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Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the new units in Mapletree Commercial Trust (“MCT”, and the units in MCT, “Units”) to be issued for the purpose of the Equity Fund Raising (the “New Units”) on the Main Board of the SGX-ST. The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Private Placement, the Preferential Offering (each as defined herein), the New Units, MCT and/or its subsidiaries.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of new units described in this Circular will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or under the securities laws of any state or other jurisdiction of the United States, and any such new units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Manager does not intend to conduct a public offering of any securities of MCT in the United States.

This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary of this Circular.

**CIRCULAR TO UNITHOLDERS IN RELATION TO:**

- (1) **THE PROPOSED ACQUISITION OF THE PROPERTY (COMPRISING THE OFFICE AND BUSINESS PARK COMPONENTS OF MAPLETREE BUSINESS CITY (PHASE 1)) AS AN INTERESTED PERSON TRANSACTION;**
- (2) **THE PROPOSED ISSUE OF UP TO 795.0 MILLION NEW UNITS UNDER THE EQUITY FUND RAISING; AND**
- (3) **THE PROPOSED WHITEWASH RESOLUTION FOR THE RIGHT OF INDEPENDENT UNITHOLDERS TO RECEIVE A MANDATORY OFFER FROM THE CONCERT PARTY GROUP FOR ALL THE REMAINING UNITS NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP.**

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

<b>Last date and time for lodgement of Proxy Forms</b>	<b>22 July 2016 (Friday) at 3.00 p.m.</b>
<b>Date and time of Extraordinary General Meeting</b>	<b>25 July 2016 (Monday) at 3.00 p.m.</b> (or immediately following the conclusion or adjournment of the 5 <sup>th</sup> Annual General Meeting of Mapletree Commercial Trust to be held at 2.30 p.m. on the same day and at the same place)
<b>Place of Extraordinary General Meeting</b>	<b>10 Pasir Panjang Road, Mapletree Business City, Town Hall (formerly known as Multipurpose Hall) – Auditorium, Singapore 117438</b>

Managed by

Mapletree Commercial Trust Management Ltd.

Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising (in alphabetical order)



Independent Financial Adviser to the Independent Directors,  
Audit and Risk Committee and the Trustee



# STRATEGIC ACQUISITION OF THE PROPERTY COMPRISING THE OFFICE AND BUSINESS PARK COMPONENTS OF MAPLETREE BUSINESS CITY (PHASE 1)

One of the largest integrated office and business park complexes in Singapore with Grade-A building specifications

- ✓ Premier office and business park space
- ✓ Close proximity to the CBD
- ✓ Grade-A building specifications
- ✓ Strong and diverse tenant base
- ✓ High occupancy rates
- ✓ Favourable and defensive lease profile

Overview of the Property	
<b>The Property</b>	■ Strata Lease over level two to the rooftop of four blocks of office and business park space of Mapletree Business City (Phase 1), namely: <ul style="list-style-type: none"><li>– One office tower (MBC 10)</li><li>– Three business park blocks (MBC 20W, MBC 20E and MBC 30)</li></ul>
<b>Location</b>	■ 10, 20, 30 Pasir Panjang Road Singapore 117438 / 117439 / 117440
<b>Building Completion</b>	■ April 2010
<b>Purchase Consideration</b>	■ S\$1,780.0 million (approximately S\$1,042 per sq ft of NLA)
<b>Tenure of Strata Lease</b>	■ Leasehold commencing from Completion Date up to and including 29 September 2096
<b>NLA</b>	■ 1,708,218 sq ft (Office: 420,544 sq ft, Business Park: 1,287,674 sq ft)
<b>Average Passing Rent<sup>1</sup></b>	■ S\$5.94 per sq ft per month
<b>Occupancy<sup>2</sup></b>	■ 97.8%
<b>WALE<sup>1</sup></b>	■ Approximately 3.5 years (by Gross Rental Income)
<b>Forecast NPI Yield<sup>3</sup></b>	■ 5.6%

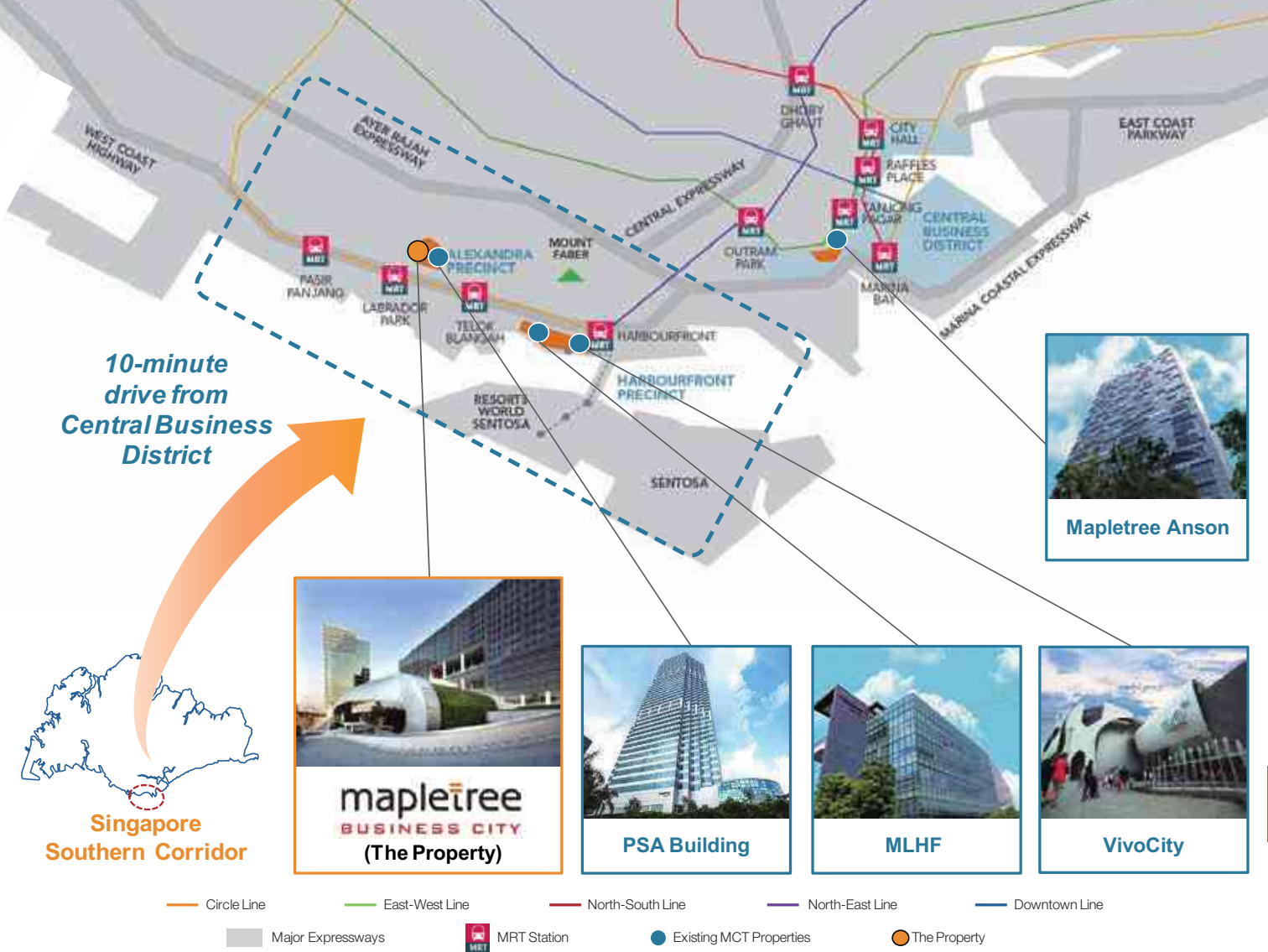
<sup>1</sup> As at 30 April 2016

<sup>2</sup> As at 30 April 2016. As at 17 June 2016, being the Latest Practicable Date, the committed occupancy for the Property is 99.0%

<sup>3</sup> Based on annualised NPI for the Forecast Period from 1 October 2016 to 31 March 2017 and the Purchase Consideration of S\$1,780.0 million

## Alexandra Precinct





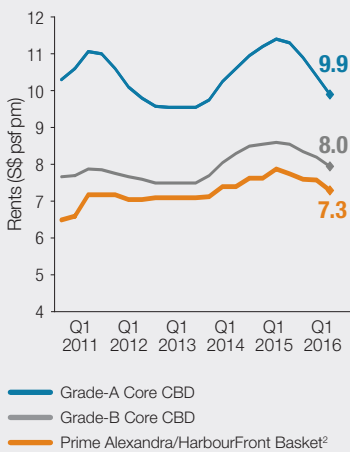
## 1 Strategic Addition of a Property in a Large-Scale, Integrated Business Hub

- One of the largest integrated office and business park complexes in Singapore with excellent connectivity
  - 10-minute drive from the CBD
  - Directly linked via covered walkways to Labrador Park MRT Station and other transportation nodes
- Grade-A building specifications
- Accredited with the prestigious BCA Green Mark Platinum certification
- Full suite of “work and play” amenities such as modern conference facilities, F&B establishments, and an on-site gym with a 44 metre-long heated pool
- Attracts tenants who do not require a CBD location but would still like to enjoy proximity to the CBD

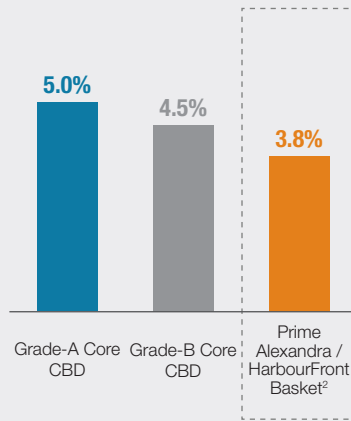


## 2 Increased Exposure to a Resilient Office Micro-Market

Office Rents



Office Vacancy Rates<sup>1</sup>



- Prime Alexandra/HarbourFront Micro-Market has historically demonstrated greater resilience in rents and vacancy rates
- Cost-efficient alternative to Core CBD offices with rents at approximately 28.8%<sup>3</sup> and 8.5%<sup>3</sup> discount to Grade-A Core CBD and Grade-B Core CBD offices respectively
- Absence of new office supply with Grade-A building specifications in this micro-market further supports demand for the Property

Source: CBRE

<sup>1</sup> As at 31 March 2016

<sup>2</sup> See the Independent Market Research Report by CBRE in **Appendix E** of this Circular for more details

<sup>3</sup> Based on average discount of rents of Prime Alexandra/HarbourFront Basket to rents of Grade-A Core CBD offices and Grade-B Core CBD offices in the four quarters ended 31 March 2016

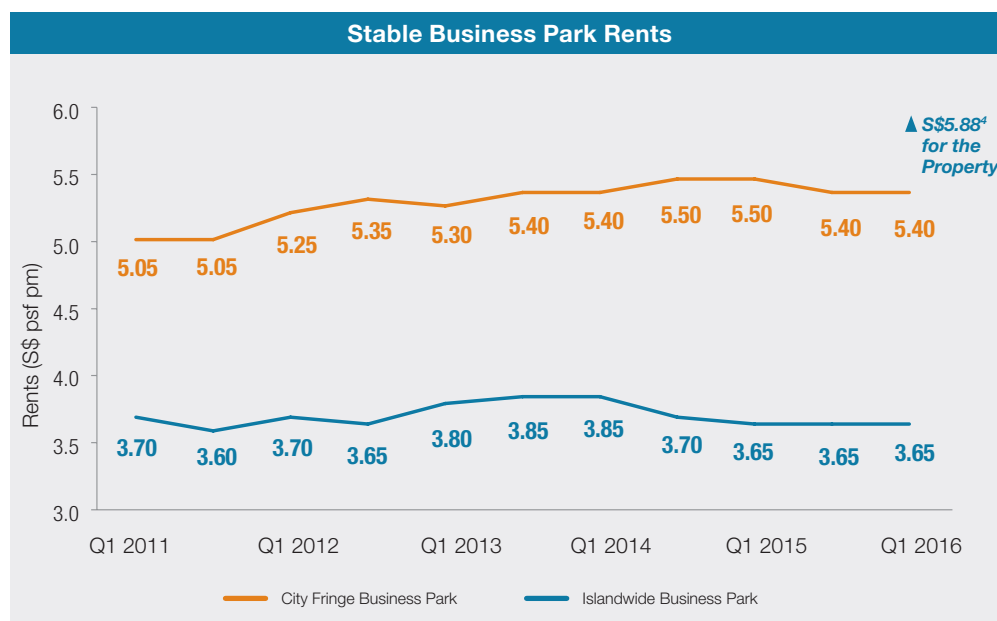


# 3

## Exposure to the Stable and Growing Business Park Segment



- Mapletree Business City is the closest business park to the CBD
- Expected to continue to benefit from the decentralisation trend
  - Approximately 78.0% of current tenant base (by NLA) were relocated from other office sub-markets generally located in the “Central Area”<sup>1</sup>
- Business park rents have historically been more stable (\$S\$5.25 – \$S\$5.50 psf pm since 2012<sup>2</sup>) compared to traditional office assets
- City fringe business parks<sup>2</sup> have commanded rental premiums of approximately 43.7% on average since 2011 over the rest of the business parks island-wide
  - Tenants attracted by the Grade-A building specifications and proximity to CBD
- No visible new supply of business parks island-wide expected until 2020<sup>3</sup>, which further supports demand for the Property



Source: CBRE

<sup>1</sup> As defined by the Urban Redevelopment Authority

<sup>2</sup> Based on the City Fringe Micro-Market which comprises Mapletree Business City (Phase 1) and one-north business parks

<sup>3</sup> New business parks require an average of 3 to 4 years for development. All planned future business park supply is due for completion in 2016, of which approximately 60.2% will be from Mapletree Business City (Phase 2)

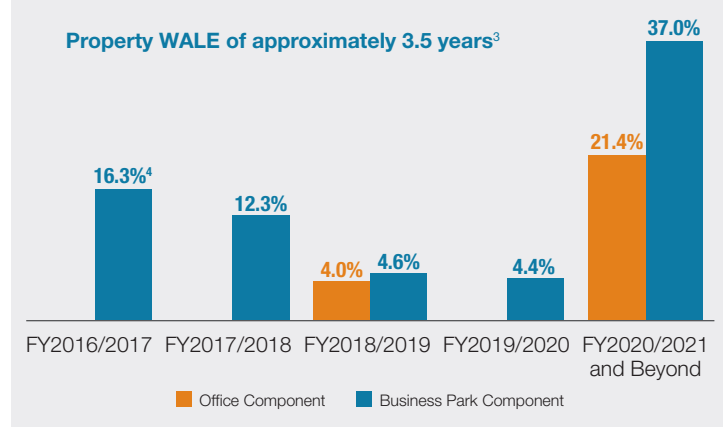
<sup>4</sup> Average passing rent as at 30 April 2016 for the business park component of the Property



## 4

## Stable and Quality Cash Flows

- “Office-like” profile tenant base comprising 29 high quality and reputable MNCs and government related entities
  - Occupancy rates in excess of 99.0% in the last 3 years<sup>1</sup>
- High tenant retention rate of 85.6%<sup>2</sup> driven by substantial capital expenditure investments made by existing tenants
- Organic growth – approximately 97.5%<sup>3</sup> of the existing leases have built in annual rental step-ups of approximately 3.0% on average
- Beneficial lease expiry profile – no significant office expiries over the next 3 years; business park expiries mitigated by an expected lack of new supply of business park spaces between 2017 and 2020

Favourable and Defensive Lease Expiry Profile<sup>3</sup>Property WALE of approximately 3.5 years<sup>3</sup>

## Reputable Top 10 Tenants

Tenant Names	% of Gross Rental Income <sup>3</sup>
The Hongkong and Shanghai Banking Corporation Limited	11.6%
Info-Communications Development Authority of Singapore	8.4%
Samsung Asia Pte. Ltd. / Samsung Electronics Asia Holding Pte. Ltd.	8.0%
Unilever Asia Pte Ltd	7.7%
SAP Asia Pte Ltd	7.7%
BW Maritime Pte Ltd / BW Offshore Singapore Pte. Ltd.	6.4%
Nike Trading Company B.V. Singapore Branch	5.6%
Singapore Power Limited	5.5%
Deutsche Bank Aktiengesellschaft	4.6%
Mapletree Investments Pte Ltd	4.1%
<b>Total</b>	<b>69.6%</b>

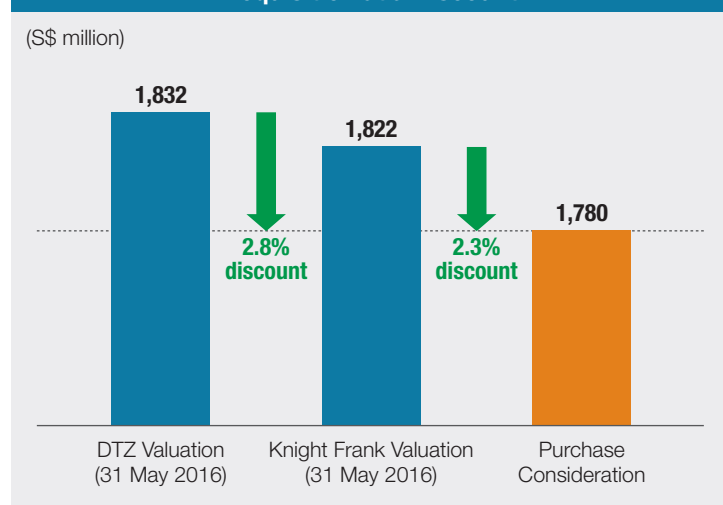
<sup>1</sup> For the years ended 31 March 2014, 2015 and 2016<sup>2</sup> Based on NLA for leases expiring in the year ended 31 March 2016<sup>3</sup> By Gross Rental Income as at 30 April 2016<sup>4</sup> As at the Latest Practicable Date, an additional lease was renewed, lowering the FY2016/2017 lease expiry as a % of Gross Rental Income from 16.3% to 10.8%. The renewed lease expires in FY2020/2021 and beyond

## 5

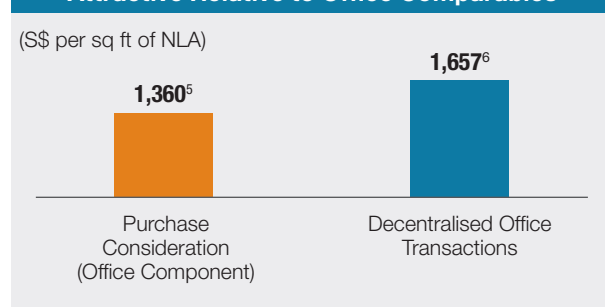
## Attractive Valuation Characteristics

- Attractive Acquisition at 2.3% to 2.8% discount to independent valuations
- Attractive implied valuation metrics compared to other office and business park assets

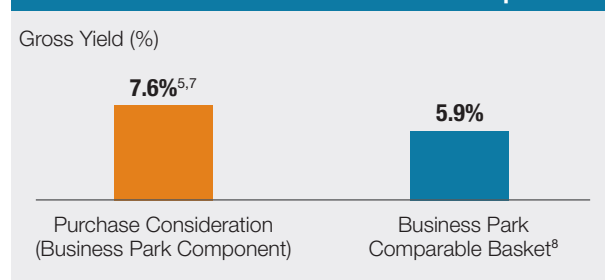
## Acquisition at a Discount



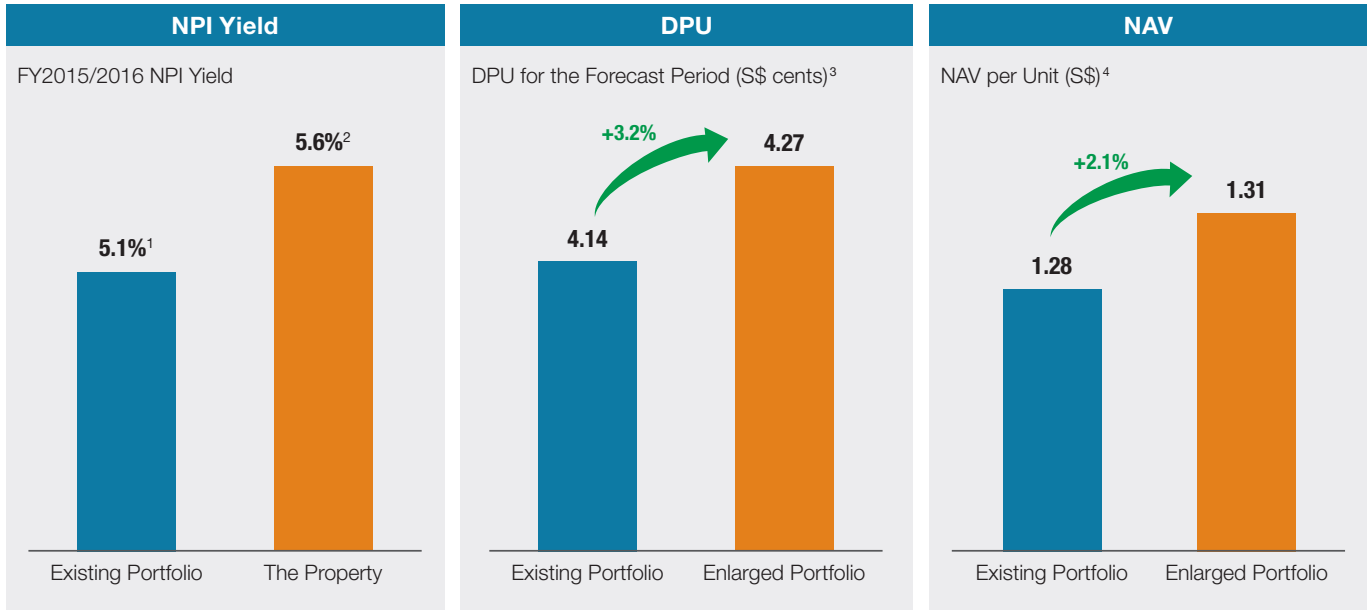
## Attractive Relative to Office Comparables



## Attractive Relative to Business Park Comparables

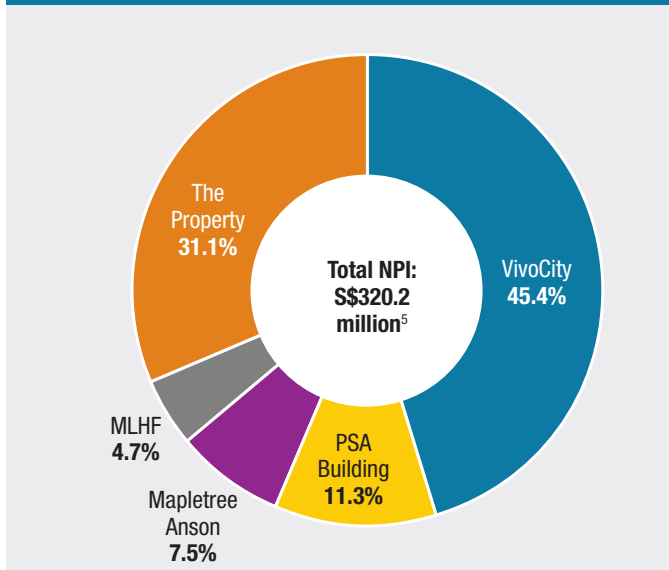
<sup>5</sup> Derived by applying the same percentage value contribution of the office component and the business park component of the average of the independent valuations by DTZ and Knight Frank as at 31 May 2016<sup>6</sup> Based on average transaction price of decentralised office investment transactions (2011-2015). See the Independent Market Research Report by CBRE in **Appendix E** of this Circular for more details<sup>7</sup> Based on the annualised Gross Revenue of the business park component of the Property for the Forecast Period and the implied Purchase Consideration for the business park component<sup>8</sup> See the Independent Market Research Report by CBRE in **Appendix E** of this Circular for more details

## Acquisition is expected to be NPI Yield, DPU and NAV Accretive without Income Support

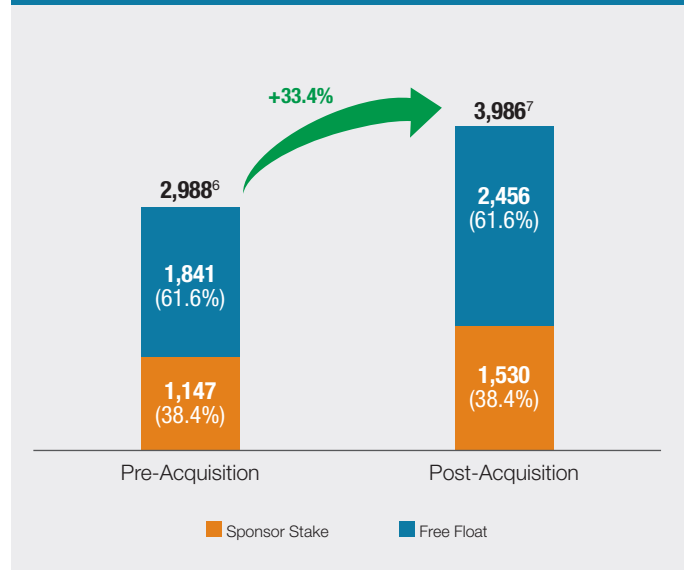


- Improves MCT's diversification by property type with no single property contributing more than 45.4%<sup>5</sup> and 42.1% of NPI and valuation of the Enlarged Portfolio, respectively
- Enhances trade sector diversification and increases exposure to traditionally less cyclical office tenants
- Enlarges portfolio valuation by 42.1% and NPI by 45.1%<sup>5</sup>
- Increases free float and potentially improving trading liquidity
- MCT is expected to benefit from increased demand from improved index representation

## Reduces Concentration Risk of Any Single Property



## Increases Free Float and Market Capitalisation



<sup>1</sup> Based on NPI for FY2015/2016 over the value of the Existing Portfolio as at 31 March 2016

<sup>2</sup> Based on NPI for FY2015/2016 over the Purchase Consideration for the Property of S\$1,780.0 million. NPI based on the Vendor's unaudited financial information on the Property for the period from 1 April 2015 to 31 March 2016 after deducting the property management fee, as if the Property was held and operated by MCT throughout the period

<sup>3</sup> Assuming a drawdown of S\$860.0 million from the Loan Facilities, gross proceeds raised from the Equity Fund Raising of S\$989.6 million, the issuance of the New Units and Acquisition Fee Units at the Illustrative Issue Price of S\$1.40, the issue of the New Units and Acquisition Fee Units on 1 October 2016, and completion of the Acquisition on 1 October 2016

<sup>4</sup> As at 31 March 2016 (assuming the Acquisition was completed on 31 March 2016) adjusted for the cash distribution paid on 3 June 2016 in relation to the distributable income for the period from 1 January 2016 to 31 March 2016

<sup>5</sup> On a pro forma basis for the year ended 31 March 2016

<sup>6</sup> Based on 2,134.3 million Units in issue as at the Latest Practicable Date and the Illustrative Issue Price of S\$1.40 per Unit

<sup>7</sup> Based on 2,134.3 million Units in issue as at the Latest Practicable Date and the issue of 713.2 million New Units and Acquisition Fee Units. Assuming, for illustrative purposes, the Sponsor's ownership percentage in MCT remained constant before and after the Acquisition

# METHOD OF PROPOSED FUNDING

The Manager intends to fund the cash portion of the Total Acquisition Cost with a combination of debt and equity funding to provide overall DPU and NAV accretion to Unitholders while maintaining an optimum level of aggregate leverage.

The equity funding will be undertaken through an Equity Fund Raising which may comprise a Private Placement and a Preferential Offering. In the event that the Equity Fund Raising includes a Preferential Offering, the Sponsor has irrevocably undertaken to, among other things, (i) accept in full its *pro rata* entitlement and (ii) in the event that the Equity Fund Raising includes a Private Placement in addition to a Preferential Offering, (subject to the approval of the Whitewash Resolution by Independent Unitholders) it will, in addition to (i), apply for the Sponsor Excess Units so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising. The debt funding will be through the drawdown of the various Loan Facilities, or through other debt facilities and/or capital market instruments. MCT has been granted the Loan Facilities by certain financial institutions up to an aggregate amount of S\$920.0 million.

The Total Acquisition Cost is estimated to be approximately S\$1,858.5 million. Assuming drawdown of S\$860.0 million from the Loan Facilities, aggregate leverage is expected to increase from 35.1% to 38.4%.<sup>1</sup>



## THE ENLARGED PORTFOLIO

	Existing Portfolio	The Property	Enlarged Portfolio
<b>GFA</b> (sq ft)	3,013,026	1,942,843	4,955,869
<b>NLA</b> (sq ft)	2,116,776	1,708,218	3,824,994
<b>Number of Tenants</b>	401	29	422 <sup>2</sup>
<b>Valuation</b> (S\$ million)	4,341.8 <sup>3</sup>	1,827.0 <sup>4</sup>	6,168.8
<b>Occupancy</b> (%)	97.4	97.8 <sup>5</sup>	97.6
<b>NPI for the Forecast Period</b> <sup>6</sup> (S\$ million)	116.5	49.7	166.2



<sup>1</sup> Based on MCT's aggregate leverage as at 31 March 2016 adjusted for the drawdown of Loan Facilities and the increase in Deposited Property post completion of the Acquisition  
<sup>2</sup> As at 30 April 2016. The total number of tenants for the Enlarged Portfolio has taken into account common tenants in the Existing Portfolio and the Property  
<sup>3</sup> Based on the appraised valuations by Knight Frank for VivoCity as at 31 March 2016 and CBRE for PSA Building, Mapletree Anson and MLHF as at 31 March 2016  
<sup>4</sup> Based on the average appraised values by DTZ and Knight Frank of S\$1,832.0 million and S\$1,822.0 million, respectively, as at 31 May 2016  
<sup>5</sup> As at 30 April 2016. As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%  
<sup>6</sup> Forecast Period from 1 October 2016 to 31 March 2017



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## CORPORATE INFORMATION

<b>Directors of Mapletree Commercial Trust Management Ltd. (the manager of MCT) (the “Manager”)</b>	: Mr. Tsang Yam Pui (Chairman and Non-Executive Director) Ms. Kwa Kim Li (Lead Independent Non-Executive Director) Mrs. Jennifer Loh (Independent Non-Executive Director) Mr. Kan Shik Lum (Independent Non-Executive Director) Mr. Koh Cheng Chua (Independent Non-Executive Director) Mr. Premod P. Thomas (Independent Non-Executive Director) Mr. Hiew Yoon Khong (Non-Executive Director) Mr. Wong Mun Hoong (Non-Executive Director) Ms. Amy Ng Lee Hoon (Non-Executive Director) Ms. Lim Hwee Li Sharon (Executive Director and Chief Executive Officer)
<b>Registered Office of the Manager</b>	: 10 Pasir Panjang Road #13-01 Mapletree Business City Singapore 117438
<b>Trustee of MCT (the “Trustee”)</b>	: DBS Trustee Limited 12 Marina Boulevard, Level 44 DBS Asia Central Marina Bay Financial Centre Tower 3 Singapore 018982
<b>Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising (the “Joint Global Co-ordinators and Bookrunners”) (in alphabetical order)</b>	: DBS Bank Ltd. (“ <b>DBS</b> ”) 12 Marina Boulevard Level 46 DBS Asia Central Marina Bay Financial Centre Tower 3 Singapore 018982  Goldman Sachs (Singapore) Pte. (“ <b>GS</b> ”) 1 Raffles Link #07-01 South Lobby Singapore 039393  The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (“ <b>HSBC</b> ”) 21 Collyer Quay #09-02 HSBC Building Singapore 049320
<b>Legal Adviser for the Acquisition and the Equity Fund Raising and to the Manager as to Singapore Law</b>	: WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

- Legal Adviser to the Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising as to Singapore Law** : Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989
- Legal Adviser to the Joint Global Co-ordinators and Bookrunners in relation to the Equity Fund Raising as to U.S. Federal Securities Law** : Allen & Overy LLP  
50 Collyer Quay  
#09-01 OUE Bayfront  
Singapore 049321
- Legal Adviser to the Trustee for the Acquisition as to Singapore Law** : Shook Lin & Bok LLP  
1 Robinson Road  
#18-00 AIA Tower  
Singapore 048542
- Independent Financial Adviser to the Independent Directors, Audit and Risk Committee and the Trustee (the “IFA”)** : Australia and New Zealand Banking Group Limited, Singapore Branch (“ANZ”)  
10 Collyer Quay  
#30-00 Ocean Financial Centre  
Singapore 049315
- Independent Reporting Auditor** : PricewaterhouseCoopers LLP  
8 Cross Street  
#17-00 PWC Building  
Singapore 048424
- Independent Valuers** : DTZ Debenham Tie Leung (SEA) Pte Ltd (“DTZ”)  
100 Beach Road  
#35-00 Shaw Tower  
Singapore 189702  
*(appointed by the Manager)*
- Knight Frank Pte Ltd (“Knight Frank”)  
16 Raffles Quay  
#30-01 Hong Leong Building  
Singapore 048581  
*(appointed by the Trustee)*
- Independent Market Consultant** : CBRE Pte. Ltd. (“CBRE”)  
6 Battery Road #32-01  
Singapore 049909

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## SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 56 to 65 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### OVERVIEW

Mapletree Commercial Trust is a Singapore-focused real estate investment trust (“**REIT**”) established with the principal investment objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for office and/or retail purposes, whether wholly or partially, in Singapore, as well as real estate-related assets.

