


➤ LETTER TO UNITHOLDERS

➤ Sustainability is an integral part of our business. We have aligned our sustainability goals with the Mapletree Group's ambition to achieve net zero emissions by 2050 and adopted its sustainability roadmap to drive the transition towards net zero emissions.

A photograph of two men in dark blue suits and orange ties standing in a modern office environment. The man on the left is older with grey hair and glasses, and the man on the right is younger with dark hair and glasses. Both are smiling at the camera. The background shows a blurred office interior with glass partitions and warm lighting.

CHEAH KIM TECK
Chairman

THAM KUO WEI
Chief Executive Officer

Dear Unitholders,

The global economy faced a slowdown amid persistent inflation, heightened geopolitical risks, and rapid, synchronised monetary tightening policies by major central banks. The Russia-Ukraine war also exacerbated uncertainties when global supply chain frictions stemming from the pandemic have not been fully resolved.

EXECUTING ON OUR STRATEGIC PRIORITIES

During FY22/23, we reached another milestone in our portfolio rejuvenation and rebalancing efforts with the completion of Mapletree Hi-Tech Park @ Kallang Way (161, 163 and 165 Kallang Way) on 23 March 2023. MIT's largest redevelopment of Flatted Factories into a new high-tech industrial park increased the utilised plot ratio from 1.5 to 2.5. With an enlarged GFA of 865,685 sq ft, the redevelopment comprises two nine-storey buildings that cater to companies seeking high-quality industrial space at the city fringe as well as a seven-storey BTS facility fully leased to a global medical device company. To date, the committed occupancy of the Hi-Tech Park was about 44.1%¹ (by net lettable area ("NLA")).

We completed the divestments of 19 Changi South Street 1, Singapore for S\$13.0 million on 21 April 2022. We also divested 19675 West Ten Mile Road, Southfield, Michigan for US\$10.0 million on 9 June 2022. Such divestments of non-core properties allow redeployment of capital for investments.

DELIVERING STABLE RETURNS

The consistent portfolio reshaping and rebalancing efforts underpin the stability of MIT's financial performance, particularly in the current challenging macroeconomic environment. Gross revenue and net property income for FY22/23 increased 12.3% and 9.7% year-on-year to S\$684.9 million and S\$518.0 million respectively. This was mainly driven by the full year contribution from the portfolio of 29 data centres in the United States of America acquired in July 2021. The amount available for distribution to Unitholders for FY22/23 grew by a more moderate 1.6% year-on-year to S\$356.6 million as the increase in net property income was partially offset by higher borrowing costs and manager's management fees. Distribution per Unit ("DPU") for FY22/23 fell by 1.7% year-on-year to 13.57 cents on an enlarged unit base with additional units issued under the DRP. Since its listing on 21 October 2010, MIT has delivered a total return of 305.4%² by the end of the FY22/23.

The total valuation of 141 properties in MIT's portfolio³ was S\$8,725.1 million as at 31 March 2023. This represented a 0.1% increase over the previous valuation of S\$8,718.6 million as at 31 March 2022.

ACHIEVING ROBUST OPERATIONAL PERFORMANCE

MIT delivered robust operational results in FY22/23 despite the challenging conditions. Average Overall Portfolio occupancy increased from 93.9% in FY21/22 to 95.5% in FY22/23.

The average Singapore Portfolio occupancy rate rose from 93.8% in FY21/22 to 96.2% in FY22/23, an all-time high since MIT's listing. Higher occupancies were registered at most property segments except for Hi-Tech Buildings due to the increase in the leasable area upon completion of Mapletree Hi-Tech Park @ Kallang Way. The average passing rental rate for Singapore Portfolio also increased from S\$2.13 per square foot per month ("psf/mth") in FY21/22 to S\$2.15 psf/mth in FY22/23. This was driven by positive average rental revision achieved for renewal leases and higher average rental rate secured for new leases in FY22/23. The retention rate of the Singapore Portfolio was robust at 86.3% in FY22/23, which underscored our efforts to maintain a stable portfolio occupancy through tenant retention and forward lease renewals.

The North American Portfolio's average passing rental rate rose from US\$2.35 psf/mth in FY21/22 to US\$2.38 psf/mth in FY22/23. This was primarily due to the built-in rental escalations in the leases. As at 31 March 2023, the North American Portfolio's weighted average lease to expiry ("WALE") remained long at 5.6 years, accounting for about 3.4% of the expiring leases in FY23/24. However, the average North American Portfolio occupancy rate fell from 94.2% in FY21/22 to 93.8% in FY22/23. The decline was due to the non-renewal of a lease at 2 Christie Heights Street, Leonia, New Jersey.

ENSURING STABILITY OF PORTFOLIO

MIT has a large and diverse mix of tenant types across its North American data centres and Singapore industrial properties. This reduces the dependence on any single tenant or trade sector. As at 31 March 2023, about 90.1% of the North American Portfolio (by gross rental income) was on triple net leases where all outgoings were borne by the tenants, thus protecting the North American Portfolio against rising utilities cost.

