

PRESS RELEASE

Mapletree North Asia Commercial Trust To Acquire a S\$474.7 million Freehold Office Building in Greater Tokyo, Japan

- Addition of a high quality office property, with a long lease to a reputable tenant
- Provides attractive net property income (“NPI”) yield spread and expected to be distribution per unit (“DPU”) accretive
- In line with MNACT’s strategy to diversify income stream and enhance resilience

28 May 2021 – 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 a conditional sale and purchase agreement (the “**SPA**”) has been entered into by DBS Trustee Limited, as trustee of MNACT (the “**Trustee**”), for MNACT to acquire an effective interest of 98.47%^{1,2} in a freehold single-tenanted office building located at 2-1, Ojima 2-chome, Koto-ku, Tokyo, Japan, known as “Hewlett-Packard Japan Headquarters” (the “**Acquisition**”) from Hulic Co., Ltd, an unrelated third party vendor, subject to various conditions precedent being met, at an agreed property value of JPY38.8 billion (S\$474.7 million) (“**Agreed Property Value**”).

Ms. Cindy Chow, Chief Executive Officer of the Manager said, “The Acquisition is in line with our strategy to diversify the portfolio’s income stream. This is an attractive opportunity to acquire a freehold, high-quality and sizeable property, located at the fringe of central Tokyo, at an attractive

This release shall be read in conjunction with MNACT’s SGX-ST Announcement dated 28 May 2021 titled “Acquisition of An Office Property in Greater Tokyo”. Capitalised terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the SGX-ST announcement.

¹ While MNACT will hold a 98.47% effective interest in “Hewlett-Packard Japan Headquarters” (the “**Property**” or “**HPJ HQ**”) upon completion of the Acquisition (the “**Completion**”) and currently holds a 98.47% effective interest in its Existing Japan Properties, 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 announcement for the Property and the Existing Japan Properties are based on 100.0% effective interest, unless otherwise stated. For The Pinnacle Gangnam, all property figures stated in this announcement are based on MNACT’s 100.0% effective interest in the property, except for GRI, NPI and valuation figures, which are based on 50.0% effective interest.

For the purposes of this announcement, WALE and occupancy are based on committed leases (which include existing leases). For illustrative purposes, certain Japanese Yen amounts have been translated into Singapore dollars based on the exchange rate on 24 May 2021 of JPY81.73 = S\$1.00 and rounded off to one decimal place (unless otherwise stated).

² The balance 1.53% effective interest in the Property will be held by Mapletree Investments Japan Kabushiki Kaisha (“**MIJ**”), an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd (“**MIPL**” or the “**Sponsor**”).

yield spread that is expected to be DPU-accretive. The Property, which is on a long-term lease to Hewlett-Packard Japan, Ltd. as its headquarters, is expected to provide a stable income stream and enhance the quality and resilience of MNACT's portfolio.”

Summary of the Property

Name of Property	Hewlett-Packard Japan Headquarters
Land Tenure	Freehold
Gross Floor Area (square metre)	42,496 square metre / 12,855 tsubo ¹
Number of Car Park Lots	88
Year of Completion	2011
Balance Lease Term as at 31 March 2021	8.8 years
Occupancy Rate as at 31 March 2021	100%

Key Benefits of the Acquisition

Deepening Footprint in the Resilient Japan Market²

Japan was the third largest economy in the world in 2020. Amid COVID-19, its unemployment rate remained low at 2.8% as at end 2020. Japan has one of the largest and most-established property markets in Asia Pacific. In terms of office transaction volume in 2020, Japan ranked the second highest in Asia Pacific, attesting to the steady investment appetite for offices in the market. As a result of the low interest rate environment in Japan, the spread between Tokyo's prime office cap rate and 10-year Japan Government Bond yield was 258 bps in the fourth quarter of 2020. This makes Tokyo one of the most attractive prime office property investment markets in the Asia Pacific region with the highest yield spread.

¹ 1 tsubo = 3.306 sq m.

² JLL K.K., 28 May 2021, unless otherwise indicated.

Strategic Addition of a High Quality Asset in Greater Tokyo¹



The Property is located in the Koto ward, an established office submarket that has attracted many domestic companies and corporate headquarters due to its proximity to the central five wards. The Koto ward is a well-integrated residential / commercial neighbourhood, providing a desirable work / live environment. The area around HPJ HQ features many restaurants, supermarkets, retail facilities, pharmacy stores and other facilities such as a hospital and a park. The Tokyo Big Sight, which is Japan's largest convention centre, is within a 20-minute car ride away.

Despite the economic downturn amid COVID-19, net absorption in the Koto ward was in the positive territory for 2020. In addition, the average achievable rent² of the Koto ward was JPY17,915 per tsubo per month in 2020, 4.5% higher than in 2019. It is also about 40% lower than the average achievable rent in the central five wards in 2020. From 2019 to 2020, vacancy rates have remained relatively low at around 2.9% to 3.5%. In view of the socio-economic impact caused by COVID-19, concerns over the economic outlook have made many corporations cautious about capital expenditure, leading to a decrease in new office openings or expansions. Hence, the vacancy rate is expected to increase and rents are expected to fall from 2021 to 2023.

