mapletree logisticstrust

press release

For Immediate Release

MAPLETREELOG'S 2Q 2006 DISTRIBUTION PER UNIT UP 7.2% QUARTER-ON-QUARTER

Highlights:

- Available distribution per unit ("DPU") of 1.19[1] cents for Second quarter 2006 ("2Q 2006") is 7.2% higher quarter-on-quarter ("q-o-q") and 4.4% higher than the quarterised forecast of 1.14[2].
- 2Q 2006 distributable income attributable to unitholders grew 15.6% to S$9.6 million compared to that for 1Q 2006.
- The Trust has exceeded its S$500 million acquisition target set for mid-2006.
- The Manager is confident of meeting the full-year DPU forecast of 4.58 cents[3].

Singapore, 27 July 2006 – The Board of Directors of Mapletree Logistics Trust Management Ltd. ("MLTM"), manager of Mapletree Logistics Trust ("MapletreeLog"), is pleased to announce an available 2Q 2006 DPU of 1.19[1] cents which is 7.2% higher q-o-q.

Summary of results

	Actual 2Q 2006	Actual 1Q 2006	Variance (2Q vs 1Q)	Forecast 2Q 2006	Variance (Actual vs Forecast)
Net Property Income (S$'000)	16,155	11,263	43.4% ⬆	13,076	23.5% ⬆
Distributable Income (S$'000)	9,618	8,323	15.6% ⬆	9,282	3.6% ⬆
Available DPU (cents)	1.19[1]	1.11[4]	7.2% ⬆	1.14[2]	4.4% ⬆

[1] Computed on the basis of 811,264,635 units as at 30 June 2006.
[2] Prorating 91 days out of 365 on the full year forecast of 4.58 cents disclosed in the Circular dated 22 December 2005.
[3] Based on the Circular dated 22 December 2005.
[4] Computed on the basis of the weighted average of 751,089,459 units for the period.

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Notes to table

1. MapletreeLog intends to distribute 100% of its taxable income and tax-exempt income (if any) for the period from 28 July 2005 to 31 December 2006.
2. No comparisons against a corresponding period in the previous year can be made as no pro forma financials are available. Singapore Exchange Securities Trading Limited (SGX-ST) had granted MapletreeLog a waiver from the requirement to prepare historical pro forma statements of total return, cash flow statements and balance sheets for the purpose of its initial public offering (IPO)

Acquisition pipeline gaining momentum

Mr. Chua Tiow Chye, Chief Executive Officer of MLTM, said: "We are pleased to have attained two significant accomplishments in the second quarter of this year. First, MapletreeLog achieved a 7.2% quarter-on-quarter rise in DPU to 1.19 cents. The momentum in the Trust's quarterly improvement is a function of the brisk pace accretive assets are being added to our portfolio to enable fresh contributions to be progressively recognized. During the quarter, our portfolio expanded by 40% to S$1.0 billion, allowing the Trust to enjoy fresh contributions from four new properties – including Shatin 4 in Hong Kong which is our largest acquisition to date."

"Second, we are happy to report that we have exceeded the S$500 million acquisition target set at the beginning of this year; we have completed acquisitions totalling S$276 million since our fund raising exercise in January, announced further deals amounting to S$140 million which are pending completion and signed letters of intent for properties with a total value of S$200 million as at end-June," Mr. Chua added.

Yield plus growth strategy

"Growth by acquisitions is not the only key component of the Trust's strategy. We adopt a two-pronged approach to achieve yield plus growth so as to deliver steady and growing DPU to unitholders. While we constantly strive to expand the Trust's robust pipeline of accretive acquisitions, at the same time, we also have a tailored leasing strategy to harness organic growth from the rental reversion potential in high growth markets such as Hong Kong, China and Malaysia through the structuring of shorter leases there," Mr. Chua said.

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A resilient regional portfolio

For the period under review, MapletreeLog's portfolio has grown from 24 properties with a total value of S$715.4 million as at 31 March 2006 to 28 properties amounting to S$1,001.3 million as at 30 June 2006, up 40.0% in value terms. In terms of 2Q 2006 net property income, Singapore accounted for 61.2%, Hong Kong, 35.3%, China, 2.8% and Malaysia, the remaining 0.7%.

