

Letter to Unitholders



Cheah Kim Teck
Chairman

Tham Kuo Wei
Chief Executive Officer



We remain focused on pursuing **accretive acquisitions and developments** to strengthen MIT's portfolio and unlocking value through **selective divestments of non-core assets**.



Dear Unitholders,

FY23/24 was a challenging year with macroeconomic uncertainties and heightened geopolitical tensions. Global economic activity moderated amid the ongoing effects of synchronised monetary policies, weak global trade, and lower business confidence. The evolving Israel-Hamas conflict has heightened geopolitical tensions and weighed on the growth outlook.

Delivering Resilient Results

MIT delivered a resilient set of financial results despite subdued economic growth and headwinds from higher operating expenses and borrowing costs. Net property income for FY23/24 rose by 0.6% year-on-year to S\$521.0 million. The better performance was mainly driven by revenue contributions from the redevelopment project, Mapletree Hi-Tech Park @ Kallang Way, the data centre in Osaka, Japan (the "Osaka Data Centre") acquired on 28 September 2023 and new leases and renewals across various property clusters. Correspondingly, the Distribution to Unitholders for FY23/24 increased by 2.7% year-on-year to S\$378.3 million due to the increase in net property income.

The growth in Distribution to Unitholders for FY23/24 was also underpinned by higher distribution declared by the joint venture, Mapletree Rosewood Data Centre Trust ("MRODCT"). However, this was partly offset

by higher borrowing costs from higher interest rates for the existing borrowings and the new borrowings taken to fund the acquisition of the Osaka Data Centre. Distribution per Unit (“DPU”) for FY23/24 fell by 1.0% year-on-year to 13.43 Singapore cents on an enlarged unit base.

As at 31 March 2024, MIT has delivered total returns of 4.4%¹ in FY23/24 and 316.6%² since its listing on 21 October 2010.

The total valuation of 140 properties in MIT’s portfolio³ was S\$8,802.2 million. This represented a 0.9% increase over the previous valuation of S\$8,725.1 million as at 31 March 2023. The increase in the portfolio valuation was due to the acquisition of the Osaka Data Centre and an improvement in operating performance of the Singapore Portfolio. This increase was partly offset by the decline in the valuation of the North American Portfolio driven by higher capitalisation rates and discount rates.

Rebalancing Our Portfolio

We took decisive action to rebalance our portfolio through accretive acquisitions and selective divestments of non-core assets. The acquisition of the Osaka Data Centre at a purchase consideration of JPY52.0 billion⁴ offered a strategic opportunity to diversify our data centre presence into Japan, one of the most developed data centre markets in Asia Pacific. With a net lettable area (“NLA”) of about 136,900 square feet (“sq ft”), the Osaka Data Centre is fully leased to an established data centre operator with a weighted average lease to expiry (“WALE”) of about 18.6 years as at 31 March 2024. The Osaka Data Centre is leased on a net lease structure with minimal landlord operational obligations. Phase 1 and Phase 2 of fit-out works had been completed with the remaining two phases slated for completion by May 2025.

The acquisition of the Osaka Data Centre also enlarged our presence in the resilient data centre sector. MIT’s assets under management increased year-on-year from S\$8.8 billion to S\$8.9 billion⁵ as at 31 March 2024. Data centres in North America, Japan, and Singapore accounted for about 46.6%, 4.9% and 3.3% of the assets under management respectively.

On 27 March 2024, we completed the divestment of 115A & 115B Commonwealth Drive, Singapore (the “Tanglin Halt Cluster”) at a sale price of S\$50.6 million. The sale price was at an 8.4% premium above book value⁶. The sale of the Tanglin Halt Cluster will provide MIT with greater financial flexibility to pursue other growth initiatives.

Sustaining Stable Operational Performance

The average rental rate of the Singapore Portfolio increased from S\$2.15 per square foot per month (“psf/mth”) in FY22/23 to S\$2.20 psf/mth in FY23/24. This was driven by positive average rental revision achieved for renewal leases and higher average rental rate secured for new leases in FY23/24. Positive rental revisions for renewal leases were achieved across all property segments in Singapore with a weighted average rental revision rate of about 6.7%. The average rental rate of the North American Portfolio also increased from US\$2.38 psf/mth to US\$2.44 psf/mth. This was due primarily to the built-in rental escalations in the leases.

Average Overall Portfolio occupancy decreased from 95.5% in FY22/23 to 92.6% in FY23/24. This was partly due to the fall in average Singapore Portfolio occupancy rate from 96.2% in FY22/23 to 93.6% in FY23/24. Excluding recently completed Mapletree Hi-Tech Park @ Kallang Way, the average Singapore Portfolio occupancy rate would have remained the same at 96.2%. Through proactive lease management and

marketing efforts, the retention rate of the Singapore Portfolio remained high at 83.4% in FY23/24.

Average North American Portfolio occupancy rate also fell from 93.8% in FY22/23 to 90.3% in FY23/24 due to the non-renewal of leases. We have successfully secured a replacement tenant to fully lease the facility at 402 Franklin Road, Brentwood on a long-term lease. This long lease commitment from an established institution with strong credit standing offers income stability. To minimise downtime from non-renewals, we will proactively seek replacement tenants, evaluate possible asset enhancements to reposition the assets or even divest them.

Sharpening Our Financial Flexibility

MIT remains prudent in its approach towards capital management to support its growth initiatives. We successfully raised gross proceeds of about S\$204.8 million through a private placement in May 2023 to partly fund the acquisition of the Osaka Data Centre. The private placement was about 4.5 times covered at the top end of the issue price range, with strong support from a broad spectrum of investors.

