mapletree north asia commercial

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 14 February 2013 (as amended))

ANNOUNCEMENT

ACQUISITION OF AN OFFICE PROPERTY IN GREATER TOKYO

1. Introduction

Mapletree North Asia Commercial Trust Management Ltd., in its capacity as manager of Mapletree North Asia Commercial Trust ("**MNACT**", and as manager of MNACT, the "**Manager**"), is pleased to announce that a conditional trust beneficial interest sale and purchase agreement (the "**SPA**") has been entered into for DBS Trustee Limited, as trustee of MNACT (the "**Trustee**"), for MNACT to acquire an effective interest of 98.47%[1] 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 (the "**Vendor**"), subject to various conditions precedent being met. The balance 1.53% effective interest will be held by Mapletree Investments Japan Kabushiki Kaisha ("**MIJ**" or the "**Japan Asset Manager**"), an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd ("**MIPL**" or the "**Sponsor**"), through its non-managing member interest in Tsubaki GK (as defined below).

Completed in 2011, Hewlett-Packard Japan Headquarters (the "**Property**" or "**HPJ HQ**") is a nine-storey office building with 88 car park lots. It is located at 2-1, Ojima 2-chome, Koto-ku, Tokyo, Japan and is within an eight minutes' walk from the nearest train station, which provides connection to central Tokyo as well as Narita and Haneda Airports.

The Property has a GFA of 42,496 square metres ("**sqm**"). It is entirely leased to a single-tenant, Hewlett-Packard Japan, Ltd., with a balance lease term of 8.8 years as at 31 March 2021.

For the purposes of this announcement, the "**Enlarged Portfolio**" comprises (i) the existing properties owned by MNACT as at the date of this announcement (the "**Existing Portfolio**") and (ii) the Property.

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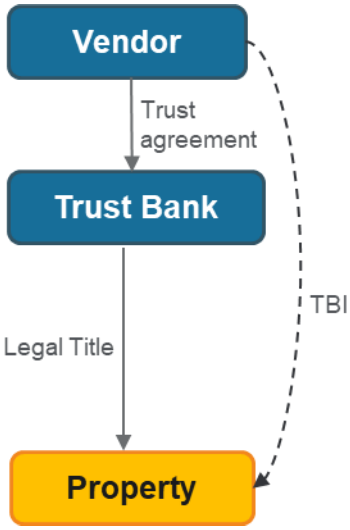
[1] While MNACT will hold a 98.47% effective interest in the Property upon completion of the Acquisition (the "**Completion**") and currently holds a 98.47% effective interest in its Existing Japan Properties (as defined herein), all property and financial-related figures (e.g. gross rental income ("**GRI**"), 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 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). "**Existing Japan Properties**" refers to IXINAL Monzen-nakacho Building, Higashi-nihonbashi 1-chome Building, TS Ikebukuro Building, ABAS Shin-Yokohama Building, SII Makuhari Building, Fujitsu Makuhari Building, mBAY POINT Makuhari and Omori Prime Building.

2. Structure of the Acquisition

Currently, the legal title of the Property is entrusted to Sumitomo Mitsui Trust Bank, Limited, a licensed trust company (the "**Trust Bank**"), with the trust beneficial interest (the "**TBI**") of the Property held by the Vendor.



In connection with the Acquisition, the SPA has been entered into on 28 May 2021 between Tsubaki Tokutei Mokuteki Kaisha ("**Tsubaki TMK**"), and the Vendor, to acquire the beneficial interest in the Property. Tsubaki TMK is a subsidiary controlled by Tsubaki 1 Pte. Ltd. ("**SGCo1**")[2], which is a private limited company incorporated in Singapore, wholly-owned by MNACT.

Pursuant to existing *Tokumei Kumiai* agreements entered into between Tsubaki 2 Pte. Ltd. ("**SGCo2**"), which is wholly-owned by SGCo1, and Godo Kaisha Tsubaki 3 ("**Tsubaki GK**"), SGCo2 will be entitled to 97.0% of the economic interest in Tsubaki GK in relation to the Property. Additionally, SGCo1 and Tsubaki GK each holds 49.0% and 51.0% respectively of the total issued preferred share capital of Tsubaki TMK. Through SGCo2's 97.0% economic interest in Tsubaki GK and Tsubaki GK's 51.0% preferred shareholding in Tsubaki TMK, MNACT (through SGCo2) will effectively have an economic interest in 49.47% of Tsubaki TMK and hence the Property. Together with SGCo1's 49.0% preferred shareholding in Tsubaki TMK, MNACT has an effective economic interest of 98.47% in Tsubaki TMK and hence, the Property, upon Completion. The balance 1.53% effective interest will be held by MIJ.

Both the *Godo Kaisha* ("**GK**") and the *tokutei mokuteki kaisha* ("**TMK**") are common structures adopted for investment in real estate under Japanese law and the *Tokumei Kumiai* interest ("**TK Interest**") and the TBI are means by which the holder is entitled to the economic interest of the underlying assets.

