

MAPLETREE INDUSTRIAL TRUST UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT FOR THE FINANCIAL PERIOD FROM 1 JULY 2017 TO 30 SEPTEMBER 2017 AND FIRST HALF FROM 1 APRIL 2017 TO 30 SEPTEMBER 2017

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Summary Results of Mapletree Industrial Trust Group¹ (“MIT Group”)

	2QFY17/18	1QFY17/18	Inc/(Dec) %	2QFY16/17	Inc/(Dec) %
Gross revenue (S\$'000)	92,562	88,812	4.2	84,208	9.9
Net property income (S\$'000)	70,677	68,192	3.6	63,630	11.1
Amount available for distribution (S\$'000)	54,010 ²	52,905	2.1	50,594	6.8
No. of units in issue ('000)	1,802,723	1,802,447	*	1,801,552	0.1
Distribution per unit (cents)	3.00 ²	2.92	2.7	2.83	6.0

* Increase less than 0.1%

Footnotes:

¹ MIT Group comprises Mapletree Industrial Trust (“MIT”) and its wholly owned subsidiaries, Mapletree Singapore Industrial Trust (“MSIT”) and Mapletree Industrial Trust Treasury Company Pte. Ltd. (“MITTC”).

² Amount available for distribution included the pre-termination compensation of S\$3.1 million received from Johnson & Johnson Pte. Ltd. which ended its lease on 30 September 2017. This represented a DPU of 0.17 cent in 2QFY17/18.

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Introduction

MIT is a real estate investment trust listed on the Main Board of Singapore Exchange that invests in a diversified portfolio of real estate used primarily for industrial purposes, whether wholly or partially, in Singapore, as well as real estate-related assets. From 26 October 2017, MIT's investment strategy will be expanded to include real estate and real estate-related assets used primarily as data centres worldwide beyond Singapore.

MIT Group's property portfolio comprises 85 industrial properties strategically located across Singapore with a total book value of S\$3.78 billion as at 30 September 2017. These industrial properties include Flatted Factories, Hi-Tech Buildings, Business Park Buildings, Stack-up/Ramp-up Buildings and Light Industrial Buildings. The divestment of 65 Tech Park Crescent was successfully completed on 20 July 2017.

MIT's distribution policy is to distribute at least 90.0% of its amount available for distribution, comprising substantially its income from the letting of its properties and related property services income after deduction of allowable expenses, as well as interest income from the periodic placement of cash surpluses in bank deposits.

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1(a) Statement of Total Return and Distribution Statement (MIT Group) (2QFY17/18 vs 2QFY16/17)

<u>Statement of Total Return</u>	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)	Increase/ (Decrease) %
Gross revenue	92,562	84,208	9.9
Property operating expenses (Note A)	(21,885)	(20,578)	6.4
Net property income	70,677	63,630	11.1
Interest income	69	68	1.5
Borrowing costs (Note B)	(8,505)	(6,633)	28.2
Manager's management fees			
- Base fees	(4,813)	(4,623)	4.1
- Performance fees	(2,544)	(2,291)	11.0
Trustee's fees	(134)	(131)	2.3
Other trust expenses	(331)	(313)	5.8
Total trust income and expenses	(16,258)	(13,923)	16.8
Net income	54,419	49,707	9.5
Loss on divestment of investment property ¹	(200)	-	100.0
Total return for the period	54,219	49,707	9.1

<u>Distribution Statement</u>	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)	Increase/ (Decrease) %
Total return for the period	54,219	49,707	9.1
Adjustment for net effect of non-tax deductible items and other adjustments (Note C)	(209)	887	(123.6)
Amount available for distribution	54,010	50,594	6.8

¹ Includes transaction costs of S\$0.3 million incurred in relation to the divestment of 65 Tech Park Crescent at the sale price of S\$17.688 million, which was 34% higher than MIT's acquisition price of S\$13.2 million.

