

maple<sup>tree</sup>  
logistics

# 1Q FY2015/16 Financial Results

20 July 2015



logistics

# Disclaimer

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*This Presentation is focused on comparing results for the three months ended 30 Jun 2015 versus results achieved in the three months ended 30 Jun 2014 and versus results achieved in the previous quarter ended 31 Mar 2015. This shall be read in conjunction with Mapletree Logistics Trust's financial results for the three months ended 30 Jun 2015 in the SGXNET announcement.*

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# Agenda

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- **1Q FY15/16 Highlights**
- **Financial Review**
- **Capital Management**
- **Business Review**
- **Outlook**



# 1Q FY15/16 Highlights

# 1Q FY15/16 Highlights

- **Amount Distributable to Unitholders of S\$45.8m and DPU of 1.85 cents**
  - Contribution from acquisitions and stronger performance from existing properties (in particular Hong Kong)
  - Continuing impact of recent conversions of several single-user assets (“SUAs”) to multi-tenanted buildings (“MTBs”) in Singapore => lower occupancy during the transition and higher property expenses
- **Announced 3 accretive acquisitions of quality, well-located warehouses for approximately S\$304m**
  - Dakonet Logistics Centre in South Korea (~ S\$21m)
  - Mapletree Logistics Park Bac Ninh Phase 1 in Vietnam (~ S\$21m)
  - Coles Chilled Distribution Centre in Sydney (~ S\$262m): marks MLT’s maiden entry into Australia
- **Stable operations**
  - Portfolio occupancy of 96.6%
  - Positive average rental reversion of approximately 5% (mainly from Hong Kong and Singapore)





# Financial Review

# 1Q FY15/16 vs. 1Q FY14/15 (Year-on-Year)

S\$'000	1Q FY15/16 <sup>1</sup> 3 mths ended 30 Jun 2015	1Q FY14/15 <sup>2</sup> 3 mths ended 30 Jun 2014	Y-o-Y change
Gross Revenue	85,064	80,998	5% ↑
Property Expenses	(13,931)	(12,032)	16% ↑
Net Property Income ("NPI")	71,133	68,966	3% ↑
Borrowing Costs	(9,189)	(7,731)	19% ↑
Amount Distributable To Unitholders	45,847	46,589 <sup>3</sup>	(2%) ↓
Available DPU (cents)	1.85	1.90 <sup>3</sup>	(3%) ↓

- Increase in gross revenue mainly due to contributions from acquisitions and higher revenue from existing assets
- Revenue growth partly offset by:
  - lower occupancy at several recently converted MTBs in SG
  - absence of revenue from 5B Toh Guan Road East (undergoing redevelopment)
  - impact of weaker JPY
- Substantially hedged income streams mitigated impact of weaker JPY on distribution
- Higher property expenses mainly due to enlarged portfolio and SUA/MTB conversions
- Borrowing costs increased mainly due to incremental borrowings to fund acquisitions
- Excluding divestment gain in 1Q FY14/15, DPU for 1Q FY15/16 would have declined 1% year-on-year

1) Quarter ended 30 Jun 2015 started with 117 properties and ended with 118 properties.

2) Quarter ended 30 Jun 2014 started with 111 properties and ended with 112 properties.

3) This included partial distribution of the gain from the divestment of 30 Woodlands Loop distributed over 8 quarters (from 1Q FY13/14 to 4Q FY14/15), amounting to S\$620,000 in amount distributable or approximately 0.025 cents DPU per quarter.

# 1Q FY15/16 vs. 4Q FY14/15 (Quarter-on-Quarter)

S\$'000	1Q FY15/16 <sup>1</sup> 3 mths ended 30 Jun 2015	4Q FY14/15 <sup>2</sup> 3 mths ended 31 Mar 2015	Q-o-Q change
Gross Revenue	85,064	84,684	0.4% ↑
Property Expenses	(13,931)	(14,344)	(3%) ↓
Net Property Income ("NPI")	71,133	70,340	1% ↑
Borrowing Costs	(9,189)	(9,073)	1% ↑
Amount Distributable to Unitholders	45,847	45,861 <sup>3</sup>	-
Available DPU (cents)	1.85	1.85 <sup>3</sup>	-

- Excluding divestment gain in 4Q FY14/15, DPU for 1Q FY15/16 would have increased 1% quarter-on-quarter

- Quarter ended 30 Jun 2015 started with 117 properties and ended with 118 properties.
- Quarter ended 31 Mar 2015 started and ended with 117 properties.
- This included partial distribution of the gain from the divestment of 30 Woodlands Loop distributed over 8 quarters (from 1Q FY13/14 to 4Q FY14/15), amounting to S\$620,000 in amount distributable or approximately 0.025 cents DPU per quarter.

# Healthy Balance Sheet

S\$'000	As at 30 Jun 2015	As at 31 Mar 2015
Investment Properties	4,566,486	4,631,216
Total Assets	4,738,717	4,787,701
Total Liabilities	1,883,550	1,899,376
Net Assets Attributable to Unitholders	2,500,451	2,538,273
NAV Per Unit	S\$1.01 <sup>1</sup>	S\$1.03 <sup>2</sup>

1) Includes net derivative financial instruments, at fair value, liability of S\$2.2 million. Excluding this, NAV per unit remains unchanged at S\$1.01.

2) Includes net derivative financial instruments, at fair value, liability of S\$2.0 million. Excluding this, NAV per unit remains unchanged at S\$1.03.



# 1Q FY15/16 Distribution

## Distribution Details

SGX Stock Code	M44U
Distribution Period	1 Apr 2015 - 30 Jun 2015
Distribution Amount	1.85 cents per unit

## Distribution Timetable

Last day of trading on "cum" basis	23 Jul 2015, 5:00 pm
Ex-Date	24 Jul 2015, 9:00 am
Books Closure Date	28 Jul 2015, 5:00 pm
Distribution Payment Date	28 August 2015
Credit of new Units to Unitholders' securities accounts	28 August 2015



# Capital Management

# Prudent Capital Management

	As at 30 Jun 2015	As at 31 Mar 2015
Total Debt (S\$ million)	1,620	1,632
Aggregate Leverage Ratio	34.4% <sup>1</sup>	34.3%
Weighted Average Annualised Interest Rate (%)	2.2	2.1
Average Debt Duration (years)	3.4	3.6
Interest Cover Ratio (times) <sup>2</sup>	7.2	7.5
MLT Credit Rating by Moody's	Baa1 with stable outlook	Baa1 with stable outlook

- Total debt outstanding decreased by S\$12mil despite additional loans of ~S\$47mil drawn to fund committed investments
- This was due to lower translated borrowings arising mainly from the depreciation of JPY
- Consequently, aggregate leverage ratio only increased slightly to 34.4% while the weighted average borrowing cost for 1Q FY15/16 was 2.2% per annum.