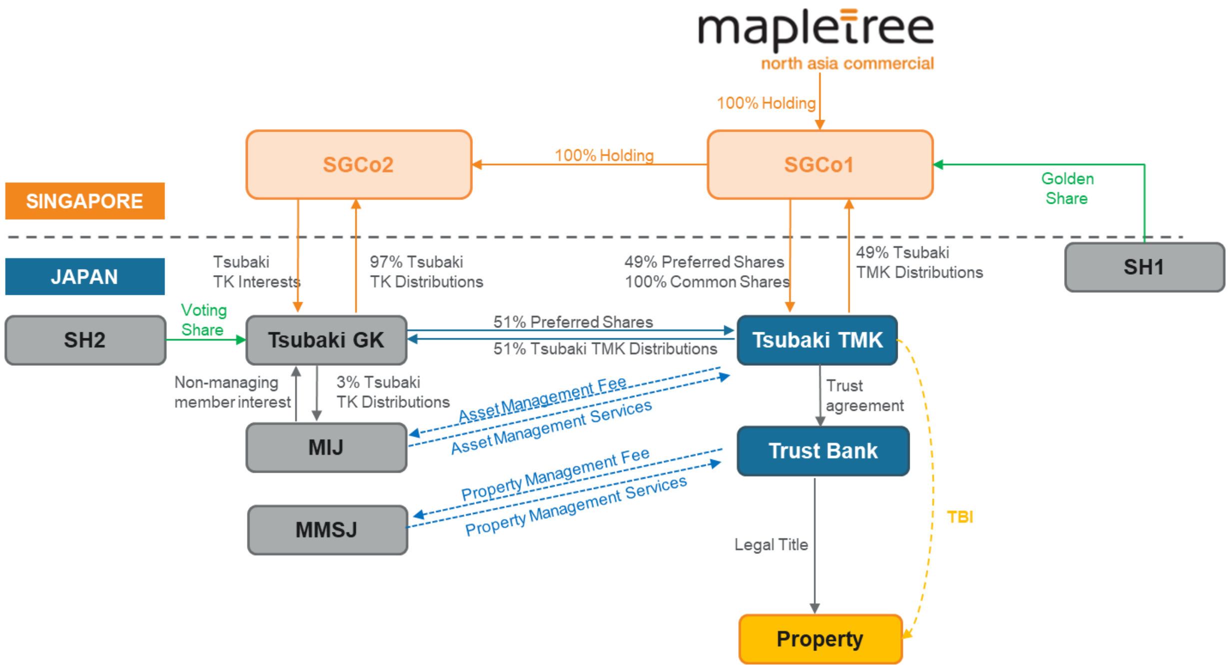
The TMK structure is a tax-efficient structure specifically designed for the purpose of issuing asset-backed securities under TMK laws. The GK corporate structure is similar to that of a limited liability company, with the members of the GK both owning and managing the GK (or certain member(s) owning but not managing the GK, as specified in its articles of incorporation).

Following Completion, the Trust Bank will continue to act as trustee of the Property and will

2 SGCo1 holds 100% of the common shares and 49.0% of the preferred shares in Tsubaki TMK.

hold the legal title to the Property and Tsubaki TMK will hold the TBI in the Property. Completion is expected to take place by 30 June 2021.

The diagram below sets out the relationships between the various parties following Completion.



Legend

MIJ: Mapletree Investment Japan Kabushiki Kaisha	**Trust Bank**: Sumitomo Mitsui Trust Bank, Limited, a licensed trust bank
MMSJ: Mapletree Management Services Japan Kabushiki Kaisha	**Tsubaki GK**: Godo Kaisha Tsubaki 3
SGCo1: Tsubaki 1 Pte. Ltd., a private limited company incorporated in Singapore	**Tsubaki TMK**: Tsubaki Tokutei Mokuteki Kaisha
SGCo2: Tsubaki 2 Pte. Ltd., a private limited company incorporated in Singapore which is wholly-owned by SGCo1	
SH1: Ippan Shadan Houjin Tsubaki 1, the Ippan Shadan Houjin which holds a golden share[3] in SGCo1	
SH2: Ippan Shadan Houjin Tsubaki 3, the Ippan Shadan Houjin which holds a voting share[4] in Tsubaki GK	

3 SH1, a non-profit association established under Japanese law, has voting rights in relation to certain matters, including liquidation and changes to Tsubaki TMK's and the SGCo1's constitution, for the purposes of making SGCo1 and Tsubaki TMK bankruptcy-remote vehicles.

4 SH2 is a managing member which holds a voting share in Tsubaki GK and is a bankruptcy-remote entity established solely to act as the holding company of Tsubaki GK and has no potential income, loss or net worth.

Pursuant to the SPA, Tsubaki TMK will acquire the beneficial interest in the Property for an aggregate purchase consideration which is based on the agreed property value of the Property of JPY38.8 billion (approximately S$474.7 million) (the "**Agreed Property Value**" and the purchase consideration payable by Tsubaki TMK, the "**TMK Consideration**"). MNACT will be liable to pay 98.47% of the TMK Consideration for its effective interest in the Property (the "**Aggregate Consideration**"). The TMK Consideration (and consequently the Aggregate Consideration) will be subject to net working capital adjustments post Completion. The Aggregate Consideration will be paid in cash.

The total acquisition cost (the "**Total Acquisition Cost**") is currently estimated to be approximately S$490.6 million, comprising:

(i) the Aggregate Consideration which is estimated to be approximately S$467.5 million (approximately JPY38,206 million)[5];

(ii) 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) (the "**Trust Deed**") of approximately S$4.7 million; and

(iii) the estimated professional and other fees and expenses[6] of approximately S$18.4 million incurred or to be incurred by MNACT in connection with the Acquisition.

