



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

## ANNOUNCEMENT

### JOINT VENTURE WITH MAPLETREE INVESTMENTS TO ACQUIRE 10 POWERED SHELL DATA CENTRES AND CO-INVEST IN THREE TURNKEY DATA CENTRES IN NORTH AMERICA

#### 1. INTRODUCTION

##### 1.1 The Joint Venture

16 September 2019 – Mapletree Industrial Trust Management Ltd., as manager (the "**Manager**") of Mapletree Industrial Trust ("**MIT**"), is pleased to announce that MIT has formed a joint venture, in the form of a single purpose trust named Mapletree Rosewood Data Centre Trust ("**Singapore JV**" or "**MRODCT**") with Mapletree Investments Pte Ltd ("**Mapletree Investments**" or the "**Sponsor**"), (i) to acquire a 100% interest in 10 powered shell data centres (the "**Powered Shell Portfolio**"), and (ii) to enter into a joint venture with Digital Realty Trust, L.P. ("**DLR**") to co-invest in three fully fitted hyperscale data centres (the "**Turnkey Portfolio**"). The Powered Shell Portfolio and the Turnkey Portfolio shall collectively be referred to as the "**Target Portfolio**" or "**Properties**", and each of the data centres, a "**Property**". The Singapore JV's 100% interest in the Powered Shell Portfolio and its 80% interest in the Turnkey Portfolio shall collectively be referred to as the "**MRODCT Portfolio**".

In connection with the Singapore JV, on 16 September 2019, DBS Trustee Limited, in its capacity as trustee of MIT (the "**Trustee**"), the Manager, the Sponsor, Mapletree Real Estate Advisors Pte. Ltd., a wholly-owned subsidiary of the Sponsor ("**MIPL SPV**"), and Mapletree Trustee Pte. Ltd., in its capacity as trustee-manager (the "**Rosewood Trustee-Manager**") of MRODCT, have entered into a joint venture agreement in relation to a single purpose trust, being MRODCT (the "**Joint Venture Agreement**"), pursuant to which units in MRODCT have been subscribed for in the proportion as set out in the table below (the "**Subscription**").

	Subscription in MRODCT
MIT (through the Trustee)	50%
MIPL SPV	50%

On 16 September 2019, following entry into the Joint Venture Agreement, the following agreements have been entered into by MRODCT, through its wholly owned special purpose

vehicles ("**SPVs**"), and DLR, through its controlled subsidiaries and affiliates (collectively, the "**Vendor**");

- (a) a conditional purchase and sale agreement for the acquisition of the Powered Shell Portfolio from the Vendor ("**Purchase and Sale Agreement**"); and
- (b) a contribution agreement between Digital Sling Investor, LLC (the "**DLR Contributor**"), Mason DC Assets LLC (the "**Mapletree Contributor**") and Blue Sling Ventures, LLC (the "**US JV**") (the "**Contribution Agreement**"), pursuant to which the Vendor will contribute the Turnkey Portfolio into the US JV and the Singapore JV will acquire an 80% stake in the US JV. The DLR Contributor and the Mapletree Contributor will also enter into a joint venture agreement for the US JV (the "**Turnkey Joint Venture Operating Agreement**"),

(collectively, the "**Proposed Acquisition**").

In connection with the Proposed Acquisition, Mapletree US Management LLC ("**MUSM**"), a wholly-owned subsidiary of the Sponsor, is proposed to be appointed as the property manager by the MRODCT (the "**Property Manager**") to provide property management services in relation to the MRODCT Portfolio. In connection with the foregoing, a property management agreement ("**Property Management Agreement**") will be entered into between MRODCT and the Property Manager.

The purchase consideration for the Powered Shell Portfolio is US\$557.3 million (approximately S\$774.2 million<sup>1</sup>) and the purchase consideration for the Singapore JV's 80% stake in the Turnkey Portfolio is US\$810.6 million (approximately S\$1,126.1 million). Accordingly, the total purchase consideration for the MRODCT Portfolio (the "**Purchase Consideration**") is US\$1,367.9 million (approximately S\$1,900.3 million).

The Proposed Acquisition is expected to be financed by a combination of equity and debt financing. Please refer to paragraph 6 of this announcement for the method of financing of the Proposed Acquisition.

## 1.2 Disclosure Requirements

As at 31 August 2019, the latest practicable date prior to this announcement (the "**Latest Practicable Date**"), the Sponsor wholly owns the Manager and Mapletree Dextra Pte. Ltd., which is a substantial unitholder of MIT. As such, the Sponsor is deemed to be interested in an aggregate of 642,109,441 units in MIT ("**Units**") held collectively by the Manager and Mapletree Dextra Pte. Ltd., which is equivalent to approximately 31.73% of the total number of Units in issue. Accordingly, the Sponsor is regarded as a "controlling Unitholder" of MIT under both the

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<sup>1</sup> Unless otherwise stated, an illustrative exchange rate of US\$1.00 to S\$1.38927 is used in this announcement.

listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the listing manual of the SGX-ST, the "**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore. In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore a "controlling shareholder" of the Manager under the Listing Manual and the Property Funds Appendix.