We are monitoring the upcoming lease renewals in the North American Portfolio and actively engaging our tenants ahead of their lease expirations. As part of our proactive asset management efforts, we will seek replacement tenants and evaluate possible asset enhancement or repositioning of the assets to minimise the downtime.

¹ Includes the 28.9% commitment (by NLA) from the anchor tenant of the BTS facility.

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

³ Refers to 85 properties in Singapore, 43 data centres in North America wholly owned by MIT and MIT's 50% interest in Mapletree Rosewood Data Centre Trust, which holds 13 data centres in North America.

LETTER TO UNITHOLDERS

STRENGTHENING OUR SUSTAINABILITY COMMITMENTS

Sustainability is an integral part of our business. We have aligned our sustainability goals with the Mapletree Group's ambition to achieve net zero emissions by 2050 and adopted its sustainability roadmap to drive the transition towards net zero emissions. 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 clusters⁴ with a total generating capacity of about 4,000 kilowatt peak ("kWp"). On 13 April 2023, we held a tree planting initiative at Mapletree Hi-Tech Park @ Kallang Way to affirm the Mapletree Group's commitment to plant at least 100,000 trees by 2030 across its assets, as well as in the communities it operates in. We will be introducing sustainability clauses for all new and renewal leases for the Singapore and North American Portfolios as we believe continued alignment with our tenants will be vital in reducing our carbon footprint. During the financial year, 161 and 163 Kallang Way achieved the BCA Green Mark Platinum Award while Serangoon North Cluster attained the BCA Green Mark Gold^{Plus} Award. Such sustainability building certifications reflected our efforts in building a climate resilient portfolio.

We warmly welcome Ms Noorsurainah Tengah as an Independent Non-Executive Director on 1 April 2023. With her wealth of experience, we believe Ms Tengah will offer additional diversity of perspectives to the business strategy of MIT. The female representation on the Board increased from 18% to 25%, well ahead of our aspirational target to achieve at least 25% of female representation on the Board by 2025.

MIT was rated an 'A' for GRESB Public Disclosure 2022 and 'Low Risk' by Morningstar Sustainability ESG Risk Ratings. It was also ranked in the Top 10 in Singapore for Gender Equality in 2022 by Equileap. These achievements affirmed our ongoing sustainability efforts and commitments.

MAINTAINING A STRONG FINANCIAL POSITION

Active capital management remains a key thrust in supporting MIT's growth initiatives. We raised total proceeds of about S\$184 million from the DRP for distributions from 3QFY21/22 to 3QFY22/23 to finance the redevelopment project at Kallang Way. Proceeds from this series of DRP, which was suspended after the 3QFY22/23 Distribution, have kept MIT's aggregate leverage ratio healthy at 37.4% as at 31 March 2023. We wish to thank Unitholders for an average take-up rate of about 40%.

In response to rising inflation, the United States Federal Reserve continued its most aggressive pace of monetary policy tightening since the 1980s while the Monetary Authority of Singapore tightened its monetary policy for the fifth consecutive time since October 2021. Consequently, the average borrowing cost

increased from 2.5% in FY21/22 to 3.1% in FY22/23 due to higher benchmark reference rates. To manage the impact of interest rate and foreign currency fluctuations on distributions, about 75.5% of MIT's total borrowings as at 31 March 2023 had been hedged into fixed rates while 85.8% of FY22/23 foreign currency net income stream had been hedged into Singapore dollars.

CREATING LONG-LASTING VALUE

Global economic activity in 2023 is expected to slow because of the tightening in global monetary policies. Downside risks to growth stem from vulnerabilities in the global financial system, Russia-Ukraine war and escalating geopolitical tensions.

With a strong balance sheet, we will focus on strengthening the portfolio through accretive acquisitions and developments as well as opportunistic divestments of non-core assets. We will explore investment opportunities in key data centre markets in Asia and Europe. The right of first refusal from the Sponsor for the acquisition of its 50% interest in Mapletree Rosewood Data Centre Trust ("MRODCT") remains featured in MIT's acquisition pipeline. We are confident that our disciplined approach to scaling up our data centre presence and building a portfolio of higher quality assets will continue to position us to create long-term value through property cycles.

ACKNOWLEDGEMENTS

Mr Wong Meng Meng stepped down as Non-Executive Chairman and Director on 31 October 2022. Mr Wong, through his steadfast leadership and wise counsel, had successfully steered MIT to expand beyond Singapore into the data centre sector in North America. He was also pivotal in the strategy to grow Hi-Tech Buildings during his 12 years of dedicated service and contributions to MIT. On behalf of the Board, we would like to express our sincere gratitude to Mr Wong and wish him well.

I look forward to working with my fellow directors and leading MIT in navigating the course to achieve a growing and sustainable business. We are also grateful for our directors and staff for their hard work and support. Our heartfelt thanks goes to our Unitholders, tenants and business partners for their continued trust in MIT.

CHEAH KIM TECK
Chairman

THAM KUO WEI
Chief Executive Officer

29 May 2023

⁴ Refers to Chai Chee Lane, Kampong Ubi, Kolam Ayer 5, Loyang 1 and 2 Clusters.