3. Valuation

The Agreed Property Value of JPY38.8 billion (approximately S$474.7 million), for the purposes of the TMK Consideration, was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property.

JLL Morii Valuation & Advisory K.K. ("**JLL Morii K.K.**"), the independent property valuer commissioned by the Manager, in its report dated 28 May 2021, stated that the open market value of the Property was JPY40,600 million (approximately S$496.8 million) as at 28 May 2021. In arriving at the open market value, JLL Morii K.K. relied on the discounted cash flow method.

The Agreed Property Value of JPY38.8 billion (approximately S$474.7 million) is at a discount of approximately 4.4% to the independent valuation of the Property.

4. Certain Terms and Conditions of Relevant Agreements

4.1 Sale and Purchase Agreement

The key terms of the SPA include the following:

(i) the TMK Consideration is JPY38.8 billion (approximately S$474.7 million), subject to net working capital adjustments post Completion as set forth in the SPA;

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5 The final Aggregate Consideration will be 98.47% of the TMK Consideration which will be arrived at by deducting the post completion net working capital adjustments from the Agreed Property Value.

6 Includes estimated professional fees and expenses in relation to loan facilities to be obtained by MNACT and/or Tsubaki TMK and the issuance of perpetual securities by MNACT.

(ii) customary provisions relating to the Acquisition, including representations and warranties; and

(iii) fulfilment of relevant conditions precedent, including:

a. the representations and warranties of the Vendor provided in the SPA being true and correct in all material respects as of the date of Completion ("**Completion Date**");

b. the Vendor having performed and complied with the obligations of the SPA and the Trust Agreement[7] that it is required to perform and comply with by the Completion Date in material respects;

c. certain documents relevant to the Acquisition, including the SPA, being validly executed and existing, and the parties thereto other than Tsubaki TMK having no default or events of cancelation or termination thereunder as well as there being no circumstances that may result in such events due to notice or lapse of time, or both, and causes for denial, event of rescission or event of invalidation;

d. the sale of the TBI not being prohibited by laws and regulations;

e. it being certain that the written approval for the transfer of the TBI to Tsubaki TMK from the Trust Bank will be delivered to Tsubaki TMK;

f. any and all security interest including liens, mortgages and pledges, usufructs such as superficies and leases, attachment, provisional attachment, disposition for delinquency, arrears of taxes and public dues and other levies and contributions and any other burdens on the TBI that may prevent Tsubaki TMK from fully exercising its rights as the beneficiary or that may prevent the Trust Bank from fully exercising its ownership and management rights with respect to the Property being fully removed or cancelled;

g. the Vendor having delivered to Tsubaki TMK its commercial registration certificate of full registry records and the Vendor's representative's seal registration certificate (all documents having been issued within three months prior to the Completion Date); and

h. certain documents relating to the transfer of the TBI prescribed in the SPA being able to be delivered by the Vendor to Tsubaki TMK.

4.2 Japan Property Management Agreement and Amended Tsubaki Asset Management Agreement

As legal title holder, the Trust Bank will be responsible for the management of the Property. Following Completion, the Trust Bank will enter into a property management service agreement in relation to the Property with Mapletree Management Services Japan Kabushiki Kaisha ("**MMSJ**" or "**Japan Property Manager**"), an indirect wholly-

[7] "**Trust Agreement**" means the Real Property Management and Disposition Trust Agreement (Hewlett-Packard Japan Head Office Building) (including subsequent changes) dated 30 January 2020, between the initial trustor Hewlett-Packard Japan Co., Ltd. and the Trust Bank.

owned subsidiary of the Sponsor, for the Japan Property Manager to provide property management services and lease management services for the Property (the "**Japan Property Management Agreement**").

The Japan Property Management Agreement will commence with effect from Completion. Under the terms of the Japan Property Management Agreement, the Japan Property Manager will be appointed as the property manager of the Property for a term of one year, which will be automatically renewed at the end of each year if neither the Trust Bank nor the Japan Property Manager indicates its intention to terminate the Japan Property Management Agreement.

During the term of the Japan Property Management Agreement, either party may terminate the agreement with 30 days' prior notice to the counterparty. In addition, the Trust Bank may terminate the Japan Property Management Agreement with prior notice of less than 30 days if the Trust Bank pays the Japan Property Manager an amount equivalent to the fees for property management and lease management services rendered in respect of the Property for the period of such shortfall equal to the 30 days' notice period.

Either party to the Japan Property Management Agreement may terminate the agreement on the occurrence of certain specified events, which include material breaches by the parties, force majeure and the filing of a petition for commencement of bankruptcy proceedings, civil rehabilitation proceedings or corporate reorganisation proceedings against the other party.