As MIPL SPV is a wholly-owned subsidiary of the Sponsor, it is a subsidiary of a "controlling Unitholder" of MIT and a "controlling shareholder" of the Manager. As such, for the purposes of the Listing Manual and the Property Funds Appendix, MIPL SPV is an "interested person" under the Listing Manual and an "interested party" of MIT under the Property Funds Appendix.

Therefore, the entry into the Joint Venture Agreement by MIT will constitute an "interested person transaction" under Chapter 9 of the Listing Manual and the Subscription by MIT pursuant to the Joint Venture Agreement will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under Paragraph 5 of the Property Funds Appendix.

These transactions when aggregated with the existing interested person transactions with the Sponsor and its associates for the current financial year would exceed 5.0% of the net tangible assets of MIT and, accordingly under Rule 905 of the Listing Manual, the Manager is required to make an announcement of such interested person transaction. However, the entry into the Joint Venture Agreement and the Subscription fall within the exception under Rule 916(2) of the Listing Manual and, accordingly, the approval of unitholders of MIT ("**Unitholders**") for the Singapore JV and the Subscription is not required. In addition, the provision of the Unitholder's Loan by MIT (the "**MIT Unitholder's Loan**") would fall within the exception under Rule 916(3) of the Listing Manual and, accordingly, the approval of the Unitholders of MIT for the MIT Unitholder's Loan is not required.

## **2. INFORMATION ON THE MRODCT PORTFOLIO AND CERTAIN AGREEMENTS**

### **2.1 The Target Portfolio**

The Target Portfolio consists of 13 data centres in North America, with 12 across six states in the United States of America ("**United States**") and one in Canada. The Target Portfolio comprises the Powered Shell Portfolio and the Turnkey Portfolio, which are predominantly sited on freehold land<sup>2</sup>. With a net lettable area of approximately 2.1 million square feet ("**sq ft**") and

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<sup>2</sup> All Properties are sited on freehold land, except 2055 East Technology Circle, Phoenix, which has a remaining land lease tenure of about 64.3 years as at 30 June 2019.

approximately 130 megawatts total critical power, the Properties are fully leased to nine tenants, which comprises a mix of cloud, colocation and enterprise users.

The Target Portfolio is currently owned by DLR, a listed real estate investment trust (“REIT”) on the New York Stock Exchange. DLR is a component of S&P 500 and owns a diversified portfolio of data centres in the United States and across the globe.

Upon completion of the acquisition of the Powered Shell Portfolio (“**Powered Shell Completion**”), the Powered Shell Portfolio will be held, directly and indirectly, through SPVs that are wholly owned by MRODCT. Upon the closing of the transactions contemplated in the Contribution Agreement (“**Contribution Closing**”), the Turnkey Portfolio will be 80% held by the Mapletree Contributor (which is indirectly wholly owned by MRODCT) and 20% held by the DLR Contributor. The Manager has taken measures for the qualification of the relevant SPVs as real estate investment trusts under the taxation laws of the United States (“**US REITs**”). In the event that the status of the aforementioned SPVs as US REITs is affected, the funds available for distribution to Unitholders could be reduced.

Certain salient information on the Properties can be found in Appendix 1.

## **2.2 Purchase Consideration and Valuation**

The Purchase Consideration is US\$1,367.9 million (approximately S\$1,900.3 million), and has been arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuation of each of the Properties.

Newmark Knight Frank Valuation & Advisory, LLC. (“**NKFVA**”) was appointed to provide an independent valuation of the Target Portfolio. In arriving at the open market values, NKFVA relied on the sales comparison approach and income capitalisation approach. The appraised values of the Powered Shell Portfolio and the Turnkey Portfolio (on a 100% basis) were US\$582.0 million (approximately S\$808.6 million) and US\$1,043.0 million (approximately S\$1,449.0 million) respectively as at 1 September 2019.

The Purchase Consideration is at a discount of approximately 3.4% to NKFVA’s valuation of the Powered Shell Portfolio (on a 100% basis) and the Turnkey Portfolio (on a 80% basis).

## **2.3 Estimated Total Acquisition Cost and MIT Total Acquisition Cost**

The total acquisition cost of the MRODCT Portfolio to MRODCT (the “**Total Acquisition Cost**”) is estimated to be approximately US\$1,374.9 million (approximately S\$1,910.1 million), comprising:

- (a) the Purchase Consideration of US\$1,367.9 million (approximately S\$1,900.3 million);
- and

- (b) the estimated transfer taxes, professional and other fees and expenses incurred or to be incurred by MRODCT in connection with the Proposed Acquisition of approximately US\$7.0 million (approximately S\$9.8 million).

