

PRESS RELEASE

Mapletree Industrial Trust Reports Distribution per Unit of 3.36 Cents for 2QFY22/23

- Steady portfolio performance with improved occupancies and positive rental revisions for Singapore Portfolio
- Amount available for distribution to Unitholders for 2QFY22/23 grew 0.7% year-on-year to S\$89.0 million
- Progressive release of S\$6.6 million tax-exempt income over three quarters from 3QFY22/23 to mitigate impact of rising operating and borrowing costs

26 October 2022 – Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of Mapletree Industrial Trust (“MIT”), wishes to announce that MIT’s distribution per Unit (“DPU”) for the Second Quarter Financial Year 2022/2023 from 1 July 2022 to 30 September 2022 (“2QFY22/23”) was 3.36 cents.

Financial Results of MIT for 2Q & 1HFY22/23

	2QFY22/23	2QFY21/22	↑/(↓)%	1HFY22/23	1HFY21/22	↑/(↓)%
Gross revenue (S\$'000)	175,512	155,560	12.8	343,317	283,619	21.0
Property expenses (S\$'000)	(45,187)	(35,240)	28.2	(83,089)	(58,580)	41.8
Net property income (S\$'000)	130,325	120,320	8.3	260,228	225,039	15.6
Amount available for distribution to Unitholders (S\$'000)	88,977	88,377	0.7	181,115	171,073	5.9
No. of units in issue ('000)	2,704,074 ¹	2,659,699 ¹	1.7	2,704,074	2,659,699	1.7
DPU (cents)	3.36 ²	3.47 ²	(3.2)	6.85 ²	6.82 ²	0.4

¹ Includes new units issued pursuant to the distribution reinvestment plan.

² Includes the distribution of net divestment gains of S\$15.7 million from 26A Ayer Rajah Crescent over eight quarters from 2QFY21/22 to 1QFY23/24.

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Gross revenue and net property income for 2QFY22/23 grew 12.8% and 8.3% year-on-year to S\$175.5 million and S\$130.3 million respectively. The amount available for distribution to Unitholders for 2QFY22/23 increased by 0.7% year-on-year to S\$89.0 million. This was primarily driven by the contribution from the acquisition of 29 data centres in the United States of America (the “United States”), partially offset by higher property operating expenses and borrowing costs.

For the First Half Financial Year 2022/2023 from 1 April 2022 to 30 September 2022 (“1HFY22/23”), the amount available for distribution to Unitholders and DPU were S\$181.1 million and 6.85 cents respectively.

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, “While we have achieved steady improvement in portfolio performance, our financial performance has been affected by headwinds from higher property operating expenses and borrowing costs. Such cost pressures arising from rising energy prices and interest rates amid a deteriorating macro-economic environment are expected to continue for the coming quarters. We plan to release the tax-exempt income of S\$6.6 million over the next three quarters to mitigate the impact of rising operating and borrowing costs. Our focus remains on prudent cost management while exploring opportunities to improve the portfolio quality and operating performance.”

Improving Singapore Portfolio Performance

Average Overall Portfolio occupancy for 2QFY22/23 increased to 95.6% from 95.3% in the preceding quarter, which was attributed to the improvement in the Singapore Portfolio. The average occupancy rate for the Singapore Portfolio for 2QFY22/23 rose to 96.8% from 96.0% in the preceding quarter as higher occupancies were registered across most property segments.

The average occupancy rate for the North American Portfolio for 2QFY22/23 decreased to 93.1% from 94.0% in the preceding quarter. The decline was due to the non-renewal of lease by its sole tenant at 2 Christie Heights, Leonia, which contributed about 0.4% to MIT’s portfolio gross revenue in FY21/22. The Manager is in discussions with a prospect to take up the vacant space.

Positive rental revisions were achieved across key property segments in Singapore, namely Hi-Tech Buildings, Business Park Buildings, Flatted Factories and Stack-up/Ramp-up Buildings.

Progressive Release of S\$6.6 million Tax-exempt Income from 3QFY22/23

Tax-exempt income of S\$6.6 million relating to distributions declared by joint ventures had been withheld in 4QFY19/20 to provide MIT greater flexibility in cash management during the pandemic. The release of the S\$6.6 million will begin in 3QFY22/23 over three quarters to mitigate rising operating and borrowing costs.

Prudent Capital Management

As at 30 September 2022, about 74.2% of MIT Group's gross borrowings of S\$2,947.1 million had been hedged through interest rate swaps and fixed rate borrowings, which will reduce the impact of interest rate fluctuations on distributions. MIT's aggregate leverage ratio decreased quarter-on-quarter from 38.4% to 37.8% as at 30 September 2022 as a result of the redemption of the S\$45 million 3.65% 10-year medium term notes with cash, which matured on 7 September 2022. The weighted average all-in funding cost for 2QFY22/23 was 2.9%, as compared to 2.5% for the previous quarter due to higher benchmark reference rates.

The Manager raised proceeds of S\$40.2 million from the distribution reinvestment plan ("DRP") for 1QFY22/23 Distribution, which represented a take-up rate of 42.9%. The DRP will continue to be applied for the 2QFY22/23 distribution to finance progressive funding needs of the redevelopment project at 161, 163 & 165 Kallang Way.

Outlook

The global economy is experiencing challenges across multiple fronts. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook³. Global growth is projected to slow to 3.2% in 2022 and 2.7% in 2023. Numerous risks, such as geopolitical fragmentation, inflation, and debt distress induced by tighter global financial conditions, could cause the global growth forecast to decline further.

³ Source: World Economic Outlook, International Monetary Fund, October 2022.

Against the backdrop of an uncertain global outlook, the increasing concern of an oncoming recession has dampened business confidence. At the same time, increasing property operating expenses and borrowing costs continue to exert pressure on distributions. The Manager will adopt cost-mitigating measures while focusing on tenant retention to maintain a stable portfolio occupancy.

Distribution to Unitholders

Unitholders can expect to receive their quarterly DPU for the period from 1 July 2022 to 30 September 2022 in cash or DRP units on 12 December 2022. The closure of MIT's transfer books and register of Unitholders will be at 5.00pm on 3 November 2022.

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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 2022, MIT’s total assets under management was S\$8.9 billion, which comprised 85 properties in Singapore and 56 properties in North America (including 13 data centres held through the joint venture with Mapletree Investments Pte Ltd). MIT’s property portfolio includes 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

Headquartered in Singapore, Mapletree Investments Pte Ltd (“MIPL”) is a global real estate development, investment, capital and property management company committed to sustainability. 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.

As at 31 March 2022, MIPL owns and manages S\$78.7 billion of office, retail, logistics, industrial, data centre, residential and lodging properties. MIPL currently manages four Singapore-listed REIT and seven private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the United Kingdom and the United States.

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.