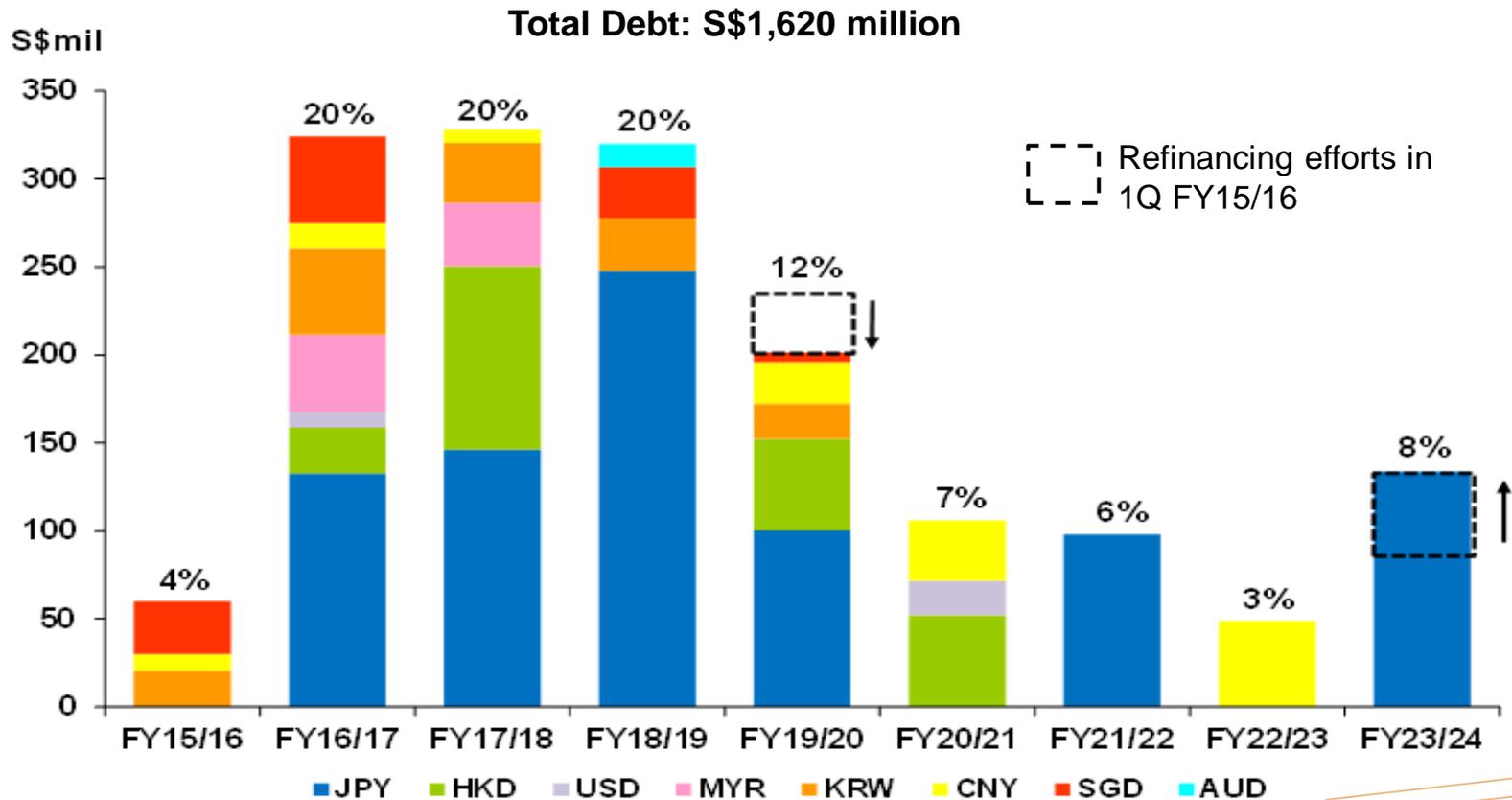
1) Aggregate leverage ratio expected to increase to 38.2% after taking into account all announced acquisitions.

2) Ratio of EBITDA over interest expense for period up to balance sheet date.



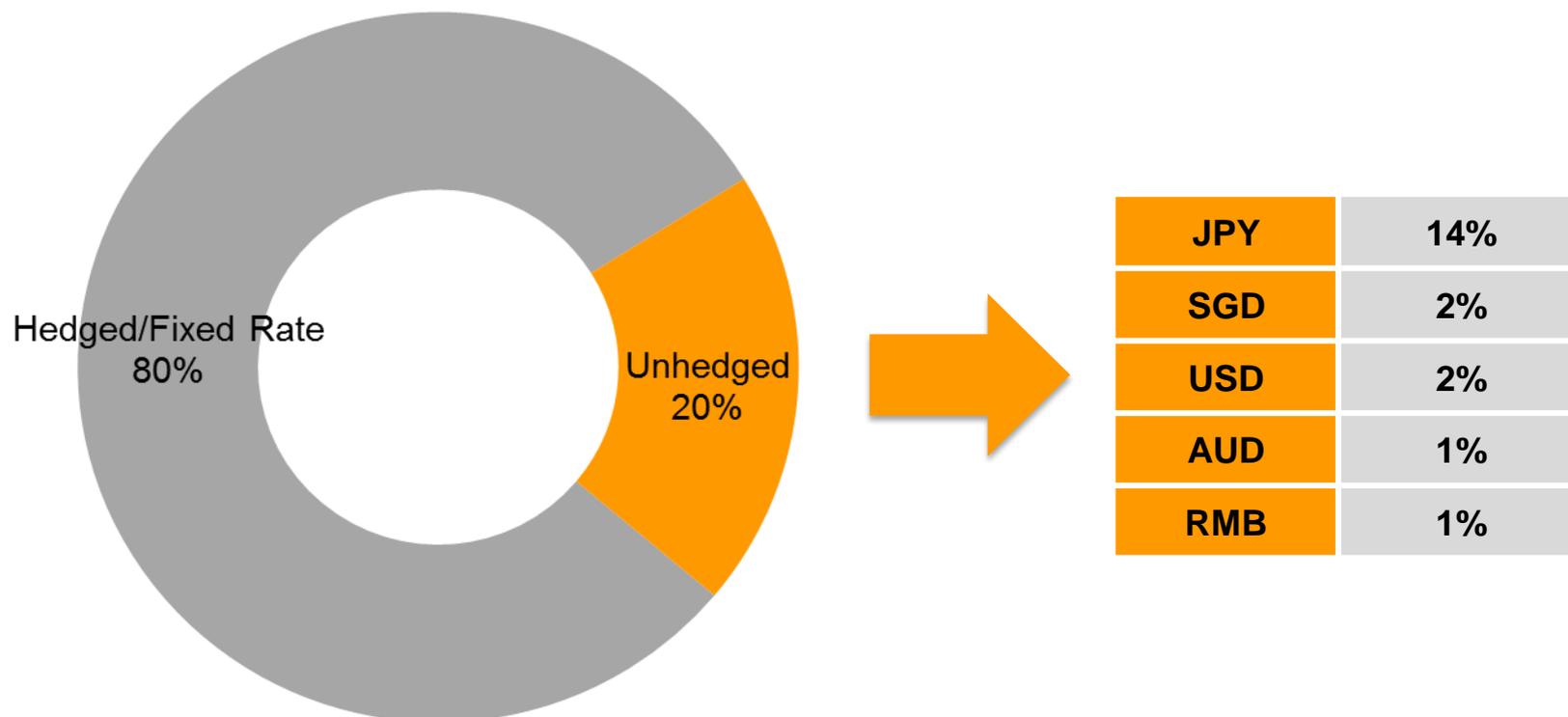
# Debt Maturity Profile (By Currency) as at 30 Jun 2015

- Entered into an 8-year term loan facility (~S\$53mil) to fund the Moriya Centre AEI and to extend an existing loan maturing in FY19/20
- Maintained healthy balance sheet with a staggered debt maturity profile



# Interest Rate Risk Management

- Approximately 80% of total debt is hedged or drawn in fixed rates
- Every potential 25bps increase in base rates<sup>1</sup> may result in a ~S\$0.2mil decrease in distributable income or 0.008 cents in DPU<sup>2</sup> per quarter

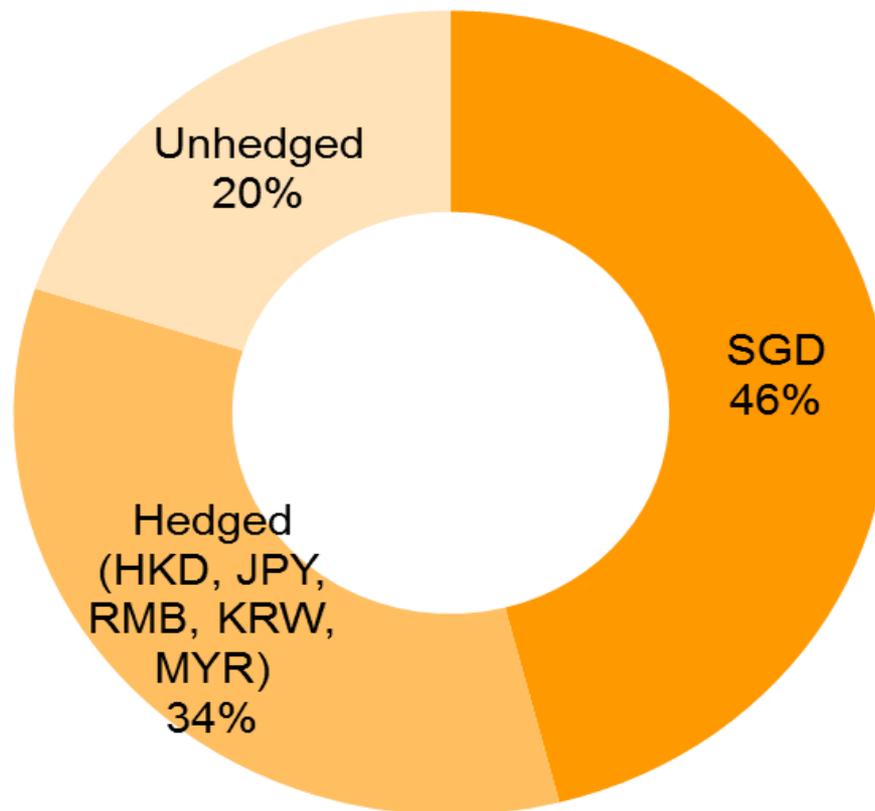


1) Base rate denotes SOR, USD LIBOR, JPY LIBOR/ D-TIBOR, CNH HIBOR, KLIBOR and BBSY

2) Based on 2,476,184,788 units as at 30 Jun 2015

# Forex Risk Management

- About 80% of amount distributable in FY15/16 is hedged into / derived in SGD
- 95% of income stream from Japan for FY15/16 has been hedged



The image features a 3D-rendered perspective of a hallway. The walls and floor are a solid, vibrant orange color. The hallway is empty, with a clean, minimalist aesthetic. The lighting is soft and even, creating a professional and modern atmosphere. The text 'Business Review' is prominently displayed on the right wall in a white, sans-serif font.

