Letter to Unitholders

"We expect the contribution from the US portfolio and the progressive completion of development projects in Singapore to enhance the portfolio resilience and provide further growth momentum."

Left
WONG MENG MENG
Chairman

Right
THAM KUO WEI
Chief Executive Officer

Dear Unitholders,

FOCUS • SUSTAINABILITY • GROWTH

In FY13/14, we set out our strategic focus on growing the Hi-Tech Buildings segment through acquisitions, BTS projects and AEI. Our efforts in reshaping and building a portfolio of assets for higher value uses will cater to changing needs of tenants and attract users from new growth segments. We broadened our geographical footprint in FY17/18 with the expansion of MIT's investment strategy to include data centres beyond Singapore. The improved portfolio quality and diversification will help to underpin the sustainability of our business and to position us to deliver growing returns to Unitholders.

We have made significant progress in driving our strategy to grow the Hi-Tech Buildings segment during the financial year. In October 2017, we achieved another milestone with our first overseas acquisition in the United States with the purchase of 14 data centres together with the Sponsor, Mapletree Investments Pte Ltd for US$750 million (the "US Acquisition"). The 40:60 joint venture with the Sponsor is a measured approach, which enables us to leverage on its experience and resources in the United States to ensure a smooth continuation of operations for the US Acquisition. The properties are primarily core-and-shell data centres on triple net leases with minimal leasing and operating risks, which will ease our entry into the world's largest data centre market. With long leases on freehold land, the US Acquisition has enhanced the portfolio quality and stability of returns to Unitholders. Since MIT's listing on 21 October 2010, the value of assets under management has more than doubled to S$4,321.4 million as at 31 March 2018. This includes our 40% share of assets in United States, which accounts for 9.6% of the enlarged portfolio. We envisage overseas data centres to comprise up to 20% of MIT's aggregate value of assets under management over time.

During the financial year, we also completed our largest BTS project, developed for HP at 1 & 1A Depot Close in June 2017. The contribution from the BTS project at 1 & 1A Depot Close was the main growth driver in FY17/18. In February 2018, we also marked the completion of the AEI at 30A Kallang Place. Adding approximately 336,000 square feet ("sq ft") of gross floor area ("GFA") to the portfolio, the leasing interest for the new 14-storey Hi-Tech Building, 30A Kallang Place has been positive, with commitment secured for 40.2% of the total net lettable area ("NLA"). With the long-term lease commitment from HP and strong take-up from growing trade sectors at 30A Kallang Place, these developments will position MIT for longer term growth.

The BTS data centre development, Mapletree Sunview 1 is on track for completion in the second half of 2018. This development together with the proposed acquisition and upgrading of 7 Tai Seng Drive into a Hi-Tech Building are consistent with our strategic focus to grow the Hi-Tech Buildings segment. As at 31 March 2018, the Hi-Tech Buildings segment represented the largest property segment at 37.7% of the portfolio by valuation, up from 14.8% five years ago.

7337 Trade Street, San Diego is among the portfolio of 14 data centres acquired in the United States via a 40:60 joint venture with the Sponsor.

The contribution from the BTS project at 1 & 1A Depot Close was the main growth driver in FY17/18.

Letter to Unitholders

Distributable Income	Distribution Per Unit	Total Assets Under Management
+5.3%	+3.2%	+15.3%
S$215.8 Million	11.75 Singapore Cents	S$4,321.4 Million

ACHIEVING SUSTAINABLE RETURNS

MIT delivered another set of healthy financial results in FY17/18. Distributable income for FY17/18 increased by 5.3% to S$215.8 million. DPU of 11.75 Singapore cents for FY17/18 was 3.2% higher than the DPU of 11.39 Singapore cents for FY16/17. Unitholders would have received a total return of about 20.6%[1] in FY17/18, comprising capital appreciation of 14.0% and distribution yield of 6.6%. The growths in distributable income and DPU were driven by the income contribution from the BTS project at 1 & 1A Depot Close, one-time compensation for the early termination of lease from Johnson & Johnson Pte. Ltd., as well as a short period of contribution from MIT's 40% interest in the US Acquisition since its completion on 20 December 2017.

MIT's total assets under management grew from S$3,748.7 million as at 31 March 2017 to S$4,321.4 million[2] as at 31 March 2018. This was due mainly to the US Acquisition and an increase of S$159.7 million in portfolio value for Singapore portfolio. Over the same period, the net asset value per unit increased from S$1.41 to S$1.47.

