

PRESS RELEASE

Mapletree Industrial Trust Delivers Resilient Portfolio Performance for 2QFY23/24

- Resilient operational performance with higher average rental rates and positive rental revisions
- Completion of acquisition of a data centre in Osaka, Japan

25 October 2023 – Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of Mapletree Industrial Trust (“MIT”), wishes to announce that the distribution to Unitholders for the Second Quarter Financial Year 2023/2024 from 1 July 2023 to 30 September 2023 (“2QFY23/24”) rose 3.5% year-on-year to S\$94.1 million. Distribution per Unit (“DPU”) for 2QFY23/24 declined 1.2% year-on-year to 3.32 cents.

Financial Results of MIT for 2Q & 1HFY23/24

	2QFY23/24	2QFY22/23	↑/(↓)%	1HFY23/24	1HFY22/23	↑/(↓)%
Gross revenue (S\$'000)	174,118	175,512	(0.8)	344,746	343,317	0.4
Property expenses (S\$'000)	(45,558)	(45,187)	0.8	(85,342)	(83,089)	2.7
Net property income (S\$'000)	128,560	130,325	(1.4)	259,404	260,228	(0.3)
Distribution to Unitholders (S\$'000)	94,072 ^{1,2}	90,857 ³	3.5	187,813 ^{1,2,3,4}	184,671 ³	1.7
No. of units in issue ('000)	2,833,484	2,704,074 ⁵	4.8	2,833,484	2,704,074 ⁵	4.8
DPU (cents)	3.32 ^{1,2}	3.36 ³	(1.2)	6.71 ^{1,2,3,4}	6.85 ³	(2.0)

¹ Includes the distribution of compensation received for compulsory acquisition of part of the land at 2 and 4 Loyang Lane of S\$2.1 million, which was withheld in 3QFY21/22, over two quarters from 2QFY23/24 to 3QFY23/24. Please refer to the Financial Statement and Distribution Announcement for the period from 1 October 2021 to 31 December 2021.

² Includes the distribution of net divestment gain of S\$4.2 million from 65 Tech Park Crescent over two quarters from 2QFY23/24 to 3QFY23/24. 65 Tech Park Crescent was divested on 20 July 2017.

³ Includes the distribution of net divestment gain of S\$15.7 million from 26A Ayer Rajah Crescent over eight quarters from 2QFY21/22 to 1QFY23/24.

⁴ Includes the distribution of tax-exempt income of S\$6.6 million withheld in 4QFY19/20 over three quarters from 3QFY22/23 to 1QFY23/24.

⁵ Includes new units issued pursuant to the distribution reinvestment plan.

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The distribution to Unitholders for 2QFY23/24 increased by 3.5% year-on-year to S\$94.1 million. This was partly due to higher distribution declared by joint venture. The distribution to Unitholders also included the release of compensation from the compulsory acquisition of part of the land at 2 and 4 Loyang Lane for public use in December 2021 as well as the net divestment gain from 65 Tech Park Crescent upon the finalisation of the tax treatment. DPU for 2QFY23/24 declined by 1.2% year-on-year to 3.32 cents as a result of an enlarged unit base following the equity fundraising exercise in 1QFY23/24 and the distribution reinvestment plan for distributions from 3QFY21/22 to 3QFY22/23.

For the First Half Financial Year 2023/2024 from 1 April 2023 to 30 September 2023 (“1HFY23/24”), the distribution to Unitholders and DPU were S\$187.8 million and 6.71 cents respectively.

Resilient Portfolio Performance

The average rental rate of the Singapore Portfolio rose to S\$2.19 per square foot per month (“psf/mth”) in 2QFY23/24 from S\$2.18 psf/mth in 1QFY23/24. Positive rental revisions for renewal leases were achieved across all property segments in Singapore with a weighted average rental revision rate of about 8.8%. The average rental rate of the North American Portfolio also increased to US\$2.42 psf/mth in 2QFY23/24 from US\$2.41 psf/mth in 1QFY23/24.

On 28 September 2023, MIT completed the acquisition of a data centre in Osaka, Japan at a purchase consideration of JPY52.0 billion⁶ (the “Osaka Data Centre”). The entry into Japan has diversified MIT’s portfolio geographically with North America, Singapore and Japan representing 48.5%, 47.2% and 4.3% (by assets under management) respectively⁷.

The weighted average lease to expiry (“WALE”) for the Overall Portfolio as at 30 September 2023 increased to 4.2 years from 3.9 years as at 30 June 2023. This was due to the Osaka Data Centre’s long WALE of 19.1 years as at 30 September 2023.

⁶ Under the conditional trust beneficial interest purchase and share agreement with Suma Tokutei Mokuteki Kaisha, an unrelated third party vendor, MIT has acquired an effective interest of 98.47% in the property.

⁷ As at 30 September 2023.

Mr Tham Kuo Wei, Chief Executive Officer of the Manager, said, “The acquisition of the Osaka Data Centre represents another milestone in our strategy to strengthen the portfolio and diversify our portfolio geographically. We remain focused on prudent capital management and proactive tenant retention while continuing with our portfolio rebalancing efforts through accretive investments and selective divestments of non-core assets.”

Outlook

Global growth was projected to slow from 3.5% in 2022 to 3.0% in 2023 and to 2.9% in 2024⁸. Numerous risks, such as further global financial stress, persistent inflation and geopolitical tensions, conflict and social unrest could cause the global growth projection to tilt to the downside.

The global recovery would continue to slow down amid widening divergences among regions. Persistence in global inflation could warrant higher-for-longer policy rates, which could in turn trigger a correction in financial markets and capital flow volatility⁸. Rising property operating expenses and increases in borrowing costs from higher benchmark reference rates as well as replacement of expiring interest rate swaps could continue to exert pressure on distributions. The Manager will adopt cost-mitigating measures while focusing on tenant retention to maintain a stable portfolio occupancy level as well as prudent capital management to balance the risks and costs in the elevated interest rate environment.

Distribution to Unitholders

Unitholders can expect to receive their quarterly DPU for the period from 1 July 2023 to 30 September 2023 on 5 December 2023. The closure of MIT’s transfer books and register of Unitholders will be at 5.00pm on 2 November 2023.

⁸ Source: International Monetary Fund, World Economic Outlook, October 2023.

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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 2023, MIT’s total assets under management was S\$9.2 billion, which comprised 56 properties in North America (including 13 data centres held through the joint venture with Mapletree Investments Pte Ltd), 85 properties in Singapore and 1 property in Japan. 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 2023, MIPL owns and manages S\$77.4 billion of office, retail, logistics, industrial, data centre, residential and student accommodation properties. MIPL currently manages three Singapore-listed REIT and eight 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.