(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 January 2008 (as amended))

ANNOUNCEMENT

THE PROPOSED ACQUISITION OF A FREEHOLD PROPERTY IN TOKYO, JAPAN

*For illustrative purposes, certain JPY amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations are as at 30 September 2024, being the latest practicable date (the "**Latest Practicable Date**") prior to this announcement (this "**Announcement**") and have been made based on the illustrative exchange rate of S$1.00 = JPY111.74. Such translations should not be construed as representations that JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all. Any discrepancies in the tables included in this Announcement between the listed amounts and totals thereof are due to rounding.*

1. INTRODUCTION

Mapletree Industrial Trust Management Ltd., as manager of Mapletree Industrial Trust ("**MIT**", and as manager of MIT, the "**Manager**"), is pleased to announce that GK Hasu, a Japan *godo kaisha* (the "**Purchaser**") has today entered into a conditional trust beneficiary interest purchase and sale agreement (the "**TBI PSA**") with Nagayama Tokutei Mokuteki Kaisha, an unrelated third party vendor (the "**Vendor**") to acquire (the "**Proposed Acquisition**") a mixed-use facility located in Tokyo, Japan (the "**Property**").

2. PROPERTY INFORMATION

The Property is a mixed-use facility located in Tama-shi, Tokyo. It is a multi-storey building and was constructed in October 1992. It is sited on approximately 91,200 square feet ("**sq ft**") of land, with a gross floor area of approximately 319,300 sq ft. The Property comprises a mixed-use facility including data centre, back office, training facilities and an adjacent accommodation wing with a good potential to be redeveloped into a multi-storey data centre. The Property is fully leased to an established Japanese conglomerate with a weighted average lease to expiry of approximately five years[1].

3. PURCHASE CONSIDERATION AND VALUATION

The purchase consideration for the Property is JPY14.5 billion (approximately S$129.8 million) (the "**Purchase Consideration**").

The Purchase Consideration is based on the agreed property value of the Property which was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property. The independent valuation which was conducted by JLL Morii

[1] The current lease with the tenant is a traditional regular lease (*futsu-tatemono-chintaishaku)* with an option to renew exercisable by the tenant.

Valuation & Advisory K.K. (the "**Independent Valuer**"), commissioned by the Manager, concluded a market value of JPY15.0 billion (approximately S$134.2 million) for the Property as at 31 July 2024.

The Independent Valuer has valued the Property based on the cost approach and income capitalisation approach methods. The agreed property value of the Property represents an approximately 3.3% discount to the independent valuation of the Property.

4. PROPOSED ACQUISITION STRUCTURE

The transaction is structured by way of an acquisition by the Purchaser of the trust beneficial interest in a trust, which holds the Property (comprising the building and the underlying freehold land).

Yuri Tokutei Mokuteki Kaisha ("**Yuri TMK**") will make a *tokumei kumiai* ("**TK**") contribution into the TK business (i.e. the ownership of the Property) carried out by the Purchaser in exchange for an effective 100% share of the profits or losses arising from the TK business. MIT indirectly owns 100% of the common shares and 49% preferred shares of Yuri TMK. The remaining 51% of the preferred shares of Yuri TMK is held by Godo Kaisha Yuri 3 ("**GK Yuri 3**"). MIT indirectly holds 97.0% of the economic interest in GK Yuri 3 while Godo Kaisha Mapletree Japan Investor, an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd, the sponsor of MIT (the "**Sponsor**" or "**MIPL**"), holds the balance 3.0% of the economic interest of GK Yuri 3. Accordingly, MIT will have an effective economic interest of 98.47% in the Property (the "**Effective Interest**"). Completion of the Proposed Acquisition is expected to take place by the fourth quarter of 2024.

5. RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION

The Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

5.1 Strategic location with potential redevelopment to a new data centre

(i) Future redevelopment opportunity with value creation potential

The Property is within a network-dense location in Tama district, West Tokyo. Given its strategic location, the Property presents a future redevelopment opportunity with value creation potential. This will allow MIT to redevelop the mixed-use facility into a data centre to unlock value and realise the upside from redevelopment.

A majority of the data centres in Japan are concentrated in Greater Tokyo, which comprise approximately 72% of the Japanese data centre market (by total IT supply)[2] as at June 2024. Demand for data centre space in Greater Tokyo remains strong, which is projected to grow at a compounded annual growth rate ("**CAGR**") of 9.3% from 2023 to 2033[2]. The market has observed absorption of significant capacity by cloud service providers through wholesale colocation and build-to-suit projects as it is increasingly difficult to adopt a self-build strategy due to supply constraints[2].

End-users and data centre operators have expanded into new data centre clusters across Greater Tokyo in view of the constraints of land and power and the need for greater redundancy. These factors resulted in West Tokyo becoming a larger submarket, which accounted for approximately 40% of total live IT supply in the Greater Tokyo market[2]. Strong demand and limited growth in supply of data centre space have compressed the vacancy rate of West Tokyo from 23% in 2018 to 9% in 2023[2]. The demand-supply dynamics is expected to remain favourable with the vacancy rate expected to tighten to 6% by 2033[2].

The robust demand for data centres, combined with tight supply and limited development opportunities in West Tokyo will be beneficial for the future redevelopment. This is in line with MIT's portfolio rejuvenation and rebalancing efforts towards reshaping and building a portfolio of assets for higher value uses.

