

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

PRESS RELEASE

Mapletree Industrial Trust Achieves Stable Distribution per Unit of 3.10 Cents for 2QFY20/21

- Higher year-on-year distributable income for 2QFY20/21 driven by new revenue contribution from data centres in the United States of America (the “United States”) ¹
- Completed the acquisition of the remaining 60% interest in 14 data centres in the United States
- Strengthen portfolio resilience with the proposed acquisition of a data centre in Virginia

27 October 2020 – Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of Mapletree Industrial Trust (“MIT”), wishes to announce that MIT’s distributable income for the Second Quarter Financial Year 2020/2021 from 1 July 2020 to 30 September 2020 (“2QFY20/21”) rose by 14.8% year-on-year to S\$72.9 million while distribution per Unit (“DPU”) for 2QFY20/21 decreased by 1.0% year-on-year to 3.10 cents on an enlarged unit base.

Gross revenue and net property income for 2QFY20/21 were S\$103.4 million and S\$81.6 million, representing year-on-year increases of 1.5% and 2.0% respectively. The improvement was mainly driven by new revenue contribution from the 14 data centres in the United States, but partly offset by the rental reliefs extended to tenants and the loss of revenue due to the redevelopment of the Kolam Ayer 2 Cluster. The acquisition of the remaining 60% interest in the 14 data centres in the United States from Mapletree Investments Pte Ltd (“MIPL”) was completed on 1 September 2020¹.

Distributable income for 2QFY20/21 was S\$72.9 million, 14.8% higher than 2QFY19/20. This was achieved due to higher net property income and distributions declared by joint ventures.

¹ 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 Mapletree Redwood Data Centre Trust, a 40:60 joint venture between MIT and MIPL, as the joint venture was equity accounted.

For the First Half Financial Year 2020/2021 from 1 April 2020 to 30 September 2020 (“1HFY20/21”), distributable income and DPU were S\$143.4 million and 5.97 cents² respectively.

Financial Results of MIT for 2Q & 1HFY20/21

	2QFY20/21	1QFY20/21	↑/(↓) %	2QFY19/20	↑/(↓) %	1HFY20/21	1HFY19/20	↑/(↓) %
Gross revenue (S\$'000)	103,350	99,106	4.3	101,872	1.5	202,456	201,447	0.5
Property expenses (S\$'000)	(21,748)	(20,454)	6.3	(21,883)	(0.6)	(42,202)	(43,539)	(3.1)
Net property income (S\$'000)	81,602	78,652	3.8	79,989	2.0	160,254	157,908	1.5
Distributable income (S\$'000)	72,884	70,558 ²	3.3	63,507	14.8	143,442²	126,748	13.2
No. of units in issue ('000)	2,350,379	2,201,500	6.8	2,200,484	6.8	2,350,379	2,200,484	6.8
DPU (cents)	3.10	2.87 ²	8.0	3.13	(1.0)	5.97²	6.23	(4.2)

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, “We made further progress in our portfolio rebalancing efforts in 2QFY20/21, with the successful completion of the acquisition of the remaining 60% interest in the 14 data centres in the United States. During the quarter, we have also announced the proposed acquisition of a data centre in Virginia and commenced the works for the redevelopment of the Kolam Ayer 2 Cluster. We remain focused on retaining and supporting our tenants through this uncertain economic environment.”

Portfolio Update

Average Overall Portfolio occupancy for 2QFY20/21 increased to 92.3% from 91.1% in the preceding quarter. Data Centres and Stack-up/Ramp-up Buildings registered lower average occupancy rates while the average occupancy rates of other property segments increased or remained flat compared to the preceding quarter.

² In view of the uncertainty from the COVID-19 pandemic, tax-exempt income (distributions relating to joint ventures) of S\$7.1 million (equivalent to DPU of 0.32 cent) had been withheld in 1QFY20/21. Had the tax-exempt income distribution not been withheld, the DPU for 1QFY20/21 and 1HFY20/21 would have been 3.19 cents and 6.29 cents respectively.

The average rental rate of the Singapore Portfolio decreased to S\$2.03 per square foot per month (“psf/mth”) in 2QFY20/21 from S\$2.08 psf/mth in the preceding quarter. All property segments except Data Centres (Singapore) recorded lower average rental rates mainly due to the rental rebates extended to tenants.

Investment Update

The Manager successfully obtained Unitholders’ approval for the acquisition of the remaining 60% interest in the 14 data centres in the United States for a purchase consideration of US\$215.3 million (approximately S\$292.8 million³). The agreed property value of the 14 data centres on a 60% basis is US\$494.0 million (approximately S\$671.8 million). Upon completion of the acquisition on 1 September 2020, MIT holds a 100% interest in the 14 data centres.

On 14 September 2020, MIT announced the proposed acquisition of a data centre and office located in Virginia, United States for a purchase consideration of between US\$200.6 million (approximately S\$272.8 million³) and US\$262.1 million (approximately S\$356.5 million) subject to calibration of terms. The property is fully leased on a triple net basis with a balance lease term of more than five years to a multinational company with strong credit standing. Slated for completion in the first quarter of 2021, the proposed acquisition will increase MIT’s exposure to a resilient asset class with growth opportunities and enhance the resilience of the enlarged portfolio.

