mapletree
north asia commercial

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

ANNOUNCEMENT

(A) ACQUISITION OF 50.0% INTEREST IN AN OFFICE BUILDING KNOWN AS “THE PINNACLE GANGNAM” LOCATED IN SEOUL, KOREA

(B) MANAGER TO WAIVE ENTITLEMENT TO PERFORMANCE FEES

1. INTRODUCTION

25 September 2020 - Mapletree North Asia Commercial Trust Management Ltd., as manager (the “**Manager**”) of Mapletree North Asia Commercial Trust (“**MNACT**”), is pleased to announce that MNACT, through its direct wholly-owned subsidiary, Pinnacle KR Asset Pte. Ltd. (“**MNACT SPV**”), has today entered into a unit sale and purchase agreement (“**Unit Purchase Agreement**”) with PICANTO Pte. Ltd. and Project Hudson Ltd. (the “**Sellers**”) to acquire a 50.0% interest in IGIS Qualified Investment Type Private Placement Real Estate Investment Trust No. 6 (the “**Target REF**”) (the “**Acquisition**”).

The Target REF beneficially owns (through its trustee KB Kookmin Bank Co., Ltd.) 40 strata units among 41[1] total strata units in a 20 storey freehold strata building with six underground floors located at 119, Nonhyeon-dong, Gangnam-gu, Seoul, Korea, such 40 strata units within an office building known as “The Pinnacle Gangnam” (the “**Property**”).

The remaining 50.0% interest[2] in the Target REF will be acquired from the Sellers by Gangnam Asset Pte. Ltd. (“**MIPL SPV**”), an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd (“**MIPL**”), which will hold a 49.95% interest in the Target REF, and an unrelated third party investor, which will hold a 0.05% interest in the Target REF. A unitholders’ agreement will be entered into between MNACT SPV, MIPL SPV and the unrelated third party investor to regulate their relationship as unitholders of the Target REF (the “**Unitholders’ Agreement**”).

Under the Unit Purchase Agreement, MIPL SPV will provide a deposit to the Sellers (the “**Deposit**”) by way of two separate bank guarantees (the “**Bank Guarantees**”).

Under an agreement entered into between MNACT SPV and MIPL SPV dated 25 September 2020, MNACT SPV shall reimburse MIPL SPV the following:

(i) 50% of all costs and expenses incurred in connection with (a) the joint appointments of professionals and due diligence consultants for the Acquisition (the “**Consultants Cost**”) and (b) the issuance by MIPL SPV of the Bank Guarantees (“**BG Cost**”);

[1] The one strata unit not owned by the Target REF represents 2.07% of the building’s total gross floor area.

[2] The South Korean Financial Investment Services & Capital Markets Act (“FSCMA”) requires that there must be a minimum of two bona-fide investors to qualify for a real estate investment fund structure or “REF”.

(ii) 100.0% of each of the Deposit, the Consultants Cost and the BG Cost, in the event that the Unit Purchase Agreement is terminated due solely to the fault or breach of MNACT SPV, in accordance with the terms of the Unit Purchase Agreement, and the Deposit is forfeited and paid to the Sellers; and

(iii) 50.0% of each of the Deposit, the Consultants Cost and the BG Cost in the event that the Unit Purchase Agreement is terminated due to the joint fault or breach of MNACT SPV, MIPL SPV and the unrelated third party investor, in accordance with the terms of the Unit Purchase Agreement, and the Deposit is forfeited and paid to the Sellers.

(iv) 50.0% of each of the Consultants Cost and the BG Cost in the event that the Unit Purchase Agreement is terminated due to no fault or breach of the Sellers, MNACT SPV, MIPL SPV and the unrelated third party investor, in accordance with the terms of the Unit Purchase Agreement.

For the avoidance of doubt, save for 1(iv), MNACT SPV will not reimburse MIPL SPV any part of the Deposit, the Consultants Cost and the BG Cost if the termination of the Unit Purchase Agreement is due solely to the fault or breach by MIPL SPV and/or the unrelated third party investor. The foregoing arrangement is beneficial to MNACT as it would not have to pay its share of the Deposit, the Consultants Cost and the BG Cost upfront.

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.