The fees payable by the Trust Bank to the Japan Property Manager under the Japan Property Management Agreement shall be:

(i) 2.0% per annum of the gross revenue[8] for the Property;

(ii) 2.0% per annum of the NPI[9] for the Property;

(iii) 20.0% of all fees paid to third party service providers (for the Japan Property Manager's supervising and overseeing of the services rendered by the third party service providers where any service is provided by third party service providers); and

(iv) (in relation to repair, refurbishment, retrofitting and renovation works) a project management fee to be mutually agreed in writing between the Trust Bank, the

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[8] Refers to, in respect of a property, and in relation to any fiscal year or part thereof, all income accruing or resulting from the operation of such property for that fiscal year or part thereof, including but not limited to base rental income, turnover rental income, licence fees, service charges, car park income, and other sums due from tenants, licensees and concessionaires, business interruption insurance payments and other income earned from the property (comprising recoveries from tenants, licensees and concessionaires for utilities and other services, advertising and other income attributable to the operation of such property) but, shall exclude the following:
a) rebates, refunds, credits or discounts and rebates for rent free periods;
b) goods and services or value added taxes (whether in force at present or in the future) charged to tenants, licensees and users of such property for the sale or supply of goods or services, which taxes are accountable by the assignor (as the case may be) to the tax authorities;
c) proceeds from any insurance policies acquired for the property (but excluding business interruption insurance payments which shall form part of gross revenue);
d) proceeds derived or arising from the sale and/or disposal of such property (or any part thereof) and operating equipment;
e) refundable security deposits (including but not limited to rental deposits, renovation deposits and fitting out deposits); and
f) interest income.

[9] Refers to gross revenue less property expenses.

Japan Asset Manager and the Japan Property Manager, subject to a limit of up to 3.0%[10] of the Total Construction Costs[11].

The Manager believes that the entry into the Japan Property Management Agreement would benefit unitholders of MNACT ("**Unitholders**"), as it would help to ensure alignment of quality in property maintenance and property management standards with the Existing Japan Properties. Additionally, the fees payable under the Japan Property Management Agreement are on substantially the same rates as those payable by MNACT to Mapletree North Asia Property Management Limited, the current property manager of MNACT ("**MNAPM**"), under the Master Property Management Agreement dated 14 February 2013 (as amended and restated) and entered into between the Trustee, the Manager and MNAPM. The computation of MNAPM's fees payable under the Master Property Management Agreement will take into account the fees payable to the Japan Property Manager and there will be no double payment for services provided for the Property.

The Japan Property Manager will be subject to the overall supervision of Tsubaki TMK with advice from the Japan Asset Manager.

Currently, Tsubaki TMK has entered into an asset management agreement (the "**Tsubaki Asset Management Agreement**") with MIJ in relation to its Existing Japan Properties. On the Completion Date, the Tsubaki Asset Management Agreement will be amended and restated to make available the asset management services (including sourcing and recommending investments) by the Japan Asset Manager to Tsubaki TMK for the Enlarged Portfolio (the "**Amended Tsubaki Asset Management Agreement**").

Pursuant to the Amended Tsubaki Asset Management Agreement, Tsubaki TMK will sub-contract its day-to-day operations, including, issuing instructions to the Trust Bank, to the Japan Asset Manager which is registered to engage in the investment advisory business under the Financial Instruments and Exchange Law of Japan. In consideration of the asset management services provided to Tsubaki TMK, the Japan Asset Manager will be entitled to receive a fee payable on a semi-annual basis in arrears on or before the last day of each half-year period (save that the first payment shall be paid on a pro-rated basis if applicable), amounting to 10.0% per annum of Tsubaki TMK's distributable income (the "**Japan Asset Management Fee**"). In view of the Japan Asset Management Fees payable to MIJ for the Property, the Manager will waive the base fee which it is otherwise entitled to under the Trust Deed, for as long as the Manager and MIJ are wholly-owned by MIPL and MIJ continues to receive the Japan Asset Management Fee in respect of the Property. Accordingly, there will be no double payment for services provided for the Property.

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10 In the event that the project management fee is more than S$100,000 (or its equivalent in Japanese yen), an opinion issued by an independent quantity surveyor, to be appointed by the Trust Bank upon recommendation by the Japan Asset Manager, that the project management fee is within the market norms and reasonable range, shall be obtained.

11 "**Total Construction Costs**" means: (a) construction cost based on the project final account prepared by the project quantity surveyor; (b) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (c) the cost of obtaining all approvals for the project; (d) site staff costs; (e) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices; and (f) any other costs including contingency expenses which meet the definition of Total Construction Costs and can be capitalised to the project in accordance with generally accepted accounting practices.

5. Rationale for and Key Benefits of the Acquisition

Rationale

The Acquisition is in line with the Manager's strategy to diversify income stream and enhance resilience of MNACT's portfolio.

Japan continues to offer an attractive proposition due to the depth and quality of its freehold commercial real estate market and a high yield spread of prime office capitalisation rate against the Japan 10-year government bond yield.

While the commercial real estate market in Japan is highly competitive, MNACT has been able to secure sizeable, quality and distribution per Unit ("**DPU**") accretive acquisition opportunities in Japan. This will further enhance the sustainability of MNACT's returns for Unitholders.

Key Benefits

5.1 Deepening Footprint in the Resilient Japan Market

(i) **Resilient Office Market**[12]

Japan was the third largest economy in the world in 2020 and is expected to maintain its ranking in 2025, according to Oxford Economics. While the real GDP saw a contraction of 4.8% year-on-year as some of the sectors were more impacted by COVID-19, sectors including production, finance, information technology and communications were relatively more resilient. Amid COVID-19, Japan's unemployment rate has also remained low at 2.8% as at end 2020, supported by the emergency economic measures by the government which included stimulus measures totalling JPY307 trillion.