Portfolio growth has been accompanied by an enhancement in the overall quality, diversity and resilience of MapletreeLog's assets and tenants:

- Tenant base has further diversified with the addition of new multinational tenants including DHL International, Toshiba Hong Kong Ltd, Hutchison Global Communications Ltd, National Panasonic (M) Sdn Bhd and Hanshin Freight International (HK) Ltd;
- Tenant concentration has decreased further, with the top ten tenants accounting for 43.9% of monthly gross revenue instead of 45.6% as at 31 March 2006;
- Portfolio occupancy rate improved from 96.1% in 1Q 2006 to 96.8% in 2Q 2006;
- The weighted average lease term to expiry remained stable at 5.4 years;
- The weighted average of unexpired lease term of underlying land remains high at 56.7 years.

Asset Management

To augment the yield-plus-growth strategy, the Manager is also active in asset management to improve the overall yield of the Trust. Two improvement projects are currently underway:

- Pulau Sebarok. The Manager will be allocating an additional 4.6 hectares of land in Pulau Sebarok to Vopak Terminals Singapore, an existing tenant on the island. The island, the Trust's largest property by land area, will be fully leased once the land allocation is completed, expected in the third quarter of this year. This will be an improvement from the 93.3% occupancy rate in 2Q 2006.

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- TIC Tech Centre. The Manager is making plans to construct a three-storey building extension to TIC Tech Centre. Work is scheduled to start in the third quarter. The extension is to accommodate the expansion needs of incumbent tenant, Teckwah Corporation, the Trust's second-largest tenant in terms of gross revenue contribution.

Capital management

The Manager has started to diversify its sources of funding beyond bank borrowings following the establishment of a credit rating early this year. In May 2006, the Trust set up a S$1 billion multi-currency medium term note programme. Not only does this facility provide greater operational flexibility for the Trust, it has also helped to reduce some of the costs of borrowing in Singapore.

As the Trust's announced acquisitions progressively reach completion over the next three to six months, its leverage ratio will rise above the current 42.7% if the Trust continues to rely on debt financing. Planning ahead, the Manager is considering alternative funding options such as the issuance of new units in MapletreeLog in the second half of the year to complete the acquisitions and/or to refinance the debt taken to complete the acquisitions.

On an on-going basis, the Manager is committed to finding new funding options to reduce the cost of borrowings and enhance overall operational efficiency of any funding programme. Towards this end, the Manager will be considering various medium term debt alternatives in the second half of 2006. This includes the possibility of securitizing some of its assets through a commercial mortgaged-backed securitization programme.

Outlook

"For the second half of the year, we are targeting to announce further accretive acquisitions with a total value of S$300 to S$400 million - about 70% of the deals are likely to come from Singapore, 10% from Hong Kong, 15% from China and the remaining 5% from Malaysia," Mr. Chua said.

Looking further out, Mr. Chua commented: “The Asian logistics sector is likely to be resilient because of two main growth drivers. One, the sector is only in its nascent stage of development in a number of the emerging countries such as China, Vietnam and India. Second, these emerging economies are seeing rapid growth not merely in production but also consumption, both of which bodes well for demand for regional logistics services.”

Given the bright outlook, the Manager is committed to strengthening and enlarging MapletreeLog’s pan-Asian franchise; it is starting to explore new markets such as Japan, India, Thailand and South Korea to deliver sustained growth to unitholders over the medium to long term.

Distribution to unitholders and confidence in meeting 2006 DPU forecast

MapletreeLog will pay a distribution of 1.19 cents per unit on 29 August 2006 for the period from 1 April 2006 to 30 June 2006. MapletreeLog’s first half 2006 DPU totaled 2.3 cents, representing 50.2% of its full-year forecast of 4.58 cents.

Mr. Chua said: “We are on track to meet our full-year forecast as the Trust progressively recognizes fresh rental contributions from new acquisitions in the second half of this year.”

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About MapletreeLog (www.mapletreelogisticstrust.com)

MapletreeLog, the first Asia-focused logistics REIT in Singapore, was listed on the SGX-ST main board on 28 July 2005. Its principal strategy is to invest in a diversified portfolio of income-producing logistics real estate and real estate-related assets. It has a portfolio of 28 logistics assets in Singapore, Hong Kong, China and Malaysia valued at S$1,001.3 million (as at 30 June 2006). MapletreeLog is managed by Mapletree Logistics Trust Management Ltd., a wholly-owned subsidiary of Mapletree Investments Pte Ltd.

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Important Notice

The value of units in MapletreeLog ("Units") and the income from them may fall as well as rise. 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 SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of MapletreeLog is not necessarily indicative of its future performance. This release may 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 a number of risks, uncertainties and assumptions. Representatives examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 on future events.