 November 2021.

<sup>3</sup> Refers to NLA.

<sup>4</sup> As at 31 March 2022.



## NET SUPPLY, NET ABSORPTION, OCCUPANCY AND POTENTIAL SUPPLY (MULTIPLE-USER FACTORY SPACE)



Source: JTC and EDMUND TIE

## NET SUPPLY, NET ABSORPTION, OCCUPANCY AND POTENTIAL SUPPLY (BUSINESS PARK SPACE)



Source: JTC and EDMUND TIE

- Multi-user factories: Estimated 990,000 sq ft (GFA) of space to be completed from 2Q2023 to 4Q2023
  - Median rental growth is anticipated to moderate after 10 consecutive quarters of growth and grow by 3 to 5% in 2023
  - Demand to be supported by new growth areas (e.g., high-value manufacturing industries)
- Business parks: Around 753,000 sq ft (GFA) of space in the pipeline from 2Q2023 to 4Q2023
  - Growing occupier interest to continue into 2023, on the back of tight supply and spillover demand from the current tight CBD office market
  - Rents of well-located business parks are expected to rise by 1 to 2% in 2023

## SUPPLY TAKE-UP AND CONTRACTED CAPACITY OF DATA CENTRE IN NORTH AMERICA

North American Colocation Data Centre Live Supply, Take-up and Contracted Capacity



- In 2022, the North American data centre market (encompassing the US and Canada) had a total IT capacity of over 25,000MW<sup>1</sup>
  - Steady growth rate averaging 12.3% year-on-year over the past five years (2017 to 2022)
- Market share of the wholesale colocation, cloud and hyperscale data centres is projected to grow, underpinned by rising demand from cloud service providers
- The rapid growth of cloud computing and the proliferation of Internet of Things are expected to drive global data centre growth

<sup>1</sup> DC Byte, 2023.

## SINGAPORE – RESILIENT AMID ECONOMIC HEADWINDS

- Rental arrears of more than one-month improved year-on-year from 0.8% to 0.2% of previous 12 months' gross revenue as at 31 March 2023
- Singapore's GDP growth forecast for 2023 to be “between 0.5% and 2.5%”<sup>1</sup>

## NORTH AMERICA – ROBUST GROWTH TRAJECTORY

- The global colocation data centre market is expected to grow, with revenue projected to increase at a CAGR of 11% between 2020 and 2026F<sup>2</sup>

## DELIVERING SUSTAINABLE VALUE

- Strengthen portfolio resilience by scaling up data centre presence, building a portfolio of higher value assets and exploring opportunistic divestments of non-core assets
- Right of first refusal from the Sponsor for the acquisition of its 50% interest in MRODCT will be a significant pipeline for growth

<sup>1</sup> Ministry of Trade and Industry, 26 May 2023.

<sup>2</sup> DC Byte, 2023.

# SUSTAINABILITY

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**End of Presentation**