Sponsored by Mapletree Investments Pte Ltd (the “**Sponsor**”), a leading real estate development, investment and capital management company headquartered in Singapore, MCT was listed on the SGX-ST on 27 April 2011.

MCT’s existing portfolio comprises four properties located in Singapore, namely:

- (a) VivoCity, Singapore’s largest mall located in the HarbourFront Precinct, comprising a three-storey shopping complex and two basement levels;
- (b) PSA Building, an established integrated development in the Alexandra Precinct<sup>1</sup> with a 40-storey office block and a three-storey retail centre known as Alexandra Retail Centre (“**ARC**”);
- (c) Mapletree Anson, a 19-storey premium office building located in the Tanjong Pagar area of the Central Business District (“**CBD**”); and
- (d) Bank of America Merrill Lynch HarbourFront (“**MLHF**”), a six-storey premium office building located in the HarbourFront Precinct,

(collectively, the “**Existing Portfolio**”).

In connection with the listing of MCT on the SGX-ST, the Sponsor had granted to the Trustee a right of first refusal (“**ROFR**”) over several of its properties on 4 April 2011. Pursuant to the ROFR, the Trustee will be offered the right of first refusal to acquire any property which is subject to the ROFR, should the Sponsor or its subsidiaries propose to dispose of its interest in such property. Mapletree Business City (Phase 1) and Mapletree Business City (Phase 2) (each as defined herein, and collectively, “**Mapletree Business City**”), which are integrated commercial developments comprising office spaces, retail spaces and business park spaces, are part of the properties which are subject to the ROFR.<sup>2</sup>

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<sup>1</sup> Alexandra Precinct, which spans 13.5 hectares and comprises high quality developments catering to a wide range of office and business park uses, is located in the Queenstown Planning Area along Alexandra Road/Telok Blangah Road and is approximately a 10-minute drive from the CBD.

<sup>2</sup> For the purpose of MCT’s principal investment objective, Mapletree Business City (Phase 1) and Mapletree Business City (Phase 2), being part of the properties which are subject to the ROFR, will be considered to be within the principal investment objective of MCT.

Mapletree Business City (Phase 1) is a large-scale integrated business hub located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440 in the southern part of Singapore, and collectively consists of the Property, the Licensed Premises and the Excluded Premises (each as defined herein) (“**Mapletree Business City (Phase 1)**”). Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct, a location comprising high quality developments catering to a wide range of office and business park uses.

Following an expression of interest from MCT, on 5 July 2016, the Trustee entered into a put and call option agreement (the “**Option Agreement**”) with Mapletree Business City Pte. Ltd. (the “**Vendor**”) in relation to the proposed acquisition of the office and business park components of Mapletree Business City (Phase 1), comprising the leasehold interest over the strata area of approximately 208,036 square metres from level two to the rooftop of the buildings comprised in the strata lot number U48703N of Mukim 3 (the “**Property**”), for a term commencing on the date of completion of the SPA (as defined herein) (the “**Completion Date**”) up to and including 29 September 2096 (the “**Strata Lease**”) <sup>1</sup>. The Vendor is a wholly-owned subsidiary of the Sponsor.

Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into a sale and purchase agreement (the “**SPA**”) on the day the Call Option (as defined herein) is exercised by the Trustee, or on the day the Put Option (as defined herein) is exercised by the Vendor (as the case may be).

The Vendor will retain ownership of the other parts of Mapletree Business City (Phase 1), which consist of the carpark, multi-purpose hall, retail area and common property (the “**Excluded Premises**”), as well as the remaining areas of the development (which include landscape areas, driveways and walkways) (the “**Licensed Premises**”). However, upon completion of the proposed acquisition of the Property (the “**Acquisition**”), the Trustee will also enter into the following agreements:

- (i) a licence agreement with the Vendor (the “**Licence Agreement**”), pursuant to which the Vendor will grant to the Trustee a right to use the Licensed Premises as well as the artworks located within Mapletree Business City (Phase 1); and
- (ii) a shared services agreement with the Vendor for the use of certain common facilities at Mapletree Business City (Phase 1) (namely the carpark, multi-purpose hall and common property) and the apportionment of costs relating to the provision of shared services to Mapletree Business City (Phase 1) (the “**Shared Services Agreement**”).

In addition, upon completion of the Acquisition, MCT will take over all the tenancy agreements and licences with respect to the Property and the Licensed Premises, including tenancy agreements entered into by the Sponsor (as supplemented and amended) (the “**Sponsor Tenancy Agreement**”) and Singapore Power Limited (as supplemented and amended) (the “**SP Tenancy Agreement**”) <sup>2</sup>, as well as licence agreements entered into by the Sponsor (the “**Sponsor Licence Agreement**”), DBS Bank Ltd. (the “**DBS Licence Agreement**”), Singapore Power Limited (the “**SP Licence Agreement**”), Grid Communications Pte. Ltd. (the “**Grid Licence Agreement**”), Singtel Mobile Singapore Pte. Ltd. (the “**Singtel Licence Agreement**”) and Starhub Mobile Pte Ltd (the “**Starhub Licence Agreement**”) (collectively, the “**Ancillary Tenancy and Licence Agreements**”).

<sup>1</sup> The Strata Lease terminates one day prior to the expiry of the State Lease (as defined herein).

<sup>2</sup> On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement in relation to the SP Tenancy Agreement. See Paragraph 2.8 of this Circular for further details.

## SUMMARY OF APPROVALS REQUIRED

The Manager is convening an extraordinary general meeting (“**EGM**”) of MCT to seek the approval of its unitholders (“**Unitholders**”) in respect of the following resolutions:

- (1) **Resolution 1:** The proposed Acquisition of the Property as an Interested Person Transaction (Ordinary Resolution) (which is conditional upon the passing of Resolution 2 and Resolution 3);
- (2) **Resolution 2:** The proposed issue of up to 795.0 million New Units under the Equity Fund Raising (Ordinary Resolution) (which is conditional upon the passing of Resolution 1 and Resolution 3); and
- (3) **Resolution 3:** The Whitewash Resolution in relation to the Concert Party Group (Ordinary Resolution).

**Unitholders should note that Resolution 1 and Resolution 2 relating to the Acquisition and the Equity Fund Raising respectively are inter-conditional and conditional upon the passing of Resolution 3 relating to the Whitewash Resolution. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not passed, the Manager will not proceed with the Acquisition and the Equity Fund Raising.**

### RESOLUTION 1: THE PROPOSED ACQUISITION OF THE PROPERTY AS AN INTERESTED PERSON TRANSACTION

#### Description of the Property

The Property comprises the office and business park components of Mapletree Business City (Phase 1). Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct.

The Property enjoys a prominent frontage along Pasir Panjang Road as well as excellent transport connectivity. The location is approximately a 10-minute drive from the CBD and is well served by major roads and expressways such as the West Coast Highway, Ayer Rajah Expressway (“**AYE**”) and Marina Coastal Expressway (“**MCE**”). Extensive bus services run through the surrounding area. It is also linked by covered walkways to the adjacent Mapletree Business City (Phase 2) and PSA Building, as well as the Labrador Park Mass Rapid Transit (“**MRT**”) Station.

The Property has a net lettable area (“**NLA**”) of 1,708,218 sq ft (as at 30 April 2016) and comprises four blocks of office and business park space, namely an office tower (MBC 10) and three business park blocks (MBC 20W, MBC 20E and MBC 30).

Completed in April 2010, Mapletree Business City (Phase 1) has garnered numerous local and international awards for its innovative and sustainable design. Mapletree Business City (Phase 1) was accredited with the prestigious BCA Green Mark Platinum certification, the highest accolade for environmentally sustainable developments in Singapore. Mapletree Business City (Phase 1) has also been awarded, among others, the FIABCI Prix d’Excellence Awards (Sustainable Development Category), ASEAN Energy Awards – Energy Efficient Building (New and Existing Category), Universal Design GoldPlus Award – New Non-Residential Category and MIPIM Asia Awards – Top 3 Green Buildings.

The Property's location within the Alexandra Precinct provides tenants with an extensive mix of "work and play" amenities. Amenities in Mapletree Business City (Phase 1) include modern conference facilities, a 294-seat auditorium, an on-site gym with a 44 metre-long heated pool, a complementary range of food and beverage ("F&B") establishments and 1,040 sheltered carpark lots. The completion of adjacent buildings located at 40, 50, 60, 70, 80 Pasir Panjang Road, Singapore 117383/117384/117385/117371/117372 ("**Mapletree Business City (Phase 2)**"), which are also part of Mapletree Business City, has added F&B options, sporting facilities such as an outdoor running track, futsal and basketball courts, and a new garden amphitheatre for arts events and performances. The Property is also directly linked via a covered walkway to ARC. ARC has a wide range of tenants, which include F&B establishments, retail outlets and service trades as well as a supermarket, providing amenities to the growing working population within the Alexandra Precinct.

The Property has attracted a strong and diverse tenant base comprising many well-known and reputable multinational corporations ("**MNCs**") since its completion in 2010 and enjoys an occupancy rate of 97.8%<sup>1</sup> (as at 30 April 2016).

(See Paragraph 2.1 and **Appendix A** of this Circular for further details.)

### **Total Acquisition Cost**

The purchase consideration for the Acquisition and the grant of the right to use the Licensed Premises is S\$1,780.0 million (the "**Purchase Consideration**"), and was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of the Property.

The Manager has commissioned an independent property valuer, DTZ, and the Trustee has commissioned an independent property valuer, Knight Frank (Knight Frank and DTZ, collectively, the "**Independent Valuers**") to value the Property as at 31 May 2016. DTZ, in its report dated 31 May 2016, stated that the market value of the Property is S\$1,832.0 million<sup>2</sup> and Knight Frank, in its report dated 24 June 2016, stated that the market value of the Property is S\$1,822.0 million<sup>3</sup>. In arriving at the open market value, DTZ and Knight Frank relied on the capitalisation approach and the discounted cash flow analysis method.

The Purchase Consideration of S\$1,780.0 million is at a discount of approximately 2.8% to DTZ's valuation and approximately 2.3% to Knight Frank's valuation.

The Trustee has paid an option fee of S\$1 (the "**Option Fee**") to the Vendor upon the signing of the Option Agreement. The total cost of the Acquisition (the "**Total Acquisition Cost**") is estimated to be approximately S\$1,858.5 million, comprising:

- (a) the Purchase Consideration of S\$1,780.0 million;
- (b) the acquisition fee payable to the Manager for the Acquisition (the "**Acquisition Fee**") which amounts to S\$8.9 million (representing an Acquisition Fee at the rate of 0.5% of the Purchase Consideration)<sup>4</sup> to be paid in Units<sup>5</sup>; and

<sup>1</sup> As at 17 June 2016, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the committed occupancy for the Property is 99.0%.

<sup>2</sup> DTZ's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,245.0 million as at 31 May 2016, respectively.

<sup>3</sup> Knight Frank's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,235.0 million as at 31 May 2016, respectively.

<sup>4</sup> Under the Trust Deed (as defined herein), the Manager is entitled to be paid an Acquisition Fee at the rate of 1.0% of the Purchase Consideration.

<sup>5</sup> As the Acquisition will constitute an "interested party transaction" under the Property Funds Appendix (as defined herein), the Acquisition Fee will be payable in the form of Units (the "**Acquisition Fee Units**"), which shall not be sold within one year of the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.



- (c) the estimated stamp duty, professional and other fees and expenses incurred or to be incurred by MCT in connection with the Acquisition (inclusive of the equity funding-related expenses and debt funding-related expenses) of approximately S\$69.6 million.

(See Paragraph 2.3 of this Circular for further details.)

### **Payment of Acquisition Fee in Units**

Pursuant to Rule 805(1) of the Listing Manual, the Manager is seeking approval of Unitholders for the issue of the Acquisition Fee Units to the Manager, outside its general mandate. The issue price of the Acquisition Fee Units will be equal to the 10-day volume weighted average price (“**VWAP**”) prior to the date of issuance of the Acquisition Fee Units. By approving the Acquisition, Unitholders will be deemed to have also approved the issue of the Acquisition Fee Units to the Manager.

(See Paragraph 2.4 of this Circular for further details.)

### **Rationale for and Key Benefits of the Acquisition**

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

- (a) strategic addition of a property in a large-scale, integrated business hub;
- (b) increased exposure to a resilient office micro-market;
- (c) exposure to the stable and growing business park segment;
- (d) stable and quality cash flows;
- (e) attractive valuation characteristics; and
- (f) positive impact on the Enlarged Portfolio (as defined herein).

(See Paragraph 2.5 of this Circular for further details.)

### **Interested Person Transaction and Interested Party Transaction**

As at the Latest Practicable Date, the Sponsor wholly owns the Manager, The HarbourFront Pte Ltd (“**HFPL**”) and Sienna Pte. Ltd. (“**SPL**”). HFPL in turn wholly owns HarbourFront Place Pte. Ltd. (“**HF Place**”) and HarbourFront Eight Pte Ltd (“**HF Eight**”). As such, the Sponsor is deemed to be interested in an aggregate of 819,175,283 Units held collectively by the Manager, HFPL, SPL, HF Place and HF Eight, which is equivalent to approximately 38.38% of the total number of Units in issue. Accordingly, the Sponsor is regarded as a “controlling Unitholder” of MCT under both the listing manual of the SGX-ST (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (the “**MAS**”). In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore a “controlling shareholder” of the Manager under the Listing Manual and the Property Funds Appendix.

As the Vendor is a wholly-owned subsidiary of the Sponsor, it is a subsidiary of a “controlling Unitholder” of MCT and a “controlling shareholder” of the Manager. As such, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, it is an “interested person” under the Listing Manual and an “interested party” of MCT under the Property Funds Appendix.

Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, in respect of which the approval of Unitholders is required.

(See Paragraph 2.9 of this Circular for further details.)

Each of the Licence Agreement and the Shared Services Agreement will be entered into with the Vendor, which is a wholly-owned subsidiary of the Sponsor. Each of the Sponsor Tenancy Agreement and the Sponsor Licence Agreement is entered into with the Sponsor. The DBS Licence Agreement is entered into with DBS Bank Ltd., which is the holding company of the Trustee. Lastly, the SP Tenancy Agreement<sup>1</sup>, the SP Licence Agreement, the Grid Licence Agreement, the Singtel Licence Agreement and the Starhub Licence Agreement are entered into with Singapore Power Limited, Grid Communications Pte. Ltd., Singtel Mobile Singapore Pte. Ltd. and Starhub Mobile Pte Ltd respectively (each an associate of Temasek Holdings (Private) Limited (“**Temasek**”), the ultimate holding company of the Sponsor). Therefore, each of such agreements will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Funds Appendix. By approving the Acquisition, Unitholders will be deemed to have also approved:

- (a) the Licence Agreement;
- (b) the Shared Services Agreement;
- (c) the Sponsor Tenancy Agreement;
- (d) the SP Tenancy Agreement<sup>1</sup>;
- (e) the Sponsor Licence Agreement;
- (f) the DBS Licence Agreement;
- (g) the SP Licence Agreement;
- (h) the Grid Licence Agreement;
- (i) the Singtel Licence Agreement; and
- (j) the Starhub Licence Agreement.

(See Paragraphs 2.6 to 2.8 of this Circular for further details.)

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 1 (THE PROPOSED ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 2 (THE PROPOSED EQUITY FUND RAISING) AND RESOLUTION 3 (THE WHITEWASH RESOLUTION).**

**RESOLUTION 2: THE PROPOSED ISSUE OF UP TO 795.0 MILLION NEW UNITS UNDER THE EQUITY FUND RAISING**

The Manager is seeking Unitholders’ approval for the proposed issue of up to 795.0 million New Units (representing approximately 37.25% of the existing number of issued Units as at the Latest Practicable Date).

<sup>1</sup> On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement in relation to the SP Tenancy Agreement. See Paragraph 2.8 of this Circular for further details.

Based on an illustrative issue price of S\$1.40 per New Unit (the “**Illustrative Issue Price**”), the Equity Fund Raising is expected to raise gross proceeds of approximately S\$989.6 million to partially fund the cash portion of the Total Acquisition Cost (which comprises the Total Acquisition Cost less the Acquisition Fee which is payable in Units). The balance of the Total Acquisition Cost would be funded with debt through bank borrowings and/or other capital market instruments. The final decision regarding the proportion of debt and equity 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 to provide overall DPU and NAV accretion to Unitholders, while maintaining an optimum level of aggregate leverage.

The structure and timing of the Equity Fund Raising have not been determined. If and when the Manager decides to undertake the Equity Fund Raising, the Equity Fund Raising may (at the Manager’s absolute discretion) comprise:

- (a) a private placement of New Units to institutional and other investors (the “**Private Placement**”); and/or
- (b) a non-renounceable preferential offering of New Units to the existing Unitholders on a *pro rata* basis (the “**Preferential Offering**”).

The structure and time schedule of the Equity Fund Raising and the issue price of the New Units (the “**Issue Price**”) will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The Issue Price for New Units under the Private Placement and/or Preferential Offering will comply with Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the VWAP for trades done on the SGX-ST for the full market day on which the Underwriting Agreement (as defined herein) is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions.

In the event that the Equity Fund Raising comprises a Private Placement and a Preferential Offering, the Issue Price of New Units pursuant to the Private Placement may differ from the Issue Price of New Units pursuant to the Preferential Offering.

The Manager will work with the Joint Global Co-ordinators and Bookrunners to determine the structure of the Equity Fund Raising, the time schedule for the Equity Fund Raising and the Issue Price, taking into account market conditions and other factors that the Manager and the Joint Global Co-ordinators and Bookrunners may consider relevant. The Manager will announce details of the Equity Fund Raising at the appropriate time.

The Manager intends to utilise the net proceeds of the Equity Fund Raising to finance part of the Total Acquisition Cost of approximately S\$1,858.5 million, with the balance thereof to be funded by borrowings. Further details pertaining to the use of proceeds of the Equity Fund Raising (including details on the percentage allocation for each use) will be announced at the appropriate time.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

(See Paragraphs 3.2 and 7 of this Circular for further details.)

## **Consequential Adjustment to Distribution Period and Status of New Units**

MCT's policy is to distribute its distributable income on a quarterly basis to Unitholders.

However, pursuant to the Equity Fund Raising, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution or an advanced distribution, or such other plans to ensure fairness to existing Unitholders holding Units on the day immediately prior to the date on which the New Units are issued under the Private Placement.

In the event that the Manager undertakes a Preferential Offering, the Manager may decide that the New Units issued in connection with the Preferential Offering will, upon issue and allotment, rank *pari passu* in all respects with the Existing Units (as defined herein), including the right to any distributions which may accrue prior to the issuance of the New Units issued under the Preferential Offering.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the New Units issued pursuant to the Equity Fund Raising will be announced at the appropriate time.

(See Paragraph 7.8 of this Circular for further details.)

## **Requirement for Unitholders' Approval**

The Manager is seeking Unitholders' approval for the proposed issue of up to 795.0 million New Units (representing approximately 37.25% of the existing number of issued Units as at the Latest Practicable Date), pursuant to the Equity Fund Raising as required by Rule 805(1) of the Listing Manual.

## **Rationale for the Equity Fund Raising**

Given the size of the Total Acquisition Cost, the Manager's aim to maintain a well-balanced capital structure and the borrowing limit imposed by the MAS on property funds such as MCT, the Manager believes that the Equity Fund Raising is an efficient and overall beneficial method of raising funds to finance the Total Acquisition Cost.

## **Undertaking by the Sponsor**

To demonstrate its support for MCT and the Equity Fund Raising, the Sponsor, which owns an aggregate interest of approximately 38.38% of the total number of Units in issue through its wholly-owned subsidiaries as at the Latest Practicable Date, has irrevocably undertaken to the Manager and the Joint Global Co-ordinators and Bookrunners on 5 July 2016 (the "**Undertaking**") that, among other things:

- (a) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that its wholly-owned subsidiaries vote (in respect of all Units beneficially owned by it or its wholly-owned subsidiaries) in favour of the resolution to approve the Equity Fund Raising and such other resolutions necessary or expedient for the purposes of the Equity Fund Raising; and
- (b) in the event that the Equity Fund Raising includes a Preferential Offering, (i) it will accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) in the event that the Equity Fund Raising includes a Private Placement in addition to the Preferential Offering, (subject to approval of the Whitewash Resolution by Independent Unitholders) it will, in addition to (i),

apply for such number of excess Units under the Preferential Offering (“**Sponsor Excess Units**”), so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising.<sup>1</sup>

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE PROPOSED EQUITY FUND RAISING) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE PROPOSED ACQUISITION) AND RESOLUTION 3 (THE WHITEWASH RESOLUTION).**

**RESOLUTION 3: THE WHITEWASH RESOLUTION IN RELATION TO THE CONCERT PARTY GROUP**

The Securities Industry Council (the “**SIC**”) has on 30 June 2016 granted a waiver (the “**SIC Waiver**”) of the requirement by the Sponsor and the Manager to make a mandatory offer (“**Mandatory Offer**”) for all the remaining Units not already owned or controlled by the Sponsor, the Manager and parties acting in concert with them (collectively, the “**Concert Party Group**”), in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of The Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of:

- (a) the Sponsor’s fulfilment of its obligations pursuant to the Undertaking; and
- (b) the issuance of Acquisition Fee Units,

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in Paragraph 8.2 of this Circular) including receipt of the whitewash resolution approved by Unitholders other than the Concert Party Group or parties not independent of them (“**Independent Unitholders**”), on a poll, to waive their rights to receive a general offer for their Units from the Concert Party Group (the “**Whitewash Resolution**”) (Resolution 3).

Pursuant to Rule 14.1(b) of the Code, except with the consent from the SIC, where any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional Units carrying more than 1.0% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of Units. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In the event that the Equity Fund Raising comprises a Private Placement and a Preferential Offering (which will follow after the Private Placement), the Sponsor’s percentage unitholding will decrease in the interim immediately after the Private Placement (as the Sponsor is not participating in the Private Placement), and increase after the Preferential Offering. The exact percentage increase following the Preferential Offering would depend on the overall level of acceptances and excess applications by Unitholders for the Preferential Offering, as in compliance with Rule 877(10) of the Listing Manual, the Sponsor, amongst others, will rank last in the allocation of excess unit applications. In the event that the Sponsor is allotted in full its application for the Sponsor Excess Units, the Sponsor’s holdings will return to its percentage unitholding at the level immediately prior to the Equity Fund Raising, the increase of which could exceed 1.0%. Accordingly, this may trigger a requirement for the Concert Party Group to make a Mandatory Offer for MCT pursuant to Rule 14 of the Code unless the Whitewash Resolution is obtained from Independent Unitholders.

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<sup>1</sup> In the event that the Equity Fund Raising comprises a Private Placement and a Preferential Offering (which will follow after the Private Placement), the Sponsor’s percentage unitholding will decrease immediately after the Private Placement as the Sponsor is not participating in the Private Placement. See Paragraph 8.1 of this Circular for further details.

It should be noted that the increase of the Sponsor's percentage unitholding upon completion of the Preferential Offering will be purely due to a time gap between the completion dates of the Private Placement and the Preferential Offering. Taking the Equity Fund Raising as a whole, the Sponsor's percentage unitholding immediately after the Equity Fund Raising (excluding the Acquisition Fee Units to be issued) will actually be equal to or lower than its percentage unitholding immediately prior to the Equity Fund Raising.

In addition, in accordance with the Trust Deed and the Property Funds Appendix, the Manager will receive the Acquisition Fee payable in new Units upon completion of the Acquisition and such Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

The Manager is seeking approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Concert Party Group for all the remaining Units not already owned or controlled by the Concert Party Group, in the event that they incur an obligation to make a Mandatory Offer as a result of:

- (a) the Sponsor's fulfilment of its obligations pursuant to the Undertaking; and
- (b) the issuance of Acquisition Fee Units.

(See Paragraph 8.1 of this Circular for further details.)

#### **Rationale for the Whitewash Resolution**

The Whitewash Resolution is to enable the Sponsor to (i) accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) apply for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising.

(See Paragraph 8.3 of this Circular for further details.)

In the event that the Acquisition, the Equity Fund Raising and the Whitewash Resolution are approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may decide not to proceed with the Acquisition.

## INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion.

<b>Event</b>	<b>Date and Time</b>
Last date and time for lodgement of Proxy Forms	: 22 July 2016 (Friday) at 3.00 p.m.
Date and time of the EGM	: 25 July 2016 (Monday) at 3.00 p.m. (or immediately following the conclusion or adjournment of the 5 <sup>th</sup> Annual General Meeting of Mapletree Commercial Trust to be held at 2.30 p.m. on the same day)

Any changes (including any determination of the relevant dates) to the timetable above will be announced. If the approvals sought at the EGM are obtained, the Manager will work with the Joint Global Co-ordinators and Bookrunners to determine the most appropriate time to launch the Equity Fund Raising.

# LETTER TO UNITHOLDERS

## MAPLETREE COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to  
a Trust Deed dated 25 August 2005 (as amended))

### Directors of the Manager

Mr. Tsang Yam Pui (Chairman and Non-Executive Director)  
Ms. Kwa Kim Li (Lead Independent Non-Executive Director)  
Mrs. Jennifer Loh (Independent Non-Executive Director)  
Mr. Kan Shik Lum (Independent Non-Executive Director)  
Mr. Koh Cheng Chua (Independent Non-Executive Director)  
Mr. Premod P. Thomas (Independent Non-Executive Director)  
Mr. Hiew Yoon Khong (Non-Executive Director)  
Mr. Wong Mun Hoong (Non-Executive Director)  
Ms. Amy Ng Lee Hoon (Non-Executive Director)  
Ms. Lim Hwee Li Sharon (Executive Director and Chief Executive Officer)

### Registered Office

10 Pasir Panjang Road  
#13-01 Mapletree Business City  
Singapore 117438

5 July 2016

To: Unitholders of Mapletree Commercial Trust

Dear Sir/Madam

### 1. SUMMARY OF APPROVALS REQUIRED

The Manager is convening an EGM of MCT to seek the approval of Unitholders by way of Ordinary Resolution<sup>1</sup>:

- (1) Resolution 1: The Proposed Acquisition of the Property as an Interested Person Transaction;
- (2) Resolution 2: The Proposed Issue of up to 795.0 million New Units under the Equity Fund Raising; and
- (3) Resolution 3: The Whitewash Resolution in relation to the Concert Party Group.

**Unitholders should note that Resolution 1 and Resolution 2 relating to the Acquisition and the Equity Fund Raising respectively are inter-conditional and conditional upon the passing of Resolution 3 relating to the Whitewash Resolution. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not passed, the Manager will not proceed with the Acquisition and the Equity Fund Raising.**

The following paragraphs set forth key information relating to each of the abovementioned resolutions.

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<sup>1</sup> “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.



## 2. RESOLUTION 1: THE PROPOSED ACQUISITION OF THE PROPERTY AS AN INTERESTED PERSON TRANSACTION

### 2.1. Description of the Property

The Property comprises the office and business park components of Mapletree Business City (Phase 1), which is a large-scale integrated business hub located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440. Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct, a high quality location catering to a wide range of office and business park uses.

The Property enjoys a prominent frontage along Pasir Panjang Road as well as excellent transport connectivity. The location is approximately a 10-minute drive from the CBD and is well served by major roads and expressways such as the West Coast Highway, AYE and MCE. Extensive bus services run through the surrounding area. It is also linked by covered walkways to the adjacent Mapletree Business City (Phase 2) and PSA Building, as well as the Labrador Park MRT Station.

The Property has a NLA of 1,708,218 sq ft (as at 30 April 2016) and comprises four blocks of office and business park space, namely an office tower (MBC 10) and three business park blocks (MBC 20W, MBC 20E and MBC 30).

Completed in April 2010, Mapletree Business City (Phase 1) has garnered numerous local and international awards for its innovative and sustainable design. Mapletree Business City (Phase 1) was accredited with the prestigious BCA Green Mark Platinum certification, the highest accolade for environmentally sustainable developments in Singapore. Mapletree Business City (Phase 1) has also been awarded, among others, the FIABCI Prix d'Excellence Awards (Sustainable Development Category), ASEAN Energy Awards – Energy Efficient Building (New and Existing Category), Universal Design GoldPlus Award – New Non-Residential Category and MIPIM Asia Awards – Top 3 Green Buildings.

The Property's location within the Alexandra Precinct provides tenants with an extensive mix of "work and play" amenities. Amenities in Mapletree Business City (Phase 1) include modern conference facilities, a 294-seat auditorium, an on-site gym with a 44 metre-long heated pool, a complementary range of F&B establishments and 1,040 sheltered carpark lots. The completion of Mapletree Business City (Phase 2), which is also part of Mapletree Business City, has added F&B options, sporting facilities such as an outdoor running track, futsal and basketball courts, and a new garden amphitheatre for arts events and performances. The Property is also directly linked via a covered walkway to ARC. ARC has a wide range of tenants, which include F&B establishments, retail outlets and service trades as well as a supermarket, providing amenities to the growing working population within the Alexandra Precinct.

The Property has attracted a strong and diverse tenant base comprising many well-known and reputable MNCs since its completion in 2010 and enjoys an occupancy rate of 97.8%<sup>1</sup> (as at 30 April 2016).

(See **Appendix A** of this Circular for further details on the Property.)

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<sup>1</sup> As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.

## 2.2. Certain Terms and Conditions of the Option Agreement and the SPA

### 2.2.1. The Option Agreement

On 5 July 2016, the Trustee entered into the Option Agreement with the Vendor in relation to the proposed Acquisition. Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into the SPA on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be).

#### (a) Call Option and Put Option

Pursuant to the Option Agreement:

- (i) in consideration of the Trustee's payment of the Option Fee to the Vendor, the Vendor granted to the Trustee a right (the "**Call Option**") to require the Vendor to enter into the SPA with the Trustee for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA; and
- (ii) in consideration of the mutual covenants in the Option Agreement, the Trustee granted to the Vendor a right (the "**Put Option**") to require the Trustee to enter into the SPA with the Vendor for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA.

#### (b) Conditions Precedent

The principal terms of the Option Agreement include the following conditions precedent (the "**Conditions Precedent**"), which are to be fulfilled before the Trustee can serve the Call Option notice on the Vendor (or the Vendor can serve the Put Option notice on the Trustee, as the case may be):

- (i) the receipt of approval in-principle of the SGX-ST for the listing and quotation of the New Units pursuant to the Equity Fund Raising, and there not having occurred any revocation or withdrawal of such approval;
- (ii) the receipt of the approval of Unitholders at the EGM to approve (1) the Acquisition which constitutes an "interested person transaction" and an "interested party transaction" within the meaning of the Listing Manual or the Property Funds Appendix, as the case may be; (2) the issue of New Units pursuant to the Equity Fund Raising; and (3) the Whitewash Resolution;
- (iii) the listing and commencement of trading of the New Units to be issued pursuant to the Equity Fund Raising;
- (iv) there being no material damage of the whole or any part of the Property; and
- (v) there being no compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited.