Underpinned by its low unemployment rate, stable political background, low interest rate environment, and the steady performance of technology, media and telecommunications ("**TMT**") sectors, Japan remains a resilient office market.

(ii) **One of the largest and most established property markets in Asia Pacific**[13]

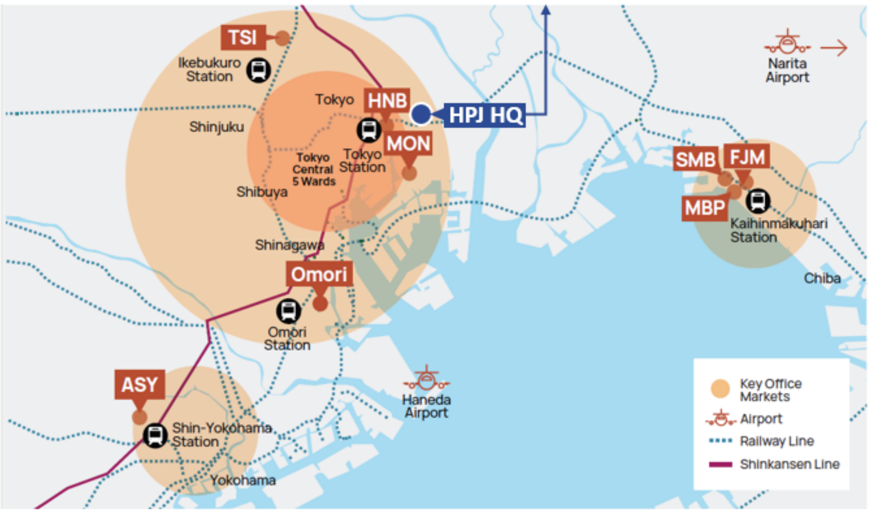
In terms of office transaction volume in 2020, Japan ranked the second highest in Asia Pacific, attesting to the steady investment appetite for offices in the Japan market. The spread between Tokyo's prime office capitalisation rate and the 10-year Japan Government Bond yield of 258 basis points in the fourth quarter of 2020 was also the highest compared to the other markets in Asia Pacific. This makes Tokyo an attractive prime office property investment market in the Asia Pacific region given the high yield spread. Investment volume in 2021 is expected to be at least at the same level as 2020.

[12] Jones Lang LaSalle K.K. ("**JLL K.K.**"), 28 May 2021, unless otherwise indicated.
[13] JLL K.K., 28 May 2021, unless otherwise indicated.

5.2 Strategic Addition of a High Quality Asset in Greater Tokyo

(i) Established office hub with resilient micro-location characteristics[14]

- ~8 minutes walk to nearest Sumiyoshi station
- ~15 minutes by train to Tokyo Station



MNACT's Existing Japan Properties

1)	IXINAL Monzen-nakacho Building ("**MON**")	5)	ABAS Shin-Yokohama Building ("**ASY**")
2)	Higashi-nihonbashi 1-chome Building ("**HNB**")	6)	SII Makuhari Building ("**SMB**")
3)	TS Ikebukuro Building ("**TSI**")	7)	Fujitsu Makuhari Building ("**FJM**")
4)	Omori Prime Building ("**Omori**")	8)	mBAY POINT Makuhari ("**MBP**")

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. Situated within the same area as MON, the Property also offers convenient access to central Tokyo and other parts of Tokyo.

The Koto ward is a well-integrated residential and commercial neighbourhood, providing a desirable work and live environment. The area around the Property 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. In addition to the traditional industries such as textiles, wood, glass, printing, bookbinding, metals, and machinery-related companies, companies in the information-related and transportation-related industries are also concentrated in the Koto ward.

Despite the economic downturn amid COVID-19, net absorption in the Koto ward was positive for 2020, mainly due to strong leasing demand for newly completed buildings. For 2021 to 2022, net absorption is not expected to be significantly impacted by the prolonged impact of COVID-19, as a result of the limited new supply in the Koto ward, as well as stable office demand from the information and communications and transportation-related sectors in the Koto ward.

[14] JLL K.K., 28 May 2021, unless otherwise indicated.

In addition, the average achievable rent[15] of the Koto ward was JPY17,915 per tsubo per month in 2020, which was 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. 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 JPY 17,250 per tsubo per month. The trend in rentals and vacancy rates is expected to moderate and reverse after 2023.

(ii) **Freehold Property with high quality specifications and managed by an experienced and dedicated team**

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"[16] in 2012, the building has sustainable design features that contribute to lower carbon emissions compared to office buildings of a similar size.

The Property incorporated design elements to promote collaboration, community and innovation. These include staircases between floors to provide ease of access, a cafeteria where employees can enjoy meals, outdoor terrace areas as well as breakout areas for employees to rest, relax and communicate.

The Property will be managed by the local management team and dedicated personnel from MIJ and MMSJ, who have been managing MNACT's Existing Japan Properties. The team has demonstrated a strong operational track record with MNACT's Existing Japan Properties achieving a high occupancy rate of 97.8% as at 31 March 2021.

MIJ was established in 2007 and has an established track record as an active investment and asset manager in Japan having managed assets with cumulative assets under management of S$3.2 billion[17] as at 31 March 2020, whilst MMSJ was established in 2012 and is responsible for property and lease management. They are an integrated in-house team with capabilities in deal sourcing, asset management and property management, with strong local relationships and access to institutional owners, tenants, lenders, and other real estate and finance related entities.