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<u>Notes</u>	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)	Increase/ (Decrease) %
<u>Note A</u>			
Property operating expenses include:			
Reversal of impairment of trade receivables	*	11	(101.6)
Depreciation	1	*	200.0
<u>Note B</u>			
Borrowing costs include:			
Interest on borrowings	(8,277)	(6,483)	27.7
<u>Note C</u>			
Adjustment for net effect of non-tax deductible/(chargeable) items and other adjustments comprises:			
Trustee's fees	134	131	2.3
Financing related costs	449	308	45.8
Management fees paid/payable in units	509	512	(0.6)
Expense capital items	96	429	(77.6)
Adjustments from rental incentives	(2,568)	(418)	514.4
Loss on divestment of investment property	200	-	100.0
Others	971	(75)	**

* Amount less than S\$1,000

** Not meaningful

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1(a) Statement of Total Return and Distribution Statement (MIT Group) (1HFY17/18 vs 1HFY16/17)

<u>Statement of Total Return</u>	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)	Increase/ (Decrease) %
Gross revenue	181,374	168,300	7.8
Property operating expenses (Note A)	(42,505)	(40,871)	4.0
Net property income	138,869	127,429	9.0
Interest income	12	141	(91.5)
Borrowing costs (Note B)	(16,379)	(13,114)	24.9
Manager's management fees			
- Base fees	(9,543)	(9,150)	4.3
- Performance fees	(4,999)	(4,588)	9.0
Trustee's fees	(266)	(259)	2.7
Other trust expenses	(650)	(621)	4.7
Total trust income and expenses	(31,825)	(27,591)	15.3
Net income	107,044	99,838	7.2
Loss on divestment of investment property ¹	(200)	-	100.0
Total return for the period before income tax	106,844	99,838	7.0
Income tax credit	-	*	**
Total return for the period after income tax	106,844	99,838	7.0

<u>Distribution Statement</u>	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)	Increase/ (Decrease) %
Total return for the period after income tax	106,844	99,838	7.0
Adjustment for net effect of non-tax deductible items and other adjustments (Note C)	71	2,268	(96.9)
Amount available for distribution	106,915	102,106	4.7

* Amount less than S\$1,000

** Not meaningful

¹ Includes transaction costs of S\$0.3 million incurred in relation to the divestment of 65 Tech Park Crescent at the sale price of S\$17.688 million, which was 34% higher than MIT's acquisition price of S\$13.2 million.

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<u>Notes</u>	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)	Increase/ (Decrease) %
<u>Note A</u>			
Property operating expenses include:			
Reversal of impairment of trade receivables	*	11	(101.6)
Depreciation	2	*	139.9
<u>Note B</u>			
Borrowing costs include:			
Interest on borrowings	(15,916)	(12,817)	24.2
<u>Note C</u>			
Adjustment for net effect of non-tax deductible items comprises:			
Trustee's fees	266	259	2.7
Financing related costs	880	642	37.1
Management fees paid/payable in units	1,012	1,019	(0.7)
Expense capital items	192	839	(77.1)
Adjustments from rental incentives	(3,735)	(216)	**
Loss on divestment of investment property	200	-	100.0
Others	1,256	(275)	556.7

* Amount less than S\$1,000

** Not meaningful

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1(b)(i) Statement of Financial Position (MIT Group)

	30 September 2017 (S\$'000)	31 March 2017 (S\$'000)
Current assets		
Cash and cash equivalents	39,293	37,985
Trade and other receivables	14,790	10,221
Other current assets	1,958	1,202
Total current assets	56,041	49,408
Non-current assets		
Investment properties	3,705,175	3,530,850
Investment properties under development	70,232	217,800
Plant and equipment	18	3
Derivative financial instruments ¹	1,109	-
Total non-current assets	3,776,534	3,748,653
Total assets	3,832,575	3,798,061
Current liabilities		
Trade and other payables	94,893	108,745
Borrowings	154,970	114,986
Total current liabilities	249,863	223,731
Non-current liabilities		
Other payables	50,005	46,143
Borrowings	992,695	991,425
Derivative financial instruments ¹	5,465	3,973
Total non-current liabilities	1,048,165	1,041,541
Total liabilities	1,298,028	1,265,272
Net assets attributable to Unitholders	2,534,547	2,532,789
Represented by:		
Unitholders' funds	2,534,547	2,532,789
Net asset value per unit (S\$)	1.41	1.41

Footnote:

¹ Derivative financial instruments reflect the fair value of the interest rate swaps entered into by the Group to manage its interest rate risks.