**(c) Exercise of Call Option**

The Trustee may exercise the Call Option by delivering to the Vendor the Call Option notice before the expiry of the period commencing on the date on which the last of the Conditions Precedent have been fulfilled or waived (or such other period as the Trustee and the Vendor may mutually agree in writing) and ending at 11.59 p.m. on the said date (the “**Call Option Exercise Period**”).

The Trustee may not exercise the Call Option:

- (i) except during the Call Option Exercise Period;
- (ii) if the Option Agreement has been rescinded in accordance with its terms; or
- (iii) unless all the Conditions Precedent have been fulfilled or waived (as the case may be).

Upon the Trustee’s exercise of the Call Option in accordance with the terms of the Option Agreement, both the Trustee and the Vendor shall be bound to enter into the SPA on the same date of such exercise.

**(d) Exercise of Put Option**

The Vendor may exercise the Put Option by delivering to the Trustee the Put Option notice before the expiry of the period commencing immediately after the expiry of the Call Option Exercise Period and ending at 11.59 p.m. on the calendar day immediately falling after the end of the Call Option Exercise Period (the “**Put Option Exercise Period**”).

The Vendor may not exercise the Put Option:

- (i) except during the Put Option Exercise Period;
- (ii) if the Option Agreement has been rescinded in accordance with its terms;
- (iii) unless all the Conditions Precedent have been fulfilled or waived (as the case may be); or
- (iv) unless the Trustee has not served the Call Option notice on the Vendor during the Call Option Exercise Period.

Upon the Vendor’s exercise of the Put Option, both the Trustee and the Vendor shall be bound to enter into the SPA on the same date of such exercise.

**(e) Rescission of the Option Agreement**

The Trustee shall be entitled to rescind the Option Agreement if, among others:

- (i) there is any material damage of the whole or any part of the Property;
- (ii) there is any compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited; or

- (iii) the Trustee does not receive satisfactory replies (in the manner contemplated in the Option Agreement) from government agencies in respect of the land on which Mapletree Business City (Phase 1) is sited.

### 2.2.2. The SPA

The principal terms of the SPA include, among others, the following:

- (a) the Purchase Consideration being satisfied fully in cash, at completion of the Acquisition (“**Completion**”);
- (b) Completion being subject to the satisfaction of a number of conditions set out in the SPA including, among others:
  - (i) the receipt of approval in-principle of the SGX-ST for the listing and quotation of the New Units pursuant to the Equity Fund Raising, and there not having occurred any revocation or withdrawal of such approval;
  - (ii) the receipt of the approval of Unitholders at the EGM to approve (1) the Acquisition which constitutes an “interested person transaction” and an “interested party transaction” within the meaning of the Listing Manual or the Property Funds Appendix, as the case may be; (2) the issue of New Units pursuant to the Equity Fund Raising; and (3) the Whitewash Resolution;
  - (iii) the listing and commencement of trading of the New Units to be issued pursuant to the Equity Fund Raising;
  - (iv) the receipt by the Trustee of the proceeds of the Equity Fund Raising and/or external borrowings to fully fund the Acquisition;
  - (v) there being no material damage of the whole or any part of the Property; and
  - (vi) there being no compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited;
- (c) the Property being sold subject to and with the benefit of the occupation agreements which consist of the existing tenancies and licences in respect of the whole or any part(s) of the Property and the Licensed Premises, and the tenancy agreements and licence agreements in respect of the whole or any part(s) of the Property and the Licensed Premises, entered into by the Vendor after the date of the SPA and before Completion, in compliance with the SPA; and

- (d) on Completion, the Vendor having transferred and assigned to the Trustee all the Vendor's rights, title and interest in the Property and in the mechanical and electrical equipment by way of the grant of the Strata Lease and the grant of the licence of the Licensed Premises free from all encumbrances and, without limiting the Vendor's obligations, the Vendor having delivered to the Trustee, among others, the certificate of title (for the purposes of registration of the Strata Lease) together with a written confirmation by the Vendor's registered land surveyor that the strata certified plan in respect of the Property has been approved by the Chief Surveyor, Singapore Land Authority and the discharge instruments in respect of any encumbrances relating to the Property and the mechanical and electrical equipment.

The Completion Date is such date as may be agreed between the Vendor and the Trustee in writing from time to time, subject to fulfilment of the conditions precedents under the SPA.

### 2.3. Total Acquisition Cost

The Purchase Consideration of S\$1,780.0 million was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of the Property.

The Manager has commissioned an independent property valuer, DTZ, and the Trustee has commissioned an independent property valuer, Knight Frank, to value the Property as at 31 May 2016. DTZ, in its report dated 31 May 2016, stated that the market value of the Property is S\$1,832.0 million<sup>1</sup> and Knight Frank, in its report dated 24 June 2016, stated that the market value of the Property is S\$1,822.0 million<sup>2</sup>. In arriving at the open market value, DTZ and Knight Frank relied on the capitalisation approach and the discounted cash flow analysis method.

The Purchase Consideration of S\$1,780.0 million is at a discount of approximately 2.8% to DTZ's valuation and approximately 2.3% to Knight Frank's valuation.

(See **Appendix B** of this Circular for the Summary Valuation Certificates issued by each of the Independent Valuers.)

The Trustee has paid an Option Fee of S\$1 to the Vendor upon the signing of the Option Agreement. The Total Acquisition Cost is currently estimated to be approximately S\$1,858.5 million, comprising:

- (a) the Purchase Consideration of S\$1,780.0 million;

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<sup>1</sup> DTZ's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,245.0 million as at 31 May 2016, respectively.

<sup>2</sup> Knight Frank's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,235.0 million as at 31 May 2016, respectively.

- (b) the Acquisition Fee payable to the Manager which amounts to S\$8.9 million, (representing an Acquisition Fee at the rate of 0.5% of the Purchase Consideration)<sup>1</sup> to be paid in Units<sup>2</sup>; and
- (c) the estimated stamp duty, professional and other fees and expenses incurred or to be incurred by MCT in connection with the Acquisition (inclusive of the equity funding-related expenses and debt funding-related expenses) of approximately S\$69.6 million.

#### **2.4. Payment of Acquisition Fee in Units**

Pursuant to Rule 805(1) of the Listing Manual, the Manager is seeking approval of the Unitholders for the issue of the Acquisition Fee Units to the Manager, outside its general mandate. The issue price of the Acquisition Fee Units will be equal to the 10-day VWAP prior to the date of issuance of the Acquisition Fee Units. By approving the Acquisition, Unitholders will be deemed to have also approved the issue of the Acquisition Fee Units to the Manager.

Based on the Illustrative Issue Price of S\$1.40 per new Unit, the number of Acquisition Fee Units issued shall be approximately 6.4 million.

#### **2.5. Rationale for and Key Benefits of the Acquisition**

The Manager believes that the Acquisition will bring the following benefits to Unitholders:

##### **2.5.1. Strategic Addition of a Property in a Large-Scale, Integrated Business Hub**

The Property comprises the office and business park components of Mapletree Business City (Phase 1), which is a large-scale integrated business hub located along Pasir Panjang Road in the Alexandra Precinct. Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. The Property will further enhance MCT's Existing Portfolio with the following competitive strengths:

##### **(a) Strategic Location with Excellent Connectivity**

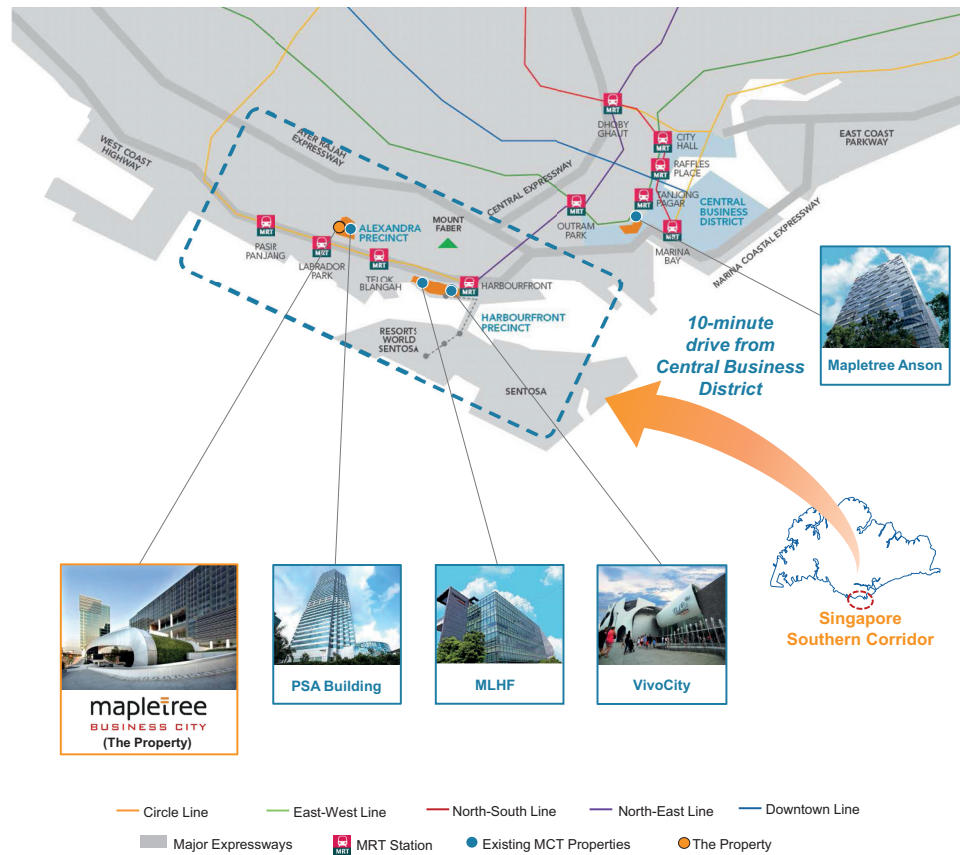
The Property enjoys a prominent frontage along Pasir Panjang Road as well as excellent transport connectivity. The location is approximately a 10-minute drive from the CBD and is easily accessible from most parts of Singapore via different expressways. For commuters, the Property is directly linked via covered walkways to the Labrador Park MRT Station and other transportation nodes, as well as the other properties in the Alexandra Precinct. As such, the Property has attracted tenants who do not require a CBD location for their operations, but would still like to enjoy proximity to the CBD.

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<sup>1</sup> Under the Trust Deed, the Manager is entitled to be paid an Acquisition Fee at the rate of 1.0% of the Purchase Consideration.

<sup>2</sup> As the Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be payable in the form of Units, which shall not be sold within one year of the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

## Location of MCT's Properties



### (b) Quality Grade-A Building Specifications

Both the office and business park components of the Property are differentiated from most business spaces located outside the CBD, due to the Property's building specifications being comparable to Grade-A offices in the CBD. The Property has large, highly efficient and column-free floor plates ranging from 23,000 sq ft to 68,000 sq ft, a floor-to-ceiling height of 3.2 metres, 150 mm raised flooring, high quality finishes for the common areas, and is served by modern building management systems that cater to the needs of MNCs. The Property also provides its tenants with a higher carpark lot ratio than that of most offices in the CBD.

Completed in 2010, the Property is one of the newest developments in the Alexandra/HarbourFront Micro-Market and compares favourably to neighbouring developments.

### (c) Eco-friendly and Energy-saving Features

Mapletree Business City (Phase 1) has garnered numerous local and international awards for its innovative and sustainable design. It was accredited with the prestigious BCA Green Mark Platinum certification, the highest accolade for environmentally sustainable developments in Singapore. Eco-friendly and energy-saving features are highly sought after by quality tenants and MNCs when sourcing for potential office space.

#### **(d) Full Suite of “Work and Play” Amenities**

The Property’s location within the Alexandra Precinct provides tenants with an extensive mix of “work and play” amenities. Amenities in Mapletree Business City include modern conference facilities, a 294-seat auditorium, an on-site gym with a 44 metre-long heated pool, and a complementary range of F&B establishments in Mapletree Business City (Phase 1). The completion of Mapletree Business City (Phase 2), which is also part of Mapletree Business City, has added F&B options, sporting facilities such as an outdoor running track, futsal and basketball courts, and a new garden amphitheatre for arts events and performances. The Property is also directly linked via a covered walkway to ARC. ARC has a wide range of tenants, which include F&B establishments, retail outlets and service trades as well as a supermarket, providing amenities to the growing working population within the Alexandra Precinct.

#### **2.5.2. Increased Exposure to a Resilient Office Micro-Market**

The office properties in the Alexandra/HarbourFront Micro-Market have historically demonstrated greater resilience in rents and vacancy rates compared to Singapore island-wide and CBD trends. The Property comprises 24.6% office space (by NLA), and, post-Acquisition, will increase MCT’s exposure to this defensive office sub-market and the future transformational growth in the Southern Corridor.

##### **(a) Stable and Resilient Decentralised Office Market Trends**

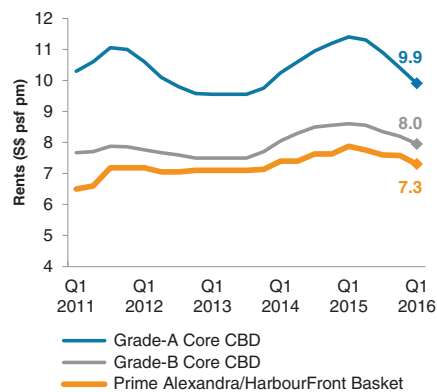
The Alexandra/HarbourFront Micro-Market is the largest decentralised office micro-market in Singapore. According to CBRE, the Prime Alexandra/HarbourFront Basket has historically been less volatile and demonstrated greater resilience in rents as illustrated in the chart below.

The Prime Alexandra/HarbourFront Basket experienced a decline in rents of approximately 7.4% year-on-year for the quarter ended 31 March 2016. This is in contrast to the Grade-A Core CBD and Grade-B Core CBD office rents, which experienced declines of 13.2% and 7.6%, respectively.

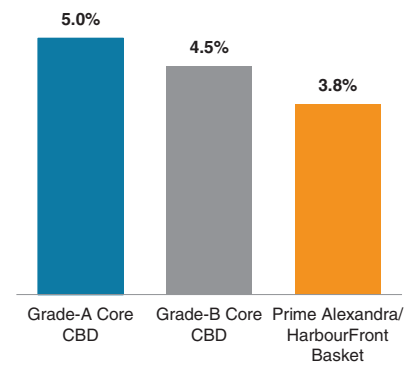
As at 31 March 2016, the Prime Alexandra/HarbourFront Basket has a lower vacancy rate of 3.8% compared to the Grade-A Core CBD vacancy rate of 5.0% and the Grade-B Core CBD vacancy rate of 4.5%.



### Singapore Office Rents



### Singapore Office Vacancy Rates (Q1 2016)



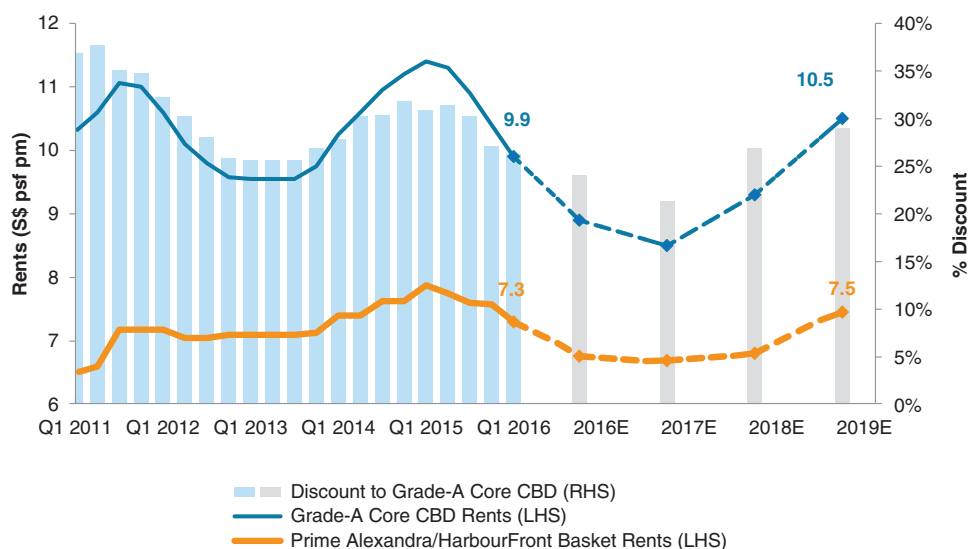
Source: CBRE

According to CBRE, the Prime Alexandra/HarbourFront Basket is expected to remain resilient, even during periods of downturns, given the limited supply of high quality office buildings and the low existing vacancy rates in this sub-market.

#### (b) Cost-efficient Alternative to Core CBD Office

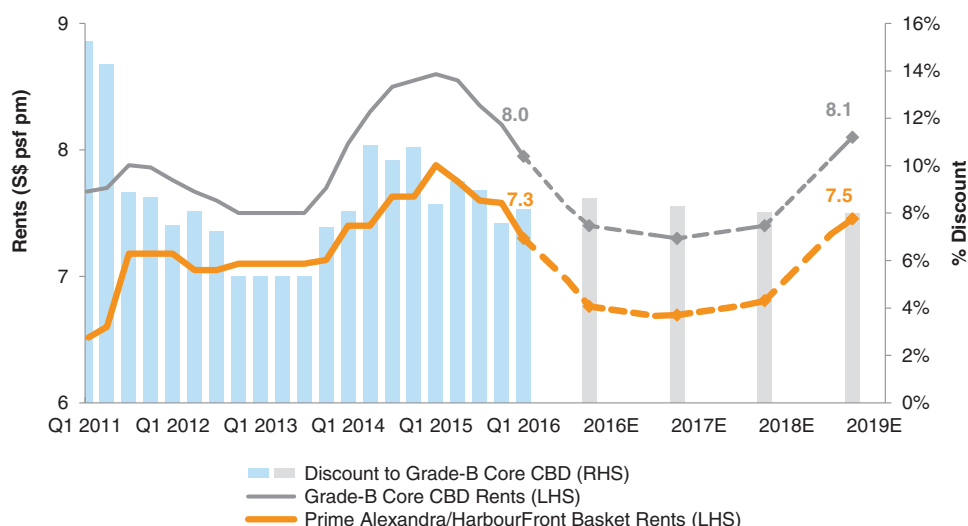
Rents for the Prime Alexandra/HarbourFront Basket offer a discount of approximately 28.8%<sup>1</sup> to Grade-A Core CBD office space and approximately 8.5%<sup>1</sup> to Grade-B Core CBD office space. Decentralisation allows CBD office tenants to enjoy significant cost savings, increase their footprint and expand their workspace in a cost-effective manner, and/or upgrade their building and space specifications to that of Grade-A Core CBD offices.

#### Grade-A Core CBD Office Rent Comparison



<sup>1</sup> Based on average discount of rents of Prime Alexandra/HarbourFront Basket to rents of Grade-A Core CBD offices and Grade-B Core CBD offices in the four quarters ended 31 March 2016. See the Independent Market Research Report by CBRE in **Appendix E** of this Circular for more details.

### Grade-B Core CBD Office Rent Comparison



Source: CBRE

#### (c) Limited Competing New Office Supply

While there will be a significant increase in office supply in Singapore over the next four years, none of the new supply is located in the Alexandra/HarbourFront Micro-Market. Further, there are no plans for new office developments with Grade-A building specifications in the Alexandra/HarbourFront Micro-Market in the foreseeable future. The Manager expects the absence of new supply to further support demand for the office component of the Property.

### 2.5.3. Exposure to the Stable and Growing Business Park<sup>1</sup> Segment

#### (a) Demand Support from Decentralisation Trend

According to CBRE, there is a general trend where tenants who have traditionally taken up space in the Core CBD are increasingly taking up space in decentralised offices or business parks to house their non-client facing operations. Relocation trends tend to be driven by cost savings, expansion of space, consolidation from multiple locations and flight to quality relocation from older developments. High quality office and business park space with reasonable rents, such as the Property, will be the key beneficiary of this decentralisation trend. The Manager expects the Property to continue to benefit from the trend of CBD tenants relocating to fringe office and business park locations.

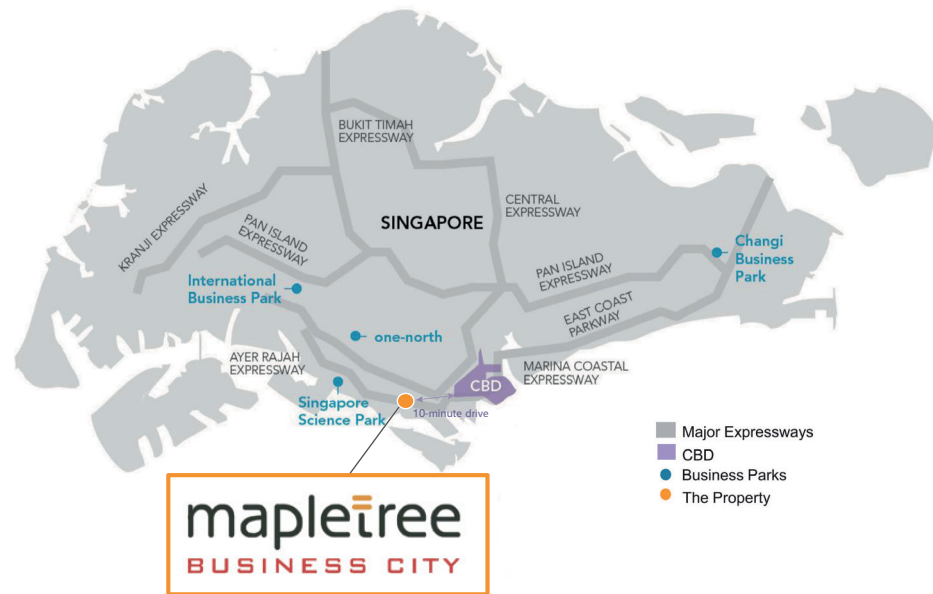
For the Property's current tenant base, approximately 78.0% (by NLA) were relocated from other office sub-markets generally located in the "Central Area" as defined by the Urban Redevelopment Authority.

<sup>1</sup> Business parks are areas used or intended to be used for non-pollutive industries that engage in high technology, research and development, high value-added and knowledge intensive activities, pursuant to the Master Plan Written Statement 2014 and other guidelines issued by the Urban Redevelopment Authority of Singapore.

**(b) Business Park Closest to Singapore’s CBD**

The Property is the only business park in the Alexandra/HarbourFront Micro-Market. Of the five major business park complexes in Singapore, the Property is one of the newest and is the closest to the CBD.

**Map of Singapore’s Major Business Park Complexes**



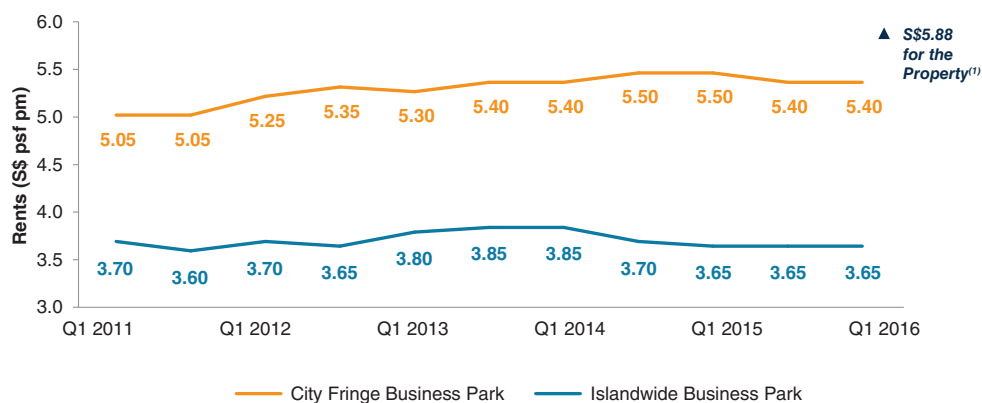
Source: CBRE

**(c) Stable Rents**

As demonstrated below, the rents for business parks (both island-wide and the City Fringe Micro-Market) have historically been more stable compared to traditional office assets. While rents for Grade-A Core CBD office have decreased approximately 13.2% over the last 12 months, rents for business parks island-wide and in the City Fringe Micro-Market have remained relatively stable.

Further, business parks located in the City Fringe Micro-Market have historically been able to command rental premiums of approximately 43.7% (on average since 2011) over the rest of the island-wide business park market. This may be attributed to the profile of tenants who are attracted by the Grade-A building specifications and proximity to the CBD. In addition, business parks in the City Fringe Micro-Market tend to be newer developments than those in the east and west regions of Singapore.

### Singapore Business Park Rents



Source: CBRE

**Note:**

(1) Average passing rent as at 30 April 2016 for the business park component of the Property.

**(d) Limited Competing New Business Park Supply**

According to CBRE, all planned future business park supply is due for completion in 2016 (of which approximately 60.2% will be from Mapletree Business City (Phase 2)). Further, as new business parks require an average of three to four years for development, there is currently no visible new supply expected until 2020. The Manager expects the limited new supply of business parks to further support demand for the business park component of the Property.

**2.5.4. Stable and Quality Cash Flows**

**(a) Strong Tenant Base with High Occupancy**

The Property has a robust tenant base of 29 high quality and reputable MNCs and government related entities. The tenant base has a diverse trade sector mix with a distinctly “office-like” profile. The top five tenants (by Gross Rental Income) are The Hongkong and Shanghai Banking Corporation Limited, Info-Communications Development Authority of Singapore, Samsung Asia Pte. Ltd./Samsung Electronics Asia Holding Pte. Ltd., Unilever Asia Pte Ltd and SAP Asia Pte Ltd. The Property achieved occupancy rates of 99.1%, 100.0% and 100.0% for the years ended 31 March 2014, 2015 and 2016 respectively. As at 30 April 2016, the Property is 97.8% occupied<sup>1</sup>.

**(b) Well-Structured Leases with Embedded Organic Growth**

The existing leases of the Property are well-structured with approximately 97.5% of leases (by Gross Rental Income) having built in annual step-ups of approximately 3.0% on average as at 30 April 2016. The rental step-ups for these leases are expected to enhance organic growth for MCT.

<sup>1</sup> As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.

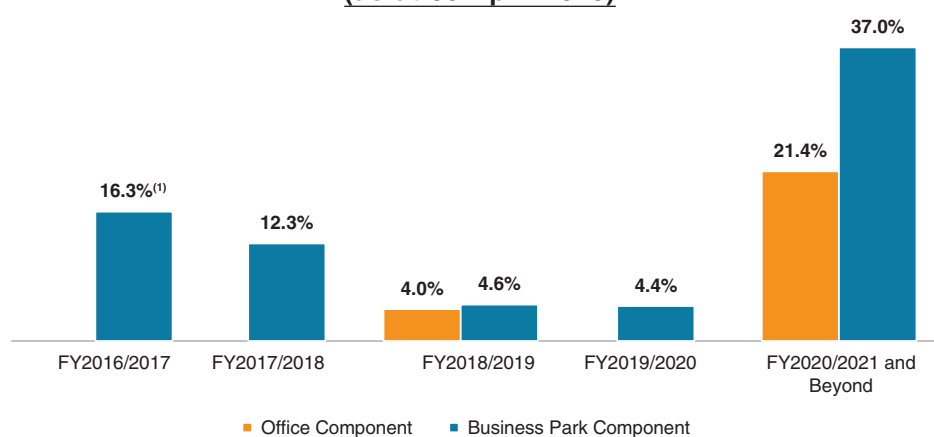
### (c) Favourable and Defensive Lease Expiry Profile

The Property's leases are long-tenured, with the vast majority of the leases (88.0% by Gross Rental Income as at 30 April 2016) structured with original tenures of five to 10 years. As at 30 April 2016, the WALE is approximately 3.5 years (by Gross Rental Income). Approximately 62.8% of lease expiries (by Gross Rental Income) will occur in FY2019/2020 and beyond. According to CBRE, business park rents are expected to enjoy strong rental growth from 2019 onwards as the sector benefits from the expected recovery in the office market.

The Property has historically benefited from a high tenant retention rate. The tenant retention rate (by expiring NLA) for leases expiring in the year ended 31 March 2016 was 85.6%. The Manager expects to continue to benefit from high tenant retention rates given the substantial capital expenditure investments made by existing tenants.

The lease expiry profile of the Property will be beneficial to MCT, considering the differing market dynamics of the office and business park markets. The Property does not have significant expiries of office leases over the next three years and will thus be more resilient in the current office market environment given the subdued demand and significant new supply to the office market. While there is a higher proportion of business park leases expiring in the next few years, this is largely mitigated by an expected lack of new supply of business park spaces between 2017 and 2020.

#### Lease Expiry Profile of the Property as a % of Gross Rental Income (as at 30 April 2016)



**Note:**

- (1) As at the Latest Practicable Date, an additional lease was renewed, lowering the FY2016/2017 lease expiry as a % of Gross Rental Income from 16.3% to 10.8%. The renewed lease expires in FY2020/2021 and beyond.

#### 2.5.5. Attractive Valuation Characteristics

The Manager believes the Property demonstrates an attractive value proposition in the current market given the discount to independent valuations and attractive implied valuation metrics compared to other office and business park assets in Singapore.

The Purchase Consideration is S\$1,780.0 million (approximately S\$1,042.0 per sq ft of NLA), representing a discount of approximately 2.8% to DTZ's valuation of S\$1,832.0 million and a discount of approximately 2.3% to Knight Frank's valuation of S\$1,822.0 million.

	Average Independent Valuation <sup>(1)</sup>	Purchase Consideration
<b>Total value (S\$ million)</b>		
<b>The Property</b>	<b>1,827.0</b>	<b>1,780.0</b>
Office component	587.0 <sup>(2)</sup>	571.9 <sup>(4)</sup>
Business park component	1,240.0 <sup>(3)</sup>	1,208.1 <sup>(4)</sup>
<b>Value per sq ft of NLA (S\$)</b>		
<b>The Property</b>	<b>1,069.5</b>	<b>1,042.0</b>
Office component	1,395.8 <sup>(2)</sup>	1,359.9
Business park component	963.0 <sup>(3)</sup>	938.2
<b>NPI yield<sup>(5)</sup></b>		
<b>The Property</b>	<b>5.5%</b>	<b>5.6%</b>

**Notes:**

- (1) Based on the average of the independent valuations by DTZ and Knight Frank as at 31 May 2016.
- (2) Based on the average of the independent valuations for the office component of the Property, which is S\$587.0 million for DTZ and S\$587.0 million for Knight Frank, as at 31 May 2016.
- (3) Based on the average of the independent valuations for the business park component of the Property, which is S\$1,245.0 million for DTZ and S\$1,235.0 million for Knight Frank, as at 31 May 2016.
- (4) Derived by applying the same percentage value contribution of the office component and the business park component of the average of the independent valuations by DTZ and Knight Frank as at 31 May 2016.
- (5) Based on the annualised NPI for the Forecast Period from 1 October 2016 to 31 March 2017.

The Manager believes the valuation for the Property is also attractive compared to other offices and business parks in Singapore.

**(a) Office Component**

The average independent valuation and the Purchase Consideration for the office component of the Property are S\$1,395.8<sup>1</sup> per sq ft of NLA and S\$1,359.9<sup>2</sup> per sq ft of NLA respectively, and the Independent Valuers have adopted capitalisation rates of 4.25 – 4.35%<sup>3</sup>. This compares favourably to the average Grade-A Core CBD office valuations at S\$2,700<sup>4</sup> per sq ft and net yields at 3.4%<sup>4</sup>, and is in-line with selected decentralisation office investment transactions since 2011 as provided by CBRE which range from S\$1,150 to S\$2,019 per sq ft of NLA with an average transaction price of S\$1,657 per sq ft of NLA.