5.3 Reputable Tenant with a Long Lease Provides Stable Income Stream

The Property is 100% leased to Hewlett-Packard Japan, Ltd., 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

15 The data is based on achievable rents for office buildings with a typical floor area of 200 tsubo or more.
16 The Good Design Award is a comprehensive evaluation program organised by Japan Industrial Design Promotion Organization to promote excellent design.
17 MIPL FY19/20 Annual Report for the financial year ended 31 March 2020.

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.

5.4 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 yield[18] of 3.6%) when compared against the Japan 10-year government bond yield. Additionally, the Acquisition is expected to be DPU-accretive on a *pro forma* basis for the financial year ended 31 March 2021 ("**FY20/21**"). Please refer to Paragraph 6.2.1 for the *pro forma* DPU effects of the Acquisition.

5.5 Enhances Diversification and Resilience of MNACT's Portfolio

(i) Further Enhances the Income Diversification of the Portfolio

The Acquisition is expected to further enhance the income diversification of MNACT's portfolio, adding to the resilience of MNACT.

Upon the completion of the Acquisition, MNACT's Enlarged Portfolio will comprise 13 properties and the assets under management ("**AUM**")[19] 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 NPI[20], Japan's contribution will increase from 22.4% to 26.7%.

Post Completion, the maximum exposure to any single tenant by monthly GRI as at 31 March 2021 on a pro-forma basis will reduce from 8.2% to 7.8%. Hewlett-Packard Japan, Ltd. will also be included in the top 10 tenants of the Enlarged Portfolio.

There will also be greater diversification in trade sector exposure, with representation from the IT sector, a growth industry, increasing from 5.1% to 9.6% on a *pro forma* basis as at 31 March 2021. Representation from the Machinery/Equipment/Manufacturing sector, as the highest contributing trade sector by monthly GRI as at 31 March 2021, will decrease from 14.8% to 14.1% on a *pro forma* basis after the Acquisition. Weighting by the Apparel and Fashion Accessories sector will also decrease from 12.6% to 12.0% on a *pro forma* basis.

(ii) Increases percentage of freehold assets.

As at 31 March 2021, 44.4% by GFA of the Existing Portfolio was leasehold with land use right expiry ranging from approximately 26 years to 39 years. With the addition of the

18 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.

19 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.

20 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 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 The Pinnacle Gangnam as contribution from The Pinnacle Gangnam is reflected as MNACT's share of profit of a joint venture based on its 50.0% effective interest.

Property which is freehold, freehold assets will represent 58.2% by GFA of the Enlarged Portfolio.

(iii) **Improves Portfolio WALE and Occupancy**

The WALE of the Existing Portfolio by monthly GRI was 2.3 years, while the balance lease term of the Property was 8.8 years as at 31 March 2021. With the Property, the WALE of the Enlarged Portfolio will be extended to 2.6 years by monthly GRI. Correspondingly, the percentage of leases expiring in the financial year ended 31 March 2022 and the financial year ended 31 March 2023 by monthly GRI as at 31 March 2021 will decrease from 51.3% to 48.7%.

As at 31 March 2021, the occupancy rate of the Existing Portfolio was 97.0%. On a *pro forma* basis, the occupancy rate of the Enlarged Portfolio will improve to 97.2%.

6. Method of Financing and *Pro Forma* Financial Effects of the Acquisition

6.1 Method of Financing

The Manager intends to finance the Total Acquisition Cost with a combination of debt financing and the issuance of perpetual securities ("**Perpetual Issuance**") under MNACT's US$1.5 billion Euro Medium Term Securities Programme.

The final decision regarding the proportion of the debt and Perpetual Issuance to be employed to fund the Acquisition will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions so as to provide overall DPU accretion to Unitholders while maintaining an appropriate level of aggregate leverage.

Further details of the Perpetual Issuance will be announced by the Manager at the appropriate time.

6.2 *Pro Forma* Financial Effects of the Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Acquisition on the DPU, the net asset value ("**NAV**") per Unit and Aggregate Leverage[21] presented below are strictly for illustrative purposes only and are prepared based on the unaudited financial statements of MNACT for FY20/21[22], taking into account the Total Acquisition Cost and assuming that:

(i) Total Acquisition Cost of S$490.6 million was funded by debt and Perpetual Issuance, assumed at approximately S$240.6 million and S$250.0 million respectively; and

(ii) the Manager's acquisition fee of S$4.7 million was paid in cash.

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21 "**Aggregate Leverage**" means the ratio of the value of the borrowings of MNACT (inclusive of MNACT's proportionate share of borrowings of jointly controlled entities) and deferred payments (if any), to the value of the Deposited Property; and "**Deposited Property**" means the gross assets of MNACT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

22 Please refer to MNACT's SGX-ST announcement dated 22 April 2021 for the unaudited financial statements for FY20/21.

6.2.1 *Pro Forma* DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Acquisition on MNACT's DPU for the financial year ended 31 March 2021, as if the Acquisition was completed on 1 April 2020, and MNACT had held and operated the Property through to 31 March 2021, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
NPI (S$ million)	292.0	309.3 (1)
Income available for distribution to Unitholders (S$ million)	210.2	215.2(2)
Units in issue at the end of the year (million)(3)	3,434.3	3,434.3
DPU (S$ cents)	6.175	6.324
DPU accretion (%)	-	2.4

Notes:

(1) In the case of a real estate investment trust, the NPI is a close proxy to the net profits attributable to its assets. The NPI of the Property is reflected on a consolidated basis (i.e. 100%). MIJ's interest of 1.53% in the Property will be reflected separately, as a non-controlling interest, in the consolidated statement of profit and loss.