# Business Review

# Investment Highlights in 1Q FY15/16

Announced 3 accretive acquisitions of ~S\$304m to scale up presence in growth markets



**Dakonet Logistics Centre, South Korea**

- Modern 3-storey, Grade-A dry warehouse
- Acquisition price: KRW17.5b (~S\$21.2m)
- GFA: 16,100 sqm
- Initial NPI yield: 8%
- Fully leased to Australian 3PL Toll Global Logistics Korea and 2 established Korean logistics operators Dada&Kolonet and Dakonet
- Acquisition completed on 11 June 2015



**Mapletree Logistics Park Bac Ninh, Vietnam**

- 3 blocks of single-storey Grade-A warehouses with mezzanine offices
- Acquisition price: VND339.4b (~S\$21.0m)
- GFA: 54,350 sqm
- Initial NPI yield: 10%
- Fully leased to quality tenants comprising mostly international logistics companies
- Acquisition completed on 15 July 2015

# Investment Highlights in 1Q FY15/16

## Maiden acquisition in Australia – Coles Chilled Distribution Centre, Sydney

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- In line with portfolio rejuvenation strategy to recycle capital released from selective divestments into better quality, higher yielding assets
- MLT's strategic expansion into Australia, a growing and scalable market
- Premium, freehold, cold store warehouse with GFA of 55,395 sqm
- Purchase consideration of A\$253.0m (~S\$261.5m)
- 100% leased to a blue-chip tenant – Coles Group Limited (Australia's 2<sup>nd</sup> largest supermarket chain)
- Long WALE (by NLA) of 19.0<sup>1</sup> years
- Initial yield of 5.6%, with built-in annual escalations
- Acquisition is expected to be completed by August 2015

1) As at 1 Jul 2015.

# Portfolio Rejuvenation

## Redevelopment: 5B Toh Guan Road East, Singapore



Asset before redevelopment



Artist impression of completed redevelopment

- MLT's 2<sup>nd</sup> redevelopment project
- Redevelopment from a 3-storey warehouse with cargo lift to a modern 6-storey ramp-up logistics facility
- Increase GFA 2.7x to 63,500 sqm
- Target completion: 1Q FY16/17
- Estimated cost: S\$107m



Construction in progress

# Portfolio Rejuvenation

## Redevelopment: 76 Pioneer Road, Singapore



Asset before redevelopment



Artist impression of completed redevelopment

- MLT's 3<sup>rd</sup> redevelopment project
- Redevelopment into a modern 5-storey ramp-up logistics facility
- Increase GFA 1.8x to 72,000 sqm
- Scheduled to commence in mid FY15/16
- Target completion: 4Q FY17/18
- Estimated cost: S\$117m



# Portfolio Rejuvenation

## Divestment of 134 Joo Seng Road in Singapore

- Divestment for S\$13.5m to recycle capital into higher yielding assets
- Implied exit cap rate of 3%
- Poor warehouse specifications, SUA conversion
- Maximised allowable plot ratio, limited scope for future redevelopment
- Divestment completed on 10 July 2015



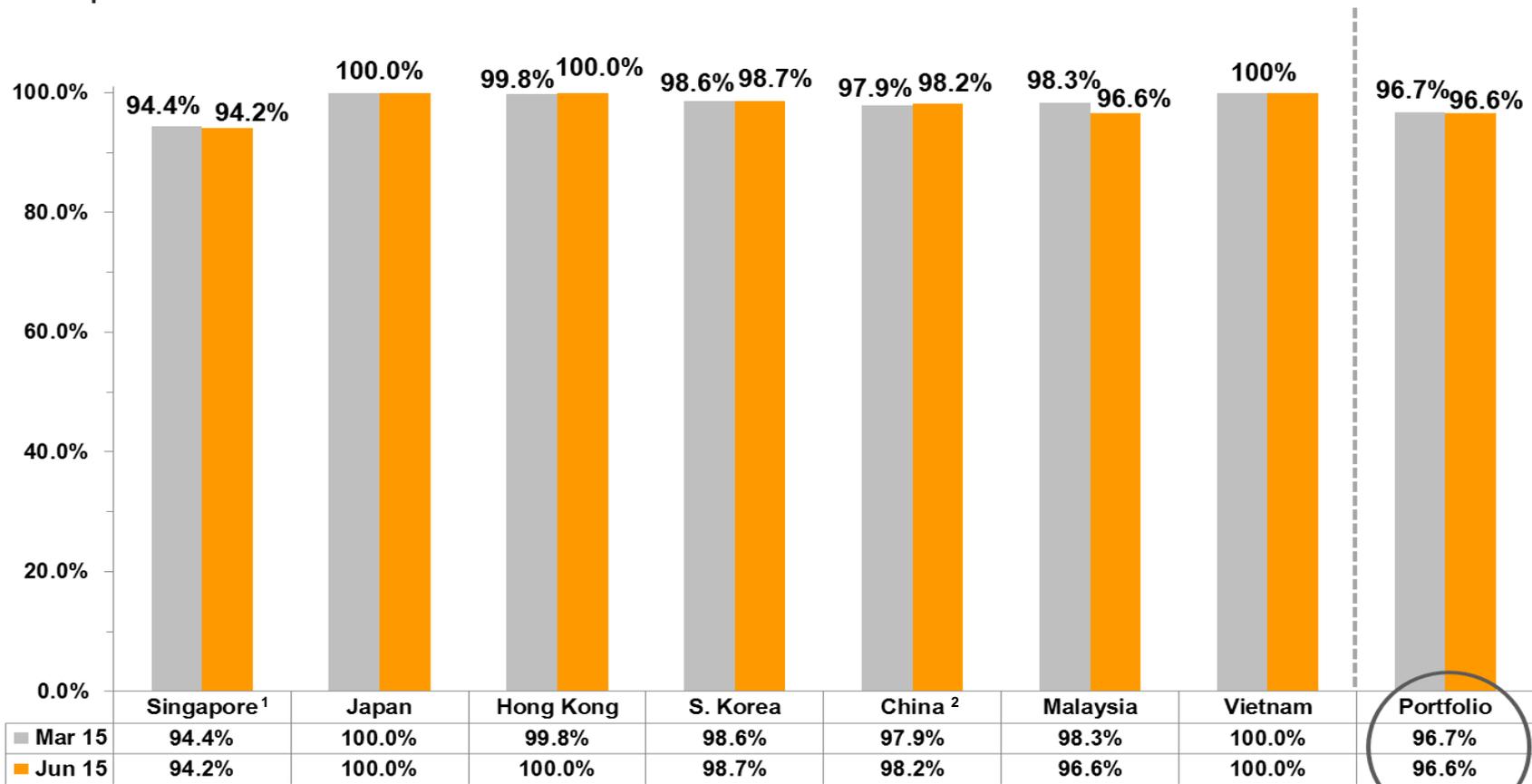
# Portfolio Highlights

- **Active asset and lease management**
  - Renewed/replaced 32% of leases (by NLA) due for expiry in FY15/16
  - Positive average rental reversions of 5% mainly from Hong Kong and Singapore
- **Stability from long leases**
  - Weighted average lease term to expiry (by NLA) is about 4.1 years
  - Approximately 45% of MLT's leases (by NLA) are expiring in FY18/19 and beyond
- **Stable portfolio occupancy of 96.6%**
  - Singapore's occupancy temporarily impacted by downtime due to conversions of SUAs to MTBs



# Country Breakdown of Occupancy Levels

- Stable portfolio occupancy rate of 96.6%
- Improved occupancies in Hong Kong, South Korea and China
- Temporary decline in Malaysia's occupancy due to non-renewal of a lease. The replacement lease will commence in Jul 2015.