OPTIMISING PORTFOLIO PERFORMANCE

While the expansion in the manufacturing sector continued to provide support to Singapore's economic growth, broad-based improvements in the Singapore industrial property market have yet to be seen. Coupled with the impending large supply of industrial space, the average portfolio occupancy rate decreased from 92.4% in FY16/17 to 89.6% in FY17/18. The Singapore portfolio also registered a lower occupancy rate of 89.1% in FY17/18. This was partly attributed to the short time gap between the completion of the Phase Two of the BTS project at 1 & 1A Depot Close and the lease commencement with HP, as well as the increase in leasable area upon the completion of the AEI at 30A Kallang Place. The US portfolio occupancy rate was stable at 97.4% in FY17/18.

We remain focused on retaining tenants to maintain a sustainable portfolio occupancy. Through the proactive engagement with our tenants ahead of their lease expiries, the lease expirations in FY18/19 were reduced to 18.0% (by gross rental income) from 28.2% in the preceding year. This also resulted in a healthy retention rate of 77.2% for the Singapore portfolio. With the addition of the US portfolio and the lease commencement for Phase Two of the BTS project at 1 & 1A Depot Close, the portfolio's weighted average lease to expiry ("WALE") (by gross rental income) increased to 3.8 years as at 31 March 2018 from 3.1 years as at 31 March 2017.

In line with our strategy of proactively managing assets to add value to the portfolio, we divested 65 Tech Park Crescent, which was part of the initial public offering portfolio, for S$17.688 million in July 2017. The sale price represented a 34% premium over the acquisition price of S$13.2 million.

ENHANCING FINANCIAL FLEXIBILITY

In October 2017, we successfully raised gross proceeds of S$155.7 million from a private placement to partially fund the US Acquisition. The private placement garnered strong support from a diverse base of investors and was more than three times covered.

MIT's balance sheet remained robust with a healthy interest coverage ratio of 7.1 times and a weighted average all-in funding cost of 2.9% in FY17/18. About 85.1% of MIT's total debt had been hedged through interest rate swaps and fixed rate borrowings as at 31 March 2018. To mitigate the impact of US dollar interest rate volatility, 99.3% of the interest rate exposure on the US dollar-denominated loans for the joint venture had been hedged. MIT's aggregate leverage ratio of 33.1% as at 31 March 2018 provides sufficient headroom for investment opportunities.

We continue to adopt appropriate hedging strategies to protect the portfolio against interest rate and exchange rate fluctuations.

[1] Sum of distributions and capital appreciation for the period over the closing unit price of S$2.030 on 31 March 2018.
[2] Includes MIT's 40% interest of the joint venture with Mapletree Investments Pte Ltd in a portfolio of 14 data centres in the United States.

SUSTAINABILITY REPORTING

We remain steadfast in integrating environmental and social considerations in our strategy and practices while upholding high standards of corporate governance. We are pleased to present the practices, performance and targets in relation to the material environmental, social and governance aspects of MIT's business in our second sustainability report.

FROM STRENGTH TO STRENGTH

Even though the global economic upswing and positive outlook for Singapore economy should improve business sentiments, downside risks such as global policy uncertainty and geopolitical tensions may derail global growth.

The data centre sector in the United States remains robust, driven by the growth of data and content, as well as adoption of cloud services by businesses and consumers. This will enhance the stability of revenue contribution from the US portfolio.

We expect the contribution from the US portfolio and the progressive completion of development projects in Singapore to enhance the portfolio resilience and provide further growth momentum. The right of first refusal from the Sponsor for the acquisition of the remaining 60% interest in the US portfolio and 18 Tai Seng in Singapore will provide growth opportunities in the future. In addition, MIT's expanded investment strategy to acquire data centres worldwide will offer attractive investment opportunities to diversify our portfolio and extend our foothold in the fast growing sector. With the Sponsor's extensive network and capabilities, we remain disciplined in pursuing investment opportunities in Singapore and overseas.

ACKNOWLEDGEMENTS

On behalf of the Board, we welcome Mr Guy Daniel Harvey-Samuel who was appointed Independent Non-Executive Director on 14 July 2017. With his vast experience in the financial sector, we look forward to Mr Harvey-Samuel's counsel and contributions.

We wish to express our heartfelt appreciation to our directors and staff for their commitment and contributions. We would like to thank our Unitholders, tenants and business partners for their continued support.

WONG MENG MENG
Chairman

THAM KUO WEI
Chief Executive Officer

4 JUNE 2018