mapletree north asia commercial

press release

For Immediate Release

The Proposed Acquisitions of Two Office Properties in Greater Tokyo

- Accelerates the income diversification of MNACT
- Reduces income and asset concentration of Festival Walk
- Provides attractive yield spread (based on net property income ("**NPI**") yield of 4.5%[1,2]) and freehold land tenure

4 December 2019 – Further to the announcement dated 4 December 2019 titled "Update on Festival Walk and Impact on MNACT", Mapletree North Asia Commercial Trust Management Ltd. ("**MNACTM**" or the "**Manager**"), the manager of Mapletree North Asia Commercial Trust ("**MNACT**"), is pleased to announce that various agreements have been entered into for DBS Trustee Limited (the "**Trustee**"), in its capacity as trustee of MNACT, to acquire an effective interest of 98.47% in two freehold, multi-tenanted office properties located in Greater Tokyo, Japan (collectively, the "**Properties**" and the proposed acquisitions by MNACT of the 98.47% effective interest in the Properties, the "**Proposed Acquisitions"**) from Mapletree Investments Pte Ltd ("**MIPL**" or the "**Sponsor**"), subject to various conditions precedent being met, for the **Total Acquisition Cost**[3] of S$482.5 million (approximately JPY37,905.2 million).

This release shall be read in conjunction with MNACT's announcement in the SGX-NET "The Proposed Acquisitions of Two Office Properties in Greater Tokyo" dated 4 December 2019. Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the SGX-NET announcement.

[1] While MNACT will hold a 98.47% effective interest in the Properties upon completion of the Proposed Acquisitions (the "**Completion**") and currently holds a 98.47% effective interest in its Existing Japan Properties (as defined herein), all property and financial-related figures (e.g. gross rental income ("**GRI**"), net property income ("**NPI**"), weighted average lease expiry ("**WALE**"), occupancy, trade sector breakdown, valuation, gross floor area ("**GFA**") and net lettable area ("**NLA**")) stated in this press release for the Properties and the Enlarged Portfolio (as defined herein) are based on 100.0% effective interest in the Properties, unless otherwise stated. For the purposes of this press release, WALE and occupancy are based on committed leases (which include existing leases). The balance 1.53% effective interest in the Properties will be held by Mapletree Investments Japan Kabushiki Kaisha ("**MIJ**"), an indirect wholly-owned subsidiary of the Sponsor. For illustrative purposes, certain Japanese Yen amounts have been translated into Singapore dollars based on the exchange rate on 31 October 2019 of JPY78.56 = S$1.00 and rounded off to one decimal place (unless otherwise stated).
The "**Enlarged Portfolio**" comprises (i) the existing nine properties owned by MNACT as at the date of this press release (the "**Existing Portfolio**") and (ii) the Properties. The "**Existing Japan Properties**" refers to IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building, TS Ikebukuro Building, ABAS Shin-Yokohama Building, SII Makuhari Building and Fujitsu Makuhari Building.

[2] NPI yield for the Properties is computed based on its annualised 1H FY19/20 NPI (occupancy rate of 85.9% as at 30 September 2019) assuming MNACT held and operated the Properties from 1 April 2019 to 30 September 2019 and divided by the Aggregate Agreed Property Value (as set out on page 5).

[3] As set out on page 5 footnote 1.

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Ms. Cindy Chow, Chief Executive Officer of the Manager, said, “A key focus for the Manager is to continue to accelerate the income diversification of MNACT through acquisitions. The proposed acquisition of the two office towers in Greater Tokyo will contribute to the diversification of MNACT and at the same time, reduce the income and asset concentration of Festival Walk.”