2. INFORMATION ON THE PROPERTY

Completed in 2011, the Property is a freehold 20-storey office building with six basement levels and 181 parking lots. It has a gross floor area ("**GFA**") of 44,444 square metres ("**sqm**").

The Property is located in Seoul's Gangnam business district ("**GBD**"), known to be the preferred location for information technology ("**IT**"), technology, media, and fashion corporates[3]. It has direct access to the Gangnam-gu Office station (Line 7 and Bundang Line), providing convenient connectivity to the other major business districts in Seoul such as the central business district ("**CBD**") and Yeouido business district ("**YBD**"). The Property is also well-served by various rail, subway and bus networks, including direct connections across the Seoul metropolitan area and regionally via high speed KTX train services. The Property is sited amidst a diverse range of amenities and major hotels, and is within 10 minutes by car from Gangnam's high-end retail district (Cheongdam) and from COEX Convention & Exhibition Center.

Offering Grade-A building specifications, the Property is multi-tenanted and has an occupancy rate of 89.6%, with a weighted average lease expiry ("**WALE**") of 2.8 years by monthly gross rental income ("**GRI**") as of 31 July 2020. It is leased to established national and international tenants, mainly from the IT, manufacturing, apparel and services sectors. Among the 34 tenants, the key tenants are Qualcomm, HUVIS, JustCo, Ralph Lauren and Echo Marketing. About 97% of the leases in the Property have fixed annual rental escalations of approximately 2-3%.

[3] Source: Colliers, 24 September 2020.

3. DETAILS OF THE TRANSACTIONS

3.1 Valuation and Agreed Property Value

The agreed property value used to determine the purchase consideration payable for the Acquisition is KRW 452.0 billion[4] (approximately S$528.4 million[5]) (the "**Agreed Property Value**") and was negotiated on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property. The independent valuation conducted by Colliers International (Hong Kong) Limited and Colliers International (Korea) Limited (collectively, the "**Valuer**"), which was commissioned by the Manager, concluded a market value for the Property of KRW 458.8 billion as of 15 September 2020.

The Agreed Property Value is approximately 1.5% lower than the valuation of the Property.

The Valuer has valued the Property primarily based on the discounted cash flow method and the direct comparison method.

Subject to post completion adjustments, 50% of the Agreed Property Value payable by MNACT SPV is approximately KRW 226.0 billion (S$264.2 million), which shall be satisfied fully in cash.

3.2 Estimated Total Acquisition Cost

The estimated total cost of the Acquisition (the "**Total Acquisition Cost**") is approximately KRW 228.9 billion (approximately S$267.6 million), comprising:

(i) the 50% of the Agreed Property Value payable by MNACT SPV of KRW 226.0 billion (S$264.2 million) as described in paragraph 3.1 above;

(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$2.6 million, which is payable in cash as elected by the Manager; and

(iii) the estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the Acquisition (inclusive of due diligence cost, applicable taxes and costs to be incurred in relation to the valuation) of approximately KRW 0.7 billion (S$0.8 million)[6].

3.3 Establishment of Subsidiary

In connection with the Acquisition, MNACT has established a wholly-owned subsidiary in Singapore, Pinnacle KR Asset Pte. Ltd., which has an issued and paid up capital of S$1.00.

[4] Based on 100% interest in the Property.
[5] Unless otherwise stated, an illustrative exchange rate of KRW 855.37 to S$1.00 is used in this announcement.
[6] Inclusive of the 50% reimbursement to MIPL SPV for all costs and expenses incurred in connection with the joint appointments of professionals and due diligence consultants for the Acquisition.

3.4 Expansion of Investment Mandate

MNACT's investment strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in Greater China and Japan which is used primarily for commercial purposes (including real estate used predominantly for retail and/or offices), as well as real estate-related assets.

In connection with the Acquisition, MNACT's investment mandate, which currently includes Hong Kong SAR, Tier-1 cities (Beijing, Shanghai, Guangzhou and Shenzhen) and key Tier-2 cities in China, and Japan, will be expanded to include South Korea.

For further details, please refer to the SGX-ST announcement by the Manager titled "Expansion of Investment Mandate" dated 25 September 2020. The above change in investment mandate will be effected 30 days from 25 September 2020.