The total cost of MIT's investment in the Singapore JV and the Subscription (the "**MIT Total Acquisition Cost**") is estimated to be approximately US\$694.5 million (approximately S\$965.0 million), comprising:

- (a) MIT's proportionate share of the Purchase Consideration of US\$683.9 million (approximately S\$950.2 million);
- (b) MIT's proportionate share of the estimated transfer taxes, professional and other fees and expenses in connection with the Proposed Acquisition of approximately US\$3.5 million (approximately S\$4.9 million);
- (c) the acquisition fee payable to the Manager for the Singapore JV and the Subscription (the "**Acquisition Fee**") which amounts to US\$6.8 million (approximately S\$9.5 million) (representing an Acquisition Fee based on 1.0% of MIT's proportionate share of the Purchase Consideration<sup>3</sup>), which the Manager has elected to be paid in cash; and
- (d) other expenses in connection with MIT's investment in the Singapore JV and the Subscription of approximately US\$0.3 million (approximately S\$0.4 million).

## **2.4 Certain Terms and Conditions of the Purchase and Sale Agreement, Contribution Agreement, and Turnkey Joint Venture Operating Agreement**

### Purchase and Sale Agreement

The principal terms of the Purchase and Sale Agreement include, among others, the following:

- (a) the purchase consideration for the Powered Shell Portfolio is US\$557.3 million (approximately S\$774.2 million), subject to the prorations and adjustments as set forth in the Purchase and Sale Agreement; and
- (b) Powered Shell Completion being subject to the satisfaction of the conditions set out in the Purchase and Sale Agreement including, among others, (i) that the relevant title insurance company shall be irrevocably committed to issue to the Singapore JV the title insurance policy insuring the Singapore JV's interest in the Properties in the Powered Shell Portfolio, and (ii) that the Singapore JV shall receive prior to Powered Shell Completion, estoppel certificates from the relevant tenants referred to in the Purchase and Sale Agreement.

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<sup>3</sup> Under the trust deed dated 29 January 2008 constituting MIT (as amended) (the "**Trust Deed**"), the Manager is entitled to be paid an Acquisition Fee at the rate of 1.0% of MIT's proportionate share of the Purchase Consideration.

### Contribution Agreement

The principal terms of the Contribution Agreement include, among others, the following:

- (a) the DLR Contributor shall contribute the Properties in the Turnkey Portfolio to the US JV, and the Singapore JV shall contribute the funds for the purchase consideration for its 80% stake in the US JV; and
- (b) Contribution Closing being subject to the satisfaction of the conditions set out in the Contribution Agreement including, among others, (i) that the relevant title insurance company shall be irrevocably committed to issue to the US JV the title insurance policy insuring the US JV's interest in the Properties in the Turnkey Portfolio, and (ii) that the Mapletree Contributor shall have received prior to Contribution Closing, estoppel certificates from the relevant tenants referred to in the Contribution Agreement.

### Turnkey Joint Venture Operating Agreement

The principal terms of the Turnkey Joint Venture Operating Agreement include, among others, the following:

- (a) the purpose and business of the US JV shall be to, among others, own, operate and maintain the Properties in the Turnkey Portfolio; and
- (b) the members of the US JV shall appoint an executive board comprising three board members appointed by the Mapletree Contributor and two board members appointed by the DLR Contributor. The unanimous approval of the executive board shall be required to approve certain major decisions set out in the Turnkey Joint Venture Operating Agreement.

## **3. CERTAIN PRINCIPAL TERMS OF THE JOINT VENTURE**

### **3.1 Terms of the Joint Venture**

Under the terms of the Joint Venture Agreement, the Rosewood Trustee-Manager has irrevocably delegated to nominees of each of MIPL SPV and the Trustee to act jointly on its behalf, on a unanimous basis, to exercise all of the powers, authorities and discretions of the Rosewood Trustee-Manager and to perform all of the obligations of the Rosewood Trustee-Manager under the trust deed constituting MRODCT as the trustee-manager of MRODCT.

The Joint Venture Agreement contains a set of matters in relation to the key operational and management issues affecting MRODCT, including but not limited to the matters set out in Paragraph 6.5(b) of the Property Funds Appendix, which require unanimous approval of the unitholders of MRODCT (including the Trustee).

### 3.2 Fees Payable by MRODCT to the Rosewood Trustee-Manager

The fees payable by MRODCT are as follows:

- (a) a base fee of 0.5% per annum of the value of the deposited property of MRODCT and/or its subsidiaries (collectively, the “**Trust Group**”);
- (b) a performance fee of 3.6% per annum of the net property income of the Trust Group; and
- (c) a development management fee of up to 3.0% of the total project costs incurred in a development project undertaken on behalf of the Trust Group.

Pursuant to the trust deed dated 6 September 2019 (as amended) constituting MRODCT and the Joint Venture Agreement, the Sponsor and the Manager (and/or their respective nominee(s)) shall be entitled to receive fees in the proportion of the Sponsor’s and MIT’s respective interests in MRODCT, in consideration of the Sponsor (through the MIPL SPV) and the Manager managing the business and operations of MRODCT on a joint basis.