On the key benefits of the Proposed Acquisitions, Ms. Chow said, “The Properties in Japan are freehold, and provide a relatively higher yield spread against the local cost of funds compared to the Greater China market. Well-located in attractive office hubs in the Greater Tokyo area and with convenient access to public transport nodes, the Properties have good specifications and are cost-efficient locations for tenants. Their strong tenant base from a diverse trade mix, which includes the growing information technology, financial, and real estate sectors, offers us a potential opportunity to lease up progressively and to improve portfolio occupancy. The Proposed Acquisitions, at NPI yield of 4.5%, are also expected to contribute an attractive yield spread compared to the local cost of funds.”

Summary of the Properties

Description of Properties	Chiba – 1 property • mBay Point Makuhari Building (“**MBP**”) Tokyo – 1 property • Omori Prime Building (“**OPB**”)
Land Tenure	Freehold (for both assets)
GFA	180,941 square metre
NLA	91,583 square metre
WALE (by monthly GRI) as at 30 September 2019	3.4 years
Occupancy Rate as at 30 September 2019	85.9%
Number of tenants as at 30 September 2019	53

Key Benefits of the Proposed Acquisitions

Proactive and Strategic Diversification of MNACT's Portfolio by Deepening Footprint in Attractive Japan Market[1]

Ranked the third largest economy in the world in 2018[2], the Japan economy recorded its seventh consecutive year of positive GDP growth, underpinned by stable macroeconomic fundamentals. The favourable macroeconomic environment has encouraged companies to spend on investments to achieve business growth and office expansion, which in turn generates office demand. One of the largest and most-established property markets in the world, Tokyo has been consistently ranked top among the Asia Pacific cities in terms of office transaction volume from 2010 to 2017, other than in 2018 when it was ranked second.

High-Quality Freehold Office Assets Strengthen MNACT's Position in Greater Tokyo

[1] Tokyo Central 5 Wards comprises Chiyoda, Chuo, Minato, Shinjuku and Shibuya.

Well-located in attractive office hubs in the Greater Tokyo area and with convenient access to public transport nodes, the Properties have good specifications and are cost-efficient locations for tenants. MBP

[1] Source: The independent market research report (the "**Independent Market Research Report**") was issued by Cushman & Wakefield K.K. (the "**Independent Market Consultant**").
[2] Source: The International Monetary Fund.

is situated within the same Makuhari area as SMB and FJM, while OPB is located within the Tokyo 23 wards, where HNB, TSI and MON are located. Between the Properties, MBP contributes 87.2% of the GRI as at 30 September 2019 while OPB contributes the remaining 12.8%.

Stable and Quality Cashflows

The Properties are multi-tenanted, with a strong and diverse base of 53 tenants, many of which are high-quality names with strong credit profiles and in high-growth sectors such as (1) medical, health care and welfare, (2) finance and insurance, (3) information and communications and (4) business-related services. The top ten tenants accounts for 84.3% of the Properties' GRI.

The top two tenants of the Properties are:

(1) NTT Urban Development, the corporate real estate arm of NTT, one of the world's largest telecommunications company listed on the Tokyo Stock Exchange ("**TSE**"). Various NTT related entities are situated in MBP, such as those in the information technology, telecommunications services and solutions for data centre, building management and solar power businesses.

(2) Certain of AEON Group's subsidiaries in the financial services, specialty store business and health and wellness business are based in MBP. The AEON Group, listed on TSE, is also headquartered in Makuhari, Chiba, where MBP is located.

Some of the leases in the Properties expiring in the financial year ending 31 March 2020 ("**FY19/20**") and the financial year ending 31 March 2021 ("**FY20/21**") are currently under-rented and may offer positive rental reversion.

Enhances Portfolio Diversification

The Proposed Acquisitions are expected to result in further diversification of MNACT's portfolio, reducing the reliance of income contribution from any single property, tenant or sector. In addition, the acquisition of the Properties will balance the geographical representation of MNACT's portfolio, with increased contribution from Japan. Upon completion of the Proposed Acquisitions, the property value of the Enlarged Portfolio[1] will stand at approximately S$8.2 billion, representing an increase of 6.3% from the property value of the Existing Portfolio of approximately S$7.7 billion. Japan's contribution by NPI[2] will increase from 11.6% to 17.0%.