3.5 Unit Purchase Agreement

The key terms of the Unit Purchase Agreement include the following:

(i) the Agreed Property Value is KRW 452.0 billion (S$528.4 million), subject to the prorations and adjustments as set forth in the Unit Purchase Agreement;

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

(iii) the long stop date for completion of the acquisition ("**Completion**") is 30 November 2020.

3.6 Unitholders' Agreement

3.6.1 Details of the Unitholders' Agreement

The Unitholders' Agreement contains a set of matters in relation to the key operational and management issues affecting the Target REF, including but not limited to the matters set out in Paragraph 6.5(b) of the Property Funds Appendix, which require unanimous approval of the unitholders of the Target REF.

3.6.2 Interested Person Transaction

As MIPL effectively holds 36.80% of the total number of Units in issue, it is a "controlling unitholder" of MNACT. In addition, as the Manager is an indirect wholly-owned subsidiary of MIPL, MIPL is therefore regarded as a "controlling shareholder" of the Manager.

As MIPL SPV is an indirect wholly-owned subsidiary of MIPL, MIPL SPV is an "interested person" of MNACT for the purposes of Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"). Therefore, the entry into the Unitholders' Agreement constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

As at the date of this announcement, other than interested person transactions approved by unitholders of MNACT ("**Unitholders**"), there were no interested person transactions of S$100,000 or above entered into for the current financial year.

It should be noted that the entry into the Unitholders' Agreement falls within the exception under Rule 916(2) of the Listing Manual.

3.6.3 Audit and Risk Committee Statement

The Audit and Risk Committee has considered the Unitholders' Agreement in connection with the acquisition of the beneficiary interests in the Target REF by MNACT SPV, MIPL SPV and the unrelated third party investor, and is of the view that the risks and rewards of the acquisition are in proportion to the equity of each party and the terms of the Unitholders' Agreement are not prejudicial to the interests of MNACT and its minority Unitholders.

The Manager also confirms that MIPL does not have an existing equity interest in the Target REF prior to the participation of MNACT in the Target REF.

3.7 The Asset Manager

The asset manager of the Target REF is IGIS Asset Management Co., Ltd. ("**IGIS**"), which is a licensed asset management company in Korea.

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

Rationale

The Manager is of the view that broadening MNACT's investment mandate into South Korea will widen MNACT's access into another scalable new market with quality commercial assets and freehold land tenure, and is in line with the Manager's strategy to further accelerate the diversification of MNACT's portfolio.

South Korea has emerged as one of the most resilient economies[7] in Asia Pacific amid COVID-19. The Acquisition provides a timely opportunity for MNACT to tap into the increasing office demand from the high-growth technology-based industries, as MNACT's maiden entry into Seoul.

The following are the key benefits of the Acquisition to MNACT's Unitholders.

[7] Source: Korea Defies COVID: A Low Volatility-high Growth Bet (JLL, July 2020).

Key Benefits

4.1 Exposure to Growth in Seoul Office Market

4.1.1 Resilient economy despite COVID-19, compared to other Asia Pacific markets

The Acquisition would provide MNACT exposure to South Korea, Asia's fourth largest economy[8]. While South Korea's GDP is forecasted to contract slightly by 1.0%[9] in 2020, South Korea's economy has performed relatively better than most other economies[10] in Asia Pacific amid the COVID-19 situation. As a global leader in information and communication technologies, South Korea is ranked the 2nd most innovative nation globally[11] and houses the headquarters of large corporations such as Samsung Group, LG Corporation and Hyundai Motors. Amid the current macroeconomic conditions, South Korea's low unemployment rate, moderated by strict labour guidelines, is expected to remain relatively stable[12].

4.1.2 Established active and scalable investment grade real estate market

South Korea has an active and scalable office market, which registered the third highest volume of commercial real estate investment in Asia Pacific during the first six months of 2020[13]. This was achieved on the back of ample liquidity, historically low interest rates, and limited outbound investment opportunities[14]. Office transaction volume is expected to remain solid amid stable demand from investors seeking core assets in Seoul's major districts[15].

4.1.3 Leasing demand in GBD driven by high-growth sectors[16]

GBD is a base for international technology and pharmaceuticals, a center for digital banking, cloud computing, game and mobile applications and a well-established ecosystem for start-ups. Demand from the rapidly growing number of start-ups and requirements from larger companies seeking short-term office space as a solution to social distancing (eg. by locating staff across different locations) have also attracted flexible office operators, another source of growing demand[17], to seek expansion space within the GBD.