### 3.3 Property Management Services

It is proposed that MRODCT will appoint MUSM, a wholly-owned subsidiary of the Sponsor, as the Property Manager for all Properties in the MRODCT Portfolio.

The Property Manager shall be entitled to receive the following fees from MRODCT (or such other fees as may be mutually agreed between the Unitholders):

- (a) a property management fee of 2.0% per annum of the gross revenue (excluding utilities reimbursements by tenants) of the Powered Shell Portfolio;
- (b) a lease management fee of 1.0% per annum of the gross revenue (excluding utilities reimbursements by tenants) of the Powered Shell Portfolio;
- (c) where applicable, a project management fee (including asset enhancement projects) of:
  - (i) 3.0% of the construction costs where the construction costs are S\$2.0 million or less;
  - (ii) 2.0% of the construction costs where the construction costs exceed S\$2.0 million but do not exceed S\$20.0 million;
  - (iii) 1.5% of the construction costs where the construction costs exceed S\$20.0 million but do not exceed S\$50.0 million; and
  - (iv) an amount to be mutually agreed between the Rosewood Trustee-Manager and the Property Manager where the construction costs exceed S\$50.0 million; and

- (d) where applicable, marketing services commissions taking into account local market practice.

Upon completion of the Proposed Acquisition (“**Completion**”), DLR will provide certain asset and property management services to the Properties. The fees payable to the Sponsor, the Manager (and/or their respective nominee(s)) and the Property Manager by MRODCT will be less the fees payable to DLR for such services.

#### **4. RATIONALE AND BENEFITS OF THE JOINT VENTURE AND PROPOSED ACQUISITION**

The Singapore JV, the Subscription and the Proposed Acquisition are in line with MIT’s investment strategy to acquire data centres worldwide beyond Singapore. The Manager believes that the Singapore JV, the Subscription and the Proposed Acquisition will bring the following key benefits to Unitholders:

##### **4.1 High Quality Portfolio with Strong Tenant Base**

###### **(a) Large proportion of high quality hyperscale data centres**

The trend towards outsourcing of IT facilities and services as well as the increasing adoption of cloud services have led to the growth and development of large-scale data centres, or hyperscale data centres (“**HDCs**”). HDCs enable seamless scalability of computing tasks by incorporating individual servers that operate together over high speed networks, with a robust and flexible system architecture.

HDCs have become critical infrastructure for the world’s largest cloud services companies, as well as for corporates that are increasingly adopting cloud-based applications. Cloud and data centre service providers are under pressure to add data centre space rapidly in order to keep pace with the growth of cloud computing. In many locations, they lease space in order to achieve their desired timetables. The global market for cloud computing is expected to grow at a compound annual growth rate (“**CAGR**”) of 16.1% from 2017 to 2023F<sup>4</sup>.

The three fully fitted data centre assets in the Turnkey Portfolio are HDCs, which accounted for 58.9% of the MRODCT Portfolio (by valuation<sup>5</sup>). The Turnkey Portfolio has a long weighted average lease to expiry (“**WALE**”) of 7.5 years<sup>6</sup>, which are leased to some of the world’s largest technology companies.

The Manager believes the tenant turnover for the MRODCT Portfolio, especially the three HDCs, will be limited, given the significant capital investments committed by

<sup>4</sup> Source: 451 Research LLC., 1Q 2019.

<sup>5</sup> Based on Singapore JV’s 80% stake in the Turnkey Portfolio.

<sup>6</sup> By proforma gross rental income (“**GRI**”) as at 1 April 2020.



these tenants in these Properties, as well as the operational risks and cost considerations associated with tenant relocation.

**(b) Assets in attractive data centre markets**

83.0% of the MRODCT Portfolio's proforma gross rental income ("GRI")<sup>7</sup> is derived from the top 10 largest data centre markets in North America. In particular, 70.0% of the MRODCT Portfolio's GRI is derived from Northern Virginia, the world's largest data centre market, as shown in the table below.

These top data centre markets are key fibre hubs as well as population centres, which have seen strong demand for data centre space from public cloud providers, network carriers, social media and content firms as well as enterprises in other verticals<sup>4</sup>.

Top 10 data centre markets in North America (by net operational sq ft)<sup>4</sup>

	<b>Market</b>	<b>Net Operational Sq Ft (million)</b>	<b>Contribution to the MRODCT Portfolio's GRI</b>
1	Northern Virginia	8.7	70.0%
2	New York/New Jersey	4.7	
3	Dallas	4.6	0.9%
4	Silicon Valley	3.7	
5	Chicago	3.5	
6	Los Angeles	2.5	
7	Atlanta	2.4	6.6%
8	Phoenix	1.8	3.2%
9	Las Vegas	1.7	
10	Toronto	1.7	2.3%
	<b>Total</b>		<b>83.0%</b>

**(c) 100% occupancy with strong tenant base**

The MRODCT Portfolio has a robust tenant base, with three of the top 10 largest technology companies in the United States<sup>8</sup> contributing 51.7%<sup>9</sup> of GRI. Its largest tenants include some of the world's most valuable and fastest-growing software, social networking, cloud computing, consumer electronics and colocation companies.