In June 2023, we issued two series of notes – JPY6.5 billion of 1.686% fixed rate notes due 2035 and JPY10.0 billion of 1.85% fixed rate notes due 2038. These were part of the financing plan to put in place JPY-denominated debt of long tenors to provide a natural capital hedge for the acquisition of the Osaka Data Centre.

We also issued S\$50 million 3.751% fixed rate notes due 2027 in February 2024. This is in line with MIT’s prudent capital management strategy to manage interest rate risk and to diversify sources of funding.

¹ Sum of distributions and capital appreciation for the period over the closing unit issue price of S\$2.370 as at 31 March 2023.

² Sum of distributions and capital appreciation for the period over the unit issue price of S\$0.930 at listing.

³ Refers to 83 properties in Singapore, 43 data centres in North America wholly owned by MIT, MIT’s 50% interest in MRODCT, which holds 13 data centres in North America, and the Osaka Data Centre.

⁴ MIT has an effective economic interest of 98.47% in the property while the remaining 1.53% was held by its Sponsor, Mapletree Investments Pte Ltd (“MIPL”).

⁵ Based on MIT’s book value of investment properties and MIT’s 50% interest of the joint venture with MIPL in three fully fitted hyperscale data centres and 10 powered shell data centres in North America and included MIT’s right-of-use assets as at 31 March 2024.

⁶ Based on the book value of S\$46.7 million as at the end of the Financial Year 2022/2023 ended 31 March 2023.

Letter to Unitholders

As at 31 March 2024, about 84.6% of MIT's total borrowings had been hedged into fixed rates to manage the exposure to interest rate risk. About 77.0% of FY23/24 foreign currency denominated net income stream had been hedged into Singapore dollars to mitigate the impact of foreign currency fluctuations on distributions.

Progressing Our Sustainability Commitments

We continued to make meaningful progress towards the net zero emissions by 2050 commitment set out in the Mapletree Group's sustainability roadmap. During the financial year, we initiated Phase 3 of the solar panel installation project⁷ and expanded our solar generating capacity by 3,492 kilowatt peak ("kWp") to 8,347 kWp in 25 properties across 17 property clusters. This has advanced our progress towards the long-term target on total solar generating capacity of 10,000 kWp by FY29/30. We progressively carried out various initiatives in Singapore such as the installation of motion sensors and energy-efficient lighting to improve the energy efficiency of our properties. These initiatives are estimated to yield total energy savings of 1.8 million kilowatt hours annually, sufficient to power the common areas of more than eight of our Flatted Factory Clusters. We also attained BCA Green Mark Gold recertifications for The Signature, K&S Corporate Headquarters, 18 Tai Seng and 978 & 988 Toa Payoh North. These collective efforts reflected our commitment in building a climate resilient portfolio.

As at 31 March 2024, female representation on the Board was 27%. This affirmed our aspiration to achieve at least 25% of female representation on the Board by 2025 and 30% by 2030. MIT was also ranked in the Top 10 Companies in Singapore for Gender Equality in 2024 by Equileap.

Our sustainability efforts have been affirmed in sector benchmarks. MIT was rated an 'A' for GRESB Public Disclosure 2023 and 'Low Risk' by Morningstar Sustainalytics ESG Risk Ratings. In addition, MIT's MSCI ESG Rating has been upgraded from "BB" to "BBB".

Delivering Sustainable Value

The global economy is expected to slow in 2024 as the impact of past monetary policies continues to restrain growth. Geopolitical tensions, divergence in disinflation among major economies and high interest rates may pose downside risks to global growth prospects.

We remain focused on pursuing accretive acquisitions and developments to strengthen MIT's portfolio and unlocking value through selective divestments of non-core assets. Our strong balance sheet will enable us to navigate challenging market conditions while providing flexibility in seizing investment opportunities. The right of first refusal from the Sponsor for its 50% interest in MRODCT remains a significant opportunity in the pipeline. Our disciplined approach in scaling up our data centre presence and building a portfolio of higher quality assets will strengthen our position to deliver sustainable value to our Unitholders.

Management Changes

In May 2024, we announced several key management changes. Mr Tham Kuo Wei will relinquish his role as Chief Executive Officer and Executive Director on 22 July 2024. Ms Ler Lily will relinquish her role as Chief Financial Officer and assume the role of Chief Executive Officer and Executive Director with effect from 22 July 2024. Ms Ler has been central in the planning and execution of MIT's growth strategy since November 2011. She was instrumental in maintaining a robust capital management strategy to support MIT's expansion plans. Ms Khoo Geng Foong will be appointed as the Chief

Financial Officer. As the Head of Treasury of Mapletree Logistics Trust Management Ltd., Ms Khoo brings with her more than 15 years of experience in corporate finance and treasury. These changes in key management personnel are part of our succession planning to further enhance the depth of our management bench strength.

The Board would like to thank Mr Tham for his invaluable contributions and leadership since the listing of MIT on 21 October 2010. He led MIT's expansion into the data centre sector in North America and Japan and was pivotal in driving MIT's strategy to grow the Hi-Tech Buildings segment in Singapore. Under his leadership, MIT's assets under management have grown from S\$2.1 billion to S\$8.9 billion.

Appreciation

In November 2023, Mr Michael Thomas Smith stepped down from the Board. We would like to express our appreciation to Mr Smith for his contributions as a Non-Executive Director.

We thank our directors and staff for their steadfast contributions. We also thank our Unitholders, tenants, and business partners for their continued support in MIT.

Cheah Kim Teck
Chairman

Tham Kuo Wei
Chief Executive Officer

30 May 2024

⁷ Following Phase 1 of the solar panel installation at K&S Corporate Headquarters and Serangoon North Cluster, we have completed Phase 2 at five Flatted Factory clusters – Chai Chee Lane, Kampong Ubi, Kolam Ayer 5, Loyang 1 and 2 Clusters.