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities (MIT Group)

	30 September 2017 (S\$'000)	31 March 2017 (S\$'000)
Current		
Bank loan (unsecured)	155,000	115,000
Less: Transaction costs to be amortised ¹	(30)	(14)
	154,970	114,986
Non-current		
Bank loan (unsecured)	587,880	587,880
Less: Transaction costs to be amortised ¹	(654)	(677)
	587,226	587,203
Medium Term Notes ("MTN") (unsecured)	405,000	405,000
Change in fair value of hedged item ²	1,109	(65)
Less: Transaction costs to be amortised ¹	(640)	(713)
	405,469	404,222
	1,147,665	1,106,411

Footnotes:

- ¹ Related transaction costs are amortised over the bank loan facility periods and the tenors of the MTN.
- ² Relates to the changes in fair value of the S\$75.0 million MTN issued on 11 May 2015; the Group has adopted a fair value hedge on this series of MTN.

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1(b)(i) Statement of Financial Position (MIT)

	30 September 2017 (S\$'000)	31 March 2017 (S\$'000)
Current assets		
Cash and cash equivalents	27,970	31,136
Trade and other receivables	20,768	12,297
Other current assets	1,232	463
Total current assets	49,970	43,896
Non-current assets		
Investment properties	3,524,925	3,333,000
Investment properties under development	70,232	217,800
Plant and equipment	18	3
Investments in subsidiaries	*	*
Loan to a subsidiary ¹	166,594	179,794
Derivative financial instruments ²	1,109	-
Total non-current assets	3,762,878	3,730,597
Total assets	3,812,848	3,774,493
Current liabilities		
Trade and other payables	89,121	102,899
Borrowings	154,970	114,986
Total current liabilities	244,091	217,885
Non-current liabilities		
Other payables	49,309	45,723
Borrowings	587,226	587,203
Loans from a subsidiary	405,469	404,222
Derivative financial instruments ²	5,465	3,973
Total non-current liabilities	1,047,469	1,041,121
Total liabilities	1,291,560	1,259,006
Net assets attributable to Unitholders	2,521,288	2,515,487
Represented by:		
Unitholders' funds	2,521,288	2,515,487
Net asset value per unit (S\$)	1.40	1.40

* Amount less than S\$1,000

Footnotes:

¹ Reflects MIT's quasi equity investment in MSIT.

² Derivative financial instruments reflect the fair value of the interest rate swaps entered into by MIT to manage its interest rate risks.

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1(c) Statement of Cash Flows (MIT Group)

	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)
Cash flows from operating activities		
Total return for the period after tax	54,219	49,707
Adjustments for:		
- Reversal of impairment of trade receivables	*	(11)
- Interest income	(69)	(68)
- Borrowing costs	8,505	6,633
- Manager's management fees paid/payable in units	509	512
- Rental incentives	(2,568)	(418)
- Depreciation	1	*
- Loss on divestment of investment property	200	-
Operating cash flows before working capital changes	60,797	56,355
Changes in operating assets and liabilities		
Trade and other receivables	(439)	196
Trade and other payables	(431)	1,003
Other current assets	(89)	(503)
Cash generated from operations	59,838	57,051
Interest received	68	70
Net cash provided by operating activities	59,906	57,121
Cash flows from investing activities		
Additions to investment properties	(8,039)	(3,278)
Additions to investment properties under development	(15,074)	(26,466)
Additions to plant and equipment	(17)	-
Net proceeds from the divestment of investment property	17,400	-
Net cash used in investing activities	(5,730)	(29,744)
Cash flows from financing activities		
Repayment of bank loans	(97,000)	(36,362)
Gross proceeds from bank loans	105,408	73,358
Payment of financing related costs	(25)	(25)
Distributions to Unitholders	(52,631)	(51,336)
Interest paid	(9,709)	(7,946)
Net cash used in financing activities	(53,957)	(22,311)
Net increase in cash and cash equivalents	219	5,066
Cash and cash equivalents at beginning of period	39,074	43,898
Cash and cash equivalents at end of the period	39,293	48,964

* Amount less than S\$1,000

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1(c) Statement of Cash Flows (MIT Group)