<sup>7</sup> As at 1 April 2020.

<sup>8</sup> Based on market capitalisation as at the Latest Practicable Date.

<sup>9</sup> By pro forma GRI as at 1 April 2020.

The Proposed Acquisition will also further diversify MIT's tenant base and reduce the exposure to any single tenant from 9.2% as at 30 June 2019 to 8.0%<sup>10</sup>.

**(d) Stable cash flow with embedded growth**

The MRODCT Portfolio is expected to enjoy a stable cash flow from a well-staggered lease expiry profile. It has a long WALE of 9.1 years<sup>6</sup>, with about 39.6% of its leases<sup>6</sup> having expiries beyond 10 years and another 45.2% having expiries beyond five years. Upon Completion, MIT's portfolio WALE will increase from 3.4 years as at 30 June 2019 to 4.1 years<sup>10</sup>.

In addition, 91.5% of the MRODCT Portfolio's GRI is derived from triple net leases whereby tenants are responsible for all operating expenses, maintenance, property insurance and property taxes. MIT will therefore not be exposed to any volatility in these costs.

The MRODCT Portfolio is also expected to enjoy a steady growth profile, with about 92.2% of its leases<sup>6</sup> having fixed annual rental escalations of 2% or more.

**(e) Predominantly freehold**

12 out of the 13 Properties in the MRODCT Portfolio are sited on freehold land<sup>11</sup>. Upon Completion, MIT's freehold properties (by land area) will increase significantly from 24.0% to 37.9% of the enlarged portfolio.

**4.2 Acquisition is in line with MIT's Strategy and Positions MIT to Capture Growth in the Data Centre Sector**

**(a) Positions MIT to further benefit from growing demand for data centre space**

Global demand for insourced and outsourced data centres is expected to grow at a CAGR of 4.9% from 2017 to 2023F (by net operational sq ft)<sup>4</sup>. This is driven by the explosive growth in data and cloud computing and the proliferation of consumer devices as well as the need for data to be stored close to its end users and at multiple locations for geographic diversity and resilience.

The United States is the single largest and most established data centre market in the world, which accounted for 32% of the global insourced and outsourced data centre space (by net operational sq ft)<sup>4</sup>. The Proposed Acquisition will deepen MIT's presence in the United States and position it to capture future growth opportunities in the data centre sector.

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<sup>10</sup> By pro forma GRI based on MIT's portfolio as at 30 June 2019 and assuming that the Proposed Acquisition is completed on 1 April 2020.

<sup>11</sup> All Properties are sited on freehold land, except 2055 East Technology Circle, Phoenix, which has a remaining land lease tenure of about 64.3 years as at 30 June 2019.

**(b) In line with the Manager's stated long-term strategy**

The Proposed Acquisition is in line with the Manager's long-term strategy of growing the Hi-Tech Buildings segment. Upon Completion, MIT's portfolio value will increase from S\$4.8 billion as at 30 June 2019 to S\$5.8 billion<sup>12</sup>. The Hi-Tech Buildings segment will account for 52.9%<sup>12</sup> of MIT's portfolio, up from 43.5% as at 30 June 2019. Overseas data centres are expected to increase to 24.3%<sup>12</sup> of MIT's portfolio value from 9.1% as at 30 June 2019. This is in line with the Manager's investment target for overseas data centres to comprise about 30% of MIT's assets under management<sup>13</sup>.

**4.3 Joint Venture with DLR, the 2<sup>nd</sup> largest Data Centre REIT and 10<sup>th</sup> Largest Publicly Traded REIT in the United States**

**(a) DLR is a leading data centre REIT in the United States**

DLR is the 2<sup>nd</sup> largest data centre REIT and 10<sup>th</sup> largest publicly traded REIT in the United States<sup>14</sup>, with a market capitalisation of over US\$26 billion as at the Latest Practicable Date. It is a leading global provider of data centre, colocation and interconnection solutions with over 220 data centres in 14 countries across five continents.

**(b) Allows MIT to leverage on DLR's deep industry expertise and proven track record**

Following the Proposed Acquisition, DLR will continue to provide property management services for the Turnkey Portfolio. In addition, DLR will provide property management services for the Powered Shell Portfolio for a one-year transition period. This will allow MIT to leverage on DLR's deep industry expertise and proven track record in the data centre sector. DLR's continued 20% stake in the Turnkey Portfolio will also ensure its alignment of interest with MIT.

**(c) Potential for future collaboration and synergies across the United States and globally**

The Manager believes that the joint venture in the Turnkey Portfolio between MIT, its Sponsor and DLR will offer the potential to collaborate and explore future opportunities in the United States and globally, leveraging their global networks and local expertise in their respective core markets.