Proactive Capital Management

As at 30 September 2020, MIT’s total borrowings outstanding increased quarter-on-quarter by S\$473.7 million to S\$2,026.3 million, mainly due to consolidation of borrowings following the completion of the acquisition of the remaining 60% interest in the 14 data centres in the United States. The aggregate leverage ratio was 38.1%, compared to 38.8% as at 30 June 2020. MIT’s balance sheet remained healthy with more than S\$400 million of committed facilities available.

³ Based on an illustrative exchange rate of US\$1.00 to S\$1.36.

Outlook

While a tentative global economic recovery from the COVID-19 pandemic is underway, it is expected to be long, uneven and uncertain⁴. Singapore Commercial Credit Bureau's Business Optimism Index study⁵ reports that business sentiment amongst local firms remained pessimistic in 4Q2020. Although business sentiment has improved compared to the previous quarter, it remained downbeat for the remaining months of 2020. With heightened geo-political tensions, uncertainty surrounding the re-opening of international borders and delayed resumption of certain business activities, there is no clear sign of immediate market recovery.

The Singapore industrial property market is expected to remain challenging in view of the uncertainty over the trajectory of economic recovery globally and in Singapore. The Manager will continue to support its tenants, especially small and medium-sized enterprises ("SME") tenants who have been affected by supply chain disruptions and fall in business volume as a result of the pandemic. About 54% of the Singapore Portfolio (or 40% of the Overall Portfolio) (by gross rental income) as at 30 September 2020 comprises SME tenants. The Manager estimates that the rental reliefs extended to tenants would amount to about S\$20 million, which will affect MIT's distributable income for FY20/21. This includes the COVID-19 Assistance and Relief Programme of up to S\$13.7 million and mandated rental reliefs under the COVID-19 (Temporary Measures) (Amendment) Act. Rental reliefs of approximately S\$7.1 million had been extended to tenants in 1QFY20/21 and 2QFY20/21 with additional rental reliefs expected to be given in FY20/21. The Manager will not be withholding any income in 2QFY20/21 in view of the gradual stabilisation of the COVID-19 situation in Singapore.

MIT's large and diversified tenant base with low dependence on any single tenant or trade sector will continue to underpin its portfolio resilience. The long leases in Data Centres in Singapore and North America as well as build-to-suit projects will further strengthen the portfolio's resilience.

⁴ Source: World Economic Outlook, International Monetary Fund, 7 October 2020.

⁵ Source: Singapore Commercial Credit Bureau, 4Q2020.

Distribution to Unitholders

On 28 July 2020, an advanced distribution of 0.03 cent per Unit for 1 July 2020 was paid to Unitholders on MIT's Unitholders register as at 1 July 2020, which was the date immediately prior to the issuance of the new units pursuant to the private placement⁶.

Unitholders will receive a distribution of 3.07 cents per Unit for the period from 2 July 2020 to 30 September 2020. The closure of MIT's transfer books and register of Unitholders will be at 5.00pm on 4 November 2020.

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⁶ Details can be found in the announcement dated 2 July 2020 titled "Details of Cumulative Distribution in Connection with the Private Placement by Mapletree Industrial Trust".

About Mapletree Industrial Trust

Mapletree Industrial Trust is a real estate investment trust (“REIT”) listed on the Main Board of Singapore Exchange. Its principal investment strategy is to invest in a diversified portfolio of income-producing real estate used primarily for industrial purposes in Singapore and income-producing real estate used primarily as data centres worldwide beyond Singapore, as well as real estate-related assets.

As at 30 September 2020, MIT’s total assets under management was S\$6.6 billion, which comprised 84 properties in Singapore and 27 properties in North America (including 13 data centres held through the joint venture with Mapletree Investments Pte Ltd). MIT’s property portfolio include Data Centres, Hi-Tech Buildings, Business Park Buildings, Flatted Factories, Stack-up/Ramp-up Buildings and Light Industrial Buildings.

MIT is managed by Mapletree Industrial Trust Management Ltd. and sponsored by Mapletree Investments Pte Ltd.

About Mapletree Industrial Trust Management Ltd.

Mapletree Industrial Trust Management Ltd. is the manager of MIT. It manages MIT’s assets and liabilities for the benefit of the Unitholders, sets MIT’s strategic directions and provides recommendations on the acquisition, divestment, development and/or enhancement of MIT’s assets in accordance with MIT’s investment strategy. Employing proactive asset management, value-creating investment management and prudent capital management strategies, Mapletree Industrial Trust Management Ltd. seeks to deliver sustainable and growing returns for Unitholders. Mapletree Industrial Trust Management Ltd. is a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

About Mapletree Investments Pte Ltd

Mapletree Investments Pte Ltd (“MIPL”) is a leading real estate development, investment, capital and property management company headquartered in Singapore. Its strategic focus is to invest in markets and real estate sectors with good growth potential. By combining its key strengths, MIPL has established a track record of award-winning projects, and delivers consistent and high returns across real estate asset classes.

MIPL currently manages four Singapore-listed REIT and six private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the United Kingdom and the United States.

As at 31 March 2020, MIPL owns and manages S\$60.5 billion of office, retail, logistics, industrial, data centre, residential and lodging properties.

MIPL’s assets are located across 13 markets globally, namely Singapore, Australia, Canada, China, Europe, Hong Kong SAR, India, Japan, Malaysia, South Korea, the United Kingdom, the United States and Vietnam. To support its global operations, MIPL has established an extensive network of offices in these countries.