	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)
Cash flows from operating activities		
Total return for the period after tax	106,844	99,838
Adjustments for:		
- Reversal of impairment of trade receivables	*	(11)
- Income tax credit	-	*
- Interest income	(12)	(141)
- Borrowing costs	16,379	13,114
- Manager's management fees paid/payable in units	1,012	1,019
- Rental incentives	(3,735)	(216)
- Depreciation	2	*
- Loss on divestment of investment property	200	-
Operating cash flows before working capital changes	120,690	113,603
Changes in operating assets and liabilities		
Trade and other receivables	(974)	(117)
Trade and other payables	(5,616)	1,586
Other current assets	(246)	(670)
Cash generated from operations	113,854	114,402
Interest received	152	147
Income tax paid	-	*
Net cash provided by operating activities	114,006	114,549
Cash flows from investing activities		
Additions to investment properties	(9,009)	(5,514)
Additions to investment properties under development	(40,117)	(40,553)
Additions to plant and equipment	(17)	(2)
Net proceeds from the divestment of investment property	17,400	-
Net cash used in investing activities	(31,743)	(46,069)
Cash flows from financing activities		
Repayment of bank loans	(185,000)	(47,362)
Gross proceeds from bank loans	225,000	88,969
Payment of financing related costs	(825)	(25)
Distributions to Unitholders	(104,533)	(101,942)
Interest paid	(15,597)	(13,496)
Net cash used in financing activities	(80,955)	(73,856)
Net increase/(decrease) in cash and cash equivalents	1,308	(5,376)
Cash and cash equivalents at beginning of period	37,985	54,340
Cash and cash equivalents at end of the period	39,293	48,964

* Amount less than S\$1,000

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1(d)(i) Statement of Movements in Unitholders' Funds (MIT Group)

	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)
OPERATIONS		
Balance at beginning of the period	853,369	785,518
Total return for the period	54,219	49,707
Distributions	(52,631)	(51,336)
Balance at end of the period	854,957	783,889
UNITHOLDERS' CONTRIBUTION		
Balance at beginning of the period	1,684,552	1,682,520
Manager's management fees paid in units	503	507
Balance at end of the period	1,685,055	1,683,027
HEDGING RESERVE		
Balance at beginning of the period	(6,780)	(5,773)
Fair value gain/(loss)	76	(1,735)
Cash flow hedges recognised as borrowing costs	1,239	539
Balance at end of the period	(5,465)	(6,969)
Total Unitholders' funds at end of the period	2,534,547	2,459,947

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1(d)(i) Statement of Movements in Unitholders' Funds (MIT Group)

	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)
OPERATIONS		
Balance at beginning of the period	852,646	785,993
Total return for the period	106,844	99,838
Distributions	(104,533)	(101,942)
Balance at end of the period	854,957	783,889
UNITHOLDERS' CONTRIBUTION		
Balance at beginning of the period	1,684,051	1,682,012
Manager's management fees paid in units	1,004	1,015
Balance at end of the period	1,685,055	1,683,027
HEDGING RESERVE		
Balance at beginning of the period	(3,908)	(2,781)
Fair value losses	(3,913)	(4,737)
Cash flow hedges recognised as borrowing costs	2,356	549
Balance at end of the period	(5,465)	(6,969)
Total Unitholders' funds at end of the period	2,534,547	2,459,947

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1(d)(i) Statement of Movements in Unitholders' Funds (MIT)

	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)
OPERATIONS		
Balance at beginning of the period	836,087	772,120
Total return for the period	58,242	49,715
Distributions	(52,631)	(51,336)
Balance at end of the period	841,698	770,499
UNITHOLDERS' CONTRIBUTION		
Balance at beginning of the period	1,684,552	1,682,520
Manager's management fees paid in units	503	507
Balance at end of the period	1,685,055	1,683,027
HEDGING RESERVE		
Balance at beginning of the period	(6,780)	(5,773)
Fair value gain/(loss)	76	(1,735)
Cash flow hedges recognised as borrowing costs	1,239	539
Balance at end of the period	(5,465)	(6,969)
Total Unitholders' funds at end of the period	2,521,288	2,446,557

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1(d)(i) Statement of Movements in Unitholders' Funds (MIT)

	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)
OPERATIONS		
Balance at beginning of the period	835,344	772,832
Total return for the period	110,887	99,609
Distributions	(104,533)	(101,942)
Balance at end of the period	841,698	770,499
UNITHOLDERS' CONTRIBUTION		
Balance at beginning of the period	1,684,051	1,682,012
Manager's management fees paid in units	1,004	1,015
Balance at end of the period	1,685,055	1,683,027
HEDGING RESERVE		
Balance at beginning of the period	(3,908)	(2,781)
Fair value losses	(3,913)	(4,737)
Cash flow hedges recognised as borrowing costs	2,356	549
Balance at end of the period	(5,465)	(6,969)
Total Unitholders' funds at end of the period	2,521,288	2,446,557

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1(d)(ii) Details of Any Change in Units

	2QFY17/18	2QFY16/17	1HFY17/18	1HFY16/17
Balance as at beginning of the period	1,802,447,435	1,801,250,264	1,802,160,168	1,800,931,499
Manager's management fees paid in units ¹	276,058	301,914	563,325	620,679
Total issued units at end of the period²	1,802,723,493	1,801,552,178	1,802,723,493	1,801,552,178

Footnotes:

¹ The Manager has elected, in accordance with the Trust Deed, for new units to be issued as part payment of base fee to the Manager.