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8 Source: International Monetary Fund ("IMF"), June 2020.
9 Source: Oxford Economics, 2020.
10 Source: Korea Defies COVID: A Low Volatility-high Growth Bet (JLL, July 2020).
11 Source: Bloomberg Innovation Index, 2020.
12 Source: Korea Defies COVID: A Low Volatility-high Growth Bet (JLL, July 2020).
13 Source: Real Capital Analytics, September 2020.
14 Source: Seoul Prime Office (Savills, 2Q 2020).
15 Source: Marketview, Seoul, 2Q 2020 (CBRE).
16 Source: Korea Defies COVID: A Low Volatility-high Growth Bet (JLL, July 2020).
17 Source: The Future is Flexible: The Evolution of Work and the Office in Korea (CBRE Research, July 2020).

Companies located in GBD[18] include Apple Korea, Google Korea, Hyundai Mobis, GS Group, Qualcomm and Samsung Group. Office demand is expected to remain healthy and benefit from the expansion of technology, professional services and conglomerates.

4.1.4 Rental rates and vacancy rates are expected to remain resilient with no immediate impact from COVID-19

Despite the economic downturn amid COVID-19, net absorption of the three key districts in Korea, namely CBD, GBD and YBD, continued to maintain in positive territory, aided by robust leasing demand[19]. Seoul's overall office vacancy rate stood at 7.9%[20] as of the end of June 2020. Although there will be a larger supply in 2020, the supply of new offices in Seoul will be limited from 2021 to 2023[21], which is expected to be the lowest level in the Asia-Pacific region[22]. Therefore, rents are expected to increase over the next few years[23].

Among the three major office submarkets, GBD has the lowest vacancy rate at 4.2%[24] as of 2Q 2020. With the notable exceptions of HJ Tower (~42,000 sqm) and Renaissance Parc (~170,000 sqm) which are scheduled to be completed in 2020 and 2021[25] respectively, there is no additional large-scale supply scheduled until 2024[26]. With demand underpinned by the technology, media and telecommunications ("TMT") sector[27], GBD's office rental rates are expected to edge up in 2020 and 2021[28].

4.2 Desirable Office Location with Quality Grade-A Building Specifications, Offering Seamless Connectivity

4.2.1 Freehold property with quality Grade-A specifications

Completed in 2011, the Property is one of the newest[29] Grade-A freehold properties in GBD. It offers high-quality office space to tenants through its large and efficient floor plates.

4.2.2 Centrally located with excellent accessibility and connectivity

The Property has direct subway access to the Gangnam-gu Office station (with two train lines, Line 7 and the Bundang Line) via the ground as well as basement levels, providing seamless and sheltered commuting for tenants and visitors to other parts of Seoul. The

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[18] Based on respective corporate websites.
[19] Source: Asia Pacific Property Digest, 2Q 2020 (JLL).
[20] Source: Colliers, 24 September 2020.
[21] Source: Colliers, 24 September 2020.
[22] Source: Korea Property Digest, 2Q 2020 (JLL).
[23] Source: Colliers, 24 September 2020.
[24] Source: Colliers, 24 September 2020.
[25] Source: Colliers, 24 September 2020.
[26] Source: Korea Property Digest, 2Q 2020 (JLL).
[27] Source: Colliers, 24 September 2020.
[28] Source: Colliers, 24 September 2020.
[29] Source: Prime office buildings in GBD have an average age of 18 years. Colliers, 24 September 2020.

upcoming Gangnam Intermodal Transit Center, to be completed in 2023[30], located three subway stops away, is expected to bring even greater connectivity to the area.

Within close proximity to a diverse range of amenities and five-star hotels, the Property is situated within 10 minutes' drive to Gangnam's high-end retail district (Cheongdam) and the core GBD office cluster along Teheran Road. In addition, the Property has two basement levels of retail amenities. Recently upgraded in 2018, the retail floors provide office tenants direct access to a wide range of food and lifestyle options. The sky-terrace, located on the 19th floor, also offers extensive views across Gangnam and the Han River.