<sup>1</sup> Based on the average of the independent valuations for the office component of the Property, which is S\$587.0 million for DTZ and S\$587.0 million for Knight Frank, as at 31 May 2016.

<sup>2</sup> Derived by applying the same percentage value contribution of the office component of the average of the independent valuations by DTZ and Knight Frank as at 31 May 2016.

<sup>3</sup> The capitalisation rates are 4.25% by DTZ and 4.35% by Knight Frank.

<sup>4</sup> Average valuation and net yield of Grade-A Core CBD as at 31 March 2016 based on the Independent Market Research Report by CBRE in **Appendix E** of this Circular.

**(b) Business Park Component**

The Manager believes the valuation for the business park component of the Property is supported by (i) the superior location as the closest business park complex to the CBD, (ii) its Grade-A building specifications, and (iii) the longer leasehold interest in land tenure for the Property (a 99-year leasehold tenure compared to traditional business parks with a 60-year leasehold tenure).

For comparison to similar business parks in Singapore, CBRE constructed a comparable basket of business parks with mostly Grade-A building specifications (the “**Business Park Comparable Basket**”). The table below compares the Purchase Consideration and average independent valuations to the Business Park Comparable Basket.

	Business Park Component of the Property		Business Park Comparable Basket
	Average Independent Valuation <sup>(1)</sup>	Purchase Consideration <sup>(2)</sup>	
Value per sq ft of NLA (S\$)	963.0	938.2	775
Average remaining land tenure (years)	80.3		52
Gross yield	7.4% <sup>(3)</sup>	7.6% <sup>(3)</sup>	5.9%
Rental range (S\$ per sq ft per month)	5.70 – 6.50		3.60 – 5.60

**Notes:**

- (1) Based on the average of the independent valuations for the business park component of the Property, which is S\$1,245.0 million for DTZ and S\$1,235.0 million for Knight Frank as at 31 May 2016.
- (2) Derived by applying the same percentage value contribution of the business park component of the average of the independent valuations by DTZ and Knight Frank as at 31 May 2016.
- (3) Based on the annualised Gross Revenue of the business park component of the Property for the Forecast Period from 1 October 2016 to 31 March 2017.

The Independent Valuers have adopted a capitalisation rate of 5.50% for the valuation of the business park component of the Property. The higher valuation per sq ft of NLA is supported by the higher gross rent range and gross yield of the business park component of the Property as compared to rents achieved by the Business Park Comparable Basket.

(See the Independent Market Research Report by CBRE in **Appendix E** of this Circular for more details.)

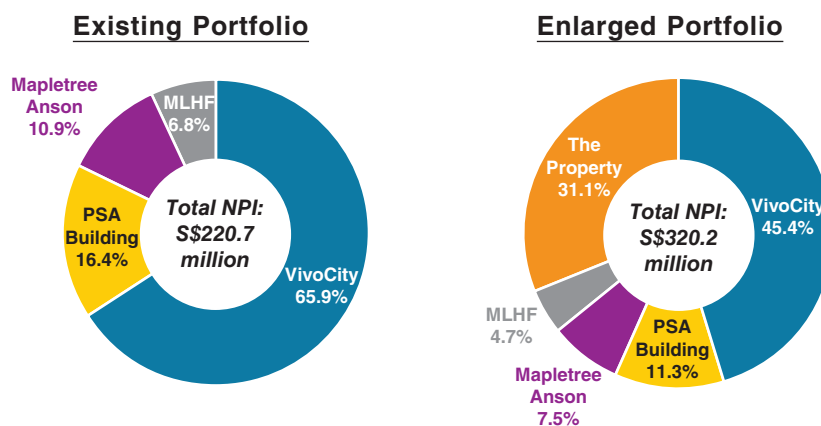
## 2.5.6. Positive Impact on the Enlarged Portfolio

### (a) Improves Diversification of MCT

#### (i) Reduces Concentration Risk of any Single Property

Following Completion, no single property will contribute more than 42.1%<sup>1</sup> and 45.4% of MCT's Enlarged Portfolio's valuation and NPI, respectively.

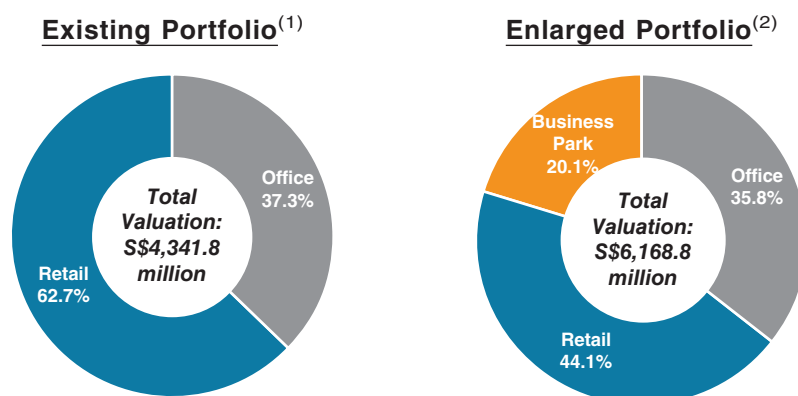
#### MCT's Asset Mix by Annual NPI (FY2015/2016)



#### (ii) Increases Diversification by Property Type

The Acquisition will further diversify MCT's exposure to different property types by introducing exposure to business park assets. Following the Acquisition, MCT's Enlarged Portfolio's asset valuation mix by property type will comprise 44.1% retail assets, 35.8% office assets and 20.1% business park assets.

#### MCT's Property Type Mix by Valuation



#### Notes:

- (1) Based on the valuation of the Existing Portfolio as at 31 March 2016.
- (2) Based on the valuation of the Existing Portfolio as at 31 March 2016 and the average of the independent valuations by DTZ and Knight Frank for the Property as at 31 May 2016.

<sup>1</sup> Based on the valuation of the Existing Portfolio as at 31 March 2016 and the average of the independent valuations by DTZ and Knight Frank for the Property as at 31 May 2016.



### **(iii) Enhances Trade Sector Diversification**

The Property's tenant base consists of tenants from a wide variety of sectors including banking and financial services, government related entities, electronics and IT services and consultancy. Following the Acquisition, the proportion of MCT's income generated from non-banking and financial services office tenants, which are traditionally less cyclical, will increase from approximately 68.9% to 72.9%, based on Gross Rental Income for the office and business park assets for the month of April 2016.

### **(b) Enlarged Portfolio and NPI**

Upon Completion, MCT's total portfolio valuation will increase by 42.1% from S\$4,341.8 million as at 31 March 2016 to S\$6,168.8 million<sup>1</sup>. NPI will also increase by 45.1% from S\$220.7 million to S\$320.2 million, on a pro forma basis for the year ended 31 March 2016.

### **(c) Expected to be NPI Yield, DPU and NAV Accretive without Income Support**

The Property is proposed to be acquired at an NPI yield of approximately 5.6%<sup>2</sup>, which is higher than the Existing Portfolio's NPI yield of 5.1%<sup>3</sup>, without the need for any income support from the Vendor.

Based on the proposed method of funding, the Acquisition is also expected to be DPU and NAV accretive. To illustrate the expected DPU accretion arising from the Acquisition, the table below shows MCT's forecast DPU in relation to the Existing Portfolio and the Enlarged Portfolio for the Forecast Period, assuming: (i) a drawdown of S\$860.0 million from the Loan Facilities, (ii) gross proceeds from the Equity Fund Raising of S\$989.6 million, (iii) the issuance of the New Units and Acquisition Fee Units at the issue price range set out below, (iv) the issue of the New Units and Acquisition Fee Units on 1 October 2016, and (v) Completion on 1 October 2016.

Post completion of the Acquisition and the Equity Fund Raising, the pro forma aggregate leverage of MCT is expected to be 38.4%, which is below the regulatory limit of 45.0%.

**FOR ILLUSTRATIVE PURPOSES ONLY:** The table set out below should be read together with the detailed Profit Forecast as well as the accompanying assumptions and sensitivity analysis in **Appendix C** of this Circular and the Independent Reporting Auditor's Report on the Profit Forecast in **Appendix D** of this Circular.

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<sup>1</sup> Based on the valuation of the Existing Portfolio as at 31 March 2016 and the average of the independent valuations by DTZ and Knight Frank for the Property as at 31 May 2016.

<sup>2</sup> Based on NPI for FY2015/2016 over the Purchase Consideration for the Property of S\$1,780.0 million. NPI based on the Vendor's unaudited financial information on the Property for the period from 1 April 2015 to 31 March 2016 after deducting the property management fees, as if the Property was held and operated by MCT throughout the period.

<sup>3</sup> Based on NPI for FY2015/2016 over the value of the Existing Portfolio as at 31 March 2016.

**Forecast DPU of MCT for the Forecast Period (1 October 2016 – 31 March 2017)**

Range of Issue Price (S\$)	Estimated Number of New Units issued under the Equity Fund Raising (million) <sup>(1)</sup>	DPU for the Forecast Period (S\$ cents)		DPU Accretion (%)
		Existing Portfolio <sup>(2)</sup>	Enlarged Portfolio <sup>(3)</sup>	
1.245	795.0	4.14	4.14	0.1
1.260	785.4	4.14	4.16	0.4
1.280	773.1	4.14	4.17	0.8
1.300	761.2	4.14	4.19	1.3
1.320	749.7	4.14	4.21	1.7
1.340	738.5	4.14	4.22	2.1
1.360	727.6	4.14	4.24	2.5
1.380	717.1	4.14	4.26	2.8
1.400	706.8	4.14	4.27	3.2
1.420	696.9	4.14	4.29	3.6
1.440	687.2	4.14	4.30	3.9
1.460	677.8	4.14	4.32	4.3
1.480	668.6	4.14	4.33	4.6
1.500	659.7	4.14	4.35	5.0
1.520	651.0	4.14	4.36	5.3
1.540	642.6	4.14	4.37	5.6
1.560	634.3	4.14	4.39	5.9

**Notes:**

- (1) The forecast is based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at the respective issue prices. Estimated number of New Units excludes Acquisition Fee Units.
- (2) The weighted average number of Units used in computing the DPU includes new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) the new Units issued as the Acquisition Fee Units at the respective issue prices per new Unit, (c) the new Units to be issued to the Manager as payment for the manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016 and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.

Based on the assumptions above and assuming the Illustrative Issue Price of S\$1.40 per new Unit, MCT's pro forma NAV as at 31 March 2016 (assuming the Acquisition was completed on 31 March 2016) would increase from S\$1.28 per Unit for the Existing Portfolio to S\$1.31 per Unit for the Enlarged Portfolio. NAV has been adjusted for the cash distribution paid on 3 June 2016 in relation to the distributable income for the period from 1 January 2016 to 31 March 2016.

There is no assurance that the actual issue price of the New Units will be within the issue price range set out in the table above.

#### **(d) Increase in Free Float and Liquidity**

The new Units, when issued, are expected to increase MCT's free float of Units on the SGX-ST, potentially resulting in improved trading liquidity and benefiting Unitholders.

For illustrative purposes, assuming drawdown of S\$860.0 million from the Loan Facilities and gross proceeds of S\$989.6 million raised from the Equity Fund Raising, approximately 713.2 million new Units will be issued in connection with the Acquisition (comprising approximately 706.8 million New Units to be issued in relation to the Equity Fund Raising and approximately 6.4 million Acquisition Fee Units) based on the Illustrative Issue Price of S\$1.40 per new Unit. At an Illustrative Issue Price of S\$1.40, MCT's free float would increase by 33.4% from S\$1,841.1 million<sup>1</sup> to S\$2,456.3 million<sup>2</sup> immediately following Completion (assuming, for illustrative purposes, the Sponsor's ownership percentage in MCT remained constant before and after the Acquisition).

Given the expected increase in free float and improved trading liquidity, MCT is expected to benefit from increased demand from improved index representation.

#### **2.6 The Proposed Licence Agreement**

Under the terms of the SPA, it is contemplated that on Completion, the Trustee will enter into the Licence Agreement with the Vendor, pursuant to which the Vendor will grant to the Trustee a right to use the Licensed Premises for a term commencing on the Completion Date up to and including 29 September 2096, being the date of expiry of the Strata Lease. The Vendor will also grant to the Trustee a right to use and enjoy the artworks located within Mapletree Business City (Phase 1) for a term commencing on the Completion Date and ending the earlier of 29 September 2096 and the date on which the licence of the last artwork to the Trustee is terminated by the Vendor pursuant to the Licence Agreement. Under the Licence Agreement, the licence fee shall be a one-time fee of S\$1 throughout the term of the Licence Agreement.

Under the Licence Agreement, the Trustee shall at its cost and expense, among others, keep the Licensed Premises in good repair and condition, and clean and maintain the artworks.

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into of the Licence Agreement.

#### **2.7 The Proposed Shared Services Agreement**

Under the terms of the SPA, it is contemplated that on Completion, the Trustee will enter into the Shared Services Agreement with the Vendor for the use of the carpark, multi-purpose hall and common property of Mapletree Business City (Phase 1) and the apportionment of costs relating to the provision of shared services to Mapletree Business City (Phase 1).

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<sup>1</sup> Based on 2,134.3 million Units in issue and the Sponsor's aggregate interest of approximately 38.38% as at the Latest Practicable Date.

<sup>2</sup> Based on 2,134.3 million Units in issue as at the Latest Practicable Date and the issue of 713.2 million New Units and Acquisition Fee Units.

Under the Shared Services Agreement, for the duration of the Strata Lease, the Trustee shall be entitled to have set aside, at no charge other than parking charges to be borne by the end-user, for its allocation of 858 carpark lots for the use of its employees, agents, independent contractors and permitted occupiers (which is subject to review by the Vendor pursuant to the requirements of the relevant authorities). In addition, the Trustee and its employees, agents and permitted occupiers shall be entitled to the use of the facilities within the multi-purpose hall of Mapletree Business City (Phase 1) at the prevailing rates. Each of the Trustee and the Vendor has undertaken to procure, for the duration of the Strata Lease, provision of certain services for Mapletree Business City (Phase 1). The range of services include, but are not limited to, cleaning and maintenance services, fire alarm system maintenance, lifts and elevators maintenance, landscape maintenance, waste disposal services, provision of security services, chiller plant maintenance and other services.

Under the Shared Services Agreement, each of the Trustee and the Vendor will furnish to the other party, a statement of the costs of the applicable services for which it is responsible for procuring, setting out the other party's apportioned costs based on an agreed proportion of the total costs and expenses incurred. Such costs and expenses will be apportioned based on principles as may be mutually agreed from time to time (see **Appendix F** of this Circular for a list of the initial agreed principles).

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into of the Shared Services Agreement.

## **2.8 The Ancillary Tenancy and Licence Agreements**

Upon Completion, MCT will take over all the tenancy agreements and licences with respect to the Property, including the Ancillary Tenancy and Licence Agreements.

Pursuant to the Sponsor Tenancy Agreement, the Sponsor has leased office space of approximately 4,908.6 sq m in the Property for a term of 10 years commencing 1 February 2011. The aggregate rental fees derived or to be derived from the Sponsor Tenancy Agreement on Completion (assuming Completion on 1 October 2016) until the end of the lease term is estimated at S\$22.3 million, which is approximately 0.8% of the latest audited net tangible assets ("**NTA**") of MCT as at 31 March 2016.

Pursuant to the SP Tenancy Agreement, Singapore Power Limited has leased office space of approximately 9,681.6 sq m in the Property (the "**SP Premises**") for a term of 10 years commencing 1 June 2011, with an option granted to Singapore Power Limited to renew for a further term of five years. The aggregate rental fees derived or to be derived from the SP Tenancy Agreement on Completion (assuming Completion on 1 October 2016) until the end of the lease term is estimated at S\$31.8 million, which is approximately 1.2% of the NTA of MCT as at 31 March 2016. On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement to vary the terms of the SP Tenancy Agreement (the "**SP Variation Letter**"). Pursuant to the SP Variation Letter, the parties have agreed to an early termination of the SP Tenancy Agreement, provided that one or more suitable replacement tenant(s), with acceptable financial standing and a business concept acceptable to the Vendor is found for the SP Premises and the total rents payable by these tenant(s) is at a level not less than the existing rent under the SP Tenancy Agreement. Should there be a rental shortfall, Singapore Power Limited will pay such shortfall to the landlord. This arrangement will allow MCT to receive rentals which are at least equal to the current rental for the SP Premises and also provide MCT with a potential upside if it secures replacement tenants above the current rents, which is below the average passing rent of the Property's office component of S\$6.14 per sq ft per month as at 30 April 2016.

Pursuant to the Sponsor Licence Agreement, the Sponsor has been granted a licence to use certain areas at level one of the Licensed Premises to install and maintain various telecommunication equipment, for a 10-year period commencing 1 February 2011. The licence fee is S\$1 for the entire licence period.

Pursuant to the DBS Licence Agreement, DBS Bank Ltd. has been granted a licence to use certain areas at level two of the Licensed Premises to install and maintain an automatic teller machine and a cash deposit machine, for a three-year period commencing 4 September 2014. The aggregate licence fee derived or to be derived from the DBS Licence Agreement on Completion (assuming Completion on 1 October 2016) until the end of the licence term is estimated at S\$13,320, which is negligible compared to the NTA of MCT as at 31 March 2016.

Pursuant to the SP Licence Agreement, Singapore Power Limited has been granted a licence to use certain areas in the Licensed Premises to install, operate, maintain and repair equipment including riser, façade signage and pylon signage, for a period commencing 1 June 2011 and 1 December 2011 (in respect of different areas of the Licensed Premises), and expiring on 31 May 2021. The aggregate licence fee derived or to be derived from the SP Licence Agreement on Completion (assuming Completion on 1 October 2016) until the end of the licence term is estimated at S\$308,000, which is approximately 0.01% of the NTA of MCT as at 31 March 2016. The SP Licence Agreement will be terminated together with the SP Tenancy Agreement, upon fulfilment of the conditions in the SP Variation Letter.

Pursuant to the Grid Licence Agreement, Grid Communications Pte. Ltd. has been granted a licence to use certain areas at level one of the Licensed Premises to install and maintain various telecommunication equipment, for a three-year period commencing 1 March 2014. The aggregate licence fee derived or to be derived from the Grid Licence Agreement on Completion (assuming Completion on 1 October 2016) until the end of the licence term is estimated at S\$1,000, which is negligible compared to the NTA of MCT as at 31 March 2016.

Pursuant to the Singtel Licence Agreement, Singtel Mobile Singapore Pte. Ltd. has been granted a licence to use certain areas of the Licensed Premises to deploy equipment for the provision of telecommunication services to Mapletree Business City (Phase 1), for a three-year period commencing 1 March 2014. The licence fee is S\$1 for the entire licence period. Thereafter, the licence shall be automatically renewed for further successive licence periods of the same duration until expiry or sooner determination of the State Lease, on the same terms and conditions unless (a) one party gives the other party notice of its intention not to renew the licence or (b) one party gives the other party notice of its intention to revise the terms and conditions of the licence in which case the parties shall in good faith discuss and mutually agree on the revised terms and conditions.

Pursuant to the Starhub Licence Agreement, Starhub Mobile Pte Ltd has been granted a licence to use certain areas at level one of the Licensed Premises to deploy equipment for the provision of telecommunication services to Mapletree Business City (Phase 1), for a three-year period commencing 1 March 2014. The licence fee is S\$1 for the entire licence period. Thereafter, the licence shall be automatically renewed for further successive licence periods of the same duration until expiry or sooner determination of the State Lease, on the same terms and conditions unless (a) one party gives the other party notice of its intention not to renew the licence or (b) one party gives the other party notice of its intention to revise the terms and conditions of the licence in which case the parties shall in good faith discuss and mutually agree on the revised terms and conditions.

By approving the Acquisition, Unitholders will be deemed to have also granted approval for MCT to take over the Sponsor Tenancy Agreement, the SP Tenancy Agreement, the Sponsor Licence Agreement, the DBS Licence Agreement, the SP Licence Agreement, the Grid Licence Agreement, the Singtel Licence Agreement and the Starhub Licence Agreement.

## 2.9 Requirement for Unitholders' Approval

Under Chapter 9 of the Listing Manual, where MCT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same interested person during the same financial year) is equal to or exceeds 5.0% of MCT's NTA, Unitholders' approval is required in respect of the transaction.

Based on the audited financial statements of MCT for the financial year ended 31 March 2016 (the "**MCT Audited Financial Statements**"), the NTA of MCT was S\$2,764.0 million as at 31 March 2016. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by MCT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or is in excess of S\$138.2 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S\$1,780.0 million, which is 64.4% of the NTA of MCT as at 31 March 2016, the value of the Acquisition and the grant of the right to use the Licensed Premises will exceed the relevant threshold.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by MCT whose value is equal to or exceeds 5.0% of MCT's latest audited net asset value ("**NAV**").

Based on the MCT Audited Financial Statements, the NAV of MCT was S\$2,764.0 million as at 31 March 2016. Accordingly, if the value of a transaction which is proposed to be entered into by MCT with an interested party is equal to or greater than S\$138.2 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S\$1,780.0 million, which is 64.4% of the NAV of the MCT as at 31 March 2016, the value of the Acquisition and the grant of the right to use the Licensed Premises will exceed the said threshold.

As at the Latest Practicable Date, the Sponsor wholly owns the Manager, HFPL and SPL. HFPL in turn wholly owns HF Place and HF Eight. As such, the Sponsor is deemed to be interested in an aggregate of 819,175,283 Units through the 37,106,283 Units held by the Manager, 109,890,110 Units held by HFPL, 37,669,000 Units held by SPL, 353,409,091 Units held by HF Place and 281,100,799 Units held by HF Eight, which is equivalent in aggregate to approximately 38.38% of the total number of Units in issue. Accordingly, the Sponsor is regarded as a "controlling Unitholder" of MCT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore a "controlling shareholder" of the Manager under the Listing Manual and the Property Funds Appendix.

As the Vendor is a wholly-owned subsidiary of the Sponsor, it is a subsidiary of a "controlling Unitholder" of MCT and a "controlling shareholder" of the Manager. As such, for the purposes of the Listing Manual and the Property Funds Appendix, it is an "interested person" under the Listing Manual and an "interested party" of MCT under the Property Funds Appendix.

Therefore the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, in respect of which the approval of Unitholders is required.

In approving the Acquisition, Unitholders will be deemed to have approved all documents which are required to be executed or assigned by the parties in order to give effect to the Acquisition including the Licence Agreement, the Shared Services Agreement and the Ancillary Tenancy and Licence Agreements. These agreements are therefore, not subject to Rules 905 and 906 of the Listing Manual (which require MCT to make an announcement or obtain the approval of Unitholders depending on the materiality of the interested person transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect MCT. Future renewal or extension of these agreements will be subject to Rules 905 and 906 of the Listing Manual.

The relative figures for the Acquisition computed on the applicable bases set out in Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

- (a) the net profits attributable to the assets acquired, compared with MCT’s net profits; and
- (b) the aggregate value of the consideration given, compared with MCT’s market capitalisation.

Comparison of	Property	MCT	Relative figure (%)
Net Property Income (S\$ million)	99.5 <sup>(1)</sup>	220.7 <sup>(2)</sup>	45.1
Purchase Consideration against market capitalisation (S\$ million)	1,780.0	3,222.7 <sup>(3)</sup>	55.2

**Notes:**

- (1) Based on the Vendor’s unaudited financial information for the Property for the period from 1 April 2015 to 31 March 2016 after deducting the property management fees, as if the Property was held and operated by MCT throughout the period.
- (2) Based on MCT’s audited financial statements for the period from 1 April 2015 to 31 March 2016.
- (3) The figure is based on the closing price of S\$1.510 per Unit on SGX-ST as at 4 July 2016, being the market day immediately prior to the entry of the Option Agreement.

The relative figures of the number of Units issued by MCT as consideration for the Acquisition compared with the number of Units previously in issue as set out in Rule 1006(d) of the Listing Manual does not apply in relation to the Acquisition as no Units will be issued to the Vendor as consideration for the Acquisition.

Although the relative figures computed based on Rules 1006(b) and 1006(c) of the Listing Manual exceed 20.0%, the Manager is of the view that the Acquisition is in the ordinary course of MCT’s business as the Property being acquired is within the investment policy of MCT and does not change the risk profile of MCT. As such, the specific approval of Unitholders for the Acquisition pursuant to Rule 1014 of the Listing Manual is not required. Nonetheless, as the Acquisition is an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Funds Appendix, the Acquisition will still be subject to the specific approval of Unitholders.

## 2.10 Property Management Agreement

Following Completion, the Property will be managed by Mapletree Commercial Property Management Pte. Ltd. (the “**Property Manager**”) in accordance with the terms of the master property management agreement (the “**Property Management Agreement**”) that was entered into on 4 April 2011 by the Trustee, the Manager and the Property Manager, in connection with the listing of MCT, and which term has been extended to 26 April 2021. Pursuant to the Property Management Agreement, the Property Manager was appointed to operate, maintain, manage and market all the properties of MCT located in Singapore (which will include the Property following Completion), subject to the terms and conditions of the Property Management Agreement. The property management will be subject to the overall management by the Manager.

The property management fees payable to the Property Manager in respect of the Property pursuant to the Property Management Agreement will be as follows:

- (a) 2.0% per annum of Gross Revenue;
- (b) 2.0% per annum of the NPI (calculated before accounting for the property management fee in the relevant financial period); and
- (c) 0.5% per annum of the NPI (calculated before accounting for the property management fee in that financial period) in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

Pursuant to the Property Management Agreement, in relation to the development and redevelopment of a property located in Singapore, (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), the refurbishment, retrofitting and renovation works on such a property, the Property Manager is entitled to a project management fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager. Such project management fees are subject to:

- (i) a limit of up to 3.0% of the total construction costs<sup>1</sup> ; and
- (ii) an opinion issued by an independent quantity surveyor, to be appointed by the Trustee upon recommendation by the Manager, that the project management fee is within market norms and a reasonable range.

Under the terms of the Property Management Agreement, in addition to its property management fees, the Property Manager will be fully reimbursed for the agreed employee expenditure in respect of the Property incurred for each month. The Property Manager is also authorised to utilise funds deposited in operating accounts maintained in the name of the Trustee and to make payment for all costs and expenses incurred in the operation, maintenance, management, marketing and capital expenditures of the Property within each annual budget approved by the Trustee on the recommendation of the Manager. Where applicable, the Trustee shall permit employees of the Property Manager engaged to manage the Property to occupy suitable office space at such property (as approved by the Trustee on the recommendation of the Manager) without the Property Manager being required to pay any rent, service charge, utility charges or other sums.

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<sup>1</sup> “**Total construction costs**” means all construction costs and expenditure valued by the independent quantity surveyor for the project, excluding development charges, differential premiums, statutory payments, consultants’ professional fees and expenses, financing costs and goods and services tax.



## **2.11 Directors' Service Contracts**

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

## **3. METHOD OF PROPOSED FUNDING**

### **3.1. Method of Funding**

The Manager intends to fund the cash portion of the Total Acquisition Cost which comprises the Total Acquisition Cost less the Acquisition Fee, which is payable in Units, with a combination of debt and equity funding to provide overall DPU and NAV accretion to Unitholders while maintaining an optimum level of aggregate leverage.

The equity funding will be undertaken through an Equity Fund Raising while the debt funding will be through the drawdown of the various Loan Facilities, or through other debt facilities and/or capital market instruments. MCT has been granted the various Loan Facilities by certain financial institutions up to an aggregate amount of S\$920.0 million. The final decision regarding the proportion of debt and equity 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.

Assuming that the Acquisition is partially funded by the drawdown of S\$860.0 million from the Loan Facilities, MCT's aggregate leverage immediately following Completion would increase from 35.1%<sup>1</sup> to 38.4%.

The illustrative debt and equity funding combination for the Acquisition adopted in this Circular is based on a realistic debt funding level of 48.3%<sup>2</sup> of the Purchase Consideration, in light of current market conditions. However, the actual debt and equity funding combination to be adopted by the Manager will depend on, among others, the prevailing market conditions, the demand for the New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

### **3.2. Equity Fund Raising**

The Joint Global Co-ordinators and Bookrunners to the Equity Fund Raising will work with the Manager to determine the issue price of the New Units and the most appropriate time to launch the Equity Fund Raising so as to ensure the success of the Equity Fund Raising, having regard to the then prevailing market conditions and other factors that the Manager and the Joint Global Co-ordinators and Bookrunners may consider relevant. The Manager will announce the details of the Equity Fund Raising on the SGXNET at the appropriate time.

Based on the Illustrative Issue Price of S\$1.40 per New Unit, the Equity Fund Raising is expected to raise gross proceeds of approximately S\$989.6 million to partially fund the Total Acquisition Cost.

(See Paragraph 7 below for further details.)

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<sup>1</sup> Based on MCT's aggregate leverage as at 31 March 2016.

<sup>2</sup> Assuming a drawdown of S\$860.0 million from the Loan Facilities.

### 3.3. Loan Facilities

The balance of the Total Acquisition Cost is expected to be funded with debt financing through the Loan Facilities of up to S\$920.0 million, comprising a two-year, a four-year and a six-year term loan facility.

## 4. THE FINANCIAL EFFECTS OF THE ACQUISITION

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the MCT Audited Financial Statements, and the Vendor's unaudited financial information on the Property for the year ended 31 March 2016, taking into account the Total Acquisition Cost, the Loan Facilities, and assuming that:

- (a) approximately 706.8 million New Units are issued at the Illustrative Issue Price of S\$1.40 per New Unit pursuant to the Equity Fund Raising;
- (b) the Manager's Acquisition Fee paid in the form of approximately 6.4 million Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit; and
- (c) S\$860.0 million is drawn down by MCT from the Loan Facilities with an average interest cost of 3.25% to partially fund the Acquisition.

### 4.1. Pro Forma NAV

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 March 2016, as if the Acquisition and the issue of New Units and Acquisition Fee Units were completed on 31 March 2016, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition <sup>(1)</sup>
Adjusted NAV (S\$ million)	2,724.6 <sup>(2)</sup>	3,711.8
Issued Units (million)	2,130.0 <sup>(3)</sup>	2,843.2 <sup>(4)</sup>
Adjusted NAV per Unit (S\$)	1.28	1.31

**Notes:**

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) Based on the MCT Audited Financial Statements as at 31 March 2016 and adjusted for the cash distribution paid on 3 June 2016 in relation to the distributable income for the period from 1 January 2016 to 31 March 2016.
- (3) Number of Units in issue as at 31 March 2016.
- (4) Includes (a) approximately 706.8 million New Units at an Illustrative Issue Price of S\$1.40 per New Unit and (b) approximately 6.4 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at an Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit.

#### 4.2. Pro Forma DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on MCT's DPU for FY2015/2016, as if the Acquisition and issue of New Units and Acquisition Fee Units were completed on 1 April 2015, and as if the Property was held and operated through to 31 March 2016, are as follows:

	Effects of the Acquisition	
	Before the Acquisition	After the Acquisition <sup>(1)</sup>
Total return before income tax (S\$'000)	298,710	359,194 <sup>(2)</sup>
Distributable income (S\$'000)	172,501	238,938
Weighted average number of issued Units (million)	2,117.9 <sup>(3)</sup>	2,832.0 <sup>(4)</sup>
DPU (S\$ cents)	8.13 <sup>(5)</sup>	8.44
DPU accretion (%)	–	3.7%

**Notes:**

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) Based on the Vendor's profit before tax based on its management accounts for the Property for the financial year ended 31 March 2016, after deducting the additional borrowing costs associated with the Loan Facilities of S\$860.0 million, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the Acquisition.
- (3) Weighted average number of issued Units as at 31 March 2016.
- (4) Includes (a) approximately 706.8 million New Units at an Illustrative Issue Price of S\$1.40 per New Unit, (b) approximately 6.4 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at an Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit and (c) approximately 2.4 million weighted average number of new Units issuable to the Manager as management fees in relation to the Property for the periods 1 April 2015 to 30 June 2015, 1 July 2015 to 30 September 2015, and 1 October 2015 to 31 December 2015, based on the historical issue price of management fees for the Existing Portfolio paid in Units by each quarter.
- (5) For the financial year ended 31 March 2016.