² There were no convertibles, treasury units and units held by subsidiaries as at 30 September 2017 and 30 September 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which standard, (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

On 1 April 2017, MIT Group adopted the revised version of the Statement of Recommended Accounting Practice 7 (Revised March 2017) issued by the Institute of Singapore Chartered Accountants which has no significant impact to the financial statements of the Group.

Except for the above, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those used in the audited financial statements for the year ended 31 March 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

MIT Group adopted the new and amended FRS and INT FRS that are mandatory for application from 1 April 2017. The adoption of these new or amended FRS and INT FRS do not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

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6. Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	2QFY17/18	2QFY16/17	1HFY17/18	1HFY16/17
Weighted average number of units ¹	1,802,624,472	1,801,440,601	1,802,484,635	1,801,286,728
Earnings per unit ("EPU") – Basic and Diluted² Based on the weighted average number of units in issue (cents)	3.01	2.76	5.93	5.54
No. of units in issue at end of period	1,802,723,493	1,801,552,178	1,802,723,493	1,801,552,178
DPU Based on number of units in issue at end of period (cents)	3.00	2.83	5.92	5.68

Footnotes:

¹ Weighted average number of units has been adjusted to take into effect the additional units issued as part payment of base fee to the Manager.

² Diluted earnings per unit were the same as the basic earnings per unit as there were no dilutive instruments in issue. The EPU were calculated using the total return and the weighted average number of units in issue during the respective periods.

7. Net Asset Value ("NAV") and Net Tangible Asset ("NTA") Per Unit

	MIT Group		MIT	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
NAV and NTA per unit (S\$) ¹	1.41	1.41	1.40	1.40

Footnote:

¹ Net tangible asset per unit was the same as net asset value per unit as there were no intangible assets as at the statement of position dates.

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8. Review of the Performance

Statement of Total Returns (MIT Group)

2QFY17/18 vs 2QFY16/17

	2QFY17/18 (S\$'000)	2QFY16/17 (S\$'000)	Increase/ (Decrease) (%)
Gross revenue	92,562	84,208	9.9
Property operating expenses	(21,885)	(20,578)	6.4
Net property income	70,677	63,630	11.1
Interest income	69	68	1.5
Borrowing costs	(8,505)	(6,633)	28.2
Manager's management fees			
- Base fees	(4,813)	(4,623)	4.1
- Performance fees	(2,544)	(2,291)	11.0
Trustee's fees	(134)	(131)	2.3
Other trust expenses	(331)	(313)	5.8
Total trust income and expenses	(16,258)	(13,923)	16.8
Net income	54,419	49,707	9.5
Loss on divestment of investment property	(200)	-	100.0
Total return for the period	54,219	49,707	9.1
Net non-tax deductible items	(209)	887	(123.6)
Amount available for distribution	54,010	50,594	6.8
Distribution per Unit (cents)	3.00	2.83	6.0

Gross revenue for 2QFY17/18 was S\$92.6 million, 9.9% (or S\$8.4 million) higher than the corresponding quarter last year. This was due mainly to revenue contribution from the build-to-suit ("BTS") project for HP Singapore (Private) Limited ("HP") and pre-termination compensation received from Johnson & Johnson Pte. Ltd. ("J&J"), partially offset by lower portfolio occupancy.

Property operating expenses were S\$21.9 million, 6.4% (or S\$1.3 million) higher than the corresponding quarter last year. This was mainly attributed to higher marketing commission, property maintenance expenses and property taxes, partially offset by lower utilities.

As a result, net property income for 2QFY17/18 was S\$70.7 million, 11.1% (or S\$7.0 million) higher.

Trust expenses were S\$16.3 million, 16.8% (or S\$2.3 million) higher than the corresponding quarter last year. This was largely because of higher borrowing costs and manager's management fees. The higher borrowing costs were due to the higher hedged rates and the weighted average interest rate for 2QFY17/18 was 2.9% as compared to 2.6% in 2QFY16/17. The interest incurred in relation to HP which was being expensed (instead of being capitalised) upon obtaining Temporary Occupation Permit ("TOP") also contributed to the higher borrowing costs. Higher manager's management fees were due to better portfolio performance and increased value of assets under management.