4.3 Quality Tenant Profile and Leases with Steady Rental Growth

4.3.1 Quality domestic and international tenants

The Property enjoys an established blue-chip tenant base from the IT, manufacturing, apparel and services sectors, with the growing IT sector contributing to slightly over a quarter of the monthly GRI as of 31 July 2020.

The five largest tenants comprising Qualcomm, HUVIS, JustCo, Ralph Lauren and Echo Marketing represent 55.4% of the monthly GRI as at 31 July 2020.

4.3.2 Well-positioned to enjoy rental upside from organic growth and higher occupancy

The average occupancy rate of the Property was 89.6% as at 31 July 2020. There is potential opportunity to lease up progressively at market rates, given the average office vacancy rate for GBD of 4.2%[31] at the end of 2Q 2020.

Unlike office leases in China, Hong Kong SAR and Japan, office lease contracts in South Korea generally include an annual rent escalation[32] of 2% to 3%. About 97% of the leases within the Property include built-in annual rental escalations of approximately 2% to 3% per annum, providing stable and reliable revenue growth over the term of the leases.

4.4 Attractive Value Proposition for Prime Grade-A Office Property

4.4.1 Lower than independent valuation

The Acquisition represents an attractive value proposition for a prime Grade-A office property. The Agreed Property Value of KRW 452.0 billion (approximately S$528.4

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[30] Source: Korea Times, 12 June 2020: "Enormous underground transit terminal to be built in Gangnam".
[31] Source: Colliers, 24 September 2020.
[32] Source: Korea Defies COVID: A Low Volatility-high Growth Bet (JLL, July 2020).

million) is approximately 1.5% lower than the Valuer's valuation of KRW 458.8 million (approximately S$536.4 million) as at 15 September 2020.

4.4.2 Initial net property income ("NPI") yield has upside potential

The Property has an entry NPI yield of approximately 3.2%[33] and represents a NPI yield spread of approximately 180 bps against Korea's 10-year government bond yield.

Compared to the average office vacancy rate of 4.2%[34] for GBD as at 30 June 2020, the Manager believes that there is potential to increase the occupancy rate of the Property progressively through active leasing efforts, benefitting from the low vacancy rates and limited new supply of office space within the GBD. In addition, there is an embedded annual rental escalation of approximately 2% to 3% within 97% of the leases. As such, there is upside potential for the Property to achieve steady increase in NPI yield over time.

4.4.3 DPU-accretive acquisition

The Acquisition is expected to be DPU accretive for Unitholders. On a pro forma FY19/20 basis, DPU would increase by 0.4% from 7.124 cents to 7.150 cents[35].

4.5 Enhances resilience, diversity and quality of MNACT's portfolio

4.5.1 Further reduces asset and geographical concentration

The Acquisition in Seoul will further enhance MNACT's geographical and income diversification, as well as provide greater stability in the long term.

Following the Completion, MNACT's Enlarged Portfolio will comprise 12 properties. The Acquisition will further reduce the reliance of income contribution from any single property, with no property contributing more than 45% of MNACT's Enlarged Portfolio NPI[36].

Post Completion, the maximum exposure to any single tenant by monthly GRI on a pro forma basis will reduce from 7.4% as at 30 June 2020 to 7.2%[37]. The GRI contribution

[33] Annualised for the month of July 2020.
[34] Source: Colliers, 24 September 2020.
[35] The pro forma financial effects of the Acquisition on MNACT's DPU based on the FY19/20 Audited Financial Statements, as if the Acquisition and drawdown of the debt financing to fund the Acquisition were completed on 1 April 2019, and MNACT had held and operated the Property through to 31 March 2020.
[36] Based on MNACT's consolidated accounts for the quarter ended 30 June 2020 and the Property's unaudited management account for the quarter ended 30 June 2020 (in respect of MNACT's 50.0% interest in the Property).
[37] Existing Portfolio's GRI is as of 30 June 2020 while the Property's GRI is as of 31 July 2020 (in respect of MNACT's 50.0% interest in the Property).

from MNACT's top 10 tenants will be lowered from 35.3% as at 30 June 2020 to 34.4%[38] on a pro forma basis.

There will also be greater diversification in trade sector exposure arising from a larger tenant base. Representation from the IT, manufacturing, and services will increase from 24.5% as at 30 June 2020 to 25.5% on a pro-forma basis[39].

