

PRESS RELEASE

Mapletree Industrial Trust Delivers Stable Quarter-on-Quarter DPU Growth for 1QFY20/21 Amid a Challenging Operating Environment

- DPU for 1QFY20/21 increased 0.7% quarter-on-quarter to 2.87 cents
- Tax-exempt income of S\$7.1 million withheld in 1QFY20/21 to mitigate the impact of mandated rental reliefs for tenants
- Proposed acquisition of remaining 60% interest in 14 data centres in the United States of America (the “United States”) to increase exposure to resilient Data Centre segment

21 July 2020 – 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 First Quarter Financial Year 2020/2021 from 1 April 2020 to 30 June 2020 (“1QFY20/21”) was 2.87 cents, 7.4% lower than the corresponding quarter of the previous financial year. DPU for 1QFY20/21 increased 0.7% quarter-on-quarter to 2.87 cents amid a challenging operating environment. As announced on 2 July 2020, a Cumulative Distribution of 2.90 cents¹ which will be paid on or around 28 July 2020, comprising the DPU of 2.87 cents for the period from 1 April 2020 to 30 June 2020 and the advanced DPU of 0.03 cent for 1 July 2020.

Gross revenue for 1QFY20/21 decreased by 0.5% year-on-year to S\$99.1 million. Higher revenue contributions from 7 Tai Seng Drive, The Strategy and 30A Kallang Place were offset by rental rebates extended to tenants as part of the COVID-19 Assistance and Relief Programme. Property operating expenses for 1QFY20/21 decreased by 5.6% year-on-year to S\$20.5 million due mainly to lower property maintenance and utilities expenses. Net property income improved marginally by 0.9% year-on-year to S\$78.7 million.

¹ 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”.

Financial Results of MIT for 1QFY20/21

	1QFY20/21	4QFY19/20	↑/(↓)%	1QFY19/20	↑/(↓)%
Gross revenue (S\$'000)	99,106	101,801	(2.6)	99,575	(0.5)
Property expenses (S\$'000)	(20,454)	(23,545)	(13.1)	(21,656)	(5.6)
Net property income (S\$'000)	78,652	78,256	0.5	77,919	0.9
Distributable income (S\$'000)	70,558 ²	69,153 ²	2.0	63,241	11.6
No. of units in issue ('000)	2,201,500	2,201,002	*	2,023,590	8.8
DPU (cents)	2.87 ²	2.85 ²	0.7	3.10	(7.4)

* Percentage is less than 0.1%

Distributable income for 1QFY20/21 rose 11.6% year-on-year to S\$70.6 million. The better performance was due mainly to higher net property income and new contribution from the acquired 13 data centres in North America held under Mapletree Rosewood Data Centre Trust, a 50:50 joint venture between MIT and Mapletree Investments Pte Ltd³. However, DPU for 1QFY20/21 decreased by 7.4% year-on-year to 2.87 cents due to the withholding of the tax-exempt income of S\$7.1 million relating to the distributions declared by joint ventures in 1QFY20/21.

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, “It has been a challenging quarter for the Singapore Portfolio as businesses navigated through severe economic headwinds including the suspension of on-site business activities during the extended Circuit Breaker period. We have supported our tenants through the COVID-19 Assistance and Relief Programme by providing rental rebates and lease restructuring options. The tax-exempt income of S\$7.1 million has been withheld in 1QFY20/21 to mitigate the impact of mandated rental reliefs for tenants.”

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) and S\$6.6 million (equivalent to DPU of 0.30 cent) had been withheld in 1QFY20/21 and 4QFY19/20 respectively. Had the tax-exempt income distributions not been withheld, the DPU for 1QFY20/21 and 4QFY19/20 would have been 3.19 cents and 3.15 cents respectively.

³ Mapletree Rosewood Data Centre Trust holds 10 powered shell data centres and an 80% interest in three fully fitted hyperscale data centres in North America.

Reclassification of Data Centres

With effect from 1 April 2020, the Manager has reclassified Data Centres as a standalone property segment to reflect its growth within the portfolio. The remaining high-specification industrial buildings in Singapore will continue to be classified as Hi-Tech Buildings.

Portfolio Update

Average Overall Portfolio occupancy for 1QFY20/21 decreased to 91.1% from 91.5% in the preceding quarter. All property segments except Data Centres recorded lower average occupancy rates compared to the previous quarter.

The average rental rate of the Singapore Portfolio fell to S\$2.08 per square foot per month (“psf/mth”) in 1QFY20/21 from S\$2.11 psf/mth in 4QFY19/20. All property segments except the Data Centres (Singapore) and Light Industrial Buildings registered lower average rental rates due mainly to the rental rebates given under the COVID-19 Assistance and Relief Programme to assist MIT tenants.