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The amount available for distribution in 2QFY17/18 was S\$54.0 million, 6.8% (or S\$3.4 million) higher than the corresponding quarter last year. As a result, the distribution per unit for 2QFY17/18 was 3.00 cents, 6.0% higher compared to the 2.83 cents in 2QFY16/17.

Statement of Total Returns (MIT Group)

1HFY17/18 vs 1HFY16/17

	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)	Increase/ (Decrease) (%)
Gross revenue	181,374	168,300	7.8
Property operating expenses	(42,505)	(40,871)	4.0
Net property income	138,869	127,429	9.0
Interest income	12	141	(91.5)
Borrowing costs	(16,379)	(13,114)	24.9
Manager's management fees			
- Base fees	(9,543)	(9,150)	4.3
- Performance fees	(4,999)	(4,588)	9.0
Trustee's fees	(266)	(259)	2.7
Other trust expenses	(650)	(621)	4.7
Total trust income and expenses	(31,825)	(27,591)	15.3
Net income	107,044	99,838	7.2
Loss on divestment of investment property	(200)	-	100.0
Total return for the period before income tax	106,844	99,838	7.0
Income tax credit	-	*	**
Total return for the period after income tax	106,844	99,838	7.0
Net non-tax deductible items	71	2,268	(96.9)
Amount available for distribution	106,915	102,106	4.7
Distribution per Unit (cents)	5.92	5.68	4.2

* Amount less than S\$1,000

** Not meaningful

Gross revenue for 1HFY17/18 was S\$181.4 million, 7.8% (or S\$13.1 million) higher compared to the corresponding period last year. This was due mainly to revenue contribution from HP and pre-termination compensation received from J&J, partially offset by lower portfolio occupancy.

Property operating expenses were S\$42.5 million, 4.0% (or S\$1.6 million) higher than the corresponding period last year. This was due mainly to higher marketing commission and property taxes, partially offset by lower utilities.

As a result, net property income for 1HFY17/18 was S\$138.9 million, 9.0% (or S\$11.4 million) higher.

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Trust expenses were S\$31.8 million, 15.3% (or S\$4.2 million) higher, largely because of higher borrowing costs and manager's management fees. The higher borrowing costs were due to higher hedged rates in 1HFY17/18 as expired interest rate hedges were replaced with hedges carrying higher rates. The interest incurred in relation to HP which was being expensed (instead of being capitalised) upon obtaining TOP also contributed to the higher borrowing costs. Higher manager's management fees were due to better portfolio performance and increased value of assets under management.

The amount available for distribution for 1HFY17/18 was S\$106.9 million, 4.7% (or S\$4.8 million) higher than 1HFY16/17. As a result, the distribution per unit for 1HFY17/18 was 5.92 cents, 4.2% higher compared to the 5.68 cents in 1HFY16/17.

Statement of Total Returns (MIT Group)

2QFY17/18 vs 1QFY17/18

	2QFY17/18 (S\$'000)	1QFY17/18 (S\$'000)	Increase/ (Decrease) (%)
Gross revenue	92,562	88,812	4.2
Property operating expenses	(21,885)	(20,620)	6.1
Net property income	70,677	68,192	3.6
Interest income	69	(57)	221.1
Borrowing costs	(8,505)	(7,874)	8.0
Manager's management fees			
- Base fees	(4,813)	(4,730)	1.8
- Performance fees	(2,544)	(2,455)	3.6
Trustee's fees	(134)	(132)	1.5
Other trust expenses	(331)	(319)	3.8
Total trust income and expenses	(16,258)	(15,567)	4.4
Net income	54,419	52,625	3.4
Loss on divestment of investment property	(200)	-	100.0
Total return for the period	54,219	52,625	3.0
Net non-tax deductible items	(209)	280	(174.6)
Amount available for distribution	54,010	52,905	2.1
Distribution per Unit (cents)	3.00	2.92	2.7

On a quarter-on-quarter basis, gross revenue for 2QFY17/18 increased by 4.2% (or S\$3.8 million) to S\$92.6 million. The increase was mainly attributed to pre-termination compensation received from J&J.

Property operating expenses amounted to S\$21.9 million, 6.1% (or S\$1.3 million) higher than the preceding quarter. This was mainly due to higher property maintenance expenses and marketing commission, partially offset by lower utilities.