¹ JLL K.K., 28 May 2021, unless otherwise indicated.

² The data is based on achievable rents for office buildings with a typical floor area of 200 tsubo or more.

However, due to the limited new supply, vacancy rates in the Koto ward are expected to be moderately higher than that in 2020 at between 4.5% to 5.5% while rental rates are expected to be between JPY16,500 and JPY17,250 per tsubo per month. The trend in rentals and vacancy rates is expected to moderate and reverse after 2023.

Situated within the same area as MON, HPJ HQ also offers convenient access to central Tokyo and other parts of Tokyo. It is located within eight minutes' walking distance to the nearest train station, which provides connection to central Tokyo as well as Narita and Haneda Airports. The Property has high quality specifications such as column-free floor plates, a standard floor-to-ceiling height of 2.9 metres and modern fixtures. A winner of the "Good Design Award"¹ in 2012, the building has sustainable design features that contribute to lower carbon emissions compared to office buildings of a similar size.

Reputable Tenant with a Long Lease Provides Stable Income Stream

The Property is 100% leased to a blue-chip tenant, Hewlett-Packard Japan, Ltd. which is the Japan subsidiary of Hewlett-Packard Enterprise, a global enterprise information technology ("IT") company listed on the New York Stock Exchange. The Property was a built-to-suit development for Hewlett-Packard Japan, Ltd. and has been the headquarters for the company since the building's completion. Underpinned by a long lease expiry of 8.8 years, the Acquisition is expected to provide a stable income stream for MNACT.

Attractive Value Proposition for High-Quality Office Property

The Agreed Property Value of JPY38,800 million (S\$474.7 million) is approximately 4.4% lower than the independent valuation of JPY40,600 million (S\$496.8 million) as at 28 May 2021. This implies an attractive NPI yield spread (based on NPI yield² of 3.6%), when compared against the Japan 10-year government bond yield. The Acquisition is expected to be DPU-accretive.

Enhances Diversification and Resilience of MNACT's Portfolio

The Acquisition is expected to further enhance the income diversification of the portfolio, adding to the resilience of MNACT. Upon the completion of the Acquisition, the assets under

¹ The Good Design Award is a comprehensive evaluation program organised by Japan Industrial Design Promotion Organization to promote excellent design.

² NPI yield for the Property is computed based on its FY20/21 NPI (occupancy rate of 100% as at 31 March 2021) assuming MNACT held and operated the Property from 1 April 2020 to 31 March 2021 and divided by the Agreed Property Value.

management (“AUM”)¹ of the Enlarged Portfolio will stand at S\$8.4 billion, representing an increase of 6.0% from the AUM of the Existing Portfolio of S\$7.9 billion. Contribution from Japan by AUM will increase from 16.6% to 21.3%. By NPI², Japan’s contribution will increase from 22.4% to 26.7%.

Funding of the Acquisition

The total acquisition cost (“**Total Acquisition Cost**”) of S\$490.6 million comprises a) 98.47% of the Agreed Property Value, subject to net working capital adjustments post Completion; b) the acquisition fee payable to the Manager for the Acquisition pursuant to the trust deed dated 14 February 2013 constituting MNACT (as amended and restated) of approximately S\$4.7 million; and c) the estimated professional and other fees and expenses³ of approximately S\$18.4 million incurred or to be incurred by MNACT in connection with the Acquisition.

The Manager intends to finance the Total Acquisition Cost through a combination of debt financing and the issuance of perpetual securities.

Completion is expected to take place by 30 June 2021.

For further information, please contact:

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¹ Based on MNACT’s assets under management as at 31 March 2021 (which includes MNACT’s 50.0% effective interest in The Pinnacle Gangnam) and the Agreed Property Value of the Property.

² Based on MNACT’s FY20/21 NPI of S\$295.8 million (on a pro-forma basis) and the unaudited NPI of the Property for the full year ended 31 March 2021. On a pro-forma basis, FY20/21 NPI of S\$295.8 million includes MNACT’s 50.0% share of the NPI from The Pinnacle Gangnam (“TPG”) from 30 October 2020. MNACT’s FY20/21 NPI of S\$292.0 million (as reported in MNACT’s FY20/21 financial statements) does not include the contribution from TPG as contribution from TPG is reflected as MNACT’s share of profit of a joint venture based on its 50% effective interest.

³ Includes estimated professional fees and expenses in relation to loan facilities and the issuance of perpetual securities.

Appendix – Photograph of the Property



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, in Japan and in South Korea.

MNACT consists of 12 properties in China, in Hong Kong SAR, in Japan and in South Korea:

- 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 Science City, Pudong;
- Japan: four office buildings in Tokyo (IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building, TS Ikebukuro Building and Omori Prime Building ("**Omori**")); an office building in Yokohama (ABAS Shin-Yokohama Building) and three office buildings in Chiba (SII Makuhari Building, Fujitsu Makuhari Building and mBAY POINT Makuhari ("**MBP**")) (collectively the "Japan Properties"); and
- Seoul, South Korea: The Pinnacle Gangnam, a freehold office building with retail amenities located in Gangnam business district.

As at 31 March 2021, MNACT's total assets under management is S\$7.9 billion (including MNACT's 50% interest in The Pinnacle Gangnam).

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