#### 4.3. Pro Forma Capitalisation

**FOR ILLUSTRATIVE PURPOSES ONLY:** The following table sets forth the pro forma capitalisation of MCT as at 31 March 2016, as if MCT had completed the Acquisition on 31 March 2016:

	Before the Acquisition (S\$'000)	After the Acquisition <sup>(1)</sup> (S\$'000)
Unsecured Debt	1,551,519	2,408,079
<b>Total Debt</b>	<b>1,551,519</b>	<b>2,408,079</b>
Adjusted Unitholders' Funds	2,724,598	3,711,781
<b>Total Unitholders' Funds</b>	<b>2,724,598<sup>(2)</sup></b>	<b>3,711,781</b>
<b>Total Capitalisation</b>	<b>4,276,117</b>	<b>6,119,860</b>

**Notes:**

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million and Acquisition Fees payable to the Manager of S\$8.9 million offset by directly attributable costs of the Equity Fund Raising.
- (2) Based on the MCT Audited Financial Statements as at 31 March 2016 and adjusted for the cash distribution paid on 3 June 2016 in relation to the distributable income for the period from 1 January 2016 to 31 March 2016.

## 5. THE PROFIT FORECAST

The following table summarises the forecast consolidated statement of total return and distribution statement for the Forecast Period for the Existing Portfolio and the Enlarged Portfolio. The forecast must be read together with the detailed Profit Forecast as well as the accompanying assumptions and sensitivity analysis in **Appendix C** of this Circular and the Independent Reporting Auditor's Report on the Profit Forecast in **Appendix D** of this Circular.

This Profit Forecast assumes that MCT proceeds with the Acquisition, the Equity Fund Raising and the drawdown of MCT's Loan Facilities, among other important assumptions, such as the success in the implementation of MCT's business strategy. Actual results may differ from the information as shown in the table below and in the Profit Forecast in **Appendix C** of this Circular. The annualised DPU for the Forecast Period may not reflect actual performance over a one-year period.

### Forecast Consolidated Statement of Total Return and Distribution Statement – Existing Portfolio and Enlarged Portfolio

(S\$'000)	Forecast Period (1 October 2016 – 31 March 2017)	
	Existing Portfolio	Enlarged Portfolio <sup>(1)</sup>
Gross Revenue	153,904	215,489
Property operating expenses	(37,454)	(49,244)
<b>Net Property Income</b>	<b>116,450</b>	<b>166,245</b>
Finance income	123	144
Finance expenses	(23,346)	(37,711)
Manager's management fees	(10,182)	(14,502)
Trustee's fees	(296)	(390)
Other trust expenses	(573)	(1,578)
<b>Net income</b>	<b>82,176</b>	<b>112,208</b>
<b>Total return for the Forecast Period before distribution and after income tax</b>	<b>82,176</b>	<b>112,208</b>
Adjustment for net effect of non-tax deductible items and other adjustments	6,250	9,534
<b>Income available for distribution to Unitholders</b>	<b>88,426</b>	<b>121,742</b>
Weighted average number of issued Units ('000)	2,136,233 <sup>(2)</sup>	2,849,518 <sup>(3)</sup>
<b>Distribution per Unit (S\$ cents)</b>	<b>4.14</b>	<b>4.27</b>
<b>DPU accretion (%)</b>	<b>–</b>	<b>3.2%</b>

#### Notes:

- (1) The forecast is based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) The weighted average number of Units used in computing the DPU includes approximately 3.0 million new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016 and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) approximately 6.4 million new Units issued as the Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per new Unit, (c) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016 and 1 October 2016 to 31 December 2016, and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.

## 6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed ANZ (the “**IFA**”) to advise the independent directors of the Manager (the “**Independent Directors**”), the audit and risk committee of the Manager (the “**Audit and Risk Committee**”) and the Trustee in relation to the Acquisition. A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix G** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Acquisition is based on normal commercial terms and not prejudicial to the interests of MCT and the minority Unitholders.

In addition, the IFA is of the opinion that the Licence Agreement, the Shared Services Agreement and the Ancillary Tenancy and Licence Agreements are on normal commercial terms and not prejudicial to the interests of MCT and the minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Acquisition to be proposed at the EGM.

## 7. RESOLUTION 2: THE PROPOSED ISSUE OF UP TO 795.0 MILLION NEW UNITS UNDER THE EQUITY FUND RAISING

### 7.1. Overview of the Equity Fund Raising

The Manager proposes to issue up to 795.0 million New Units (representing approximately 37.25% of the existing number of issued Units as at the Latest Practicable Date). Based on the Illustrative Issue Price of S\$1.40 per New Unit, the Equity Fund Raising is expected to raise gross proceeds of approximately S\$989.6 million, to finance part of the Total Acquisition Cost, with the balance to be funded by borrowings and/or other capital market instruments.

The illustrative debt and equity funding combination for the Acquisition adopted in this Circular is based on a realistic debt funding level of 48.3%<sup>1</sup> of the Purchase Consideration, in light of current market conditions. However, the actual debt and equity funding combination to be adopted by the Manager will depend on, among others, the prevailing market conditions, the demand for the New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

### 7.2. Structure of the Equity Fund Raising

The structure and timing of the Equity Fund Raising have not been determined. If and when the Manager decides to undertake the Equity Fund Raising, the Equity Fund Raising may (at the Manager’s absolute discretion) comprise:

- (a) a Private Placement of New Units to institutional and other investors; and/or
- (b) a non-renounceable Preferential Offering of New Units to the existing Unitholders on a *pro rata* basis,

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<sup>1</sup> Assuming a drawdown of S\$860.0 million from the Loan Facilities.

which the Manager deems appropriate in the circumstances and after having considered the then prevailing market conditions.

Unitholders should note that the New Units offered under the Preferential Offering (if undertaken by the Manager) will be on a non-renounceable basis. The ARE<sup>1</sup> will not be renounceable or transferable and will be for use only by entitled Unitholders.

The Manager will work with the Joint Global Co-ordinators and Bookrunners to determine the structure of the Equity Fund Raising, the time schedule for the Equity Fund Raising and the Issue Price, taking into account market conditions and other factors that the Manager and the Joint Global Co-ordinators and Bookrunners may consider relevant. The Manager will announce details of the Equity Fund Raising at the appropriate time.

In the event that the Acquisition, the Equity Fund Raising and the Whitewash Resolution are approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may decide not to proceed with the Acquisition.

The Issue Price under the Equity Fund Raising will be determined by the Manager and the Joint Global Co-ordinators and Bookrunners closer to the date of commencement of the Equity Fund Raising. The actual number of New Units to be issued pursuant to the Equity Fund Raising will depend on the aggregate amount of proceeds to be raised from the Equity Fund Raising and the Issue Price.

The structure and time schedule of the Equity Fund Raising and the Issue Price will be determined in accordance with, among others, Chapter 8 of the Listing Manual. The Issue Price for New Units under the Private Placement and/or Preferential Offering will comply with Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the VWAP for trades done on the SGX-ST for the full market day on which the Underwriting Agreement is signed, or (if trading in the Units is not available for a full market day) for the preceding market day up to the time the Underwriting Agreement is signed, excluding (where applicable) accrued distributions provided that the holders of the New Units are not entitled to the accrued distributions.

In the event that the Equity Fund Raising shall comprise a Private Placement and a Preferential Offering, the Issue Price of New Units pursuant to the Private Placement may differ from the Issue Price of New Units pursuant to the Preferential Offering.

The unitholding interest of existing Unitholders may be diluted by the issue of New Units in the event that the Manager issues New Units under the Equity Fund Raising and such existing Unitholders do not participate or do not have the opportunity to participate in the Equity Fund Raising.

If the Manager should decide to undertake the Equity Fund Raising using a form other than, or in addition to, the Private Placement, such as the Preferential Offering, the Manager will enter into discussions with the Joint Global Co-ordinators and Bookrunners to explore how the Joint Global Co-ordinators and Bookrunners may assist to facilitate the successful execution of the Equity Fund Raising.

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<sup>1</sup> "ARE" refers to the acceptance form for New Units provisionally allotted to entitled Unitholders under the Preferential Offering and application form for excess New Units.

**The Equity Fund Raising and any underwriting obligations are subject to, among others, prevailing market conditions and mutual agreement to the terms of the Equity Fund Raising, such as the issue price of the New Units, and execution of the Underwriting Agreement.**

### **7.3. Rationale for the Equity Fund Raising**

Given the size of the Total Acquisition Cost, and the Manager's aim to maintain a well-balanced capital structure, and the borrowing limit imposed by the MAS on property funds such as MCT, the Manager believes that the Equity Fund Raising is an efficient and overall beneficial method of raising funds to finance the Total Acquisition Cost.

### **7.4. Undertaking**

To demonstrate its support for MCT and the Equity Fund Raising, the Sponsor, which owns an aggregate interest of approximately 38.38% of the total number of Units in issue through its wholly-owned subsidiaries as at the Latest Practicable Date, has irrevocably undertaken to the Manager and the Joint Global Co-ordinators and Bookrunners on 5 July 2016 that, among other things:

- (a) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that its wholly-owned subsidiaries vote (in respect of all Units beneficially owned by it or its wholly-owned subsidiaries) in favour of the resolution to approve the Equity Fund Raising and such other resolutions necessary or expedient for the purposes of the Equity Fund Raising; and
- (b) in the event that the Equity Fund Raising includes a Preferential Offering, (i) it will accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) in the event that the Equity Fund Raising includes a Private Placement in addition to the Preferential Offering, (subject to approval of the Whitewash Resolution by Independent Unitholders) it will, in addition to (i), apply for the Sponsor Excess Units under the Preferential Offering, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising.

### **7.5. Underwriting by Joint Global Co-ordinators and Bookrunners**

It is anticipated that the New Units to be issued pursuant to the Equity Fund Raising (less the New Units to be subscribed under the Undertaking) is to be underwritten by the Joint Global Co-ordinators and Bookrunners subject to, among others, prevailing market conditions and mutual agreement to the terms of the Equity Fund Raising, such as the Issue Price of the New Units, and execution, on the terms and subject to the conditions of the management and underwriting agreement to be entered into between the Manager and the Joint Global Co-ordinators and Bookrunners (the "**Underwriting Agreement**").

## 7.6. SGX-ST Approval

On 4 July 2016, the SGX-ST granted its approval in-principle for the listing and quotation of the New Units and the Acquisition Fee Units on the Main Board of the SGX-ST, subject to the following conditions:

- (a) in respect of the Private Placement,
  - (i) compliance with the SGX-ST's listing requirements;
  - (ii) approval of the Acquisition, the Equity Fund Raising and the Whitewash Resolution by Unitholders;
  - (iii) submission of:
    - (1) a written undertaking from the Manager that it will comply with Rules 704(30) and 1207(10) of the Listing Manual in relation to the use of proceeds from the Private Placement and where proceeds are to be used for working capital purposes, MCT will disclose a breakdown with specific details on the use of proceeds for working capital in its announcements on use of proceeds and in the annual report;
    - (2) a written undertaking from the Manager that it will comply with Rule 803 of the Listing Manual;
    - (3) written undertakings from the Joint Global Co-ordinators and Bookrunners that they will ensure that MCT will comply with Rule 803 of the Listing Manual;
    - (4) a written confirmation from the Manager that it will not issue the New Units to persons prohibited under Rule 812(1) of the Listing Manual; and
    - (5) written confirmations from the Joint Global Co-ordinators and Bookrunners that the New Units will not be placed to persons prohibited under Rule 812(1) of the Listing Manual.
- (b) in respect of the Preferential Offering,
  - (i) compliance with the SGX-ST's listing requirements;
  - (ii) approval of the Acquisition, the Equity Fund Raising and the Whitewash Resolution by Unitholders;
  - (iii) submission of:
    - (1) a written undertaking from the Manager that it will comply with Rules 704(30), 815 and 1207(10) of the Listing Manual in relation to the use of proceeds from the Preferential Offering and where proceeds are to be used for working capital purposes, MCT will disclose a breakdown with specific details on the use of proceeds for working capital in its announcements on use of proceeds and in the annual report;
    - (2) a written undertaking from the Manager that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess New Units; and



- (3) a written confirmation from the financial institution as required under Rule 877(9) of the Listing Manual that the Unitholders who have given an irrevocable undertaking have sufficient financial resources to fulfill their obligations under their undertakings.

(c) in respect of the Acquisition Fee Units,

- (i) compliance with the SGX-ST's listing requirements; and
- (ii) approval of the Acquisition, the Equity Fund Raising and the Whitewash Resolution by Unitholders.

#### **7.7. Compliance with Rules 803, 812 and 877(10) of the Listing Manual**

In the event that the Equity Fund Raising is carried out:

- (a) the Equity Fund Raising will comply with Rule 803 of the Listing Manual, such that the New Units will not be issued under the Equity Fund Raising to transfer a controlling interest without the prior approval of Unitholders in a general meeting;
- (b) (in the event that the Equity Fund Raising comprises a Private Placement) the Private Placement will comply with Rule 812 of the Listing Manual, such that the New Units will not be placed to any of the connected persons listed under Rule 812(1) of the Listing Manual (other than one that fulfils the criteria set out in Rules 812(3) and 812(4) of the Listing Manual); and
- (c) (in the event that the Equity Fund Raising comprises a Preferential Offering) the Preferential Offering will comply with Rule 877(10) of the Listing Manual, such that in the allotment of any excess units ("**Excess Units**"), preference will be given to the rounding of odd lots, and that the directors of the Manager and Substantial Unitholders who have control or influence over MCT in connection with its day-to-day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager will rank last in priority for the rounding of odd lots and allotment of Excess Units.

#### **7.8. Consequential Adjustment to Distribution Period and Status of the New Units**

MCT's policy is to distribute its distributable income on a quarterly basis to Unitholders.

However, pursuant to the Equity Fund Raising, the Manager may decide to make adjustments to the distribution period which may include, among others, a cumulative distribution or an advanced distribution, or such other plans to ensure fairness to Unitholders holding Existing Units on the day immediately prior to the date on which the New Units are issued under the Private Placement.

In the event that the Manager undertakes a Preferential Offering, the Manager may decide that the New Units issued in connection with the Preferential Offering will, upon issue and allotment, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may accrue prior to the issuance of the New Units issued under the Preferential Offering.

Further details pertaining to any adjustments to the distribution period, if any, and the status of the New Units issued pursuant to the Equity Fund Raising will be announced at the appropriate time.

#### **7.9. Use of Proceeds**

The Manager intends to utilise the net proceeds of the Equity Fund Raising to finance part of the Total Acquisition Cost of approximately S\$1,858.5 million, with the balance thereof to be funded by borrowings and/or other capital markets instruments. Further details pertaining to the use of proceeds of the Equity Fund Raising (including details on the percentage allocation for each use) will be announced at the appropriate time.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Equity Fund Raising via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in MCT's announcements on the use of proceeds and in MCT's annual report and where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

Pending the deployment of the net proceeds of the Equity Fund Raising, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or to be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

#### **7.10. Costs of the Equity Fund Raising**

Costs and expenses in connection with the Equity Fund Raising which are to be borne by MCT comprise the fees and expenses, including professional fees and expenses, incurred or to be incurred by MCT in connection with the Equity Fund Raising. The costs and expenses in connection with the Equity Fund Raising will vary according to the amount of gross proceeds to be raised and the structure and form of the Equity Fund Raising.

#### **7.11. Requirement for Unitholders' Approval**

The Manager is seeking the approval of Unitholders for the proposed issue of up to 795.0 million New Units (representing approximately 37.25% of the existing number of issued Units as at the Latest Practicable Date), pursuant to the Equity Fund Raising under Rule 805(1) of the Listing Manual.

## **8. RESOLUTION 3: THE WHITEWASH RESOLUTION IN RELATION TO THE CONCERT PARTY GROUP**

### **8.1. Rule 14 of the Code**

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Concert Party Group for all the remaining Units not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code, in the event that the Concert Party Group acquires a sufficient number of New Units through:

- (a) the Sponsor (i) accepting, or procuring the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) applying for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising; and
- (b) the issuance of Acquisition Fee Units.

Upon the occurrence of the events set out in sub-paragraphs (a) and (b) above, the Concert Party Group may possibly end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(b) of the Code. Pursuant to Rule 14.1(b) of the Code, except with the consent from the SIC, where any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional Units carrying more than 1.0% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of Units. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

To the best of the knowledge of the Manager and the Sponsor, the Concert Party Group holds, in aggregate, 831,540,375 Units representing 38.96% of the voting rights of MCT as at the Latest Practicable Date.

In the event that the Equity Fund Raising comprises a Private Placement and a Preferential Offering (which will follow after the Private Placement), the Sponsor's percentage unitholding will decrease in the interim immediately after the Private Placement (as the Sponsor is not participating in the Private Placement), and increase after the Preferential Offering. The exact percentage increase following the Preferential Offering would depend on the overall level of acceptances and excess applications by Unitholders for the Preferential Offering, as in compliance with Rule 877(10) of the Listing Manual, the Sponsor, amongst others, will rank last in the allocation of excess unit applications. In the event that the Sponsor is allotted in full its application for the Sponsor Excess Units, the Sponsor's holdings will return to its percentage unitholding at the level immediately prior to the Equity Fund Raising, the increase of which could exceed 1.0%. Accordingly, this may trigger a requirement for the Sponsor (together with the Concert Party Group) to make a Mandatory Offer for MCT pursuant to Rule 14 of the Code unless the Whitewash Resolution is obtained from the Unitholders.

It should be noted that the increase of the Sponsor's percentage unitholding upon completion of the Preferential Offering will be purely due to a time gap between the completion dates of the Private Placement and the Preferential Offering. Taking the Equity Fund Raising as a whole, the Sponsor's percentage unitholding immediately after the Equity Fund Raising will be equal to or lower than its percentage unitholding immediately prior to the Equity Fund Raising.

In addition, in accordance with the Trust Deed and the Property Funds Appendix, the Manager will receive the Acquisition Fee Units upon Completion and such Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

The following table sets out the respective unitholdings of the Sponsor, the Manager and parties acting in concert with them assuming (a) approximately 706.8 million New Units are issued at the Illustrative Issue Price of S\$1.40 per New Unit pursuant to the Equity Fund Raising; (b) the Concert Party Group will accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its aggregate entitlement; (c) the Sponsor is fully allotted the Sponsor Excess Units; (d) the Manager's Acquisition Fee is paid in the form of approximately 6.4 million Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit; and (e) S\$860.0 million is drawn down by MCT from the Loan Facilities with an average interest cost of 3.25% to partially fund the Acquisition.

	Before the Acquisition <sup>(1)</sup>	Immediately after the Acquisition and the Issuance of the New Units and the Acquisition Fee Units
Issued Units	2,134,250,876	2,847,432,124
Number of Units held by the Concert Party Group	831,540,375	1,111,666,119
Number of Units held by Unitholders, other than the Concert Party Group	1,302,710,501	1,735,766,005
% of issued Units held by the Concert Party Group	38.96%	39.04%
% of issued Units held by Unitholders, other than the Concert Party Group	61.04%	60.96%

**Note:**

(1) As at the Latest Practicable Date.

## 8.2. Application for Waiver from Rule 14 of the Code

An application was made to the SIC on 31 May 2016 for the waiver of the obligation of the Sponsor and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Sponsor's acquisition of the New Units pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager. On 30 June 2016, the SIC granted the waiver for the Sponsor and the Manager to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Sponsor's acquisition of the New Units pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager, subject to, *inter alia*, the satisfaction of the following conditions:

- (a) a majority of Independent Unitholders present and voting at a general meeting, held before the Equity Fund Raising, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a Mandatory Offer from the Concert Party Group;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Concert Party Group did not acquire or are not to acquire any Units or instruments convertible into or options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular):
  - (i) during the period between the first announcement of the Equity Fund Raising and the date Unitholders' approval is obtained for the Whitewash Resolution; and
  - (ii) in the six months prior to the announcement of the Equity Fund Raising, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Equity Fund Raising;
- (e) MCT appoints an independent financial adviser to advise Independent Unitholders on the Whitewash Resolution;
- (f) MCT sets out clearly in this Circular:
  - (i) details of the Equity Fund Raising including the Undertaking;
  - (ii) the dilution effect of the issue of the New Units and the Acquisition Fee Units to existing Unitholders of voting rights in MCT;
  - (iii) the number and percentage of voting rights in MCT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Concert Party Group as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights in MCT to be issued to the Concert Party Group upon acquisition of the New Units by the Sponsor pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager; and
  - (v) specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a Mandatory Offer from the Sponsor and the Manager at the highest price paid by the Concert Party Group for Units in the six months preceding the commencement of the offer;
- (g) this Circular states that the waiver granted by SIC to the Sponsor and the Manager from the requirement to make a Mandatory Offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs (a) to (f) above;
- (h) MCT obtains SIC's approval in advance for the Paragraphs of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition of New Units by the Sponsor pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Sponsor and the Manager at the highest price paid or agreed to be paid by the Concert Party Group in the six months preceding:

- (a) the acceptance by the Sponsor of all of their provisional allotments under the Preferential Offering and application by the Sponsor of the Sponsor Excess Units<sup>1</sup>; and
- (b) the receipt of the Acquisition Fee in Units by the Manager in its own capacity.

By voting in favour of the Whitewash Resolution, Independent Unitholders could also be forgoing the opportunity to receive a Mandatory Offer from another person who may be discouraged from making a Mandatory Offer in view of the potential dilutive effect resulting from:

- (a) the Sponsor (i) accepting, or procuring the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) applying for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising; and
- (b) the issuance of Acquisition Fee Units.

### **8.3. Rationale for the Whitewash Resolution**

The Whitewash Resolution is to enable the Sponsor to (i) accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) apply for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising, and the rationale for allowing the Sponsor to do so is set out below.

The Manager is of the view that the Sponsor should not be treated differently from any other Unitholder and should be given the opportunity to apply for Excess Units. In addition, any application for the Sponsor Excess Units, if the Sponsor chooses to make such application, will further demonstrate the Sponsor's support for and confidence in the Preferential Offering and its long-term commitment to MCT, and will further enhance the chances of a successful Preferential Offering. In the allotment of Excess Units under the Preferential Offering, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Directors nor Substantial Unitholders who have control or

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<sup>1</sup> The Concert Party Group has not acquired any Units in the last six months prior to the Latest Practicable Date, save for the following:

- (i) on 19 February 2016, the Manager was issued 1,917,343 new Units as payment of 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 31 December 2015 under the Trust Deed;
- (ii) on 17 May 2016, the Manager was issued 1,732,845 new Units as payment of 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 31 March 2016 under the Trust Deed; and
- (iii) any new Units issued pursuant to the DRP.

The Manager also intends to elect to receive 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 30 June 2016 under the Trust Deed, in Units.

influence over MCT in connection with its day-to-day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager. The Sponsor, its wholly-owned subsidiaries, Directors and other Substantial Unitholders who have control or influence over MCT in connection with its day-to-day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager will rank last in priority. Further, the number of New Units proposed to be subscribed for by the Sponsor under the Preferential Offering shall be no more than such number as would be required to maintain its proportionate unitholding, in percentage terms, at the level immediately prior to the issue of New Units under the Equity Fund Raising.

#### **8.4. Advice of the Independent Financial Adviser**

The Manager has appointed ANZ as the independent financial adviser to advise the Independent Directors in relation to the Whitewash Resolution. A copy of the IFA Letter is set out in **Appendix G** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and made the assumptions set out in its letter, and subject to the qualifications set out therein, the IFA is of the view that the Whitewash Resolution is fair and reasonable.

### **9. RECOMMENDATIONS**

#### **9.1. On the Proposed Acquisition**

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix G** of this Circular) and the rationale and benefits for the Acquisition as set out in Paragraph 2.5 of this Circular, the Independent Directors and the Audit and Risk Committee believe that the Acquisition is on normal commercial terms, and is not prejudicial to the interests of MCT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 1 relating to the Acquisition.

#### **9.2. On the Proposed Equity Fund Raising**

Having regard to the rationale for the proposed Equity Fund Raising as set out in Paragraph 7.3 of this Circular, the Directors believe that the proposed Equity Fund Raising would be beneficial to, and is in the interests of, MCT and its Unitholders.

Accordingly, the Directors recommend that Unitholders vote at the EGM in favour of Resolution 2 relating to the Equity Fund Raising.

#### **9.3. On the Whitewash Resolution**

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix G** of this Circular) and the rationale for the Whitewash Resolution as set out in Paragraph 8.3 of this Circular, the Independent Directors and the Audit and Risk Committee believe that the Whitewash Resolution is not prejudicial to the interests of MCT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 3 relating to the Whitewash Resolution.

## 10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 25 July 2016 (Monday) at 3.00 p.m. (or immediately following the conclusion or adjournment of the 5<sup>th</sup> Annual General Meeting of MCT to be held at 2.30 p.m. on the same day and at the same place) at 10 Pasir Panjang Road, Mapletree Business City, Town Hall (*formerly known as Multipurpose Hall*) – Auditorium, Singapore 117438, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out in **Appendix I** of this Circular. The purpose of the Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of all the resolutions.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP, as at 72 hours before the time fixed for the EGM.

Unitholders should note that Resolution 1 and Resolution 2 relating to the Acquisition and the Equity Fund Raising respectively are inter-conditional and conditional upon the passing of Resolution 3 relating to the Whitewash Resolution. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not passed, the Manager will not proceed with the Acquisition and the Equity Fund Raising.

## 11. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, the Sponsor has a deemed interest in 819,175,283 Units, which comprises approximately 38.38% of the total number of Units in issue. Fullerton Management Pte Ltd ("**Fullerton**"), through its interest in the Sponsor, has a deemed interest in 819,175,283 Units, which comprises approximately 38.38% of the total number of Units in issue. Temasek, through its interests in Fullerton and its associated company, is deemed to be interested in 822,828,521 Units, which comprises approximately 38.55% of the total number of Units in issue.

### 11.1. Resolution 1 (The Acquisition)

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that the Property will be acquired from the Vendor, each of the Sponsor, Fullerton and Temasek (a) will abstain, and procure that their associates, including the Manager, will abstain from voting at the EGM on the resolution on the Acquisition; and (b) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution on the Acquisition unless specific instructions as to voting are given.

For the purposes of good corporate governance, as Mr. Tsang Yam Pui is a member of the board of directors in the Sponsor (the "**Sponsor Board**") and is a member of the Audit and Risk Committee of the Sponsor, Mr. Hiew Yoon Khong is the Executive Director of the Sponsor Board and the Group Chief Executive Officer of the Sponsor, Mr. Wong Mun Hoong is the Group Chief Financial Officer of the Sponsor, Ms. Amy Ng Lee Hoon is the Regional Chief Executive Officer, Group Retail and Singapore Commercial of the Sponsor and Ms. Lim Hwee Li Sharon is the Chief Executive Officer and Executive Director of the Manager, a wholly-owned subsidiary of the Sponsor, they will each abstain from voting on the



Ordinary Resolution in relation to the Acquisition in respect of Units (if any) held by them and will not accept appointments as proxies in relation to the resolution on the Acquisition unless specific instructions as to voting are given.

### **11.2. Resolution 3 (The Whitewash Resolution)**

Pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, the Concert Party Group and parties not independent of them are required to abstain from voting on the Whitewash Resolution.

## **12. ACTION TO BE TAKEN BY UNITHOLDERS**

You will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, to reach the office of MCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 3.00 p.m. on 22 July 2016 (Friday), being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions. If a Unitholder (being an independent Unitholder) wishes to appoint Mr. Tsang Yam Pui, Mr. Hiew Yoon Khong, Mr. Wong Mun Hoong, Ms. Amy Ng Lee Hoon and/or Ms. Lim Hwee Li Sharon as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolution.

## **13. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisition, the Equity Fund Raising, the Whitewash Resolution, MCT and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. The Directors are satisfied that the forecast consolidated statement of total return and distribution statement set out in Paragraph 5 above and the Profit Forecast in **Appendix C** of this Circular have been stated after due and careful enquiry.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

## **14. JOINT GLOBAL CO-ORDINATORS AND BOOKRUNNERS' RESPONSIBILITY STATEMENT**

To the best of the Joint Global Co-ordinators and Bookrunners' knowledge and belief, the information about the Equity Fund Raising contained in Paragraphs 3.2 and 7 of this Circular constitutes full and true disclosure of all material facts about the Equity Fund

Raising, and the Joint Global Co-ordinators and Bookrunners are not aware of any facts the omission of which would make any statement about the Equity Fund Raising contained in the said paragraphs misleading.

## **15. CONSENTS**

Each of the IFA (being ANZ), the Independent Reporting Auditor (being PricewaterhouseCoopers LLP), the Independent Market Consultant (being CBRE), and the Independent Valuers (being DTZ and Knight Frank) has given and has not withdrawn their written consent to the issue of this Circular with the inclusion of their name and, respectively, where applicable, the IFA Letter, the Independent Auditor's Report on the Profit Forecast, the Independent Market Research Report, the Valuation Reports, and all references thereto, in the form and context in which they are included in this Circular.

## **16. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager (by prior appointment) at 10 Pasir Panjang Road #13-01 Mapletree Business City, Singapore 117438 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (a) the Option Agreement (which contains the form of the SPA);
- (b) the Ancillary Tenancy and Licence Agreements;
- (c) the full valuation report of the Property dated 31 May 2016 by DTZ;
- (d) the full valuation report of the Property dated 24 June 2016 by Knight Frank;
- (e) the Independent Market Research Report by CBRE;
- (f) the Independent Reporting Auditor's Report on the Profit Forecast;
- (g) the IFA Letter; and
- (h) the written consents of each of the IFA, the Independent Reporting Auditor, the Independent Market Consultant and the Independent Valuers.

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

Yours faithfully

MAPLETREE COMMERCIAL TRUST MANAGEMENT LTD.  
Company Registration No. 200708826C  
(as Manager of MCT)

Mr. Tsang Yam Pui  
Chairman

## 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 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 MCT is not necessarily indicative of the future performance of MCT.