The property value of the Enlarged Portfolio will stand at approximately S$8,529 million[40] on a pro-forma basis which represents a 3% increase from the property value of the Existing Portfolio of S$8,265 million. The property value contribution[41] of the Enlarged Portfolio's largest asset, Festival Walk, will be further reduced from 62% to 60%.

4.5.2 Increases percentage of freehold assets

As at 30 June 2020, 47.5% of the Existing Portfolio (by GFA) is on leasehold basis with land use right expiries ranging from approximately 27 years to 40 years, while the balance 52.5% is on freehold basis. With the addition of the Property, the number of freehold assets will increase and will contribute 55.6% of the Enlarged Portfolio (by GFA) on a pro-forma basis.

4.6 Leverage on the Sponsor's on-the-ground resources and experience in South Korea

As of 31 March 2020, the Sponsor's assets under management in South Korea amounted to S$490 million[42]. Through the co-investment with the Sponsor in the Property, the Manager will be able to leverage on the Sponsor's local network, market experience and resources in South Korea.

5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Method of Financing

The Total Acquisition Cost is expected to be funded by debt.

5.2 Pro Forma Financial Effects of the Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU and net asset value ("**NAV**") per unit of MNACT ("**Unit**") presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of

[38] Existing Portfolio's GRI is as of 30 June 2020 while the Property's GRI is as of 31 July 2020 (in respect of MNACT's 50.0% interest in the Property).
[39] Existing Portfolio's GRI is as of 30 June 2020 while the Property's GRI is as of 31 July 2020 (in respect of MNACT's 50.0% interest in the Property).
[40] Based on MNACT's consolidated accounts for the quarter ended 30 June 2020 and 50.0% interest in the Property.
[41] Based on MNACT's consolidated accounts for the quarter ended 30 June 2020 and 50.0% interest in the Property.
[42] Mapletree Investments Annual Report FY19/20.

MNACT for the financial year ended 31 March 2020 (the "**FY19/20 Audited Financial Statements**") and unaudited management account of the Target REF to be acquired.

The pro forma financial effects are for **illustrative purposes only** and do not represent MNACT's DPU and NAV per Unit following Completion.

5.3 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on MNACT's DPU for the FY19/20 Audited Financial Statements, as if the Acquisition was completed on 1 April 2019 and MNACT held and operated the Property through to 31 March 2020 are as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
Profit for the Financial Year (S$ million)	124.3	125.1[(1)]
Distributable Income (S$ million)	227.9	228.8[(2)]
DPU (S$ cents)	7.124	7.150
DPU Accretion (%)	-	0.4%

Note(s):

(1) Includes MNACT's proportionate share of 50.0% of the profit for the financial year of The Pinnacle Gangnam.
(2) Includes MNACT's proportionate share of 50.0% of the distributable income distributed by The Pinnacle Gangnam.

5.4 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 March 2020, as if the Acquisition was completed on 31 March 2020, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
NAV represented by Unitholders' funds (S$ million)	4,721.5[(1)]	4,721.5
Units in issue as at 31 March 2020 (million)	3,194.3	3,194.3
NAV per Unit (S$)	1.412	1.412

Note(s):

(1) Based on MNACT's audited financial statements as at 31 March 2020, before taking into account distribution payments to Unitholders for the relevant period.

5.5 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma aggregate leverage of MNACT as at 30 June 2020, based on its unaudited financial statements for 30 June 2020, and as if the Acquisition was completed on 30 June 2020, is as follows:

	Effects of the Acquisition	
	Before the Acquisition	**After the Acquisition**
Aggregate Leverage	39.6%[1]	41.4%[2]

Note(s):

(1) Based on MNACT's aggregate leverage as at 30 June 2020.

(2) Assuming the Acquisition was funded by debt.

6. OTHER INFORMATION

6.1 Disclosure under Rule 1010(13) of the Listing Manual

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 are set out in the table below.

Comparison of	Property (S$' million)	MNACT (S$' million)	Relative Figure (%)
Profit for the Financial Year	4.5[1]	124.3[2]	3.6
Consideration Against Market Capitalisation	267.6[3]	3,013.4 [4]	8.9

Note(s):

(1) Based on the Property's unaudited management account from the period of 1 April 2019 to 31 March 2020.

