

## **FITCH AFFIRMS MAPLETREE INDUSTRIAL TRUST AT 'BBB+'/'STABLE**

Fitch Ratings-Hong Kong-20 September 2011: Fitch Ratings has affirmed Mapletree Industrial Trust's (MIT) Issuer Default Rating (IDR) at 'BBB+' with a Stable Outlook.

The affirmation reflects MIT's granular portfolio with stable operating performance and adequate debt service coverage levels. Favorable economic conditions and positive rental reversion in the Singaporean industrial property sector further support the Stable Outlook.

"Organic growth in MIT's rental revenue is supported by the expiry of rental caps in June 2011, which should align MIT's existing rentals to market levels," says Kate Lin, Associate Director in Fitch's Structured Finance team. "Its acquisition in August 2011 further enhanced MIT's market share in the multi-use factory space to 13.2%, providing economies of scale to MIT's portfolio." Rental caps on lease renewals were imposed by JTC Corporation on all non-business park buildings in the property portfolio that was sold to MIT by JTC in July 2008.

MIT continued to deliver an adequate fixed charge coverage ratio at 6.8x in the quarter ended June 2011 (6.6x in the quarter ended March 2011) while net debt to recurring EBITDA improved to 5.4x from 5.5x. Occupancy rate and retention rate remained high at 94% and 89% respectively (93% and 86% respectively) during the same period.

MIT is expected to refinance 20% of its debt that is maturing in FY12 and 23% in FY13. Fitch deems the refinancing risk as moderate given strong liquidity in the market as well as MIT's proven access to various funding channels. Since listing, MIT has successfully negotiated a SGD100m committed facility and SGD150m uncommitted facilities, and has recently launched a SGD1bn medium-term note programme.

In August 2011, MIT acquired eight flatted factories and three amenities centres from JTC. The acquisition increased MIT's portfolio value by 18% to SGD2.6bn. The acquisition was 58% funded by new debt issuance and 42% by equity. According to MIT, the pro-forma gearing ratio post acquisition was moderate at 39.3% (36.0% in Q111 pre-acquisition); while the pro-forma interest coverage ratio post acquisition was comfortable at about 6x.

MIT is an industrial real estate investment trust listed in the Singapore Stock Exchange since October 2010. As at 31 August 2011, its portfolio comprised 81 industrial properties across Singapore, with flatted factories representing approximately 61% of the portfolio's property value, followed by business parks (18%), stack up/ramp up buildings (13%), light industrial buildings (7%) and a warehouse (1%). Mapletree Investments Pte Ltd remains the largest shareholder, holding about 30% of MIT as at 31 August 2011.

### Contacts:

Lead Surveillance Analyst

Kate Lin, CFA

Associate Director

+852 2263 9912

Fitch (Hong Kong) Limited

28th Floor, Tower Two, Lippo Centre

89 Queensway, Hong Kong

Committee Chairperson

Stan Ho

Senior Director

+852 2263 9668

Media Relations: Shivani Sundralingam, Singapore, Tel: + 65 6796 7215, Email: shivani.sundralingam@fitchratings.com; Leslie Tan, Singapore, Tel: +65 67 96 7234, Email: leslie.tan@fitchratings.com.

Additional Information is available at [www.fitchratings.com](http://www.fitchratings.com).

The source of information used to assess these ratings was MIT.

Applicable criteria, "Criteria for Rating U.S. Equity REITs and REOCs", dated 15 March 2011, and "Corporate Rating Methodology", dated 12 August 2011, are available at [www.fitchratings.com](http://www.fitchratings.com).

Applicable Criteria and Related Research:

Criteria for Rating U.S. Equity REITs and REOCs

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=610687](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=610687)

Corporate Rating Methodology

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=647229](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=647229)

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