This Circular 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

All forecasts are based on the Illustrative Issue Price and on the Manager's assumptions as explained in this Circular, including, but not limited to, **Appendix C** of this Circular. The DPU yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Illustrative Issue Price used in the computing of DPU information in this Circular. The major assumptions are certain expected levels of property rental income and property expenses over the relevant period, which are considered by the Manager to be appropriate and reasonable as at the date of this Circular. The forecast financial performance of MCT is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecasts and consider the assumptions used and make their own assessment of the future performance of MCT.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of new units described in this Circular will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such new units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Manager does not intend to conduct a public offering of any securities of MCT in the United States.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>Acquisition</b>	:	The proposed acquisition of the Property
<b>Acquisition Fee</b>	:	The acquisition fee of S\$8.9 million which the Manager will be entitled to receive from MCT upon Completion which is payable fully in Units
<b>Acquisition Fee Units</b>	:	Units to be issued to the Manager as payment of the Acquisition Fee
<b>Alexandra/HarbourFront Micro-Market</b>	:	The micro-market which runs along Keppel Viaduct from Telok Blangah Road to Pasir Panjang Road
<b>Alexandra Precinct</b>	:	Alexandra Precinct, which spans 13.5 hectares and comprises high quality developments catering to a wide range of office and business park uses, is located in the Queenstown Planning Area along Alexandra Road/Telok Blangah Road and is approximately a 10-minute drive from the CBD
<b>Ancillary Tenancy and Licence Agreements</b>	:	Collectively, the Sponsor Tenancy Agreement, the SP Tenancy Agreement, the Sponsor Licence Agreement, the DBS Licence Agreement, the SP Licence Agreement, the Grid Licence Agreement, the Singtel Licence Agreement and the Starhub Licence Agreement
<b>ARC</b>	:	Alexandra Retail Centre
<b>Audit and Risk Committee</b>	:	The audit and risk committee of the Manager
<b>AYE</b>	:	Ayer Rajah Expressway
<b>BCA</b>	:	Building & Construction Authority of Singapore
<b>Board</b>	:	The board of directors of the Manager
<b>Business Park Comparable Basket</b>	:	Comprises a comparable basket of business parks with mostly Grade-A building specifications constructed by CBRE
<b>Call Option</b>	:	The Trustee's right to require the Vendor to enter into the SPA with the Trustee for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA
<b>Call Option Exercise Period</b>	:	The period commencing on the date on which the last of the Conditions Precedent have been fulfilled or waived (or such other period as the Trustee and the Vendor may mutually agree in writing) and ending at 11.59 p.m. on the said date

<b>CBD</b>	:	Central business district of Singapore
<b>CBRE</b>	:	CBRE Pte. Ltd.
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This circular to Unitholders dated 5 July 2016
<b>City Fringe Micro-Market</b>	:	The micro-market which comprises Mapletree Business City (Phase 1) and one-north business parks
<b>Code</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<b>Completion</b>	:	The completion of the Acquisition
<b>Completion Date</b>	:	The date the Acquisition is completed
<b>Concert Party Group</b>	:	The Sponsor, the Manager and the parties acting in concert with them
<b>Conditions Precedent</b>	:	The conditions precedent set out in the Option Agreement
<b>Core CBD</b>	:	The core CBD area comprising four micro-markets, namely Raffles Place, Shenton Way, Marina Bay and Marina Centre
<b>CPF</b>	:	Central Provident Fund
<b>CPFIS</b>	:	CPF Investment Scheme
<b>DBS</b>	:	DBS Bank Ltd.
<b>DBS Licence Agreement</b>	:	The licence agreement entered into between the Vendor and DBS
<b>Deposited Property</b>	:	The gross assets of MCT, including all its authorised investments held or deemed to be held by trust under the Trust Deed
<b>Directors</b>	:	The directors of the Manager
<b>DPU</b>	:	Distribution per Unit
<b>DRP</b>	:	The MCT Distribution Reinvestment Plan
<b>DTZ</b>	:	DTZ Debenham Tie Leung (SEA) Pte Ltd

<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be held on 25 July 2016 (Monday) at 3.00 p.m. (or immediately following the conclusion or adjournment of the 5 <sup>th</sup> Annual General Meeting of MCT to be held at 2.30 p.m. on the same day and at the same place) at 10 Pasir Panjang Road, Mapletree Business City, Town Hall ( <i>formerly known as Multipurpose Hall</i> ) – Auditorium, Singapore 117438, to approve the matters set out in the Notice of Extraordinary General Meeting in <b>Appendix I</b> of this Circular
<b>Enlarged Portfolio</b>	:	Comprises the Existing Portfolio and the Property
<b>Equity Fund Raising</b>	:	The proposed issue of up to 795.0 million New Units
<b>Excess Units</b>	:	New Units offered under the Preferential Offering not taken up by existing Unitholders
<b>Excluded Premises</b>	:	Collectively, the carpark, multi-purpose hall, retail area and common property at Mapletree Business City (Phase 1), the ownership of which will be retained by the Vendor
<b>Existing Portfolio</b>	:	The portfolio comprises VivoCity, PSA Building, Mapletree Anson and MLHF
<b>Existing Units</b>	:	The Units in issue on the day immediately prior to the date on which the New Units are issued under the Private Placement and/or Preferential Offering (as the case may be)
<b>F&amp;B</b>	:	Food and beverage
<b>Forecast Period</b>	:	The forecast period from 1 October 2016 to 31 March 2017
<b>Fullerton</b>	:	Fullerton Management Pte Ltd.
<b>FY2015/2016</b>	:	Financial year from 1 April 2015 to 31 March 2016
<b>FY2016/2017</b>	:	Financial year from 1 April 2016 to 31 March 2017
<b>FY2017/2018</b>	:	Financial year from 1 April 2017 to 31 March 2018
<b>FY2018/2019</b>	:	Financial year from 1 April 2018 to 31 March 2019
<b>FY2019/2020</b>	:	Financial year from 1 April 2019 to 31 March 2020
<b>FY2020/2021</b>	:	Financial year from 1 April 2020 to 31 March 2021
<b>GFA</b>	:	Gross floor area

<b>Grade-A Core CBD</b>	:	Prestigious landmark buildings occupying a prime location in the Core CBD area with a modern flexible layout and column-free floor plates in excess of 15,000 sq ft. Such buildings possess high quality furnishing, hi-tech facilities, and excellent accessibility from public transport and attract a tenant mix of premier office users
<b>Grade-B Core CBD</b>	:	Buildings located within the Core CBD area that generally do not meet one or more aspects of Grade-A Core CBD buildings, with technical specifications that are one grade lower than that of Grade-A Core CBD buildings
<b>Grid Licence Agreement</b>	:	The licence agreement entered into between the Vendor and Grid Communications Pte. Ltd.
<b>Gross Rental Income</b>	:	Consists of base rental income, service charges, advertising and promotion charges (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable), and turnover rent which is generally calculated as a percentage of the tenant's gross turnover
<b>Gross Revenue</b>	:	Consists of Gross Rental Income and other income earned from MCT's properties, including carpark and advertising and promotion revenue
<b>GS</b>	:	Goldman Sachs (Singapore) Pte.
<b>HarbourFront Precinct</b>	:	The HarbourFront Precinct, which spans approximately 24 hectares along Singapore's southern waterfront, is a thriving business and lifestyle hub and a quality office location close to the CBD, and it is located at the foothills of Mount Faber Park and extends to Singapore's southern coast overlooking Sentosa
<b>HF Eight</b>	:	HarbourFront Eight Pte Ltd
<b>HF Place</b>	:	HarbourFront Place Pte. Ltd.
<b>HFPL</b>	:	The HarbourFront Pte. Ltd.
<b>HSBC</b>	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
<b>IFA or ANZ</b>	:	Australia and New Zealand Banking Group Limited, Singapore Branch
<b>IFA Letter</b>	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice as set out in <b>Appendix G</b> of this Circular
<b>Illustrative Issue Price</b>	:	The illustrative issue price of S\$1.40 per new Unit

<b>Independent Directors</b>	:	The independent directors of the Manager, being Ms. Kwa Kim Li, Mrs. Jennifer Loh, Mr. Kan Shik Lum, Mr. Koh Cheng Chua and Mr. Premod P. Thomas
<b>Independent Unitholders</b>	:	The Unitholders who are deemed to be independent for the purpose of the Whitewash Resolution, being the Unitholders other than the Concert Party Group and parties not independent of them
<b>Independent Valuers</b>	:	DTZ Debenham Tie Leung (SEA) Pte Ltd and Knight Frank Pte Ltd
<b>Issue Price</b>	:	The issue price of the New Units under the Equity Fund Raising
<b>IT</b>	:	Information technology
<b>Joint Global Co-ordinators and Bookrunners</b>	:	DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
<b>Knight Frank</b>	:	Knight Frank Pte Ltd
<b>Latest Practicable Date</b>	:	17 June 2016, being the latest practicable date prior to the printing of this Circular
<b>Licence Agreement</b>	:	The licence agreement to be entered into between the Trustee and the Vendor in relation to the right to use the Licensed Premises as well as the artworks located within Mapletree Business City (Phase 1) upon Completion
<b>Licensed Premises</b>	:	The parts of Mapletree Business City (Phase 1) (excluding the Property and the Excluded Premises) which include, but are not limited to, the landscape areas, driveways and walkways, to be licensed by the Vendor to the Trustee pursuant to the Licence Agreement
<b>Listing Manual</b>	:	The listing manual of the SGX-ST
<b>Loan Facilities</b>	:	The loan facilities granted by various financial institutions to MCT of up to an aggregate of S\$920.0 million, comprising a two-year, a four-year and a six-year term loan facility
<b>Manager</b>	:	Mapletree Commercial Trust Management Ltd., in its capacity as manager of MCT
<b>Mandatory Offer</b>	:	A general offer made pursuant to Rule 14 of the Code
<b>Mapletree Anson</b>	:	Mapletree Anson, located at 60 Anson Road Singapore 079914



<b>Mapletree Business City</b>	:	Mapletree Business City (Phase 1) and Mapletree Business City (Phase 2)
<b>Mapletree Business City (Phase 1)</b>	:	The property known as Mapletree Business City (Phase 1) located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440, which collectively comprises the Property, the Licensed Premises and the Excluded Premises
<b>Mapletree Business City (Phase 2)</b>	:	The property known as Mapletree Business City (Phase 2) located at 40, 50, 60, 70, 80 Pasir Panjang Road, Singapore 117383/117384/117385/117371/117372
<b>MAS</b>	:	Monetary Authority of Singapore
<b>MCE</b>	:	Marina Coastal Expressway
<b>MCT</b>	:	Mapletree Commercial Trust
<b>MCT Audited Financial Statements</b>	:	The audited financial statements for MCT for the financial year ended 31 March 2016
<b>MLHF</b>	:	Bank of America Merrill Lynch HarbourFront located at 2 HarbourFront Place Singapore 098499
<b>MNC</b>	:	Multinational corporation
<b>MRT</b>	:	Mass Rapid Transit
<b>NAV</b>	:	Net asset value
<b>Net Property Income or NPI</b>	:	Gross Revenue less property operating expenses
<b>New Units</b>	:	New Units to be issued for the purpose of the Equity Fund Raising
<b>NLA</b>	:	Net lettable area
<b>NTA</b>	:	Net tangible assets
<b>Option Agreement</b>	:	The put and call option agreement dated 5 July 2016 entered into between the Trustee and the Vendor
<b>Option Fee</b>	:	The option fee of S\$1 which was paid to the Vendor upon signing of the Option Agreement
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

<b>Preferential Offering</b>	:	A non-renounceable preferential offering of New Units to existing Unitholders on a <i>pro rata</i> basis under the Equity Fund Raising
<b>Prime Alexandra/ HarbourFront Basket</b>	:	Generally refers to modern office buildings with good building specifications and relatively younger building age within the Alexandra/HarbourFront Micro-Market as referred to by CBRE
<b>Private Placement</b>	:	The placement of New Units to institutional and other investors under the Equity Fund Raising
<b>Property</b>	:	The strata area of approximately 208,036 square metres from level two to the rooftop of the buildings within Mapletree Business City (Phase 1) comprised in the strata lot number U48703N of Mukim 3
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
<b>Property Management Agreement</b>	:	The property management agreement dated 4 April 2011 entered into between the Manager, the Trustee and the Property Manager
<b>Property Manager</b>	:	Mapletree Commercial Property Management Pte. Ltd., as property manager of the Existing Portfolio and any other property acquired by MCT after the date of this Circular
<b>PSA Building</b>	:	PSA Building, located at 460 Alexandra Road Singapore 119963
<b>Purchase Consideration</b>	:	The purchase consideration for the Acquisition and the grant of the right to use the Licensed Premises, being S\$1,780.0 million
<b>Put Option</b>	:	The Vendor's right to require the Trustee to enter into the SPA with the Vendor for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA
<b>Put Option Exercise Period</b>	:	The period commencing immediately after the expiry of the Call Option Exercise Period and ending at 11.59 p.m. on the calendar day immediately falling after the end of the Call Option Exercise Period
<b>ROFR</b>	:	The right of first refusal dated 4 April 2011 which has been granted by the Sponsor to the Trustee in connection with the listing of MCT
<b>Securities Act</b>	:	U.S. Securities Act of 1933, as amended
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited

<b>Shared Services Agreement</b>	:	The shared services agreement to be entered into between the Trustee and the Vendor in relation to the use of certain common facilities at Mapletree Business City (Phase 1) (namely the carpark, multi-purpose hall and common property) and the apportionment of costs relating to the provision of services to Mapletree Business City (Phase 1) upon Completion
<b>SIC</b>	:	Securities Industry Council of Singapore
<b>SIC Conditions</b>	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Paragraph 8.2 of this Circular
<b>Singtel Licence Agreement</b>	:	The licence agreement entered into between the Vendor and Singtel Mobile Singapore Pte. Ltd.
<b>Southern Corridor</b>	:	The area enveloping the southern coast of Singapore from the western fringe of the CBD along Keppel Road, extending westwards along the south-western coast of Singapore towards Pasir Panjang, and including Sentosa
<b>SP Licence Agreement</b>	:	The licence agreement entered into between the Vendor and Singapore Power Limited
<b>SP Tenancy Agreement</b>	:	The tenancy agreement entered into between the Vendor and Singapore Power Limited (as supplemented and amended)
<b>SP Variation Letter</b>	:	The letter of agreement to vary the terms of the SP Tenancy Agreement dated 3 June 2016, which is supplemental to the SP Tenancy Agreement
<b>SPA</b>	:	A sale and purchase agreement which the Trustee and the Vendor are required to enter into pursuant to the terms and conditions of the Option Agreement
<b>SPL</b>	:	Sienna Pte. Ltd.
<b>Sponsor</b>	:	Mapletree Investments Pte Ltd
<b>Sponsor Board</b>	:	The board of directors in the Sponsor
<b>Sponsor Excess Units</b>	:	Such excess units to be applied for by the Sponsor under the Preferential Offering pursuant to the Undertaking, to return its percentage unitholding to the level immediately prior to the Equity Fund Raising
<b>Sponsor Licence Agreement</b>	:	The licence agreement entered into between the Vendor and the Sponsor
<b>Sponsor Tenancy Agreement</b>	:	The tenancy agreement entered into between the Vendor and the Sponsor (as supplemented and amended)

<b>Starhub Licence Agreement</b>	:	The licence agreement entered into between the Vendor and Starhub Mobile Pte Ltd
<b>State Lease</b>	:	State Lease No. 25063 dated 17 March 2003 (as amended and supplemented) and State Lease No. 25064 dated 17 March 2003 (as amended and supplemented) between the President of the Republic of Singapore and his successors-in-office and the Vendor in respect of Mapletree Business City
<b>Strata Lease</b>	:	The leasehold interest of the Property, for a term commencing on the Completion Date up to and including 29 September 2096, to be granted by the Vendor to the Trustee
<b>Substantial Unitholder</b>	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
<b>Total Acquisition Cost</b>	:	The total acquisition cost for the Acquisition of approximately S\$1,858.5 million
<b>Trust Deed</b>	:	The trust deed dated 25 August 2005 entered into between the Sponsor (in its former capacity as manager) and VivoCity Pte. Ltd. (in its former capacity as trustee), as amended by (i) a supplemental deed dated 25 April 2006, (ii) a supplemental deed of change of name of the trust dated 4 April 2011, (iii) a supplemental deed of appointment and retirement of manager dated 4 April 2011, (iv) a supplemental deed of appointment and retirement of trustee dated 4 April 2011, (v) an amending and restating deed dated 4 April 2011 and (vi) a second amending and restating deed dated 28 June 2016 and as may be amended, varied or supplemented from time to time
<b>Trustee</b>	:	DBS Trustee Limited, in its capacity as trustee of MCT
<b>Undertaking</b>	:	The irrevocable undertaking dated 5 July 2016 given by the Sponsor to the Manager and the Joint Global Co-ordinators and Bookrunners as disclosed in Paragraph 7.4 of this Circular
<b>Underwriting Agreement</b>	:	The management and underwriting agreement anticipated to be entered into between the Manager and the Joint Global Co-ordinators and Bookrunners subject to, among others, prevailing market conditions and mutual agreement to the terms of the Equity Fund Raising, such as the Issue Price of the New Units
<b>Unit</b>	:	A unit representing an undivided interest in MCT
<b>United States or U.S.</b>	:	United States of America
<b>Unitholders</b>	:	The Depositor whose securities account with CDP is credited with Unit(s)

<b>Vendor</b>	:	Mapletree Business City Pte. Ltd., a wholly-owned subsidiary of the Sponsor
<b>VivoCity</b>	:	VivoCity, located at 1 HarbourFront Walk Singapore 098585
<b>VWAP</b>	:	Volume-weighted average price
<b>WALE</b>	:	Weighted average lease expiry
<b>Whitewash Resolution</b>	:	The resolution to be approved by way of a poll by a majority of Independent Unitholders present and voting at the EGM to waive their rights to receive a Mandatory Offer from the Concert Party Group, pursuant to Rule 14 of the Code in relation to the Preferential Offering, further details of which are set out in Paragraph 8 of this Circular
<b>Whitewash Waiver</b>	:	The waiver granted by the SIC of the obligations of the Sponsor and the Manager to make a Mandatory Offer for MCT pursuant to Rule 14 of the Code as a result of the subscription of New Units under the Preferential Offering in accordance with the Undertaking and the issuance of Acquisition Fee Units, subject to the satisfaction of the SIC Conditions, details of which are set out in Paragraph 8.2 of this Circular
<b>mm</b>	:	Millimetre
<b>psf pm</b>	:	Per square foot per month
<b>sq ft</b>	:	Square feet
<b>sq m</b>	:	Square metre
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>%</b>	:	Per centum or percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

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## INFORMATION ABOUT THE PROPERTY AND THE ENLARGED PORTFOLIO

### 1. THE PROPERTY

#### 1.1. Description of the Property

The Property comprises the office and business park components of Mapletree Business City (Phase 1), which is a large-scale integrated business hub located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440. Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct, a high quality location catering to a wide range of office and business park uses.

The Property enjoys a prominent frontage along Pasir Panjang Road as well as excellent transport connectivity. The location is approximately a 10-minute drive from the CBD and is well served by major roads and expressways such as the West Coast Highway, AYE and MCE. Extensive bus services run through the surrounding area. It is also linked by covered walkways to the adjacent Mapletree Business City (Phase 2) and PSA Building, as well as the Labrador Park MRT Station.

The Property has a NLA of 1,708,218 sq ft (as at 30 April 2016) and comprises four blocks of office and business park space, namely an office tower (MBC 10) and three business park blocks (MBC 20W, MBC 20E and MBC 30).

Completed in April 2010, Mapletree Business City (Phase 1) has garnered numerous local and international awards for its innovative and sustainable design. Mapletree Business City (Phase 1) was accredited with the prestigious BCA Green Mark Platinum certification, the highest accolade for environmentally sustainable developments in Singapore. Mapletree Business City (Phase 1) has also been awarded, among others, the FIABCI Prix d'Excellence Awards (Sustainable Development Category), ASEAN Energy Awards – Energy Efficient Building (New and Existing Category), Universal Design GoldPlus Award – New Non-Residential Category and MIPIM Asia Awards – Top 3 Green Buildings.

The Property's location within the Alexandra Precinct provides tenants with an extensive mix of "work and play" amenities. Amenities in Mapletree Business City (Phase 1) include modern conference facilities, a 294-seat auditorium, an on-site gym with a 44 metre-long heated pool, a complementary range of F&B establishments and 1,040 sheltered carpark lots. The completion of Mapletree Business City (Phase 2), which is also part of Mapletree Business City, has added F&B options, sporting facilities such as an outdoor running track, futsal and basketball courts, and a new garden amphitheatre for arts events and performances. The Property is also directly linked via a covered walkway to ARC. ARC has a wide range of tenants, which include F&B establishments, retail outlets and service trades as well as a supermarket, providing amenities to the growing working population within the Alexandra Precinct.

The Property has attracted a strong and diverse tenant base comprising many well-known and reputable MNCs since its completion in 2010 and enjoys an occupancy rate of 97.8%<sup>1</sup> (as at 30 April 2016).

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<sup>1</sup> As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.

The table below sets out a summary of selected information on the Property as at 30 April 2016:

Summary for the Property	MBC10	MBC 20W, MBC 20E and MBC 30	Total
Property type	Office	Business Park	Office/Business Park
Address	10 Pasir Panjang Road, Singapore 117438	20, 30 Pasir Panjang Road, Singapore 117439/117440	10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440
Building completion	2010		
Tenure of Strata Lease	Leasehold for a term commencing from Completion Date up to and including 29 September 2096		
GFA	1,942,843 sq ft		
NLA	420,544 sq ft	1,287,674 sq ft	1,708,218 sq ft
Building efficiency	88.0%		
Typical floor plate	Approximately 23,000 to 68,000 sq ft		
Number of storeys	18	MBC 20W: 14 MBC 20E: 14 MBC 30: 17	14 to 18
Average passing rent (as at 30 April 2016)	S\$6.14 per sq ft per month	S\$5.88 per sq ft per month	S\$5.94 per sq ft per month
Occupancy (as at 30 April 2016) <sup>(1)</sup>	97.8%		
Number of tenants	29		
Valuation (S\$ million)	587.0 <sup>(2)</sup>	1,240.0 <sup>(3)</sup>	1,827.0 <sup>(4)</sup>

**Notes:**

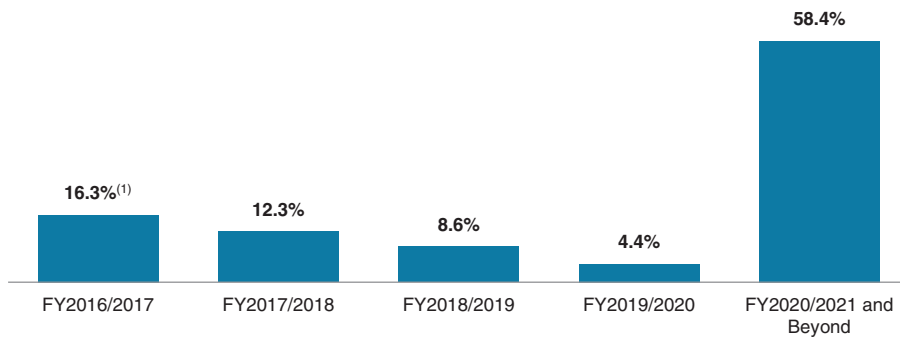
- (1) As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.
- (2) Based on the appraised values by each of DTZ and Knight Frank of S\$587.0 million as at 31 May 2016.
- (3) Based on the average appraised values by DTZ and Knight Frank of S\$1,245.0 million and S\$1,235.0 million respectively as at 31 May 2016.
- (4) Based on the average appraised values by DTZ and Knight Frank of S\$1,832.0 million and S\$1,822.0 million respectively as at 31 May 2016.



## 1.2. Lease Expiry Profile of the Property

The graph below illustrates the lease expiry profile of the Property by Gross Rental Income as at 30 April 2016. As at 30 April 2016, the WALE for the Property is approximately 3.5 years by Gross Rental Income.

**Lease Expiry Profile as a % of Gross Rental Income  
(The Property)**



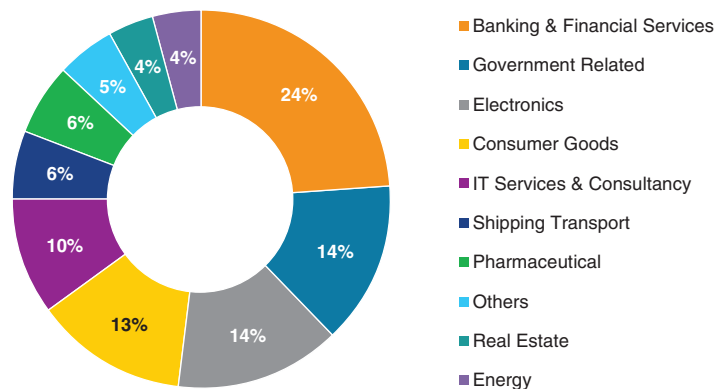
**Note:**

- (1) As at the Latest Practicable Date, an additional lease was renewed, lowering the FY2016/2017 lease expiry as a % of Gross Rental Income from 16.3% to 10.8%. The renewed lease expires in FY2020/2021 and beyond.

## 1.3. Trade Sector Analysis for the Property

The chart below provides a breakdown by Gross Rental Income of the different trade sectors represented in the Property as at 30 April 2016.

**Trade Sector as a % of Gross Rental Income (The Property)**



#### 1.4. Top Ten Tenants of the Property

The table below shows the top ten tenants of the Property by Gross Rental Income as at 30 April 2016.

	<b>Top Ten Tenants</b>	<b>Property Type Occupied</b>	<b>Trade Sector</b>	<b>% of Gross Rental Income</b>
1.	The Hongkong and Shanghai Banking Corporation Limited	Business Park	Banking & Financial Services	11.6%
2.	Info-Communications Development Authority of Singapore	Office	Government Related	8.4%
3.	Samsung Asia Pte. Ltd./ Samsung Electronics Asia Holding Pte. Ltd.	Business Park	Electronics	8.0%
4.	Unilever Asia Pte Ltd	Business Park	Consumer Goods	7.7%
5.	SAP Asia Pte Ltd	Business Park	IT Services & Consultancy	7.7%
6.	BW Maritime Pte Ltd/ BW Offshore Singapore Pte. Ltd.	Office/ Business Park	Shipping Transport	6.4%
7.	Nike Trading Company B.V. Singapore Branch	Business Park	Consumer Goods	5.6%
8.	Singapore Power Limited <sup>(1)</sup>	Office	Government Related Company	5.5%
9.	Deutsche Bank Aktiengesellschaft	Business Park	Banking & Financial Services	4.6%
10.	Mapletree Investments Pte Ltd	Office	Real Estate	4.1%
<b>Total</b>				<b>69.6%</b>

**Note:**

- (1) On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement in relation to the SP Tenancy Agreement. See Paragraph 2.8 of this Circular for further details.

## 2. EXISTING PORTFOLIO

The Existing Portfolio has a total NLA of 2,116,776 sq ft comprising 1,135,601 sq ft of retail NLA and 981,175 sq ft of office NLA. The table below sets out certain key information on the properties within the Existing Portfolio as at 30 April 2016.

	VivoCity	PSA Building	Mapletree Anson	MLHF	Existing Portfolio
GFA (sq ft)	1,505,375	880,025	383,812	243,814	3,013,026
NLA (sq ft)	1,045,939	Office: 434,447 <sup>(1)</sup> Retail: 89,662	330,167	216,561	2,116,776
Number of tenants	292	Office: 38 Retail: 69	18	1	401 <sup>(2)</sup>
Carpark lots	2,179	749	80	93	3,101
Title	99 year leasehold commencing 1 October 1997	99 year leasehold commencing 1 October 1997	99 year leasehold commencing 22 October 2007	99 year leasehold commencing 1 October 1997	–
Valuation <sup>(3)</sup> (S\$ million)	2,597.0	740.8	690.0	314.0	4,341.8
Occupancy (%)	99.2 <sup>(4)</sup>	95.7 <sup>(5)</sup>	92.6 <sup>(6)</sup>	100	97.4
Year of completion	2006	Office: 1985/2011 <sup>(7)</sup> Retail: 2011 <sup>(8)</sup>	2009	2008	–
NPI for the Forecast Period (S\$ million)	77.0	19.1	13.9	6.5	116.5

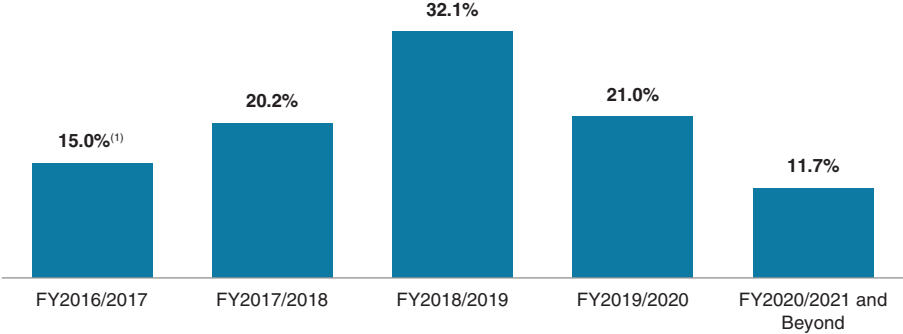
### Notes:

- (1) Excludes the seven floors of leases of PSA Building, amounting to a total leased area of 114,960 sq ft, which have been sub-leased on a long-term basis to the Minister of Finance and The Maritime and Port Authority of Singapore, in both cases for a period of 97 years and nine months less one day commencing from 1 January 1999.
- (2) The total number of tenants for the Existing Portfolio has taken into account common tenants in the respective properties.
- (3) Based on the appraised valuations by CBRE for PSA Building, Mapletree Anson and MLHF as at 31 March 2016, and Knight Frank for VivoCity as at 31 March 2016.
- (4) The committed occupancy of VivoCity as at 30 April 2016 is 99.9%.
- (5) The committed occupancy of PSA Building as at 30 April 2016 is 98.5%.
- (6) The committed occupancy of Mapletree Anson as at 30 April 2016 is 100.0%.
- (7) The office portion of PSA Building includes 15,425 sq ft of space added as part of asset enhancement works that were completed in November 2011.
- (8) The retail portion of PSA Building comprises the three-storey ARC which was completed in November 2011.

**2.1. Lease Expiry Profile of the Existing Portfolio**

The graph below illustrates the portfolio lease expiry profile of the Existing Portfolio by Gross Rental Income as at 30 April 2016. As at 30 April 2016, the WALE for the Existing Portfolio is approximately 2.5 years by Gross Rental Income.

**Lease Expiry Profile as a % of Gross Rental Income (Existing Portfolio)**



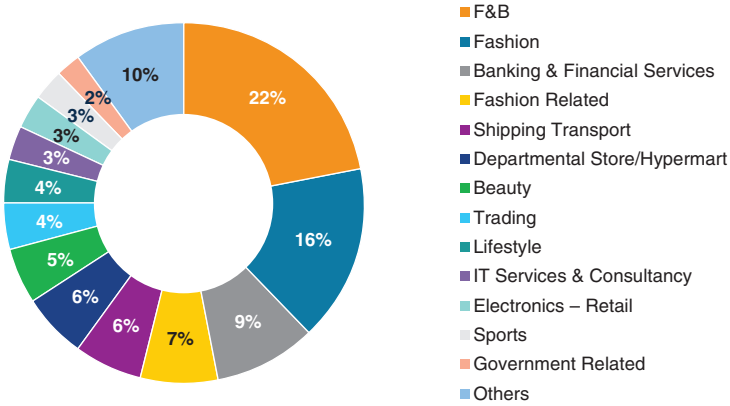
**Note:**

(1) As at the Latest Practicable Date, additional leases were committed, lowering the FY2016/2017 lease expiry as a % of Gross Rental Income from 15.0% to 11.1%.

**2.2. Trade Sector Analysis for the Existing Portfolio**

The chart below provides a breakdown by Gross Rental Income of the different trade sectors represented in the Existing Portfolio as at 30 April 2016.

**Trade Sector as a % of Gross Rental Income (Existing Portfolio)**



**Note:** Others include Entertainment, Real Estate, Retail Bank, Energy, Insurance, Optical, Consumer Services, Pharmaceutical, Medical, Services, Education and Convenience.

### 2.3 Top Ten Tenants of the Existing Portfolio

The table below sets out the selected information about the top ten tenants of the Existing Portfolio by Gross Rental Income as at 30 April 2016.

	Top Ten Tenants	Property Type Occupied	Trade Sector	% of Gross Rental Income
1.	Merrill Lynch Global Services Pte. Ltd.	Office	Banking & Financial Services	6.5%
2.	Cold Storage Singapore (1983) Pte Ltd	Retail	Hypermart/ Convenience	2.8%
3.	PSA Corporation Limited	Office	Shipping Transport	2.8%
4.	J. Aron & Company (Singapore) Pte. <sup>(1)</sup>	Office	Banking & Financial Services	2.2%
5.	C.K.Tang Limited	Retail	Departmental Store	2.0%
6.	Sumitomo Corporation Asia Pte Ltd	Office	Trading	1.7%
7.	Golden Village Multiplex Pte Ltd	Retail	Entertainment	1.7%
8.	H & M Hennes & Mauritz Pte. Ltd.	Retail	Fashion	1.6%
9.	RSH (Singapore) Pte Ltd	Retail	Fashion	1.5%
10.	Copitiam Pte. Ltd.	Retail	F&B	1.3%
<b>Total</b>				<b>24.1%</b>

Note:

(1) A member of the Goldman Sachs group of companies.

### 3. ENLARGED PORTFOLIO

The table below sets out selected information on the Enlarged Portfolio as at 30 April 2016.