Attractive Value Proposition

The aggregate agreed property value of JPY38,110.0 million (approximately S$485.1 million) (the "**Aggregate Agreed Property Value**") was arrived at on a willing-buyer and willing-seller basis after taking

[1] Based on MNACT's consolidated accounts for the half year ended 30 September 2019 and the Aggregate Agreed Property Value of the Properties.

[2] Based on MNACT's latest announced financial statements for the half year ended 30 September 2019 and NPI of the Properties' unaudited financial statements for the half year ended 30 September 2019.

into account the independent valuations of the Properties. This implies a NPI yield of 4.5%, which offers MNACT the opportunity to capture the relatively high spread between the yield of the Properties and the local cost of funds. Further, the Aggregate Agreed Property Value represents a discount of approximately 1.8% and 3.1% to the valuations conducted as of 1 November 2019 by the independent property valuers appointed by the Trustee and the Manager respectively.

Funding for the Proposed Acquisitions

The Proposed Acquisitions constitute "interested person transactions" under Chapter 9 of the Listing Manual as well as "interested party transactions" under the Property Funds Appendix, in respect of which the approval of the unitholders of MNACT ("**Unitholders**") is required. In this respect, a circular ("**Circular**") will be issued and an extraordinary general meeting ("**EGM**") of MNACT will be held in due course.

The total acquisition cost, including acquisition-related expenses, is expected to be approximately S$482.5 million (JPY37,905.2 million) (the "**Total Acquisition Cost**")[1]. The Manager intends to finance the Total Acquisition Cost with i) the issuance of units to the Sponsor's Nominee, ii) debt financing, and/or (iii) internal cash resources.

The issuance of units to the Sponsor's Nominee ("**Transaction Units**") is subject to the grant of a waiver by the Securities Industry Council ("**SIC**") of the requirement for the Sponsor and parties acting in concert with it ("**Concert Party Group**") to make a mandatory offer ("**Mandatory Offer**") for the remaining units not owned or controlled by the Concert Party Group (the "**Whitewash Waiver**"). Further details of the Whitewash Waiver (if granted) will be set out in the Unitholders' Circular. The issuance of units to the Sponsor's Nominee aligns the interests of the Sponsor with that of MNACT and its other Unitholders, and demonstrates the Sponsor's commitment to support MNACT's growth and diversification strategy.

The number of Transaction Units to be issued to the Sponsor's Nominee will be determined based on the Aggregate Agreed Property Value and the issue price of the Transaction Units. The issue price, at no discount, is based on the volume weighted average price for a unit for all trades on the SGX-ST for the period of 10 business days immediately preceding the date of issuance of the Transaction Units.

To demonstrate its support to accelerate the diversification of MNACT's income distribution, the Manager has also voluntarily waived its acquisition fee entitlement under the Trust Deed which would have been at the rate of 0.75% of 98.47% of the Aggregate Agreed Property Value.

[1] Total Acquisition Cost comprises a) 98.47% of the Aggregate Agreed Property Value, subject to net working capital adjustments post Completion; and b) the estimated professional and other fees and expenses of approximately S$4.8 million incurred or to be incurred by MNACT in connection with the Proposed Acquisitions, the issuance of units to the Sponsor's Nominee and debt financing to be obtained in relation to the Proposed Acquisitions.

Distribution Reinvestment Plan (“DRP”)

As part of the Manager’s proactive capital management efforts to maintain an optimal overall aggregate leverage for MNACT, the Manager will be applying for the DRP for MNACT’s distribution for the quarter starting from 1 October 2019 to 31 December 2019 (“**3Q FY19/20**”). The DRP provides Unitholders with the option to receive their distributions declared, either in the form of units or cash or a combination of both. The issue of units in lieu of cash distributions under the DRP will strengthen MNACT’s balance sheet and lower the gearing level progressively.