1) Excluded 5B Toh Guan which is currently undergoing redevelopment.

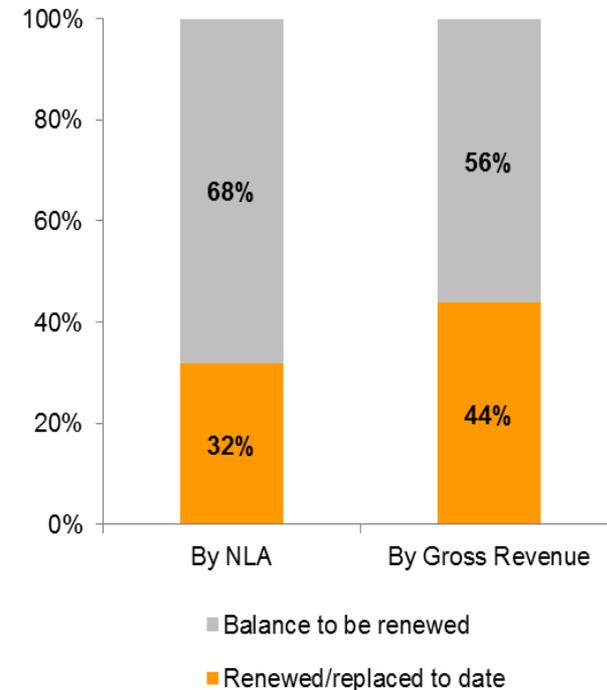
2) Excluded Xi'an Distribution Centre which was temporarily non-operational due to a fire incident in Feb 2014.

# Successful Lease Renewals in FY15/16

- 24% of MLT's leases (by NLA) are due to expire in FY15/16
- Approximately 32% of these have been successfully renewed/replaced

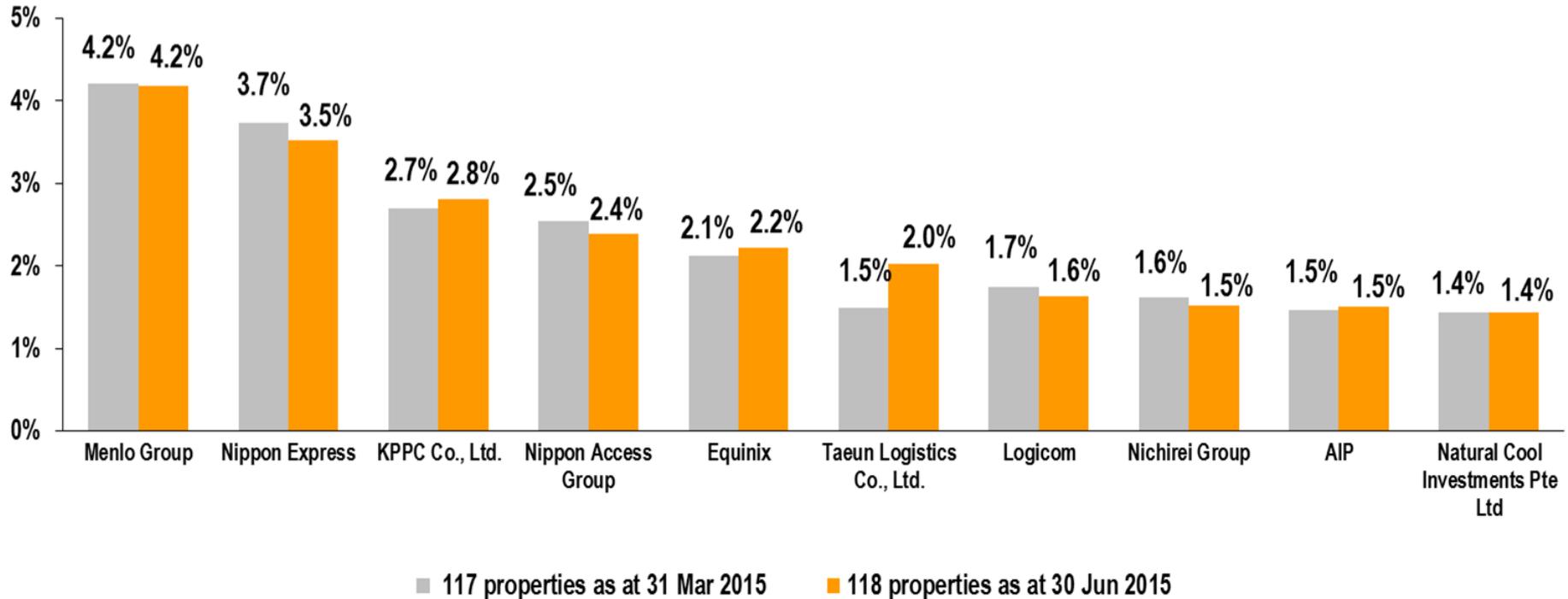
NLA renewed / replaced in FY15/16 ('000 sqm)	Total renewable	Space renewed / replaced YTD	% of space renewed / replaced YTD	Balance space renewable
Singapore	289	100	35%	189
Malaysia	120	23	19%	97
Hong Kong	70	34	49%	36
China	198	33	17%	165
South Korea	33	33	100%	0
Japan	9	9	100%	0
Vietnam	13	4	33%	9
<b>Total Area</b>	<b>732</b>	<b>236</b>	<b>32%</b>	<b>496</b>

Total Renewable in FY15/16 (%)

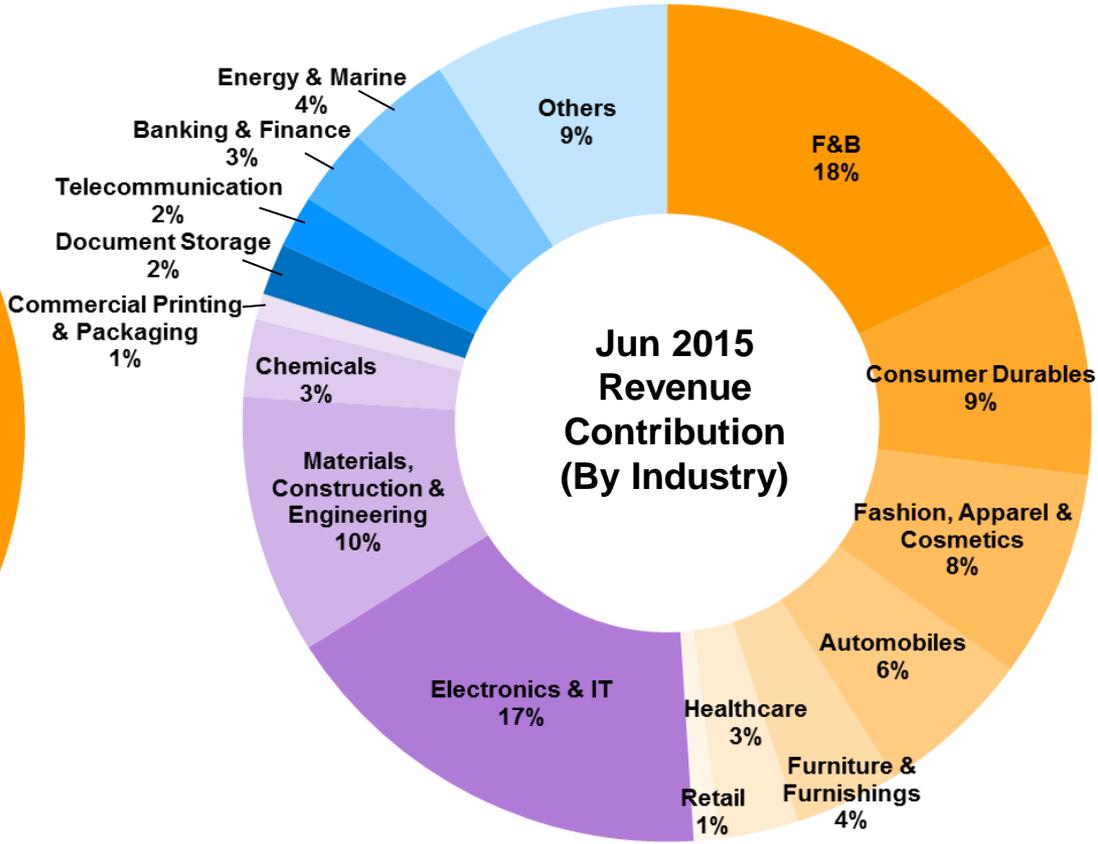
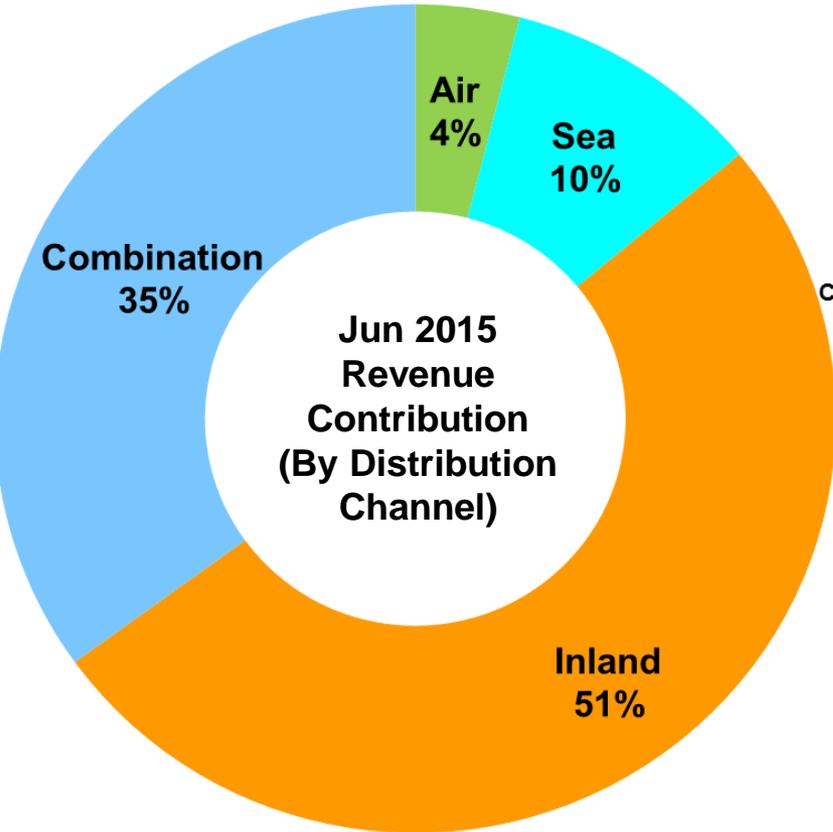