(2) Includes expenses comprising borrowing costs and distributions in relation to debt financing and Perpetual Issuance respectively, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property.

(3) The total number of Units in issue as at 31 March 2021.

6.2.2 *Pro Forma* NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Acquisition on MNACT's NAV per Unit as at 31 March 2021, as if the Acquisition was completed on 31 March 2021, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
NAV represented by Unitholders' funds (S$ million)	4,375.7(1)	4,375.7
Units in issue at the end of the year(2) (million)	3,434.3	3,434.3
NAV per Unit (S$)	1.274	1.274

Notes:

(1) Based on MNACT's latest announced financial statements as at 31 March 2021, before taking into account distribution payments to Unitholders for the relevant period.

(2) The total number of Units in issue as at 31 March 2021.

6.2.3 *Pro Forma* Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* Aggregate Leverage as at 31

March 2021, as if the Acquisition was completed on 31 March 2021, is as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
Aggregate Leverage	41.5%[(1)]	41.9% [(2)]

Notes:

(1) As at 31 March 2021. In accordance with Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), the Aggregate Leverage ratio includes MNACT's proportionate share of borrowings and deposited property values for the Existing Japan Properties and The Pinnacle Gangnam.

(2) *Pro forma* as at 31 March 2021 adding MNACT's proportionate share of incremental deposited property and borrowings as a result of the Acquisition.

7. Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Acquisition using the applicable bases of comparison set out in Rule 1006(b) and Rule 1006(c) of the listing manual of SGX-ST (the "**Listing Manual**") are as follows:

(i) the net profits attributable to the assets acquired, compared with MNACT's net profits; and

(ii) the aggregate value of the consideration given, compared with MNACT's market capitalisation.

Comparison of	Property	MNACT	Relative figure (%)
NPI (S$ million)[(1)]	17.3[(2)]	292.0 [(3)]	5.9
Aggregate Consideration against market capitalisation (S$ million)	467.5 [(4)]	3,516.7[(5)]	13.3

Notes:

(1) In the case of a real estate investment trust, the NPI is a close proxy to the net profits attributable to its assets.

(2) Based on the NPI of the Property's unaudited financial statements for 31 March 2021.

(3) Based on MNACT's latest announced financial statements for the 31 March 2021.

(4) This figure represents the estimated Aggregate Consideration of JPY38,206 million.

(5) This figure is based on the closing price of S$1.02 per Unit on the SGX-ST as at 27 May 2021, being the trading day immediately prior to the entry into of the SPA.

As the relative figures computed on the bases set out in Rule 1006 exceed 5.0% but do not exceed 20.0%, the Acquisition is classified as a discloseable transaction.

The Manager is of the view that the Acquisition is in the ordinary course of MNACT's business as the Acquisition is within the investment policy of MNACT and does not change the risk profile of MNACT. As such, the Acquisition is not subject to Chapter 10 of the Listing Manual.

8. Interested Person Transactions and Interested Party Transactions

As at the date of this announcement, MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 1,296,371,863 Units, which is equivalent to approximately 37.60% of the total number of Units in issue.

MIPL is therefore regarded as a "controlling unitholder" of MNACT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of MIPL, MIPL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As MMSJ and MIJ are indirect wholly-owned subsidiaries of MIPL (each being a wholly-owned subsidiary of a controlling unitholder and a controlling shareholder of the Manager), each of MMSJ and MIJ is an "interested person" of MNACT for the purposes of the Listing Manual.

Therefore, the entry into the Amended Tsubaki Asset Management Agreement and the Japan Property Management Agreement will each constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

As at the date of this announcement, the value of all interested person transactions entered into between MNACT and MIPL and its subsidiaries and associates during the course of the current financial year ending 31 March 2022, including the approximate value of the Amended Tsubaki Asset Management Agreement and the Japan Property Management Agreement for one year but excluding interested person transactions which have been approved by Unitholders, is approximately S$2.2 million, which is approximately 0.05% of the net tangible asset and net asset value of MNACT as at 31 March 2020[23]. As such, Unitholders' approval is not required for the entry into the Amended Tsubaki Asset Management Agreement and the Japan Property Management Agreement.

Save as described above, there were no interested person transactions entered into for the current financial year.

9. Interests of Directors and Substantial Unitholders

As at 24 May 2021, certain directors of the Manager ("**Directors**") collectively hold an aggregate direct and indirect interest in 6,196,421 Units. Further details of the interests in Units of the Directors and Substantial Unitholders[24] are set out below.