	Existing Portfolio	The Property	Enlarged Portfolio
GFA (sq ft)	3,013,026	1,942,843	4,955,869
NLA (sq ft)	2,116,776	1,708,218	3,824,994
Number of Tenants	401	29	422 <sup>(1)</sup>
Valuation (S\$ million)	4,341.8 <sup>(2)</sup>	1,827.0 <sup>(3)</sup>	6,168.8
Occupancy (%)	97.4	97.8 <sup>(4)</sup>	97.6
NPI for the Forecast Period (S\$ million)	116.5	49.7	166.2

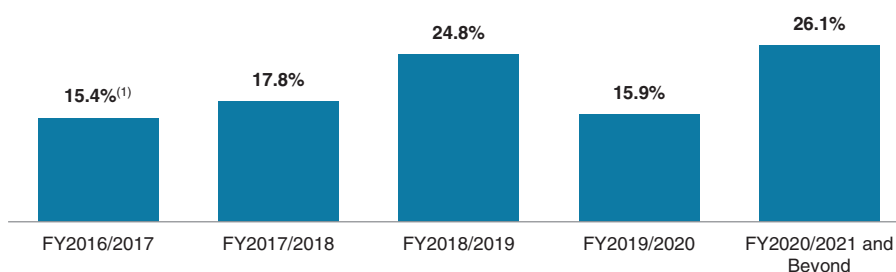
**Notes:**

- (1) The total number of tenants for the Enlarged Portfolio has taken into account the common tenants in the Existing Portfolio and the Property.
- (2) Based on the appraised valuations by CBRE for PSA Building, Mapletree Anson and MLHF as at 31 March 2016, and Knight Frank for VivoCity as at 31 March 2016.
- (3) Based on the average appraised values by Knight Frank and DTZ of S\$1,822.0 million and S\$1,832.0 million respectively as at 31 May 2016.
- (4) As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.

### 3.1. Lease Expiry Profile of the Enlarged Portfolio

The graph below illustrates the lease expiry profile of the Enlarged Portfolio by Gross Rental Income as at 30 April 2016. As at 30 April 2016, the WALE for the Enlarged Portfolio is approximately 2.8 years by Gross Rental Income.

**Lease Expiry Profile as a % of Gross Rental Income  
(Enlarged Portfolio)**



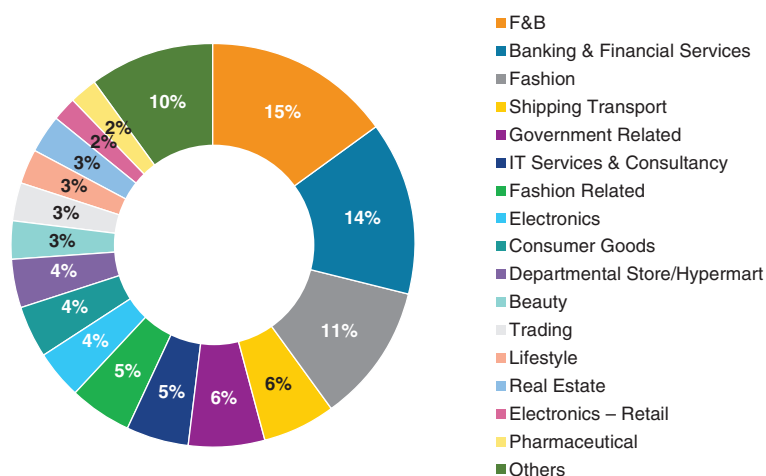
**Note:**

- (1) As at the Latest Practicable Date, additional leases were committed, lowering the FY2016/2017 lease expiry as a % of Gross Rental Income from 15.4% to 11.0%.

### 3.2. Trade Sector Analysis for the Enlarged Portfolio

The chart below provides a breakdown by Gross Rental Income of the different trade sectors represented in the Enlarged Portfolio as at 30 April 2016.

**Trade Sector as a % of Gross Rental Income (Enlarged Portfolio)**



**Note:** Others include Sports, Energy, Entertainment, Retail Bank, Insurance, Optical, Consumer Services, Medical, Services, Education and Convenience.

### 3.3. Top Ten Tenants of the Enlarged Portfolio

The table below sets out the top ten tenants of the Enlarged Portfolio by Gross Rental Income as at 30 April 2016.

	<b>Top Ten Tenants</b>	<b>Property Type Occupied</b>	<b>Trade Sector</b>	<b>% of Gross Rental Income</b>
1.	Merrill Lynch Global Services Pte. Ltd.	Office	Banking & Financial Services	4.5%
2.	The Hongkong and Shanghai Banking Corporation Limited	Business Park/ Retail	Banking & Financial Services	3.6%
3.	Info-Communications Development Authority of Singapore/Assurity Trusted Solutions Pte. Ltd.	Office	Government Related	2.9%
4.	Samsung Asia Pte. Ltd./Samsung Electronics Asia Holding Pte. Ltd.	Business Park/ Retail	Electronics	2.8%
5.	Unilever Asia Pte Ltd/ Unilever Singapore Pte. Limited	Business Park/ Retail	Consumer Goods/ F&B	2.4%
6.	SAP Asia Pte Ltd	Business Park	IT Services & Consultancy	2.4%
7.	BW Maritime Pte Ltd/ BW Offshore Singapore Pte. Ltd.	Office/Business Park	Shipping Transport	2.0%
8.	Cold Storage Singapore (1983) Pte Ltd	Retail	Hypermart/ Convenience	1.9%
9.	PSA Corporation Limited	Office	Shipping Transport	1.9%
10.	Singapore Power Limited <sup>(1)</sup> /SP Services Limited	Office	Government Related Company	1.8%
<b>Total</b>				<b>26.2%</b>

**Note:**

- (1) On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement in relation to the SP Tenancy Agreement. See Paragraph 2.8 of this Circular for further details.

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SUMMARY VALUATION CERTIFICATES



Our Ref: NC:JH:rl:1605105

31 May 2016

Mapletree Commercial Trust Management Ltd  
10 Pasir Panjang Road #13-01  
Mapletree Business City  
Singapore 117438

(as Manager of Mapletree Commercial Trust)

Dear Sirs

**RE: VALUATION OF STRATA LOT COMPRISING PART OF 10, 20 and 30 PASIR PANJANG ROAD  
MAPLETREE BUSINESS CITY SINGAPORE 117438, 117439 AND 117440**

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We refer to your instruction to carry out a valuation in respect of the above-mentioned property for acquisition and corporate financing purposes. Our instruction is to provide our opinion of the market value of the unexpired leasehold interest in the property as at 31 May 2016, subject to existing tenancies. We confirmed that we have inspected the property, made relevant local searches, enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property.

The term "Market Value" as used herein is intended to mean "the highest value" at which the sale interest in property might reasonably be expected to have been completed at the date of valuation, assuming,

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;
- c) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- d) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

A summary of our valuation together with a brief description of the property is appended.

We have valued the subject property by the Capitalisation Approach and Discounted Cash Flow Analysis.

.../Page 2



Information as to tenure, site area and ownership is obtained from our searches carried out at the Singapore Land Authority. We have also relied to a considerable extent on information provided by Mapletree Commercial Trust Management Ltd particularly in relation to matters such as gross/strata/net lettable floor areas and tenancy details.

We were not instructed to carry out structural survey of the buildings, nor to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspection. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

This valuation certificate summarises our Valuation Report and is for the use of Mapletree Commercial Trust Management Ltd for acquisition and corporate financing purposes.

DTZ Debenham Tie Leung (SEA) Pte Ltd had relied upon property data supplied by Mapletree Commercial Trust Management Ltd which we have assumed to be true and accurate. DTZ Debenham Tie Leung (SEA) Pte Ltd takes no responsibility for any inaccurate client-supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject property and are not a related corporation of nor do we have a relationship with Mapletree Commercial Trust Management Ltd. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking the valuation is authorised to practice as valuers and have the necessary expertise and experience in valuing similar type of property.

for and on behalf of  
**DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD**

Nicholas Cheng  
Executive Director  
Valuation Advisory Services  
BSc (Est Mgt) MSISV  
(Appraiser's Licence No: AD041-2004055B)



## VALUATION SUMMARY

<b>Address:</b>	Mapletree Business City 10, 20 and 30 Pasir Panjang Road Singapore 117438, 117439 and 117440  10, 20 and 30 Pasir Panjang Road is also known as Mapletree Business City (Phase 1) (MBC I)
<b>Registered Proprietor:</b>	Mapletree Business City Pte. Ltd.
<b>Interest Valued:</b>	99 years lease less 1 day commencing from 1 October 1997.  The Strata Lot extends from level 2 to the rooftop of Blocks 10, 20 and 30 of Mapletree Business City and excludes the four retail units (#02-01, #02-12, #02-12A and #02-13) within Block 20 Pasir Panjang Road, all artworks and sculptures as well as amenities/facilities such as carpark podium, multi-purpose hall and meeting facilities.
<b>Master Plan Zoning (2014):</b>	"Business Park" with a plot ratio of 2.8
<b>Site Area:</b>	The strata lot is part of Lot 4968K Mukim 3 which has a land area of 108,537.9 sq.m.  Mapletree Business City (Phase 2) (MBC II) is also built on Lot 4968K. We understand that the land area occupied by MBC I is about 64,810.8 square metres.
<b>Strata Floor Area : (as provided)</b>	208,036 sq.m. including void of 7,628 sq.m.
<b>Net Lettable Floor Area (NLA): (as provided)</b>	Office 39,069.50 sq.m. Business Park 119,627.80 sq.m.
<b>Brief Description:</b>	MBC I is an integrated commercial development comprising 4 expansive blocks set atop a carpark podium; an 18-storey office block (MBC 10), a 14-storey business park block (MBC 20E & 20W) and single storey retail block (MBC 20) and a 17-storey business park (MBC 30). The carpark podium is linked to all blocks and provides 1,040 carpark lots over two levels as well as a multi-purpose auditorium and meeting facilities. All buildings within Mapletree Business City are linked by covered walkways and surrounded by lush landscaped areas.  For the purpose of this valuation, we have been instructed to value both office and business park components of MBC I. The carpark, artwork, multi-purpose hall and retail components are excluded.  The Temporary Occupation Permit (TOP) was issued on 1 April 2010 and the Certificate of Completion (CSC) was issued on 21 October 2011.  The property is in good condition and well maintained given its age and use.



### VALUATION SUMMARY (cont'd)

<b>Brief Description:</b> (cont'd)	MBC I is seamlessly connected to MBC II, located at the rear of MBC I. MBC II was completed in April 2016.	
<b>Tenancy Details:</b>	The property is currently multi-tenanted.	
<b>Adopted Capitalisation Rate:</b>	Office 4.25% and Business Park 5.50%	
<b>Discount Rate:</b>	Office 7.00% and Business Park 7.50%	
<b>Terminal Yield:</b>	Office 4.50% and Business Park 5.75%	
	<u>Office</u>	<u>Business Park</u>
<b>Committed Effective Monthly Gross Rental (psm)</b>	S\$71.16	S\$64.82
<b>Estimated Monthly Gross Market Rental (psm)</b>	S\$73.20	S\$64.58
<b>Vacancy rates adopted</b>	3%	3%
<b>Valuation:</b>	Office	S\$587,000,000
	Business Park	S\$1,245,000,000
		S\$1,832,000,000/-
		(Singapore Dollars One Billion Eight Hundred and Thirty-Two Million)
		This assessment is GST exclusive
<b>Date of Valuation:</b>	31 May 2016	
<b>Value Per Square Metre of NLA:</b>	Office S\$15,025/-	Business Park S\$10,407/-

for and on behalf of  
**DTZ Debenham Tie Leung (SEA) Pte Ltd**

Nicholas Cheng  
Executive Director  
Valuation Advisory Services  
BSc (Est Mgt) MSISV  
(Appraiser's Licence No: AD041-2004055B)

Jean Huang  
Manager (Special Projects)  
Valuation Advisory Services  
BSc (Land Mgt) Hons MSISV  
(Appraiser's Licence No: AD041-2009748D)



## **Limiting Conditions**

### **Confidentiality**

Our Valuation and Report is confidential to the party to whom it is addressed and to their professional advisors for the specific purpose to which they refer. The valuer disclaims all responsibility and will accept no liability to any other party. Neither the whole, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written consent of the form and context in which it will appear.

### **Source of Information**

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

### **Tenants**

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

### **Town Planning and Other Statutory Regulations**

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

### **Structural Surveys**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.



#### Site Conditions

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

#### Attendance in Court

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefore.

#### Maximum Liability

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.


We confirm that the valuers:

- (a) are licensed valuers;
- (b) are suitably qualified to carry out this valuation and has more than 10 years appropriate experience;
- (c) have no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value of that could conflict with a proper valuation of the property, and

This valuation is arrived at on the data as provided by third parties and evidence extracted from the general market which has been verified by us as far as practicable. We make no warranty as to the maintenance of this information, in relation to market volatility, beyond the date of our valuation.

Furthermore, we advise that neither DTZ Debenham Tie Leung (SEA) Pte Ltd nor any of its employees have any pecuniary interest that would conflict with the valuation of the property.

## Valuation certificate

<b>Property</b>	: Strata Lot comprising 10, 20 and 30 Pasir Panjang Road "Mapletree Business City" Singapore 117438, 117439 and 117440
	The strata lot extends from Level 2 to the rooftop of Blocks 10, 20 and 30 of Mapletree Business City and excludes the four retail units (#02-11, #02-12, #02-12A and #02-13) within 20 Pasir Panjang Road, all artwork and sculptures, as well as amenities/facilities such as the car park podium, multi-purpose hall and meeting facilities.
<b>Client</b>	: DBS Trustee Limited (as Trustee of Mapletree Commercial Trust)
<b>Purpose</b>	: Acquisition and Corporate Financing
<b>Legal description</b>	: Part of Lot No. : 4968K Mukim : 3
<b>Interest valued</b>	: Leasehold 99 years less 1 day with effect from 1 October 1997 (Balance of about 80.3 years as at 31 May 2016)
<b>Basis of valuation</b>	: Market Value subject to existing tenancies and occupational arrangements, and proper strata subdivision
<b>Registered owner</b>	: Mapletree Business City Pte. Ltd.
<b>Master plan 2014</b>	: "Business Park" with a gross plot ratio of 2.8
<b>Brief description</b>	: Mapletree Business City (MBC) is located along Pasir Panjang Road and approximately 7.0 km from the City Centre. It is located within the Alexandra Precinct, outside the Central Business District.  MBC is an integrated hub where front office and back office support operations are synergised into one location. It comprises 4 blocks set atop a car park podium; an 18-storey office block (MBC10), a 14-storey business park block (MBC20E and MBC20W), a single-storey retail block (MBC20) and a 17-storey business park block (MBC30). The car park podium is linked to all blocks and provides 1,040 car park lots over two levels as well as a multi-purpose hall and meeting facilities. All buildings within MBC are linked by covered walkways.  The Property comprises MBC10, MBC20E, MBC20W and MBC30 being the office and business park components of MBC. MBC10 and MBC30 offer column-free structure, high floor-to-ceiling height and large floor plates. MBC20E and MBC20W have connecting floors from 10th to 14th storeys, creating large column-free floor plates spanning about 68,000 sf. MBC10 and MBC30 enjoy panoramic sea views.  The Temporary Occupation Permit and Certificate of Statutory Completion for MBC were issued on 1 April 2010 and 21 October 2011 respectively. MBC is seamlessly connected to Mapletree Business City II (MBC II) (also erected on Lot 4968K Mukim 3) which was completed recently.
<b>Land area of MBC</b>	: 64,810.8 sm approximately.
<b>Strata floor area</b>	: 208,036 sm approximately, including void of 7,628 sm
<b>Net lettable area</b>	: Office - 39,069.5 sm Business Park - 119,627.8 sm  Total : 158,697.3 sm approximately
<b>Valuation approaches</b>	: Capitalisation Approach and Discounted Cash Flow Analysis
<b>Valuation date</b>	: 31 May 2016
<b>Market Value</b>	: Office - S\$ 587,000,000/- Business Park - S\$1,235,000,000/-  Total : <u>S\$1,822,000,000/-</u> =====
	(Singapore Dollars One Billion Eight Hundred And Twenty-Two Million Only)
<b>Assumptions, disclaimers, limitations &amp; qualifications</b>	: <i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the General Terms of Business located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorised use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
<b>Prepared by</b>	: Knight Frank Pte Ltd
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">             Low Kin Hon            B.Sc.(Estate Management) Hons.,FSISV            Deputy Group Managing Director            Managing Director, Valuation            Appraiser's Licence No. AD 041-20037521            For and on behalf of Knight Frank Pte Ltd         </div> <div style="text-align: center;">             Png Poh Soon            MSc.,B.Sc.(Real Estate) Hons.,MSISV            Director            Valuation            Appraiser's Licence No: AD 041-2009900J            For and on behalf of Knight Frank Pte Ltd         </div> </div>



### General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank Pte Ltd unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report.

#### **1. Knight Frank Pte Ltd ("the company")**

Knight Frank Pte Ltd is a privately owned company with registration number 198205243Z. Any work done by an individual is in the capacity as an employee of the Company.

#### **2. Limitations on Liability**

The Valuer's responsibility in connection with this valuation report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purpose. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions; this will incur an additional fee.

Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the lower of S\$1 million or 3 times Knight Frank Pte Ltd's fee under the instruction.

We do not accept liability for any indirect or consequential loss (such as loss of profits).

#### **3. Disclosure and Publication**

If our opinion of value is disclosed to persons other than the addressees of our valuation report and/or certificate, the basis of valuation should be stated. Reproduction of this valuation report and/or certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any websites) without the Valuer's prior written approval of the form and context in which may appear is prohibited.

#### **4. Valuation Standards**

All valuations and appraisals works are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), and all codes, standards and requirements of professionalism have been met.

#### **5. Valuation Basis**

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions outlined in the valuation report and/or certificate. The basis of valuation will be agreed with you for the instruction.

The opinion expressed in this valuation report and/or certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.

#### **6. Titles and Burdens**

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or regulatory intentions which affect the property, nor any material litigation pending.

All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.

The Valuer does not warrant to the party to whom the valuation report and/or certificate is addressed and any other person the title or the rights of any person with regard to the property

#### **7. Sources of Information**

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to "leases" below), planning consents and other relevant matters, as summarised in our valuation report and/or certificate. We do not check with the relevant government departments or other appropriate authorities on the legality of the structures, approved gross floor area or other information provided to us. We assume that this information is complete and correct and the Valuer shall not be held responsible or liable if this should prove not to be so.

Unless otherwise stated, all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this valuation report and/or certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.



#### **8. Boundaries**

Plans accompanying valuation report are for identification purposes and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

#### **9. Planning and Other Statutory Regulations**

Enquiries of the relevant planning authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

#### **10. Property Insurance**

Our valuation assumes that the property would, in all respects, be insurable against all usual risks at normal, commercially acceptable premiums.

#### **11. Building Areas and Age**

Where so instructed, areas provided from a quoted source will be relied upon. Where the age of the building is estimated, this is for guidance only.

#### **12. Structural Condition**

Building structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

#### **13. Ground Conditions**

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

#### **14. Environmental Issues**

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a property environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected.

#### **15. Leases**

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

#### **16. Covenant**

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

**17. Loan Security**

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

**18. Build Cost Information**

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

**19. Reinstatement Assessments**

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

**20. Attendance in Court**

The Valuer is not obliged to give testimony or to appear in Court with regard to this valuation report and/or certificate, with reference to the property unless specific arrangement has been made therefor.

## PROFIT FORECAST

*Statements contained in this section which are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasted. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person nor that these results will be achieved or are likely to be achieved.*

The following table sets out the forecast consolidated statement of total return and distribution statement for the Forecast Period for the Existing Portfolio and the Enlarged Portfolio, which has been prepared in accordance with the accounting policies adopted by MCT for FY2015/2016. The Profit Forecast has been examined by the Independent Reporting Auditor and must be read with the accompanying assumptions and sensitivity analysis in this Appendix as well as the Independent Reporting Auditor's Report on the Profit Forecast in **Appendix D**.

The Profit Forecast has been prepared assuming (a) a drawdown of S\$860.0 million, from the Loan Facilities, (b) gross proceeds from the Equity Fund Raising of S\$989.6 million, (c) the issuance of the New Units and Acquisition Fee Units at the Illustrative Issue Price, (d) the issue date of the New Units and Acquisition Fee Units on 1 October 2016, and (e) Completion on 1 October 2016. The annualised DPU for the Forecast Period may not reflect actual performance over a one-year period.

**Forecast Consolidated Statement of Total Return and Distribution Statement – Existing Portfolio and Enlarged Portfolio**

(S\$'000)	Forecast Period (1 October 2016 – 31 March 2017)	
	Existing Portfolio	Enlarged Portfolio <sup>(1)</sup>
Gross revenue	153,904	215,489
Property operating expenses	(37,454)	(49,244)
<b>Net property income</b>	<b>116,450</b>	<b>166,245</b>
Finance income	123	144
Finance expenses	(23,346)	(37,711)
Manager's management fees	(10,182)	(14,502)
Trustee's fees	(296)	(390)
Other trust expenses	(573)	(1,578)
<b>Net income</b>	<b>82,176</b>	<b>112,208</b>
<b>Total return for the Forecast Period before distribution and after income tax</b>	<b>82,176</b>	<b>112,208</b>
Adjustment for net effect of non-tax deductible items and other adjustments	6,250	9,534
<b>Income available for distribution to Unitholders</b>	<b>88,426</b>	<b>121,742</b>
Weighted average number of issued Units ('000)	2,136,233 <sup>(2)</sup>	2,849,518 <sup>(3)</sup>
<b>Distribution per Unit (S\$ cents)</b>	<b>4.14</b>	<b>4.27</b>

**Notes:**

- (1) The forecast is based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) The weighted average number of Units used in computing the DPU includes approximately 3.0 million new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) approximately 6.4 million new Units issued as the Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per new Unit, (c) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016 and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.

	Forecast Period (1 October 2016 – 31 March 2017)	
	Existing Portfolio	Enlarged Portfolio <sup>(1)</sup>
Weighted average number of issued Units ('000)	2,136,233 <sup>(2)</sup>	2,849,518 <sup>(3)</sup>
Distribution per Unit (S\$ cents)	4.14	4.27
<b>Annualised Distribution per Unit (S\$ cents)</b>	<b>8.28</b>	<b>8.54</b>
Illustrative Issue Price (S\$)	1.40	1.40
Illustrative annualised distribution yield	5.9%	6.1%
DPU accretion (%)	–	3.2%

**Notes:**

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) The weighted average number of Units used in computing the DPU includes approximately 3.0 million new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) approximately 6.4 million new Units issued as the Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per new Unit, (c) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016 and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.

## SECTION A: ASSUMPTIONS

The major assumptions made in preparing the Profit Forecast are set out below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular. However, investors should consider these assumptions as well as the projections and make their own assessment of the future performance of MCT and the Acquisition.

### 1. GROSS REVENUE

Gross Revenue consists of:

- Gross Rental Income; and
- Other income earned from the properties, including carpark and advertising and promotion revenue.

A summary of the assumptions which have been used in calculating the Gross Revenue is set out below:

#### ***Gross Rental Income***

Gross Rental Income consists of:

- A fixed rent component (“**Fixed Rent**”) which includes base rent, service charges and advertising and promotion charges (after rent rebates, refunds, credits or discounts and rebates for rent free periods, where applicable, but excluding turnover rent); and
- A turnover rent component (“**Turnover Rent**”) which is generally calculated as a percentage of the tenant’s gross turnover, where applicable.

#### *(i) Fixed Rent*

The Manager’s projection of the Fixed Rent is based on the contractual base rents receivable under actual lease agreements effective during the Forecast Period.

The market rent is the rent which the Manager believes could be achieved if leases expiring during the Forecast Period with no committed leases were re-negotiated, and is estimated with reference to:

- (a) the Fixed Rent payable under comparable leases that have been recently negotiated;
- (b) the effects of competing retail, office and business park developments;
- (c) prevailing market conditions;
- (d) inflation levels; and
- (e) tenant demand levels.

If a committed lease expires during the Forecast Period, the Manager has assumed that the Fixed Rent for the new lease (or renewed lease) which commences in the Forecast Period, to be the market rent.

(ii) *Turnover Rent*

Certain leases pertaining to space occupied in VivoCity and ARC have provisions for the payment of Turnover Rent, in addition to the Fixed Rent.

In order to forecast Turnover Rent for the Existing Portfolio, the Manager has reviewed the average historical gross turnover for each tenant that pays Turnover Rent. Where historical gross turnover is not available, the Manager has estimated the tenant's expected gross turnover, based on information provided by the tenant and having regard to the business activity of the tenant and other relevant factors.

(iii) *Lease Renewals and Vacancy Allowance*

For leases under the Existing Portfolio expiring during the Forecast Period, where the actual vacancy periods are already known pursuant to commitments or preliminary indication by the tenants as at 30 April 2016, the actual or expected preliminary indications of vacancy periods have been used in the forecast.

**Retail Leases:** The Manager has estimated the vacancy periods for each lettable space on an individual lease basis. No vacancy period is forecast for leases expected to be renewed, and vacancy periods of half to two months are forecast for leases with new tenants.

**Office Leases:** For the Existing Portfolio, the Manager has estimated the vacancy periods for each lettable space on an individual lease basis. No vacancy period is forecast for leases expected to be renewed, and vacancy periods of three to four months are forecast for leases with new tenants.

For the Property, 17.4% of the NLA (as at 30 April 2016) is expiring in FY2016/2017, which will impact the Forecast Period. It has been forecasted that 13.7% of NLA will be renewed with no downtime. The remaining 3.7% of NLA is assumed to be re-let and subject to a nine month vacancy period before rent becomes payable under a new lease, of which two to four months of downtime will fall within the Forecast Period.

(iv) *Occupancy*

	<b>Projected Occupancy for the Forecast Period</b>
VivoCity	99.7%
PSA Building and Alexandra Retail Centre	100.0%
Mapletree Anson	100.0%
MLHF	90.0%
<b>Existing Portfolio Average</b>	98.8%
The Property	98.1%
<b>Enlarged Portfolio Average</b>	98.5%

### ***Other income***

Other income comprises carpark and advertising and promotion revenue, air-conditioning extension charges, revenues from licences, including licences granted for automated teller machines, and other income attributable to the operation of the Enlarged Portfolio. The assessment of other income is based on existing agreements, historical income collections and the Manager's assessment of the business operations and conditions of the Enlarged Portfolio.

## **2. PROPERTY OPERATING EXPENSES**

Property operating expenses consist of (i) property management fees, (ii) property tax and (iii) other property operating expenses (including operations and property maintenance, utilities, staff cost, and marketing and promotion expenses). A summary of the assumptions which have been used in calculating the property operating expenses is set out below.

### ***Property Management Fees***

Pursuant to the Property Management Agreement, the Property Manager's fees are based on a fee of 2.0% per annum of Gross Revenue, plus 2.0% per annum of the NPI for each property (calculated before accounting for the property management fee in that financial period) and a fee of 0.5% per annum of the NPI for the relevant property (calculated before accounting for the property management fee in that financial period) in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

The Property Manager's fees as a percentage of Gross Revenue for the Forecast Period are listed in the table below:

	<b>Property Manager's fees as a percentage of Gross Revenue for the Forecast Period</b>
Existing Portfolio	4.0%
The Property	4.1%
<b>Enlarged Portfolio</b>	<b>4.0%</b>

### ***Property Tax***

The Manager has assumed that the property tax rate for the Enlarged Portfolio for the Forecast Period will remain at the prevailing 10.0% of the actual or estimated Annual Value (as defined in the Property Tax Act, Chapter 254 of Singapore), carpark income, Turnover Rent and any other income for the Enlarged Portfolio that are taxable, and that no property tax rebate will be given by the tax authorities.

### ***Other Property Operating Expenses***

Other property operating expenses comprise operations and property maintenance expenses, utilities, staff cost, marketing and promotion expenses, statutory and professional fees, as well as other miscellaneous expenses in relation to the properties.

For each property in the Enlarged Portfolio, an individual assessment has been made of expenses for the Forecast Period on the basis of actual historical operating costs and terms of existing service contracts effective during the Forecast Period and assumed terms of service contracts re-contracted including expense provisions for cyclical maintenance and ad hoc works.



For the Forecast Period, the estimated property operating expenses, expressed as a percentage of Gross Revenue for the Existing Portfolio and the Property are set out in the table below.

	<b>Estimated property operating expenses, expressed as a percentage of Gross Revenue for the Forecast Period</b>
Existing Portfolio	24.3%
The Property	19.1%
<b>Enlarged Portfolio</b>	<b>22.9%</b>

### **3. CAPITAL EXPENDITURE**

The Manager has made allowances for the forecast capital expenditures on the Enlarged Portfolio based on the Manager's budget for capital expenditure of up to S\$5.0 million. It has been assumed that such capital expenditures will be funded by available working capital and/or bank borrowings. Such capital expenditures incurred are capitalised as part of the Deposited Property and has no impact on the Consolidated Statement of Total Return and distributions of MCT other than in respect of interest incurred on the borrowings, the management fee that the Manager is entitled to and the Trustee's fees.

### **4. FINANCE INCOME AND EXPENSES**

#### ***Finance Income***

It has been assumed that the amount of interest income earned on MCT's cash will be at a rate of 0.8% per annum, calculated for the Forecast Period.

#### ***Finance Expenses***

Finance expenses consist of interest expense and amortisation of debt issuance costs. The Manager has assumed an average interest rate of 3.25% per annum for the borrowings that will be taken up to partly fund the acquisition of the Property, excluding amortisation of the upfront fee for the credit facilities. Including amortisation of the upfront fees for the credit facilities, the Manager has assumed an average all-in cost of debt of 3.35% per annum for the borrowings that will be taken up to partly fund the acquisition of the Property. The Manager has assumed a blended interest rate of 2.97% per annum for the borrowings relating to the Existing Portfolio for the Forecast Period.

### **5. MANAGER AND TRUSTEE FEES**

#### ***Manager's Management Fees***

The Manager's management fees comprise a base fee of 0.25% per annum of the value of MCT's Deposited Property (as defined herein) and a performance fee of 4.0% per annum of MCT's NPI.

For the purpose of the Profit Forecast, 50.0% of the Manager's management fees is assumed to be paid in the form of Units and the balance in cash. The Manager's base management fees is payable quarterly in arrears and the Manager's performance management fees is payable annually in arrears. Where the management fees are payable in Units, the Manager has assumed that such Units are issued at the Illustrative Issue Price of S\$1.40 per new Unit.

### **Trustee's Fees**

Under the Trust Deed, the maximum fee which the Trustee may charge is 0.1% per annum of the Deposited Property, subject to a minimum of S\$12,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable (subject to the foregoing) will be determined between the Manager and the Trustee from time to time.

## **6. OTHER TRUST EXPENSES**

Other trust expenses of MCT comprise recurring expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous expenses. An assessment has been made of other trust expenses for the Enlarged Portfolio for the Forecast Period on the basis of actual historical other trust expenses.

## **7. VALUATION OF THE ENLARGED PORTFOLIO**

As at 31 March 2016, CBRE and Knight Frank valued the Existing Portfolio to be S\$4,341.8 million. This valuation is used when estimating the value of the Deposited Property for the purposes of forecasting the base fee component in the Manager's management fee and the Trustee's fee.

The independent valuation for the Property is assumed to be S\$1,827.0 million as at 31 May 2016, based on the average of the appraised values by DTZ and Knight Frank. It has been assumed that the carrying value of the Property is at the Purchase Consideration of S\$1,780.0 million and capitalised costs associated with the Acquisition. Total Deposited Property for the Enlarged Portfolio will increase by the amount of forecast capital expenditure to be incurred as well as any cash flow movements in the Forecast Period. This assumption is made when estimating the value of the Deposited Property for the purposes of forecasting the base fee component in the Manager's management fee and the Trustee's fee.

	<b>Valuation (S\$'000)</b>
Existing Portfolio <sup>(1)</sup>	4,341,800
The Property <sup>(2)</sup>	1,843,743
<b>Enlarged Portfolio</b>	<b>6,185,543</b>

#### **Notes:**

(1) As at 31 March 2016.

(2) As at 31 May 2016, based on Purchase Consideration of S\$1,780.0 million and any capitalised costs.