# Top 10 Customer Profile (by Gross Revenue)

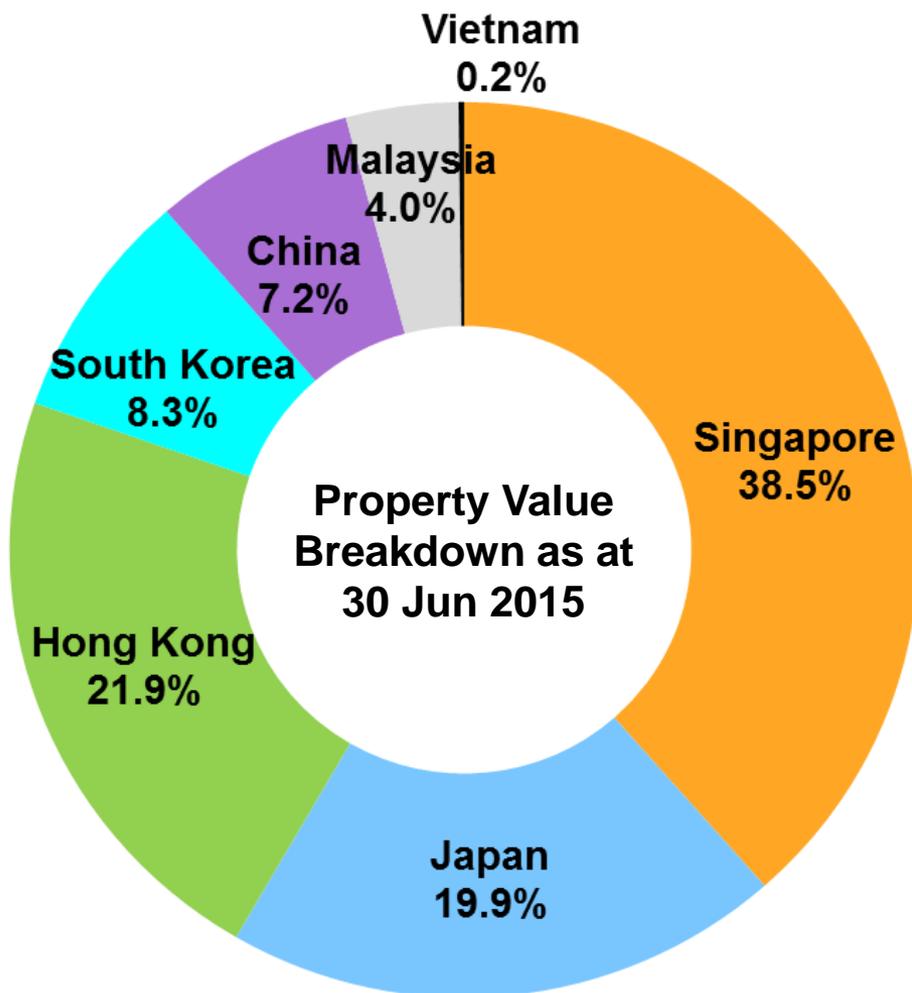
- 419 customers; none accounts for >5% of total gross revenue
- Top 10 customers account for ~23% of total gross revenue



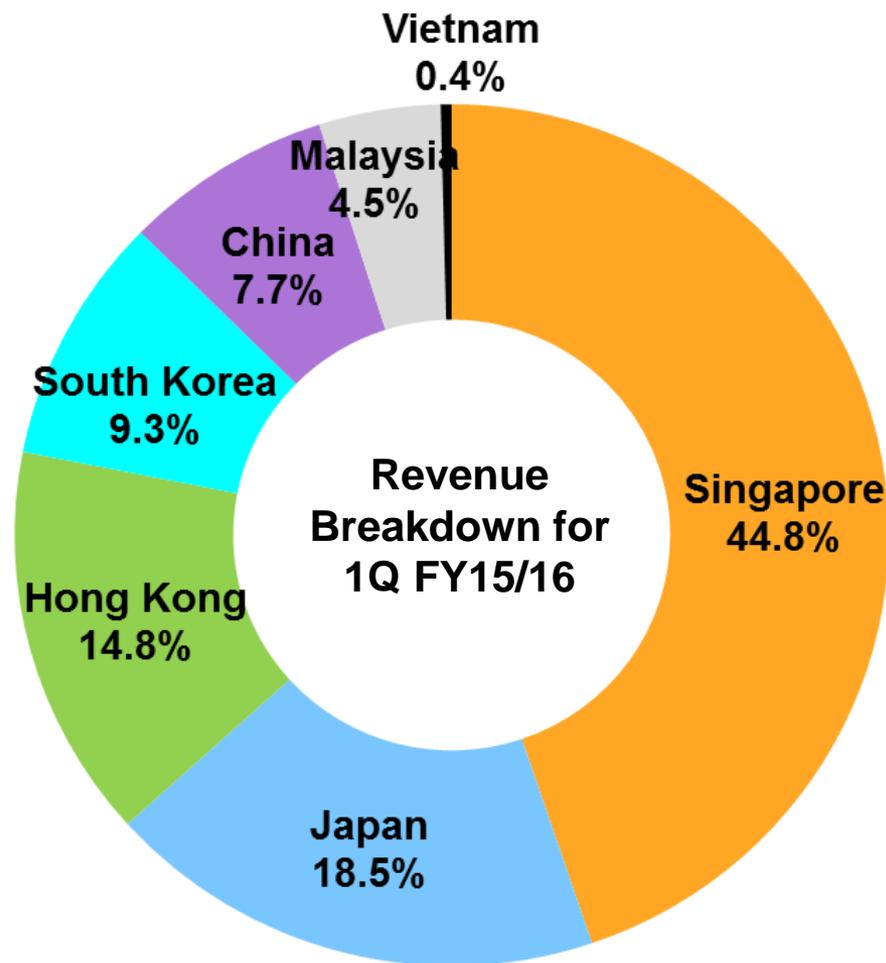
# Diversified Customer Mix Provides Portfolio Stability