**4.4 Strong Support from Sponsor with Aligned Interest**

The Singapore JV and the Subscription allow MIT to prudently grow its portfolio of data centres by leveraging on the Sponsor's resources and network. As at 31 March 2019, the Sponsor

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<sup>12</sup> Includes MIT's 50% interest in MRODCT.

<sup>13</sup> Subject to periodic review by the Manager.

<sup>14</sup> By market capitalisation as at the Latest Practicable Date. Source: FactSet.

owns and manages S\$55.7 billion of properties across Asia Pacific, Europe, the United Kingdom and the United States, of which S\$9.8 billion of properties is located in North America. In addition, the Sponsor's participation in the Singapore JV and the Subscription demonstrates its commitment to grow and support MIT.

The Sponsor has granted MIT the right of first refusal ("**ROFR**") to acquire the Sponsor's 50% interest in MRODCT. Combined with MIT's ROFR to acquire the remaining 60% interest in the Mapletree Redwood Data Centre Trust, these provide a significant visible data centre pipeline going forward, which MIT could consider as an investment opportunity in the future.

#### **4.5 Distribution per Unit ("DPU") and Net Asset Value ("NAV") per Unit Accretive**

Based on the proposed method of financing, and the pro forma financial effects of the Singapore JV, the Subscription and Proposed Acquisition on DPU and NAV per Unit for MIT for the financial year ended 31 March 2019 ("**FY18/19**"), the Proposed Acquisition is expected to be DPU and NAV accretive to Unitholders. Please refer to paragraph 8 of this announcement for the financial effects of the Proposed Acquisition.

### **5. ALIGNMENT OF INTEREST WITH UNITHOLDERS**

The Manager may elect to receive part of its base fee<sup>15</sup> in the form of Units with respect to MIT's proportionate share in the Singapore JV to demonstrate its alignment of interest with Unitholders. In the first year following Completion, the Manager may elect to receive Units as payment for up to 50% of the base fee in respect of MIT's proportionate share in the Singapore JV, with the balance to be paid in cash.

### **6. METHOD OF FINANCING**

MIT intends to finance the MIT Total Acquisition Cost through a combination of equity and/or debt financing, including external onshore loans ("**US Onshore Loans**"). If required in the interim, each of MIT (through the Trustee) and MIPL SPV will provide a unitholder's loan to MRODCT ("**Unitholder's Loans**") in proportion to its respective interest in MRODCT, pending the finalisation of the US Onshore Loans. The Unitholder's Loans may also be injected for working capital purposes.

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<sup>15</sup> Under the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of MIT's deposited property or such higher percentage as may be approved by an extraordinary resolution of a meeting of Unitholders.

The final decision regarding the proportion of debt and equity will be made by the Manager at the appropriate time taking into account the then prevailing market conditions to provide overall DPU accretion to Unitholders while maintaining an optimum level of aggregate leverage.

## 7. **AUDIT AND RISK COMMITTEE'S STATEMENT**

The audit and risk committee of the board of the Manager (the "**Audit and Risk Committee**") has considered the Singapore JV, the Subscription and the Proposed Acquisition and is of the view that:

- (a) the risks and rewards of the Singapore JV are in proportion to the equity of each of MIT and the Sponsor in the Singapore JV;
- (b) the terms of the Singapore JV are not prejudicial to the interests of MIT and its minority Unitholders.

Pursuant to Rule 916(3) of the Listing Manual, the Audit and Risk Committee has also considered the Unitholder's Loan, and is of the view that:

- (a) the provision of the Unitholder's Loan is not prejudicial to the interests of MIT and its minority Unitholders;
- (b) the risks and rewards of the Singapore JV are in proportion to the equity of each joint venture partner; and
- (c) the terms of the Singapore JV are not prejudicial to the interests of MIT and its minority Unitholders.

The Manager also confirms that MIPL SPV does not have an existing equity interest in the Singapore JV prior to the participation of MIT in the Singapore JV.

## 8. **FINANCIAL EFFECTS OF THE JOINT VENTURE AND PROPOSED ACQUISITION**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Singapore JV, the Subscription and Proposed Acquisition on DPU and NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the audited financial statements for MIT for FY18/19 (the "**MIT FY18/19 Audited Financial Statements**") as well as the following assumptions:

- (a) about 60% of the MIT Total Acquisition Cost will be funded by debt, and the balance to be funded with an estimated equity of approximately S\$348.2 million (approximately US\$250.7 million) raised from an illustrative issuance of 157,304,000 new Units ("**New**

**Units**", and each a **"New Unit"**) at an illustrative issue price of S\$2.250 per New Unit (the **"Illustrative Issue Price"**); and

(b) the exchange rate of US\$1.00 : S\$1.38927.