(2) Based on MNACT's audited financial statements for the financial year ended 31 March 2020.

(3) This figure represents the estimated Total Acquisition Cost of KRW 228.9 billion.

(4) Based on 3,366,891,945 Units in issue and closing price of S$0.895 per unit on the SGX-ST on 24 September 2020, being the market day immediately prior to the date of entry of the Unit Purchase Agreement.

6.2 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.

6.3 Interest of Directors and Substantial Unitholders

As at 21 September 2020, certain directors of the Manager ("**Directors**") collectively hold an aggregate direct and indirect interest in 6,035,765 Units.

Mr. Paul Ma Kah Woh is the Non-Executive Chairman and Director of the Manager. 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. 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. 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. 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 Substantial Unitholders[43] Unitholdings maintained by the Manager, Temasek Holdings (Private) Limited, through its independently-managed subsidiaries and associated companies (including MIPL and its subsidiaries), has an aggregate deemed interest in 1,291,431,932 Units, which is approximately 38.35% of all Units in issue.

Based on the Register of Substantial Unitholders[44] Unitholdings maintained by the Manager, MIPL, through its subsidiaries, namely the Manager, Mapletree North Asia Property Management Limited, Kent Assets Pte. Ltd. and Suffolk Assets Pte. Ltd., has an aggregate deemed interest in 1,239,091,768 Units, which is approximately 36.80% of all Units in issue.

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

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[45] 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 Unit Purchase Agreement; and

(ii) the valuation report by the Valuer.

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

(B) MANAGER TO WAIVE ENTITLEMENT TO PERFORMANCE FEES

The broadening of the investment mandate to include South Korea reflects the Manager's continued strategy to diversify MNACT's portfolio and to deliver sustainable value to the Unitholders. The DPU-accretive Acquisition helps to mitigate the impact of COVID-19 on the performance of MNACT. Separately, in consideration of the impact of COVID-19 on MNACT's distributions to the Unitholders

43 "**Substantial Unitholders**" refer to persons with an interest in Units constituting not less than 5.0% of all Units in issue.
44 "**Substantial Unitholders**" refer to persons with an interest in Units constituting not less than 5.0% of all Units in issue.
45 Prior appointment with the Manager (telephone: +65 6377 6111) will be appreciated.

and to demonstrate the Manager's commitment to align its interest with the Unitholders, the Manager will waive its entitlement to any performance fee as provided under the Trust Deed ("**Performance Fee**") until such time that the DPU exceeds 7.124 cents ("**Threshold DPU**"), which was the DPU achieved in FY19/20, prior to the full year impact of COVID-19.

As an illustration:

(a) If the DPU for Year 2 is higher than the DPU for Year 1 but is lower than the Threshold DPU, no Performance Fee will be payable for Year 2.

(b) If the DPU for Year 2 is higher than the DPU for Year 1 and is higher than the Threshold DPU, the Performance Fee will be payable and the Manager will be entitled to receive the Performance Fee for Year 2 and thereafter.

While the Performance Fee formula[46] is intrinsically aligned with the Unitholders' interest and provides for payment of a Performance Fee to the Manager only upon the Manager delivering an increase in DPU year-on-year, a "low base" effect from a preceding year may result in a significant increase in Performance Fee payable to the Manager in the following year. As illustrated above, the proposed Threshold DPU would eliminate the "low base" effect, and would benefit the Unitholders.

Upon MNACT's DPU performance exceeding the Threshold DPU, the waiver will cease (and the Threshold DPU will no longer be applicable) in subsequent years, and the Manager will continue to be entitled to receive the Performance Fee in accordance with the Trust Deed.

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

[46] Under the trust deed dated 14 February 2013 (as amended) constituting MNACT (the "**Trust Deed**"), the Manager shall be entitled to receive a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee in each financial year), multiplied by the weighted average number of Units in issue for such financial year (the "**Performance Fee**"). The Performance Fee is payable if the DPU in respect of any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such relevant financial year may be less than the DPU in the financial year prior to the preceding financial year.

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, Mapletree North Asia Commercial Trust Management Ltd., as Manager of MNACT (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 Singapore Exchange Securities Trading Limited ("**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.