# Geographical Diversification



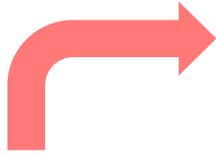
Property Value: S\$4,566 million



Revenue: S\$85.1 million



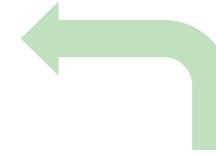
# Multi-Tenanted Buildings vs. Single-User Assets



Jun 2015 SUA Revenue Contribution by Country

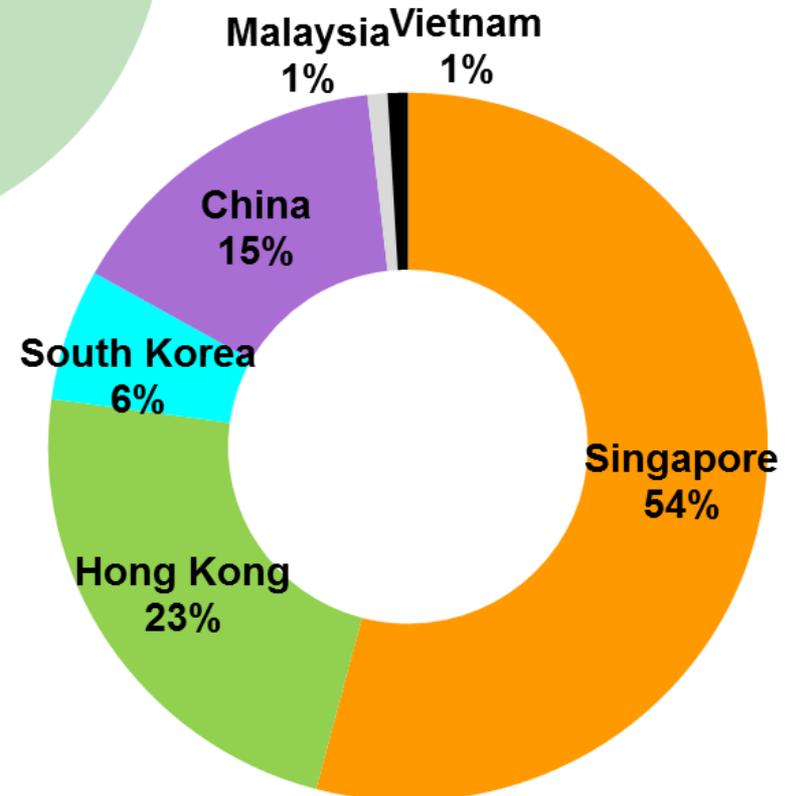
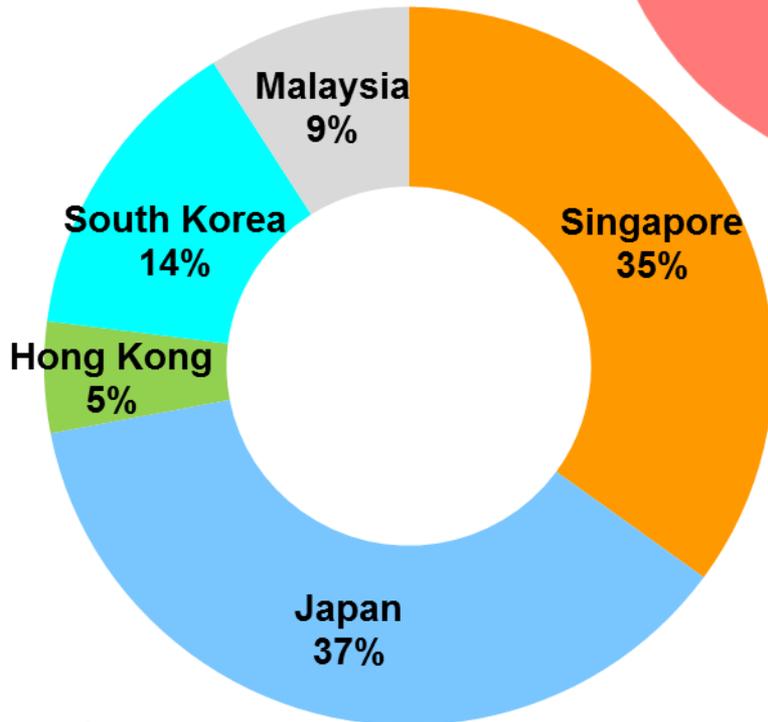
Single-User Assets  
47%

Multi-Tenanted Buildings  
53%



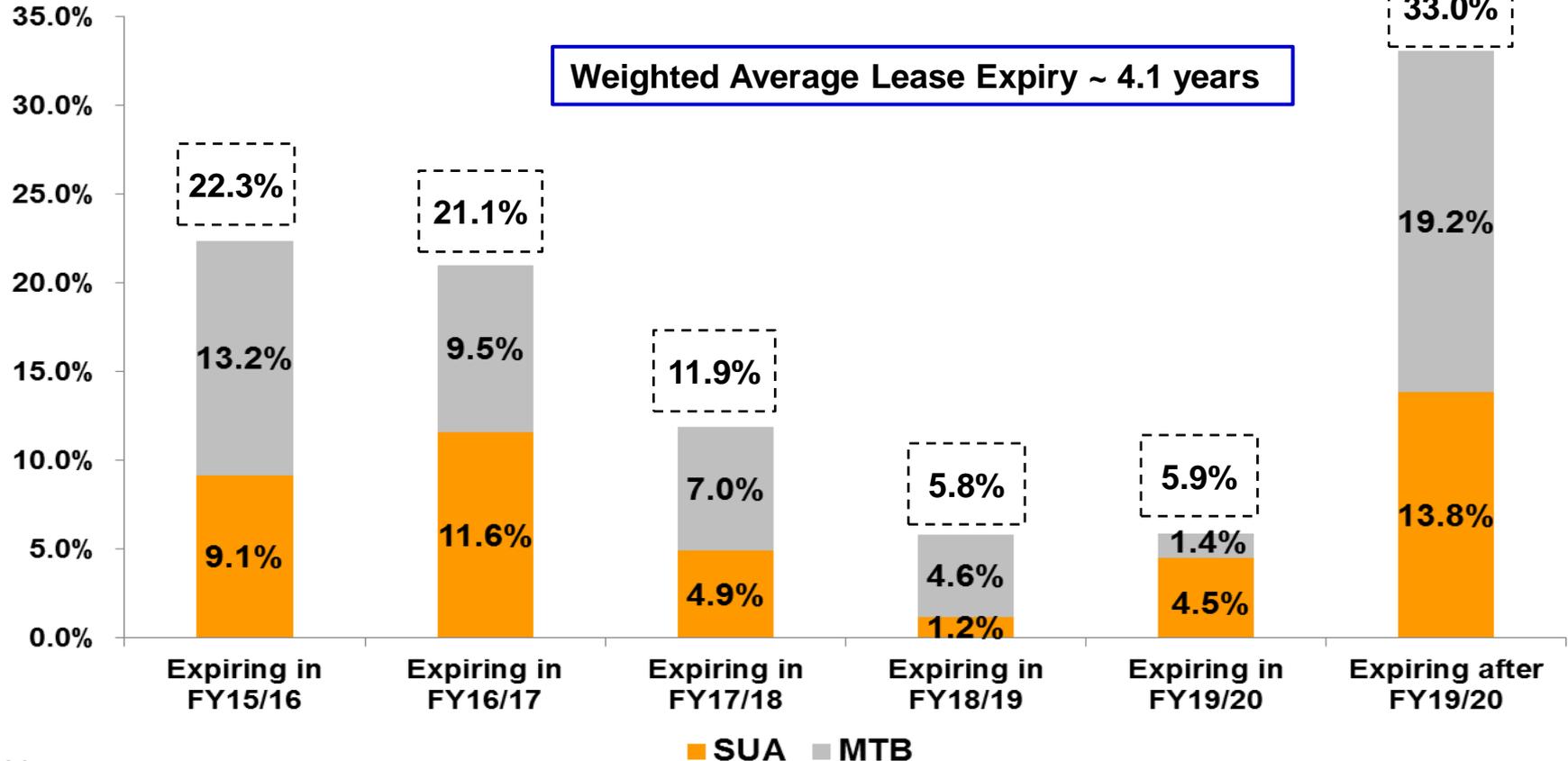
Jun 2015 MTB Revenue Contribution by Country