## 8.1 Pro Forma DPU<sup>16</sup>

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Singapore JV, the Subscription and Proposed Acquisition on MIT's DPU for FY18/19, as if the Singapore JV, the Subscription and Proposed Acquisition and issue of New Units were completed on 1 April 2018, and as if the Properties were held and operated through to 31 March 2019, are as follows:

	Effects of the Singapore JV, the Subscription and Proposed Acquisition	
	Before the Singapore JV, the Subscription and Proposed Acquisition	After the Singapore JV, the Subscription and Proposed Acquisition
Total return for the period (S\$'000)	271,126	298,706 <sup>(1)</sup>
Distributable Income (S\$'000)	231,759	259,648 <sup>(2)</sup>
Units in issue as at 31 March 2019 ('000)	2,021,111	2,179,342 <sup>(3)</sup>
DPU (cents)	12.16	12.58
DPU accretion (%)	-	3.5

**Notes:**

- (1) Includes MIT's proportionate share of 50.0% of the total return of MRODCT for the period.
- (2) Includes MIT's proportionate share of 50.0% of the distributable income distributed by MRODCT.
- (3) Includes (a) the illustrative 157,304,000 New Units issued at the Illustrative Issue Price and (b) approximately 927,018 new Units issued to the Manager as payment of 50% base fee in relation to the services rendered to the Properties for the periods 1 April 2018 to 30 June 2018, 1 July 2018 to 30 September 2018, and 1 October 2018 to 31 December 2018, based on the historical issue price of management fees for MIT's existing portfolio paid in Units for such quarter.

## 8.2 Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Singapore JV, the Subscription and Proposed Acquisition on MIT's NAV per Unit as at 31 March 2019, as if

<sup>16</sup> Rule 1010(9) of the Listing Manual requires that the issuer disclose the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the transaction on the DPU is disclosed instead as it is a more appropriate measure for a REIT.

the Singapore JV, the Subscription and Proposed Acquisition and the issue of New Units were completed on 31 March 2019, are as follows:

	Effects of the Singapore JV, the Subscription and Proposed Acquisition	
	Before the Singapore JV, the Subscription and Proposed Acquisition	After the Singapore JV, the Subscription and Proposed Acquisition
NAV (S\$ million)	3,047.5	3,395.8 <sup>(1)</sup>
Units in issue as at 31 March 2019 ('000)	2,021,111	2,178,415 <sup>(2)</sup>
NAV per Unit (S\$)	1.51	1.56

**Notes:**

- (1) Includes MIT's proportionate share of 50.0% of the NAV of MRODCT.
- (2) Includes the illustrative 157,304,000 New Units issued at the Illustrative Issue Price.

### 8.3 Pro Forma Aggregate Leverage

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Singapore JV, the Subscription and Proposed Acquisition on MIT's Aggregate Leverage per Unit as at 30 June 2019, as if the Singapore JV, the Subscription and Proposed Acquisition and the issue of New Units were completed on 30 June 2019, are as follows:

	Effects of the Singapore JV, the Subscription and Proposed Acquisition	
	Before the Singapore JV, the Subscription and Proposed Acquisition	After the Singapore JV, the Subscription and Proposed Acquisition
Aggregate Leverage <sup>(1)</sup> (%)	33.4	38.5

**Note(s):**

- (1) "**Aggregate Leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property. "**Deposited Property**" means the gross assets of MIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed dated 29 January 2008 (as amended) ("**Trust Deed**").

## 9. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the value of all interested person transactions entered into between MIT and the Sponsor and its subsidiaries and associates during the course of the current financial year is approximately S\$1,678,000, which is less than 0.06% of the net

tangible asset and NAV of MIT as at 31 March 2019. Save as described above, there were no interested person transactions entered into for the current financial year.

## 10. OTHER INFORMATION

### 10.1 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain directors of the Manager (“**Directors**”) collectively held an aggregate direct and indirect interest in 4,881,632 Units.

Mr. Wong Meng Meng is a Non-Executive Chairman and Director of the Manager (a wholly-owned subsidiary of the Sponsor), a Non-Executive Director of the Sponsor, as well as a member of the Audit and Risk Committee and a member of the Transaction Review Committee of the Sponsor. Mr Pok Soy Yoong is an Independent Non-Executive Director and the Chairman of the Audit and Risk Committee of the Manager, and also a Director of Singapore Cruise Centre Pte. Ltd., a subsidiary of the Sponsor. Mr William Toh Thiam Siew is an Independent Non-Executive Director and a member of the Audit and Risk Committee of the Manager, and also an Independent Investment Committee Member of Mapletree India China Fund Ltd., Mapletree China Opportunity Fund II Pte. Ltd and Mapletree Global Student Accommodation Private Trust. Mr. Hiew Yoon Khong is a Non-Executive Director and a member of the Nominating and Remuneration Committee of the Manager, an Executive Director and the Group Chief Executive Officer of the Sponsor. Mr. Tham Kuo Wei is the Chief Executive Officer and Executive Director of the Manager.

Based on the Register of Substantial Unitholders<sup>17</sup> Unitholdings maintained by the Manager, Temasek Holdings (Private) Limited, through its associated companies (including the Sponsor and its subsidiaries), has an aggregate deemed interest in 670,985,278 Units, which is approximately 33.15% of all Units in issue.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Sponsor, through its subsidiaries, namely the Manager and Mapletree Dextra Pte. Ltd., has an aggregate deemed interest in 642,109,441 Units, which is approximately 31.73%<sup>18</sup> of all Units in issue.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in MRODCT.