Appendix – Details of the Properties

mBay Point Makuhari Building ("MBP")

Address	6, Nakase 1-chome, Mihama-ku, Chiba-shi, Chiba, Japan
Description	26-storey office building with one basement level and 680 car park lots
Train Station	Kaihin Makuhari JR train station (8 minutes by foot)
GFA	170,499 sqm
NLA	84,785 sqm
WALE [1] (by monthly GRI)	3.6 years
Occupancy[1]	84.8%
Key Tenants	NTT Urban Development, AEON Credit Service and Ministop

Omori Prime Building ("OPB")

Address	21-12, Minami-oi 6-chome, Shinagawa-ku, Tokyo, Japan
Description	13-storey office building with one basement level, 36 mechanical car park lots and one open car park lot
Train Station	JR Omori train station (4 minutes by foot)
GFA	10,442 sqm
NLA	6,798 sqm
WALE[1] (by monthly GRI)	1.7 years
Occupancy[1]	100.0%
Key Tenants	Eighting, Isuzu Linex and Brillnics

– End –

[1] As at 30 September 2019.

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About Mapletree North Asia Commercial Trust

Listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 7 March 2013, Mapletree North Asia Commercial Trust ("**MNACT**") is the first real estate investment trust ("**REIT**") that offers investors the opportunity to invest in best-in-class commercial properties situated in prime locations in China, in Hong Kong SAR and in Japan.

MNACT consists of nine properties in China, in Hong Kong SAR and in Japan:

- Beijing, China: Gateway Plaza, a premier Grade-A office building with a podium area;
- Hong Kong SAR: Festival Walk, a landmark territorial retail mall with an office component;
- Shanghai, China: Sandhill Plaza, a premium quality business park development situated in Zhangjiang Hi-tech Park, Pudong; and
- Japan: three office buildings in Tokyo (IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building and TS Ikebukuro Building); an office building in Yokohama (ABAS Shin-Yokohama Building); and two office buildings in Chiba (SII Makuhari Building and Fujitsu Makuhari Building) (collectively known as the "**Japan Properties**").

The nine properties cover a lettable area of approximately 4.2 million square feet, with a total book value of S$7.7 billion as of 30 September 2019.

MNACT is managed by Mapletree North Asia Commercial Trust Management Ltd., a wholly owned subsidiary of Mapletree Investments Pte Ltd. For more information, please visit www.mapletreenorthasiacommercialtrust.com.

About the Sponsor – Mapletree Investments Pte Ltd

Mapletree Investments ("**Mapletree**") is a leading real estate development, investment, capital and property management company headquartered in Singapore. Its strategic focus is to invest in markets and real estate sectors with good growth potential. By combining its key strengths, the Group has established a track record of award-winning projects, and delivers consistent and high returns across real estate asset classes.

Mapletree currently manages four Singapore-listed real estate investment trusts ("**REITs**") and seven private equity real estate funds, which hold a diverse portfolio of assets in Asia Pacific, Europe, the United Kingdom ("**UK**") and the United States ("**US**").

As at 31 March 2019, Mapletree owns and manages S$55.7 billion of office, retail, logistics, industrial, residential, and lodging properties.

The Group's assets are located across 12 markets globally, namely Singapore, Australia, China, Europe, Hong Kong SAR, India, Japan, Malaysia, South Korea, the UK, the US and Vietnam. To support its global operations, Mapletree has established an extensive network of offices in these countries.

For more information, please visit www.mapletree.com.sg.

IMPORTANT NOTICE

The value of units in MNACT ("**Units**") 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 MNACT may only deal in their Units through trading on 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 MNACT is not necessarily indicative of the future performance of MNACT.

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.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

Nothing in this release should be construed as financial, investment, business, legal or tax advice and you should consult your own independent professional advisors.