Malaysia 1%  
Vietnam 1%

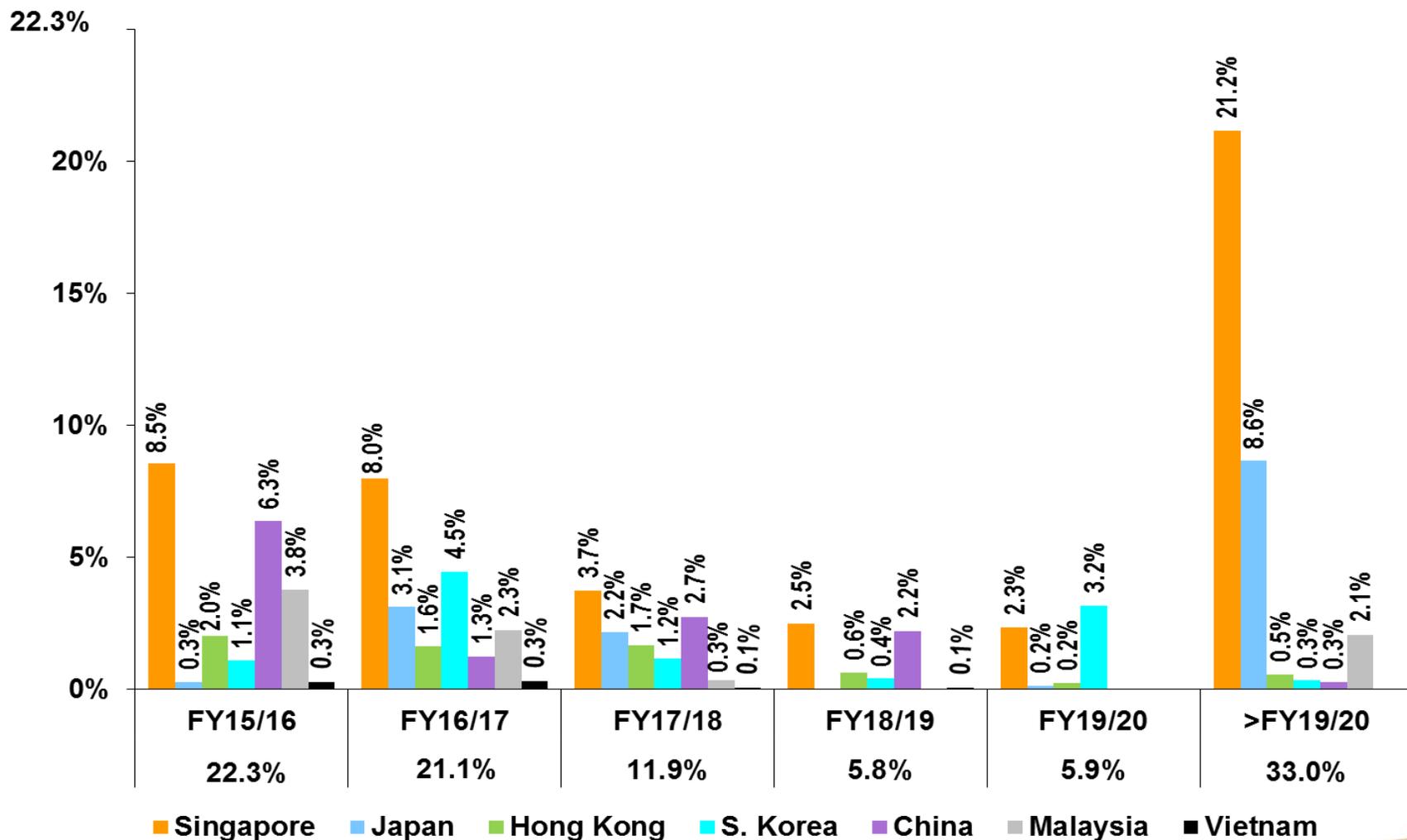


# Lease Expiry Profile as at 30 Jun 2015 (by NLA)

- In FY15/16, 17 SUA leases are due to expire – 9 in Singapore, 6 in Malaysia, 1 in S Korea, 1 in Japan
- Year-to-date – 1 SUA renewal (Singapore), 1 SUA/MTB conversion (Singapore)
- For the rest of FY15/16, 15 SUA leases are due to expire
  - Singapore: Expect 1 SUA renewal, 5 SUA/MTB conversions, 1 is slated for redevelopment
  - Malaysia: all 6 SUAs are expected to be renewed
  - S Korea & Japan: replacement SUA tenants have been secured for both leases

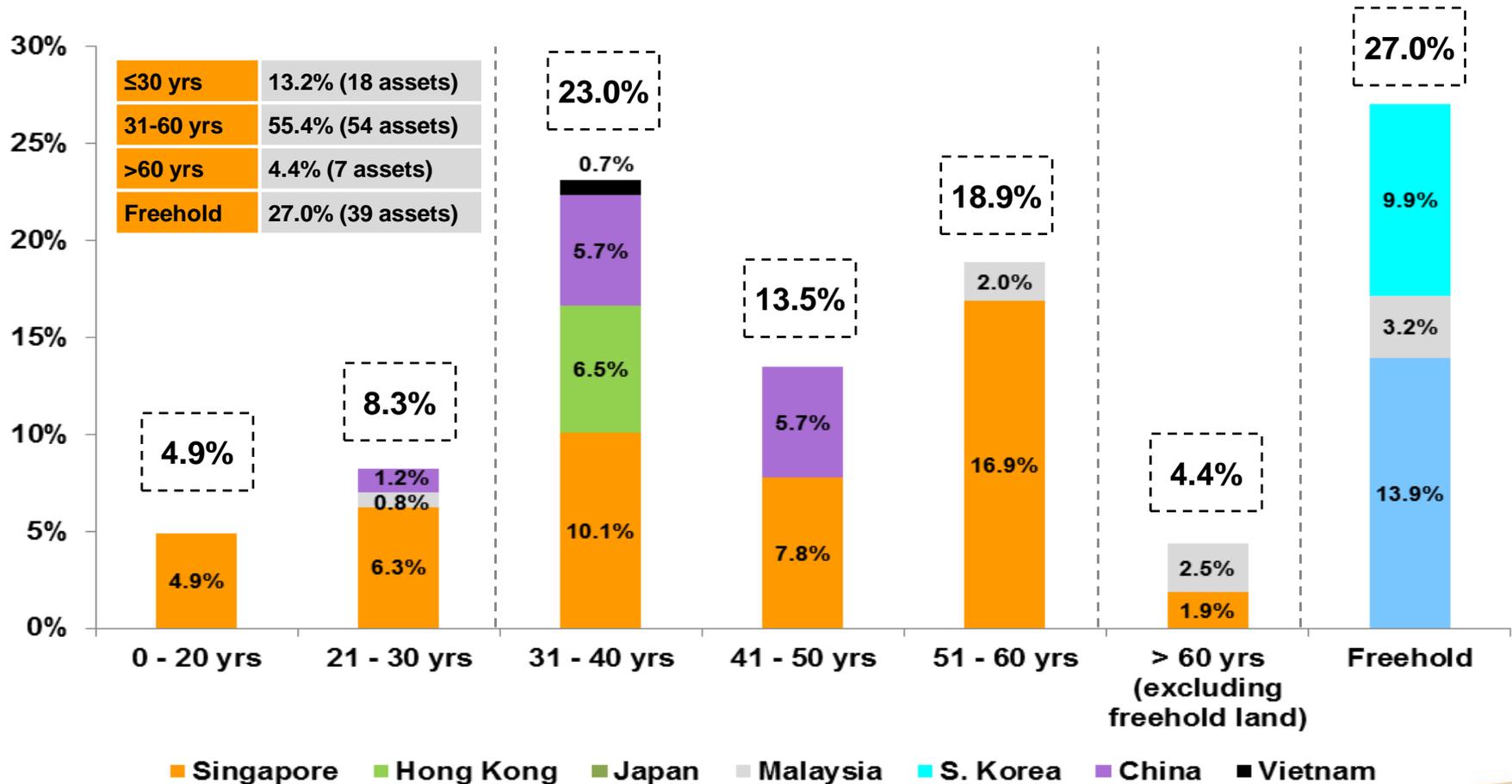


# Country Breakdown of Lease Expiry Profile as at 30 Jun 2015 (by NLA)



# Remaining years to expiry of underlying land lease (by NLA)

- Weighted average lease term to expiry of underlying leasehold land (excluding freehold land): 43 years