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<sup>17</sup> “**Substantial Unitholders**” refer to persons with an interest in Units constituting not less than 5.0% of all Units in issue.

<sup>18</sup> The percentage is based on 2,023,883,921 Units in issue in MIT as at the Latest Practicable Date.



## 10.2 Directors' Service Contracts

No person is proposed to be appointed as a Director of the Manager in relation to the Singapore JV, the Subscription and Proposed Acquisition or any other transactions contemplated in relation to the Singapore JV, the Subscription and Proposed Acquisition.

## 10.3 Relative Figures computed on the Basis set out in Rules 1006(b) and 1006(c) of the Listing Manual

The relative figures for the Singapore JV, the Subscription and Proposed Acquisition computed on the applicable bases set out in Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

- (a) MIT's proportionate share of 50.0% of the net profits attributable to the assets acquired, compared with MIT's net profits; and
- (b) MIT's Total Acquisition Cost compared with MIT's market capitalisation:

Comparison of	MIT's Proportionate 50.0% share of the Singapore JV	MIT	Relative figure (%)
Total return <sup>(1)</sup> (S\$ million)	27.6	271.1 <sup>(2)</sup>	10.2
MIT's Total Acquisition Cost against market capitalisation (S\$ million)	965.0	4,715.6 <sup>(3)</sup>	20.5

**Notes:**

- (1) Total return includes contribution from proportionate share of joint ventures and is a more appropriate measure for MIT.
- (2) Based on MIT's audited financial statements for the period from 1 April 2018 to 31 March 2019.
- (3) The figure is based on the closing price of S\$2.33 per Unit on SGX-ST on 13 September 2019, being the market day immediately prior to the entry of the Joint Venture Agreement.

The relative figures of the number of Units issued by MIT as consideration for the Singapore JV, the Subscription and Proposed Acquisition compared with the number of Units previously in issue as set out in Rule 1006(d) of the Listing Manual does not apply in relation to the Singapore JV, the Subscription and Proposed Acquisition as no Units will be issued to the Vendor as consideration for the Singapore JV, the Subscription and Proposed Acquisition.

## **11. DOCUMENTS FOR INSPECTION**

Copies of the valuation reports of the Properties by NKFVA are available for inspection during normal business hours at the registered office of the Manager (by prior appointment) at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438 from the date of this announcement up to and including the date falling three months after the date of this announcement.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as MIT is in existence.

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

**APPENDIX 1 – DETAILS OF THE TARGET PORTFOLIO**

<b>Location</b>	<b>Land Area (sq ft)</b>	<b>Net Lettable Area (sq ft)</b>	<b>Land Tenure</b>	<b>Occupancy</b>
<b>Arizona</b>				
2055 East Technology Circle	395,501	76,350	64.3 years <sup>19</sup>	100.0%
<b>Colorado</b>				
11900 East Cornell Avenue	425,580	285,176	Freehold	100.0%
8534 Concord Center Drive	213,119	85,660	Freehold	100.0%
<b>Georgia</b>				
375 Riverside Parkway	1,393,610	250,191	Freehold	100.0%
<b>Massachusetts</b>				
115 Second Avenue	127,452	66,730	Freehold	100.0%
<b>Ontario</b>				
6800 Millcreek	261,505	83,758	Freehold	100.0%
<b>Texas</b>				
17201 Waterview Parkway	410,024	61,750	Freehold	100.0%

<sup>19</sup> As at 30 June 2019.

<b>Location</b>	<b>Land Area (sq ft)</b>	<b>Net Lettable Area (sq ft)</b>	<b>Land Tenure</b>	<b>Occupancy</b>
<b>Virginia</b>				
45901-45845 Nokes Boulevard	533,774	167,160	Freehold	100.0%
21110 Ridgetop Circle	369,922	135,513	Freehold	100.0%
21561-21571 Beaumeade Circle	616,338	164,453	Freehold	100.0%
44490 Chilum Place (ACC2)	962,748	87,000	Freehold	100.0%
21745 Sir Timothy Drive (ACC9)	819,744	327,847	Freehold	100.0%
21744 Sir Timothy Drive (ACC10)	721,354	289,000	Freehold	100.0%
<b>TOTAL</b>	<b>7,250,671</b>	<b>2,080,588</b>		<b>100.0%</b>

## **Important Notice**

The value of Units in MIT 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 of MIT 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 and the Manager is not necessarily indicative of the future performance of MIT and the Manager.

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 view of future events.

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions. Any proposed issue of new Units described in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or jurisdiction of the United States, or under the securities laws of any other jurisdiction, and any such new Units may not be offered or sold, directly or indirectly, in the United States or any other jurisdiction except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws. The Manager does not intend to conduct a public offering of any securities of MIT in the United States.