Proposed Acquisition of Remaining 60% interest in 14 Data Centres in the United States

On 23 June 2020, MIT has entered into agreements for the proposed acquisition of the remaining 60% interest in the 14 data centres in the United States at a purchase consideration of US\$210.9 million (approximately S\$299.5 million⁴) (the “Proposed Acquisition”). The agreed property value of 14 data centres held by Mapletree Redwood Data Centre Trust (“MRDCT”) on a 60% basis is US\$494.0 million (approximately S\$701.5 million). A subsidiary of Mapletree Investments Pte Ltd holds the remaining 60% interest in MRDCT. Subject to Unitholders’ approval at an extraordinary general meeting and upon completion of the Proposed Acquisition, MIT will hold a 100% interest in the 14 data centres. The Data Centre segment is expected to increase to 39.0%⁵ of MIT’s portfolio (by assets under management), which increases the exposure to a resilient asset class with growth opportunities.

The MRDCT Portfolio has a weighted average lease to expiry of about 4.9 years as at 30 June 2020, with about 97.7% of the leases (by gross rental income) with annual rental escalations

⁴ Based on an illustrative exchange rate of US\$1.00 to S\$1.42.

⁵ Details can be found in the announcement dated 23 June 2020 titled “The Proposed Acquisition of the Remaining 60.0% Interest in 14 Data Centres Located in the United States of America.”

of 2% and above. The leases are primarily powered shell data centres on triple net leases with all outgoings borne by the tenants.

Mr Tham added, “Our growth strategy has evolved to focus on more resilient property segments including Data Centres, Hi-Tech Buildings and Business Park Buildings. The Proposed Acquisition of the remaining 60% interest in the 14 data centres in the United States will help MIT improve its portfolio income stability and resilience.”

Proactive Capital Management

During the quarter, MIT raised S\$410.0 million through a private placement which was approximately 8.2 times covered at the top end of the issue price range of S\$2.800 per new unit. Gross proceeds from the private placement and acquisition fees in units will be used to fully fund the Proposed Acquisition. As at 30 June 2020, the aggregate leverage ratio was 38.8%, slightly higher than 37.6% as at 31 March 2020.

Outlook

The COVID-19 pandemic has severely affected the global economy, with significant uncertainty over the severity of the downturn and eventual recovery. Singapore Commercial Credit Bureau’s Business Optimism Index study⁶ reports that while business confidence remained downbeat for the third quarter of the year, it has improved from the previous quarter’s record low amid the easing of Circuit Breaker measures and the gradual reopening of the Singapore economy. Even though it is still early to ascertain the trajectory of economic recovery, the manufacturing sector has anticipated a slightly better outlook ahead.

Tenants providing non-essential services within MIT’s properties in Singapore were required to suspend their business operations during the Circuit Breaker period from 7 April 2020 to 1 June 2020. MIT’s properties in Singapore had remained open during the Circuit Breaker period to support tenants who provide essential services. During the Circuit Breaker period, more than 70% of MIT’s tenants (by gross rental revenue) in the Singapore Portfolio provide essential services or are in key economic sectors. About 90% of MIT’s tenants (by gross rental revenue) have continued or resumed their business operations.

⁶ Source: Singapore Commercial Credit Bureau, 3Q2020.

Amid the COVID-19 pandemic, both the United States and Canada have identified data centre workers as essential services. All MIT's 27 data centres in North America had remained open during this period.

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 as well as mandated rental reliefs under the COVID-19 (Temporary Measures) (Amendment) Act. In view of the uncertainty from the COVID-19 pandemic, the Manager has withheld tax-exempt income of S\$7.1 million in 1QFY20/21 and S\$6.6 million in 4QFY19/20 for greater flexibility in cash management. The Manager expects the income withheld will help to mitigate the impact of rental reliefs to FY20/21 distributions.

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 MIT's data centres in Singapore and North America as well as build-to-suit projects will further strengthen the portfolio's resilience.

Distribution to Unitholders

A Cumulative Distribution of 2.90 cents per unit for the period from 1 April 2020 to 1 July 2020 was declared for 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 placement⁷. Unitholders who are entitled to the Cumulative Distribution will be paid on or around 28 July 2020. The next distribution will comprise MIT's distributable income for the period from 2 July 2020 to 30 September 2020. Quarterly distributions will resume thereafter. The Manager expects to continue with quarterly reporting and distributions in FY20/21.

⁷ 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".

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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 June 2020, MIT’s total assets under management was S\$5.9 billion, which comprised 87 properties in Singapore and 27 properties in North America (through the joint ventures 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 five 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.