(ii) Captures opportunities from Asia Pacific's third largest data centre market

Asia Pacific has become the fastest growing region for data centre investments over the last decade. Developed markets in Asia Pacific such as Tokyo have seen large public cloud deployments in both colocation and self-build facilities as cloud service providers expanded their existing cloud architecture to meet demand. With over 5,000 megawatts of total IT supply, Japan is the third largest and among the most developed data centre markets in Asia-Pacific[2]. This is underpinned by existing demand drivers such as cloud computing, e-commerce, digitalisation, online gaming, and video streaming. The development and adoption of technologies relating to artificial intelligence ("**AI**"), Internet of Things ("**IoT**") and 5G are also fuelling the growth in the demand for data centre space. In addition, the Japanese government has been investing in the development and adoption of technologies, including the Society 5.0 plan with a strong focus on IoT, robotics, AI, and big data to support economic and societal development. This will in turn support the growth of a resilient data centre sector[2].

5.2 Enhances portfolio with the addition of a freehold property

The Proposed Acquisition will improve MIT's tenant income diversification and lease profile. With a remaining lease term of approximately five years, the Property offers stable cash flow and provides an opportunity for further inorganic growth in view of the strong demand for data centre space and tight supply in Japan if redevelopment plans are executed. The mixed-use facility sits on freehold land and is fully leased to an established Japanese conglomerate on a net lease structure with minimal capital expenditure and landlord operational obligations during the current lease term.

The Proposed Acquisition will increase the proportion of freehold properties in MIT's portfolio from 65.8% as at 30 June 2024 to 65.9%. Post-acquisition, MIT's portfolio will grow from S$9.0 billion as at 30 June 2024 to S$9.1 billion (by assets under management ("**AUM**"))[3].

5.3 Expands presence in Japan

The Proposed Acquisition will improve MIT's geographical diversification and strengthen its foothold in Japan. Post-acquisition, Japan will increase from 5.1% as at 30 June 2024 to 6.4% of MIT's portfolio (by AUM)[3]. Properties from Singapore and North America will represent the remaining 47.3% and 46.3% respectively.

[2] Source: DC Byte, Japan Data Centre Market Report, 2024.
[3] Based on MIT's portfolio as at 30 June 2024 and the Total Acquisition Outlay.

5.4 Immediate DPU accretion to Unitholders

Based on the proposed method of financing, the Proposed Acquisition is expected to be accretive to Unitholders on a historical *pro forma* basis.

6. TOTAL ACQUISITION OUTLAY

The total acquisition outlay is estimated to be approximately JPY14.9 billion (approximately S$133.6 million), comprising:

(i) the amount of Purchase Consideration attributable to MIT's Effective Interest which is estimated to be approximately JPY14.3 billion (S$127.8 million) (the "**Effective Consideration**");

(ii) the acquisition fee to the Manager for the Proposed Acquisition (the "**Acquisition Fee**") which is estimated to be approximately S$1.3 million; and

(iii) the estimated professional and other fees and expenses of approximately S$4.5 million incurred or to be incurred by MIT in connection with the Proposed Acquisition,

(collectively, the "**Total Acquisition Outlay**").

Pursuant to the trust deed constituting MIT dated 29 January 2008 (as amended) (the "**Trust Deed**"), the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Effective Consideration (or such lower percentage as may be determined by the Manager in its absolute discretion). The Manager has, at its discretion, elected to receive an acquisition fee of 1.0% of the Effective Consideration in cash.

7. METHOD OF FINANCING FOR THE PROPOSED ACQUISITION

The Manager intends to finance the Total Acquisition Outlay through JPY-denominated borrowings to provide a natural capital hedge. Accordingly, MIT's aggregate leverage ratio is expected to increase from 39.1% as at 30 June 2024 to approximately 39.8%[4].

8. CERTAIN TERMS AND CONDITIONS OF THE RELEVANT AGREEMENTS

8.1 TBI PSA

The principal terms of the TBI PSA include, among others, the following:

(i) the obligation of the Purchaser to pay the net purchase price shall be subject to, among others, the following key conditions precedent being satisfied on the closing date:

  (a) certain representations and warranties of the Vendor being true and correct (except for minor and inconsequential inaccuracy);

  (b) the trustee's written consent to the transfer of the trust beneficiary interest in the trust which holds the Property from the Vendor to the Purchaser having been obtained; and

  (c) the governmental, statutory and regulatory approvals, third party approvals and

[4] *Pro forma* aggregate leverage ratio includes cash of S$16.5 million retained from 1QFY24/25 Distribution Reinvestment Plan to repay existing borrowings.

agreements for the transaction required to be obtained by the Vendor have been obtained or given.

(ii) the obligations of the Vendor to transfer the TBI shall be subject to, among others, certain representations and warranties of the Purchaser being true and correct (except for minor and inconsequential inaccuracy) on the closing date.

8.2 Japan Property and Asset Management Agreements

A property management agreement will be entered into with Mapletree Management Services Japan Kabushiki Kaisha, an indirect wholly-owned subsidiary of MIPL, to provide property management services for the Property.

An asset management agreement will be entered into with Mapletree Investments Japan Kabushiki Kaisha, an indirect wholly-owned subsidiary of MIPL, to provide asset management services to GK Hasu.

By Order of the Board

Wan Kwong Weng
Joint Company Secretary
Mapletree Industrial Trust Management Ltd.
(Company Registration No. 201015667D)
As Manager of Mapletree Industrial Trust

30 September 2024

Important Notice

The value of Units and the income derived 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.

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of MIT is not necessarily indicative of the future performance of MIT.

This Announcement 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. Representative 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 costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.