# Portfolio at a Glance

	As at 31 Mar 2015	As at 30 Jun 2015
Investment Properties (S\$ million)	4,631	4,566
WALE (by NLA) (years)	4.3	4.1
Net Lettable Area (million sqm)	3.1	3.2
Occupancy Rate (%)	96.7	96.6
No. of Tenants	410	419
<b>No. of Properties</b>	<b>117</b>	<b>118</b>
<b>No. of Properties – By Country</b>		
Singapore	53	53
Japan	22	22
Hong Kong	8	8
China	9	9
Malaysia	14	14
South Korea	10	11
Vietnam	1	1



# Outlook

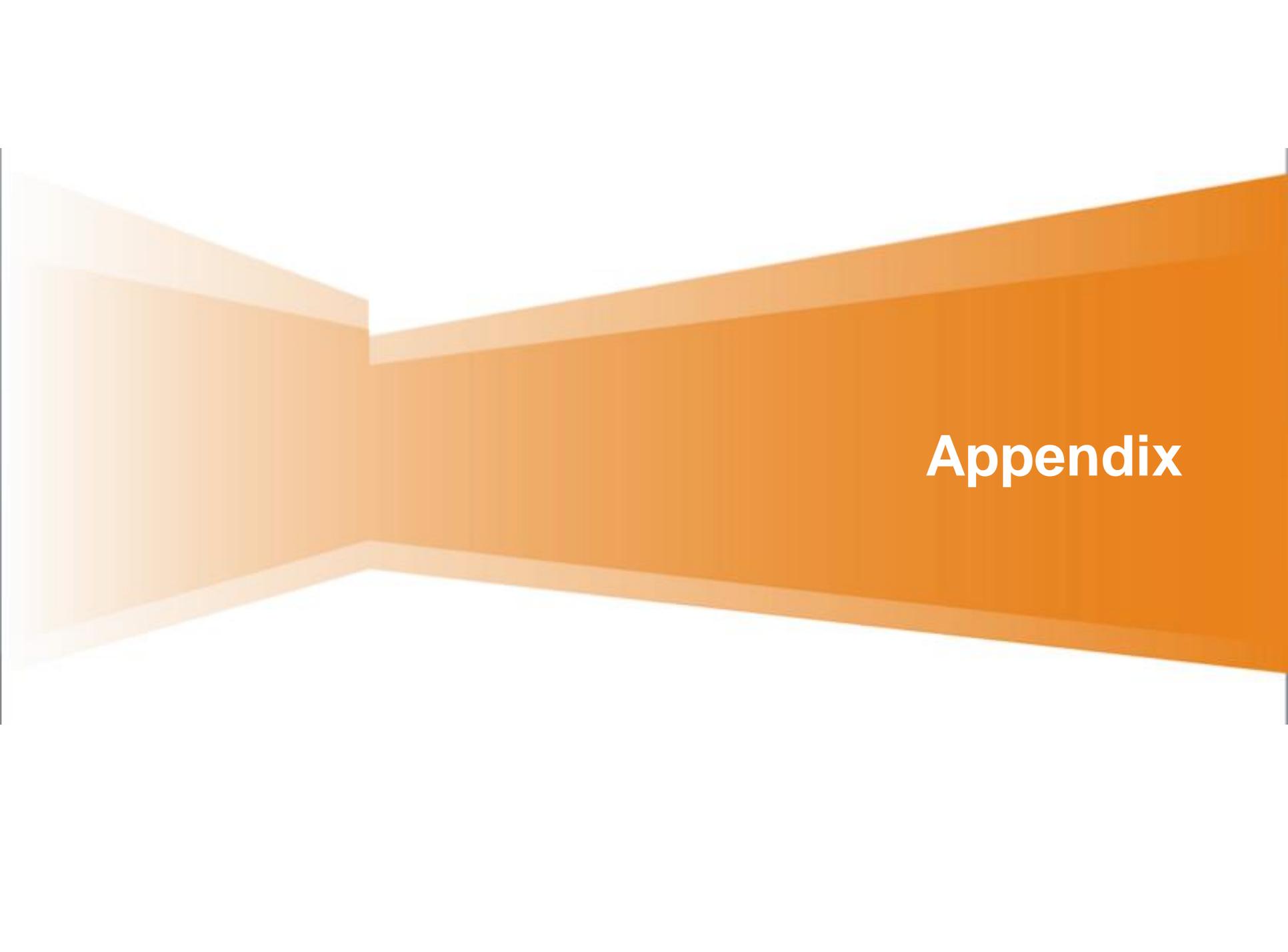
# Outlook

- **Demand for logistics space in Asia has remained stable, although customers are generally cautious about capacity expansion**
- **Maintain focus on active asset & lease management**
  - Manage transition of SUA conversions to MTBs
  - Short term pressure on portfolio occupancy and property expenses during the transition
- **Continue rejuvenation & rebalancing of portfolio**
  - Redevelop selective existing assets to maximise GFA potential
  - Selective divestments of low yielding assets with older specifications to recycle capital into better quality, higher yielding assets
  - Accretive acquisitions of quality, well-located assets
- **Maintain prudent capital management approach**



A 3D-rendered scene of a hallway with orange walls and a white floor. The hallway is composed of several rectangular sections that meet at a corner. The walls are a vibrant orange color, and the floor is a clean, bright white. The lighting is soft and even, creating a clean and modern aesthetic. In the middle of the right-hand wall, there is a white rectangular sign with the words "Thank You" written in a bold, black, sans-serif font.

**Thank You**

A 3D architectural rendering of a hallway corner. The walls and ceiling are a solid, vibrant orange color. The perspective is from a low angle, looking down the length of the hallway. The lighting is soft and even, creating a clean, modern aesthetic. The floor is a light, neutral color, possibly white or light grey, which contrasts with the orange walls.

# Appendix

# MIPL's Logistics Development Projects in Asia

No.	Project	GFA (sqm)	Status
1	Mapletree Tianjin Airport Logistics Park	66,500	Completed with leasing underway
2	Mapletree Tianjin Port HaiFeng Bonded Logistics Park	194,100	Completed with leasing underway
3	Mapletree Chongqing Jiangjin Industrial Park	47,600	Completed with leasing underway
4	Mapletree Wuxi New District Logistics Park	124,200	Construction underway
5	Mapletree Tianjin Wuqing Logistics Park	30,100	Construction underway
6	Mapletree Fengdong (Xi'an) Logistics Park Phase 2	75,300	Construction underway
7	Mapletree Ningbo Cidong Logistics Park	140,300	Construction underway
8	Mapletree Fengdong (Xi'an) Logistics Park Phase 1	44,300	Awarded land tender
9	Mapletree Hangzhou Xiaoshan Logistics Park	96,200	Awarded land tender
10	Mapletree Changsha Hi-Tech Logistics Park	79,800	Awarded land tender
11	Mapletree Nantong NCEDZ Logistics Park	78,000	Awarded land tender
12	Mapletree Jinan International Logistics Park	81,100	Awarded land tender
13	Mapletree Chongqing Liangjiang Logistics Park	97,900	Awarded land tender
14	Mapletree Yuyao Simeng Logistics Park	49,500	Awarded land tender
15	Mapletree Changsha Hi-Tech II Logistics Park	98,900	Awarded land tender
16	Mapletree Wuhan Yangluo Logistics Park	133,300	Awarded land tender
17	Mapletree Wuhan Xiaogan Logistics Park Phase 1	82,700	Awarded land tender
18	Mapletree Nantong EDZ Logistics Park	68,000	Awarded land tender
<b>China Subtotal</b>		<b>1,587,800</b>	
19	Mapletree Logistics Hub Tsing Yi	85,000	Construction underway
<b>Hong Kong Subtotal</b>		<b>85,000</b>	
20	Odawara Centre (Kanagawa)	205,500	Completed and handed over to BTS customer
21	Joso Centre (Ibaraki)	27,200	Completed and handed over to BTS customer
<b>Japan Subtotal</b>		<b>232,700</b>	
22	Mapletree Shah Alam Logistics Park	60,200	Completed with active renewal of leases
23	Mapletree Logistics Hub – Tanjung Pelepas, Iskandar	130,500	Awarded land tender
24	Mapletree Logistics Hub – Jubli Perak, Shah Alam	233,700	Awarded land tender
<b>Malaysia Subtotal</b>		<b>424,400</b>	
25	Mapletree Logistics Park (Binh Duong)	440,000	Phases 1 & 2 completed with leasing underway
26	Mapletree Bac Ninh Logistics Park	310,000	Phase 1 completed with leasing underway
<b>Vietnam Subtotal</b>		<b>750,000</b>	
<b>Total</b>		<b>3,079,900</b>	

# MIPL's Logistics Development Projects in China