As a result, net property income in 2QFY17/18 increased by 3.6% (or S\$2.5 million) to S\$70.7 million.

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Trust expenses were S\$16.3 million, 4.4% (or S\$0.7 million) higher than the preceding quarter, largely because of higher borrowing costs. The higher borrowing costs were due to the interest expense incurred for the BTS for HP Phase Two being expensed (instead of being capitalised) upon obtaining TOP on 22 June 2017.

The amount available for distribution for 2QFY17/18 was S\$54.0 million, 2.1% (or S\$1.1 million) higher than 1QFY17/18. The distribution per unit for 2QFY17/18 was higher at 3.00 cents compared to 2.92 cents in 1QFY17/18.

Statement of Financial Position

30 September 2017 vs 31 March 2017

There was no significant change in the net assets attributable to Unitholders.

The Group and MIT reported a net current liabilities position as at 30 September 2017 mainly due to the reclassification of long-term borrowings which are maturing in September 2018 as well as recording of accrued development costs. The Group has sufficient banking facilities available to refinance its current borrowings and meet its current obligations as and when they fall due.

9. Variance from Previous Forecast / Prospect Statement

The current results are broadly in line with the commentary made in 1QFY17/18 Financial Results Announcement under Paragraph 10 page 16. The Trust has not disclosed any financial forecast to the market.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 month

The Ministry of Trade and Industry reported in its advance estimates on 13 October 2017 that the Singapore economy grew by 4.6% on a year-on-year basis (“y-o-y”) in the third quarter of 2017 (“3Q2017”), higher than the 2.9% growth in the previous quarter. The manufacturing sector expanded by 15.5% on a y-o-y basis in 3Q2017, faster than the 8.2% growth in the previous quarter. Growth was supported mainly by robust expansions in the electronics, biomedical manufacturing and precision engineering clusters.

The median rental rate for multi-user factory space island-wide in 3Q2017 decreased to S\$1.79 per square foot per month (“psf/mth”), from S\$1.81 psf/mth in the preceding quarter¹. For business park space, the island-wide median rent decreased to S\$3.95 psf/mth from S\$4.10 psf/mth in the preceding quarter.

On 26 September 2017, Mapletree Industrial Trust Management Ltd., as manager (the “Manager”) of MIT announced an expansion of the principal investment strategy of MIT to include real estate and real estate-related assets used primarily as data centres worldwide beyond Singapore, which will take effect on 26 October 2017. Pursuant to the expansion of investment strategy, MIT can hold real estate and real estate-related assets in jurisdictions beyond Singapore. This will subject the business and operations of MIT to the economic and market conditions of the jurisdictions in which its properties are located, as well as the laws, regulations and policies of such jurisdictions which include but are not limited to, that relating to real estate, taxation, environmental controls, foreign exchange

¹ Source: URA/JTC Realis as at 23 October 2017

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controls, foreign investment limitations and requirements of the relevant jurisdictions. The expansion overseas may also subject the portfolio to risks associated with foreign exchange fluctuations and interest rate movements.

On 24 October 2017, MIT and Mapletree Investments Pte Ltd (“MIPL”) formed a joint venture which entered into a conditional purchase and sale agreement to co-invest in a portfolio of 14 data centres in the United States of America from Carter Validus Mission Critical REIT, Inc. at a purchase consideration of approximately US\$750 million (S\$1,020 million)¹ (the “Proposed Acquisition”). Under the joint venture agreement, MIT will hold a 40% interest while MIPL will hold the remaining 60% interest in the unlisted single purpose trust, Mapletree Redwood Data Centre Trust.

Despite the continued strength in the manufacturing sector in Singapore, the business and interest rate environments remain uncertain. The continued supply of competing industrial space and exit of tenants are expected to exert pressure on rental and occupancy rates. The Manager continues to focus on tenant retention to maintain a stable portfolio occupancy. The Proposed Acquisition is anticipated to be completed in the fourth quarter of 2017.

¹ Unless otherwise stated, an illustrative exchange rate of US\$1.00 to S\$1.36 is used in this announcement.

11. Distributions

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: 28th distribution for the period from 1 July 2017 to 30 September 2017

Distribution types: Income / Capital

Distribution rate: Period from 1 July 2017 to 30 September 2017
Taxable Income: 2.98 cents per unit
Capital Distribution: 0.02 cent per unit

Par value of units: Not meaningful

Tax rate: Taxable Income
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Capital Distribution

Capital Distribution represents a return of capital to Unitholders for Singapore income tax purposes. The amount

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of capital distribution will reduce the cost of MIT Units for Singapore income tax purposes. For Unitholders who are liable to Singapore income tax on profits from sale of MIT Units, the reduced cost base of their MIT Units will be used to calculate the taxable trading gains when the MIT Units are disposed of.