Mr. Paul Ma Kah Woh is the Non-Executive Chairman and Director of the Manager. Mr. Lok Vi Ming is the Lead Independent Non-Executive Director and the Chairman of the nominating and remuneration committee of the Manager (the "**Nominating and Remuneration Committee**"). Mr. Kevin Kwok is an Independent Non-Executive Director and Chairman of the audit and risk committee of the Manager (the "**Audit and Risk Committee**"). Mr. Lawrence Wong Liang Ying is an Independent Non-Executive Director and a Member of the Audit and Risk Committee. Mr. Michael Kok Pak Kuan is an Independent Non-Executive Director and a Member of the Audit and Risk Committee. Ms. Tan Su Shan is an Independent Non-Executive Director and a Member of the Nominating and Remuneration Committee. Mr. Chua Tiow Chye is a Non-Executive Director and a Member of the Nominating and Remuneration Committee. Ms. Koh Mui Ai Wendy is a Non-Executive Director. Ms. Cindy Chow Pei Pei is an Executive Director and the Chief Executive Officer of the Manager.

Based on the Register of Directors' unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors holds a direct or deemed interest in the Units as at 24 May 2021:

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[23] As at the date of this announcement, the value of all interested person transactions entered into between MNACT and MIPL and its subsidiaries and associates during the course of the current financial year ending 31 March 2022, including the approximate value of the Amended Tsubaki Asset Management Agreement and the Japan Property Management Agreement for one year but excluding interested person transactions which have been approved by Unitholders, is approximately S$2.2 million, which is approximately 0.05% of the unaudited net tangible asset and net asset value of MNACT as at 31 March 2021.

[24] "**Substantial Unitholders**" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%[1]
	No. of Units	%[1]	No. of Units	%[1]		
Paul Ma Kah Woh	1,194,805	0.034	100,000	0.003	1,294,805	0.037
Lok Vi Ming	-	-	190,000	0.005	190,000	0.005
Kevin Kwok	775,156	0.022	-	-	775,156	0.022
Lawrence Wong Liang Ying	-	-	-	-	-	-
Michael Kok Pak Kuan	540,000	0.015	-	-	540,000	0.015
Tan Su Shan	-	-	-	-	-	-
Chua Tiow Chye	1,633,721	0.047	560,687	0.016	2,194,408	0.063
Koh Mui Ai Wendy	-	-	416,000	0.012	416,000	0.012
Cindy Chow Pei Pei	-	-	786,052	0.022	786,052	0.022

Note:

(1) The percentage is based on 3,447,765,347 Units in issue as at 24 May 2021.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at 24 May 2021 are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%[1]
	No. of Units	%[1]	No. of Units	%[1]		
Temasek Holdings (Private) Limited[2]	-	-	1,340,427,951	38.87	1,340,427,951	38.87
Fullerton Management Pte Ltd[2]	-	-	1,296,371,863	37.60	1,296,371,863	37.60
Mapletree Investments Pte Ltd[3]	-	-	1,296,371,863	37.60	1,296,371,863	37.60
Kent Assets Pte. Ltd.	757,364,339	21.97	-	-	757,364,339	21.97
Suffolk Assets Pte. Ltd.	267,641,062	7.76	-	-	267,641,062	7.76
Mapletree North Asia Commercial Trust Management Ltd.	181,212,399	5.26	-	-	181,212,399	5.26

Notes:

(1) The percentage is based on 3,447,765,347 Units in issue as at 24 May 2021.

(2) Each of Temasek Holdings (Private) Limited ("**Temasek**") and Fullerton Management Pte Ltd ("**Fullerton**") is deemed to be interested in the 757,364,339 Units held by Kent Assets Pte. Ltd. ("**Kent**"), 267,641,062 Units held by Suffolk Assets Pte. Ltd. ("**Suffolk**"), 181,212,399 Units held by Mapletree North Asia Commercial Trust Management Ltd. ("**MNACTM**") and 90,154,063 Units held by Mapletree North Asia Property Management Limited ("**MNAPM**"). In addition, Temasek is deemed to be interested in the 44,056,088 Units in which its other subsidiaries and associated companies have direct or deemed interests. Kent and Suffolk are wholly-owned subsidiaries of Mapletree Investments Pte Ltd ("**MIPL**"). MNACTM and MNAPM are wholly-owned subsidiaries of Mapletree Capital Management Pte. Ltd. and Mapletree Property Services Pte. Ltd. respectively, which are wholly-owned subsidiaries of MIPL. MIPL is a wholly-owned subsidiary of Fullerton which is in turn a wholly-owned subsidiary of Temasek. Each of MIPL and the associated company referred to above is an independently-managed Temasek portfolio company. Temasek and Fullerton are not involved in their business or operating decisions, including those regarding their unitholdings.

(3) MIPL is deemed to be interested in the 757,364,339 Units held by Kent, 267,641,062 Units held by Suffolk,

181,212,399 Units held by MNACTM and 90,154,063 Units held by MNAPM.

Save as disclosed above and based on the information available to the Manager as at the date of the announcement, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Acquisition.

10. Directors' Service Contracts

No person is proposed to be appointed as a Director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

11. Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[25] at 10 Pasir Panjang Road, #13-01 Mapletree Business City, Singapore 117438 from the date of the announcement up to and including the date falling three months after the date of the announcement:

(i) the SPA dated 28 May 2021; and

(ii) the independent valuation report on the Property issued by JLL Morii K.K..

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

By Order of the Board

Wan Kwong Weng

Joint Company Secretary

Mapletree North Asia Commercial Trust Management Ltd.

(Company Registration No. 201229323R)

As Manager of Mapletree North Asia Commercial Trust

28 May 2021

[25] Prior appointment with the Manager (telephone: +65 6377 6111) will be appreciated.

Important Notice

The value of 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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the 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.