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period? Yes

Name of distribution: 24th distribution for the period from 1 July 2016 to 30 September 2016

Distribution types: Income / Capital

Distribution rate: Period from 1 July 2016 to 30 September 2016
Taxable Income: 2.82 cents per unit
Capital Distribution: 0.01 cent per unit

Par value of units: Not meaningful

Tax rate: Taxable Income
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Capital Distribution
Capital Distribution represents a return of capital to Unitholders for Singapore income tax purposes. The amount of capital distribution will reduce the cost of MIT Units for Singapore income tax purposes. For Unitholders who are liable to Singapore income tax on profits from sale of MIT Units, the reduced cost base of their MIT Units will be used to calculate the taxable trading gains when the MIT Units are disposed of.

(c) Date payable: By 28 November 2017

(d) Book closure date: 1 November 2017

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable.

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13. Segment Information (MIT Group)

	2QFY17/18		2QFY16/17	
	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>				
Flatted Factories	39,802	43.0	40,332	47.9
Hi-Tech Buildings	23,845	25.7	17,250	20.5
Business Park Buildings	15,938	17.2	13,484	16.0
Stack-up/Ramp-up Buildings	11,170	12.1	11,142	13.2
Light Industrial Buildings	1,807	2.0	2,000	2.4
	92,562	100.0	84,208	100.0
<u>Net Property Income</u>				
Flatted Factories	30,896	43.7	31,026	48.8
Hi-Tech Buildings	17,351	24.5	13,024	20.5
Business Park Buildings	12,303	17.4	9,420	14.8
Stack-up/Ramp-up Buildings	8,883	12.6	8,862	13.9
Light Industrial Buildings	1,244	1.8	1,298	2.0
	70,677	100.0	63,630	100.0

	1HFY17/18		1HFY16/17	
	S\$'000	%	S\$'000	%
<u>Gross Revenue</u>				
Flatted Factories	80,110	44.1	80,741	48.0
Hi-Tech Buildings	45,669	25.2	34,488	20.5
Business Park Buildings	29,396	16.2	27,074	16.1
Stack-up/Ramp-up Buildings	22,434	12.4	22,075	13.1
Light Industrial Buildings	3,764	2.1	3,922	2.3
	181,374	100.0	168,300	100.0
<u>Net Property Income</u>				
Flatted Factories	62,103	44.7	61,834	48.5
Hi-Tech Buildings	34,105	24.6	26,477	20.8
Business Park Buildings	21,841	15.7	18,664	14.6
Stack-up/Ramp-up Buildings	18,126	13.1	17,811	14.0
Light Industrial Buildings	2,694	1.9	2,643	2.1
	138,869	100.0	127,429	100.0

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Flatted Factories remained as the largest contributor to MIT Group's gross revenue and net property income in 2QFY17/18 and 1HFY17/18. The contribution from the Hi-Tech Buildings increased in 2QFY17/18 and 1HFY17/18 mainly due to the contribution from HP.

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15. Breakdown of Revenue (MIT Group) for the financial period

	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)	Increase/ (Decrease) (%)
<u>1 April to 30 June</u>			
Gross revenue	88,812	84,092	5.6
Total return after tax and before distribution	52,625	50,131	5.0
<u>1 July to 30 September</u>			
Gross revenue	92,562	84,208	9.9
Total return after tax and before distribution	54,219	49,707	9.1

16. Breakdown of Total Distribution (MIT Group) for the financial period

In respect of period:	1HFY17/18 (S\$'000)	1HFY16/17 (S\$'000)
1 April to 30 June 2017	52,631	-
1 July to 30 September 2017	54,082	-
1 April to 30 June 2016	-	51,336
1 July to 30 September 2016	-	50,984
Total distribution to Unitholders	106,713	102,320

17. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

MIT Group has not obtained a general mandate from Unitholders for any Interested Person Transactions.

18. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers, in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

19. Confirmation by the Board

The Board of Directors of the Manager has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

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This release may contain forward-looking statements that involve risks and uncertainties. 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 other companies and venues for the sale/ distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employees wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management of future events.

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