## **8. ACCOUNTING STANDARDS**

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected financials. A summary of the significant accounting policies of MCT may be found in the MCT Audited Financial Statements.

## 9. OTHER ASSUMPTIONS

The Manager has made the following additional assumptions in preparing the Profit Forecast:

- other than the Acquisition, the property portfolio of MCT remains unchanged;
- other than for the purposes mentioned in this Circular, there will be no further capital raised during the Forecast Period;
- there will be no change in the applicable tax legislation or other applicable legislation for the Forecast Period;
- there will be no material change to the tax ruling dated 15 March 2006 issued by the Inland Revenue Authority of Singapore on the taxation of MCT and the Unitholders;
- all leases and licences are enforceable and will be performed in accordance with their terms;
- 100.0% of MCT's distributable income in respect of the Forecast Period will be distributed;
- the bank facilities, interest rate swaps and cross currency interest rate swap are available for the Forecast Period and there is no change in fair value of the interest rate swaps and cross currency interest rate swap in place or to be put in place; and
- there will be no fair value gains/losses on the properties for the Forecast Period.

## SECTION B: SENSITIVITY ANALYSIS FOR THE EXISTING PORTFOLIO AND THE ACQUISITION

The Profit Forecast is based on a number of key assumptions that have been outlined earlier in this Appendix (“**Base Case**”).

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Circular are to be expected. To assist Unitholders in assessing the impact of these assumptions on the Profit Forecast, the sensitivity of DPU to changes in the key assumptions is set out below.

The sensitivity analysis below is intended as a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

The sensitivity analysis has been prepared based on the assumption that the Manager’s Acquisition Fee is paid in the form of 6.4 million Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit, and assumes (a) a drawdown of S\$860.0 million from the Loan Facilities, (b) gross proceeds from the Equity Fund Raising of S\$989.6 million, (c) the issuance of the New Units and Acquisition Fee Units at the Illustrative Issue Price, (d) the issue of the New Units and Acquisition Fee Units on 1 October 2016, and (e) Completion on 1 October 2016.

The forecast DPU may vary accordingly if there is a change in (i) the amount of Loan Facilities drawn down, (ii) the Illustrative Issue Price, (iii) the issue date of the New Units and Acquisition Fee Units, or (iv) the date of Completion.

Unless otherwise stated, the sensitivity analysis has been prepared using the same assumptions as those set out earlier in this Appendix.

### 1. GROSS REVENUE

Changes in Gross Revenue will impact the NPI of MCT. The impact of variations in Gross Revenue on DPU for the Forecast Period is set out in the table below:

#### Impact on DPU pursuant to a change in Gross Revenue

	DPU for the Forecast Period (1 October 2016 – 31 March 2017) (S\$ cents)	
	Existing Portfolio	Enlarged Portfolio
Gross Revenue is 5% above Base Case (equivalent to S\$226.3 million)	4.45	4.60
<b>Gross Revenue at Base Case (equivalent to S\$215.5 million)</b>	<b>4.14</b>	<b>4.27</b>
Gross Revenue is 5% below Base Case (equivalent to S\$204.7 million)	3.83	3.95

## 2. PROPERTY OPERATING EXPENSES

Changes in Property Operating Expenses will impact the NPI of MCT. The impact of variations in Other Property Operating Expenses<sup>1</sup> on DPU for the Forecast Period is set out in the table below:

### Impact on DPU pursuant to a change in Other Property Operating Expenses

	DPU for the Forecast Period (1 October 2016 – 31 March 2017) (S\$ cents)	
	Existing Portfolio	Enlarged Portfolio
Other Property Operating Expenses are 5% above Base Case (equivalent to S\$50.4 million)	4.10	4.23
<b>Other Property Operating Expenses at Base Case (equivalent to S\$49.2 million)</b>	<b>4.14</b>	<b>4.27</b>
Other Property Operating Expenses are 5% below Base Case (equivalent to S\$48.1 million)	4.18	4.31

## 3. BORROWING COSTS RELATED TO THE ACQUISITION

Changes in interest rates in respect of the borrowings to be incurred to part fund the acquisition of the Property will impact the funding costs, and therefore the distributable income of MCT. The impact of variations in interest rate on DPU for the Forecast Period is set out in the table below.

### Impact on DPU pursuant to a change in Borrowing Costs related to the Acquisition

	DPU for the Enlarged Portfolio for the Forecast Period (1 October 2016 – 31 March 2017) (S\$ cents) <sup>(1)</sup>
Interest Cost at 25bps above Base Case (equivalent to 3.50%)	4.23
<b>Interest Cost at Base Case (equivalent to 3.25%)</b>	<b>4.27</b>
Interest Cost at 25bps below Base Case (equivalent to 3.00%)	4.31

**Note:**

(1) Assumes that the blended interest rate for borrowings related to the Existing Portfolio remains unchanged at 2.97% per annum during the Forecast Period.

<sup>1</sup> Other Property Operating Expenses excludes Property Management Fees and Property Taxes, as defined on page C-6.

#### 4. ISSUE PRICE

Changes in the Issue Price will have an impact on the number of Units being issued during the Forecast Period and consequently the DPU. The Illustrative Issue Price has been assumed to be S\$1.40 per new Unit. The effect of variations in issue price on DPU for the Forecast Period is set out below:

Range of Issue Price (S\$)	Estimated Number of New Units issued under the Equity Fund Raising (million) <sup>(1)</sup>	DPU for the Forecast Period (1 October 2016 – 31 March 2017) (S\$ cents)		DPU Accretion (%)
		Existing Portfolio <sup>(2)</sup>	Enlarged Portfolio <sup>(3)</sup>	
1.245	795.0	4.14	4.14	0.1
1.260	785.4	4.14	4.16	0.4
1.280	773.1	4.14	4.17	0.8
1.300	761.2	4.14	4.19	1.3
1.320	749.7	4.14	4.21	1.7
1.340	738.5	4.14	4.22	2.1
1.360	727.6	4.14	4.24	2.5
1.380	717.1	4.14	4.26	2.8
1.400	706.8	4.14	4.27	3.2
1.420	696.9	4.14	4.29	3.6
1.440	687.2	4.14	4.30	3.9
1.460	677.8	4.14	4.32	4.3
1.480	668.6	4.14	4.33	4.6
1.500	659.7	4.14	4.35	5.0
1.520	651.0	4.14	4.36	5.3
1.540	642.6	4.14	4.37	5.6
1.560	634.3	4.14	4.39	5.9

**Notes:**

- (1) The forecast is based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at the respective issue prices. Estimated Number of New Units excludes the Acquisition Fee Units.
- (2) The weighted average number of Units used in computing the DPU includes new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) the new Units issued as the Acquisition Fee Units at the respective issue prices per new Unit, (c) the new Units to be issued to the Manager as payment for the manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016 and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.

## 5. NUMBER OF UNITS ISSUED UNDER THE EQUITY FUND RAISING

Changes in the amount of Units issued under the Equity Fund Raising will have an impact on the amount of equity raised and the drawdown of the Loan Facilities during the Forecast Period and consequently the DPU. The Illustrative Issue Price has been assumed to be S\$1.40 per new Unit, for the purpose of the calculations below. The effect of variations in the number of Units issued under the Equity Fund Raising on DPU for the Forecast Period is set out below:

Number of New Units issued under the Equity Fund Raising <sup>(1)</sup>	Size of Equity Fund Raising (S\$ million) <sup>(2)</sup>	DPU for the Forecast Period (1 October 2016 – 31 March 2017) (S\$ cents)		DPU Accretion (%)	Post-Acquisition Aggregate Leverage <sup>(5)</sup> (%)
		Existing Portfolio <sup>(3)</sup>	Enlarged Portfolio <sup>(4)</sup>		
675.0	945.0	4.14	4.30	3.8%	39.2%
690.0	966.0	4.14	4.28	3.5%	38.8%
705.0	987.0	4.14	4.27	3.2%	38.5%
720.0	1,008.0	4.14	4.26	3.0%	38.2%
735.0	1,029.0	4.14	4.25	2.7%	37.8%
750.0	1,050.0	4.14	4.24	2.5%	37.5%
765.0	1,071.0	4.14	4.23	2.2%	37.2%
780.0	1,092.0	4.14	4.22	2.0%	36.8%
795.0	1,113.0	4.14	4.21	1.7%	36.5%

### Notes:

- (1) Number of New Units excludes Acquisition Fee Units.
- (2) Assuming the Illustrative Issue Price of S\$1.40 per New Unit.
- (3) The weighted average number of Units used in computing the DPU includes new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (4) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) new Units issued as the Acquisition Fee Units at the respective issue prices per new Unit, (c) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016, and 1 October 2016 to 31 December 2016 and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the respective issue prices per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (5) Based on MCT's aggregate leverage as at 31 March 2016 and adjusted for the drawdown of the Loan Facilities and the increase in Deposited Property post Completion.

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**INDEPENDENT REPORTING AUDITOR'S REPORT  
ON THE PROFIT FORECAST**

**Reporting Auditor's Report on the Profit Forecast for the period from 1 October 2016 to 31 March 2017 of Mapletree Commercial Trust and its subsidiary**

Mapletree Commercial Trust Management Ltd.  
(as Manager of Mapletree Commercial Trust)  
10 Pasir Panjang Road  
#13-01 Mapletree Business City  
Singapore 117438  
Attention: The Board of Directors

DBS Trustee Limited  
(as Trustee of Mapletree Commercial Trust)  
12 Marina Boulevard, Level 44  
DBS Asia Central  
Marina Bay Financial Centre Tower 3  
Singapore 018982

5 July 2016

Dear Sirs

**Letter from the Reporting Auditor on the Profit Forecast for the period from 1 October 2016 to 31 March 2017 of Mapletree Commercial Trust and its subsidiary**

This letter has been prepared for inclusion in the Circular to Unitholders dated 5 July 2016 (the "Circular") of Mapletree Commercial Trust in connection with the proposed acquisition of the Strata Leases of Levels 2 to the rooftop of the buildings located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440 ("Mapletree Business City (Phase 1)") (the "Acquisition").

The directors of Mapletree Commercial Trust Management Ltd. (the "Directors"), as Manager of Mapletree Commercial Trust, are responsible for the preparation and presentation of the forecast Consolidated Statement of Total Return of Mapletree Commercial Trust and its subsidiary for the period from 1 October 2016 to 31 March 2017 (the "Profit Forecast"), as set out on page C-2 of the Circular, which have been prepared on the basis of the assumptions as set out on pages C-4 to C-9 of the Circular.

We have examined the Profit Forecast as set out on page C-2 of the Circular in accordance with Singapore Standard on Assurance Engagements 3400 "Examination of Prospective Financial Information" applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast including the assumptions set out on pages C-4 to C-9 of the Circular on which they are based.

In our opinion, the Profit Forecast is properly prepared on the basis of the assumptions, is consistent with the accounting policies normally adopted by Mapletree Commercial Trust and its subsidiary and is presented in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all required disclosures) issued by the Institute of Singapore Chartered Accountants ("ISCA"), which is the accounting framework adopted by Mapletree Commercial Trust in the preparation of the consolidated financial statements of the Mapletree

Commercial Trust and its subsidiary. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions set out on pages C-4 to C-9 of the Circular, actual results are still likely to be different from the Profit Forecast since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast.

The Manager has stated in the assumptions set out on pages C-4 to C-9 of the Circular that in preparing the Profit Forecast, there will be no fair value gains/losses on the investment properties for the Forecast Period. We draw attention to the accounting policies of Mapletree Commercial Trust and its subsidiary which states that any changes in fair values of the investment properties would be recognised in the Consolidated Statement of Total Return. Hence, any changes in fair values of the investment properties would have the effect of increasing or reducing the Consolidated Statement of Total Return for the period ending 31 March 2017 by the amount of such surplus or deficit.

Attention is drawn, in particular, to the sensitivity analysis of the Profit Forecast as set out on pages C-10 to C-13 of the Circular.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore

Partner-in-charge: Yeow Chee Keong

INDEPENDENT MARKET RESEARCH REPORT



**MARKET REPORT**

Singapore Office, Business Park &  
Retail Property Market Report 2016

30 June 2016

Private & Confidential

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# 1 THE SINGAPORE ECONOMY

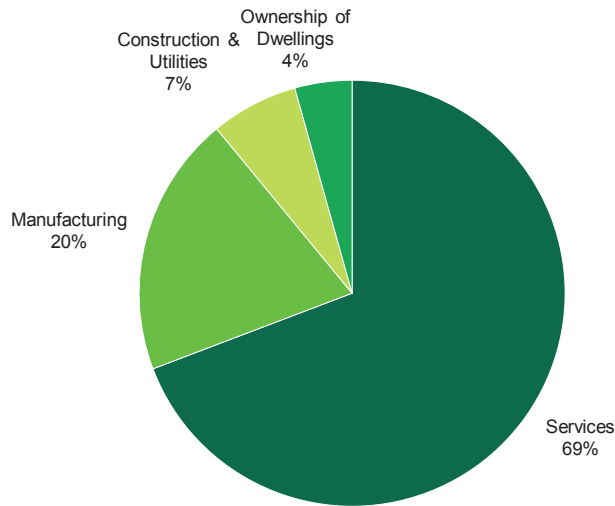
## 1.1 Structure of Singapore Economy

Singapore is an advanced economy that is mostly driven by the services industry. The services industry contributed 69.2% of GDP in 2015. In contrast, the manufacturing industry only contributed 19.8% of GDP over the same period.

Within the services industry, the wholesale trade sector is the heavyweight, contributing 13.7% of GDP. This is followed by the banking sector and the education, health & social work sector at 6.0% of GDP. The real estate sector contributed 4.8% of GDP.

The manufacturing industry is anchored by the electronics sector which contributed 5.3% of GDP, followed by the biomedical manufacturing sector and the chemicals sector, with 3.9% and 2.9% of GDP respectively.

Chart 1.1(a): Various Industries & Contribution to GDP (2015)



Source: Ministry of Trade & Industry (MTI), CBRE

Table 1.1 (b): Biggest Contributors of GDP by Industry Segments (2015)

SERVICES	% SHARE GDP	REAL ANNUAL GROWTH
Wholesale Trade	13.7%	6.3%
Banking	6.0%	2.4%
Education, Health & Social Work	6.0%	2.8%
Real Estate	4.8%	-1.5%

MANUFACTURING	% SHARE GDP	REAL ANNUAL GROWTH
Electronics	5.3%	-6.8%
Biomedical Manufacturing	3.9%	-2.6%
Chemicals	2.9%	3.9%

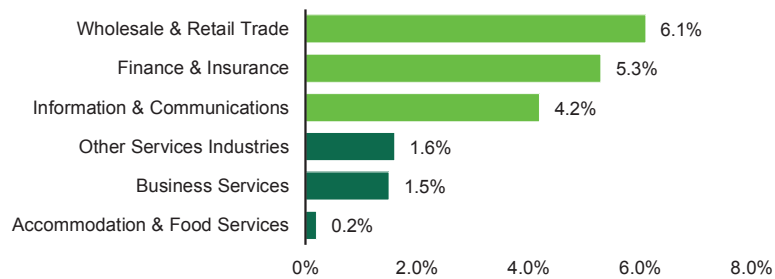
Source: Ministry of Trade & Industry (MTI), CBRE

## 1.2 Economic Growth Drivers in 2015

The Singapore economy grew by 2.0% in 2015 in line with Ministry of Trade and Industry's (MTI) growth projection, and slower than the 3.3% achieved in 2014. Economic growth in 2015 was largely supported by the finance & insurance, as well as wholesale and retail trade sector. In Q1 2016, advance estimates placed Singapore GDP growth at 1.8% y-o-y. Growth in Q1 2016 was supported by a jump of 6.2% y-o-y in the construction sector due to public and private sector construction activities.

The services industry grew 3.4% in 2015, easing slightly from 3.6% in 2014 due to the challenging global economic environment. Growth in the services industry was supported mainly by the wholesale & retail trade sector, finance & insurance sector and information & communications sector which recorded y-o-y growth rates of 6.1%, 5.3% and 4.2% respectively.

Chart 1.2(a): Services Industry Segments with Highest Growth Y-O-Y (2015)

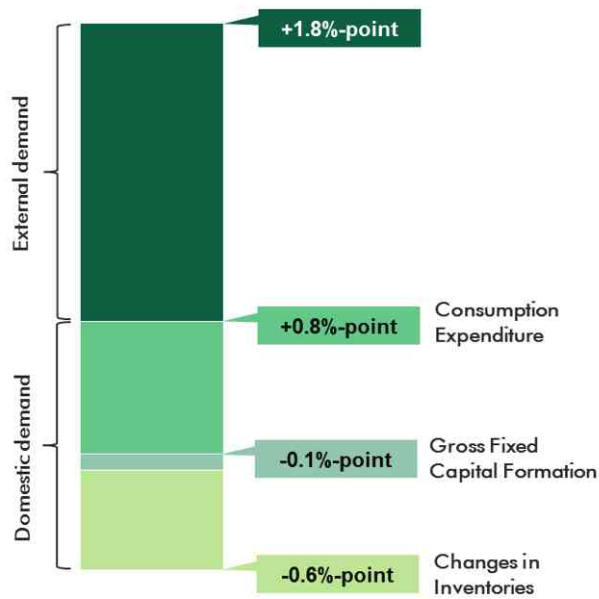


Source: Ministry of Trade & Industry (MTI), CBRE

External demand was the key driver (90%) of the total growth in 2015. This was primarily supported by real merchandise exports of mineral fuels and other miscellaneous transactions, which more than offset the decline in real services exports on the back of contraction in the exports of transport, travel, maintenance & repair services, as well as other business services.

In contrast, domestic demand contributed only 0.1%-point to total demand growth in 2015. While the growth in domestic consumption expenditure contributed 0.8%-point to the GDP growth, it was weighed down by contraction in Gross Fixed Capital Formation (-0.1%-point) and Changes in Inventories (-0.6%-point).

Chart 1.2(b): Sources of Growth (2015)



Source: Ministry of Trade & Industry (MTI), CBRE

Growth in Consumption Expenditure was mostly led by private consumption, which rose by 4.5% in 2015 as a result of an increase in consumption of transport, miscellaneous goods & services, as well as housing & utilities. Public consumption expenditure increased by 6.6% in 2015 as a result of higher government spending.

However, Gross Fixed Capital Formation declined 1.0% in 2015 as companies scaled back on investment spending on private construction & works, intellectual property products, as well as machinery and equipment, on the back of uncertain economic outlook. Amid the economic uncertainty, companies have also reduced their inventories.

Table 1.2(c): 2015 Y-O-Y Change in Gross Fixed Capital Formation at 2010 Market Prices

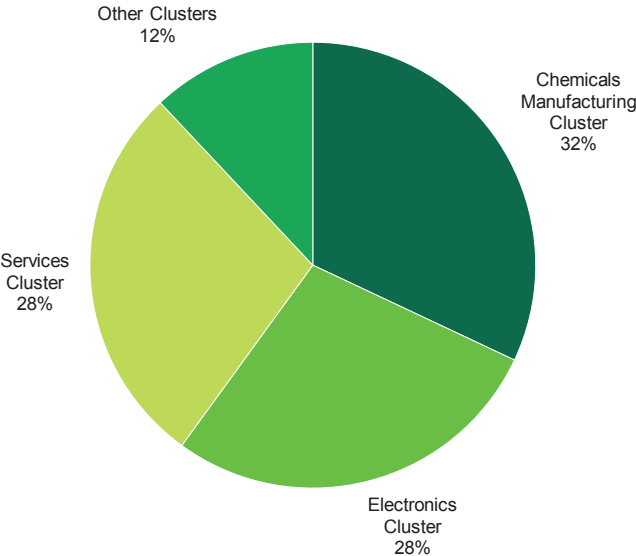
	TOTAL	PUBLIC	PRIVATE
<b>Gross Fixed Capital Formation</b>	<b>-1.0%</b>	<b>3.8%</b>	<b>-2.2%</b>
Construction & Works	-1.0%	3.2%	-2.9%
Transport Equipment	12.2%	-20.1%	13.7%
Machinery & Equipment	-1.7%	30.2%	-2.7%
Intellectual Property Products	-4.9%	3.1%	-5.9%

Source: Ministry of Trade & Industry (MTI), CBRE

Despite the near term economic uncertainty, Singapore's long term economic prospects is strong as investment commitment in 2015 remains stable, with Fixed Asset Investments (FAI) and Total Business Expenditure (TBE) totalling S\$11 billion and S\$5.6 billion respectively. The combined FAI and TBE are expected to generate an additional S\$12 billion of value added annually and approximately 14,700 skilled jobs for the economy when they are fully operational.

The chemicals manufacturing cluster attracted the most FAI with S\$3.6 billion, followed by the electronics cluster and services cluster with S\$3.3 billion and S\$3.1 billion in commitments respectively. Most of the investments came from the United States, followed by Asia Pacific (ex-Japan).

Chart 1.2(d): Fixed Asset Investment by Industry Clusters (2015)

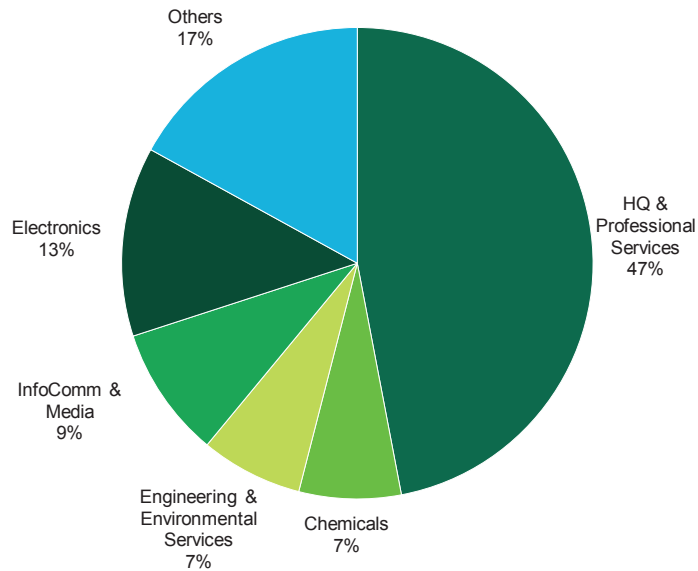


Source: Ministry of Trade & Industry (MTI), CBRE

The headquarters & professional services segment attracted the bulk of the TBE commitment in 2015 at S\$2.6 billion, amounting to 47% of the total TBE. This is followed by the electronics segment, and the information communication & media segment, which attracted S\$0.7 billion and S\$0.5 billion respectively. The largest source of TBE were committed by United States investors (37% of the total TBE contributions), followed by European investors (21%).



Chart 1.2(e): Total Business Expenditure by Industry Clusters (2015)



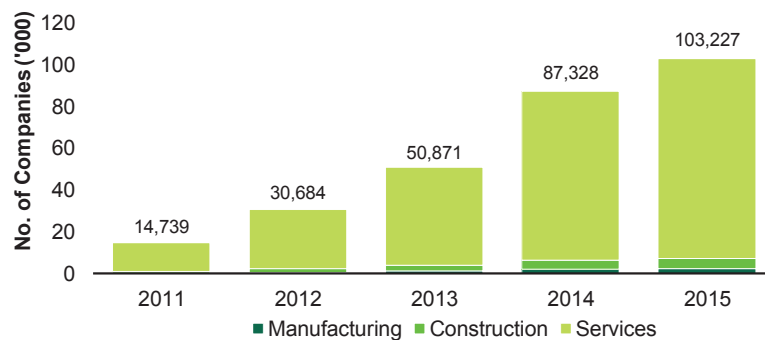
Source: Ministry of Trade & Industry (MTI), CBRE

Net inflow of direct investment into Singapore also rose to S\$41 billion in 2015, S\$3.7 billion higher than in 2014. In 2015, residents' direct investment abroad shrunk while Foreign Direct Investment (FDI) increased.

### 1.3 New Business Formations

Cumulatively, more than a hundred thousand net new businesses were formed from 2011 to 2015. The total net formation of new businesses, however, declined by 56.4% to 15,899 new businesses in 2015 from the previous year. While most industries continue to attract new businesses setups, the wholesale & retail trade industry as well as the real estate activities industries experienced notable decline as the total number of businesses that ceased operations exceeded the total number of new business formation in these segments.

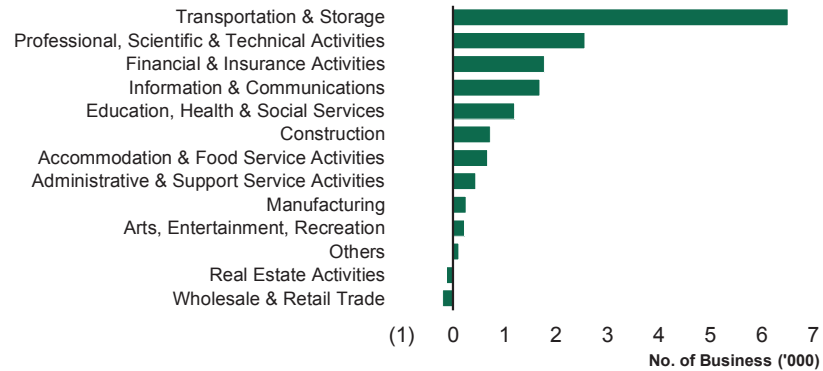
Chart 1.3(a): Cumulative Net New Business Formation (2011 – 2015)



Source: Singstat, CBRE

However, the transportation & storage, professional, scientific & technical activities, financial & insurance activities, information & communications as well as education, health & social services segments continue to attract healthy new business formations as entrepreneurs and investors continue to find opportunities to grow in these business segments.

Chart 1.3(b): Net Formation of New Businesses by Industries (2015)

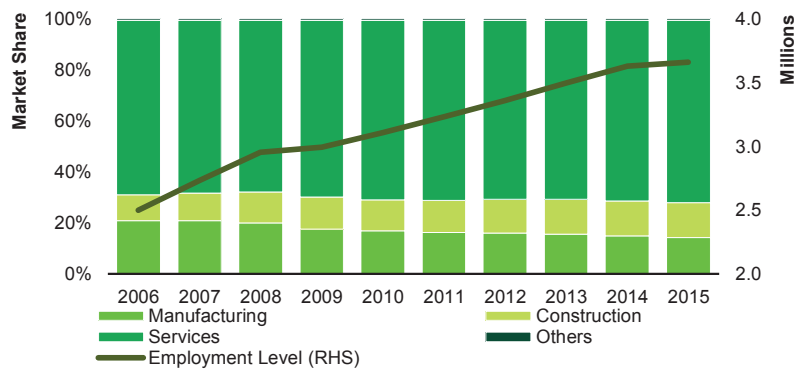


Source: Singstat, CBRE

### 1.4 Singapore Labour Market

The labour market grew at a slower pace in 2015 and total employment increased 0.9% y-o-y from 3.62 million in 2014 to 3.66 million in 2015. In contrast, the number of employed persons grew 3.7% y-o-y in 2014. The slowdown was mostly due to contraction in the manufacturing labour market, which has seen its share of the employment market decrease from 20.8% in 2007 to 14.1% in 2015. In contrast, the employment market share of the services sector grew from a low of 67.3% in 2008 to 71.5% in 2015.

Chart 1.4(a): Employment & Industry Market Share



Source: Ministry of Manpower (MOM), CBRE

Overall unemployment rate for 2015 remained low at 1.9%; this was broadly unchanged since 2011. While redundancy rose amid on-going business restructuring and a weak economic outlook, the number of job vacancies is still higher than job seekers, with 113 job openings for every 100 job seekers in December 2015.

New employment in the service sector is mostly concentrated in the community, social & personal services (excluding foreign domestic workers) with a total of 13,400 employment created in 2015, followed by administrative & support services (12,300), professional services (7,700), information & communication (5,400), accommodation & food services (4,800) and financial & insurance services (4,500).

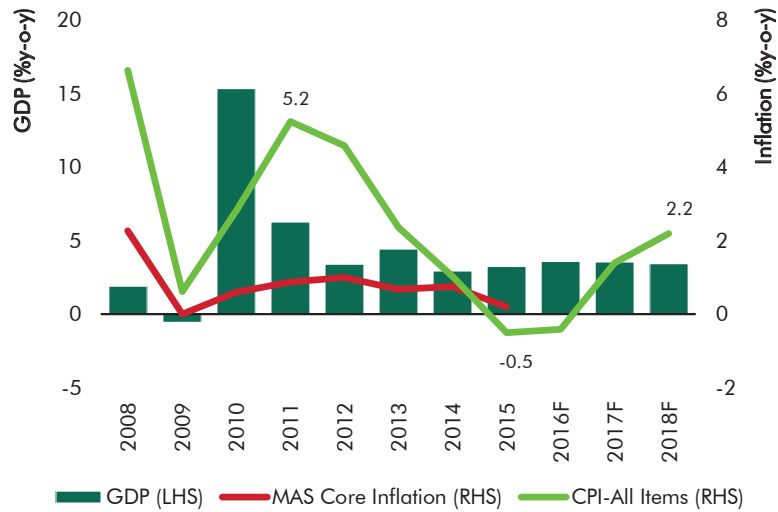
### 1.5 Monetary Policy & Core Inflation

MAS revised the rate of appreciation of the S\$NEER policy band at zero percent on 14 April 2016. With this, MAS effectively removed the modest and gradual appreciation path of the S\$NEER policy band. As a result, it is likely that the Singapore dollar will no longer maintain a position of strength relative to the basket of key trading partner currencies.

Core inflation, which strips off the costs of private road transport and accommodation, eased from 1.9% in 2014 to 0.5% in 2015. This is primarily due to the subdued growth environment which limits the pass-through of business costs to consumer prices in the short term, as well as the persistently low oil prices. However, core inflation is expected to increase in 2016 as the disinflationary effects of budgetary and other one-off measures fade.

Barring any upside surprises to oil prices globally, official estimates put the core inflation in 2016 in the lower half of the 0.5% to 1.5% forecasted range.

Chart 1.5(a): GDP Growth and Core Inflation (% y-o-y change)



Source: MTI, CBRE, Oxford Economics

## 1.6 Economic Outlook

On the global front, prospects for economic growth remain relatively muted as the modest pace of expansion in the G3 economies and slowdown in China's growth continue to pose headwinds for open economies such as Singapore.

The Ministry of Trade & Industry (MTI) has forecasted a moderate GDP growth of between 1.0% and 3.0% in 2016, supported largely by domestic-orientated sectors and to a lesser extent by a gradual improvement among the advanced economies. Oxford Economics forecasted Singapore's GDP to grow by 2.2% in 2016 and 2.4% in 2017 on the back of additional fiscal support from the government and modest easing by the Monetary Authority of Singapore (MAS).

Notwithstanding the modest growth forecast, bright spots remain. In a recent survey by MTI, the six-month business outlook among firms in the services industry grew more favourable in Q2 2016 compared with the previous quarter. Specifically, firms in the information & communications and recreation, community & personal services sector were the most optimistic.

The ASEAN Economic Community, the Trans-Pacific Partnership, and China's One Belt, One Road initiative are catalysts for Singapore's long term economic prospects. According to the World Bank's 2015 "Ease of Doing Business Index", Singapore is the easiest country to conduct businesses. Coupled with the ongoing restructuring of economy and the upgrading of its workforce, Singapore is well-positioned to tap on opportunities offered by these trade agreement and initiatives.

In summary, while global economic uncertainties have affected the near term outlook for Singapore, the long term economic prospects of Singapore as a key gateway city in South East Asia remains an attractive proposition for strategic businesses and investors globally. As such, the long term economic growth trend for Singapore remains intact and any economic downturn leading to a temporary correction in the near term is likely to be cyclical in nature.

## 2 THE OFFICE MARKET

### 2.1 Introduction

The Core CBD area comprises the four micro-markets, Raffles Place, Shenton Way, Marina Bay and Marina Centre.

Grade A Core CBD<sup>1</sup> offices are defined as new or redeveloped offices located in the Core CBD area with high specifications and command top rents. Location is a key criteria for being classified as a Grade A Core CBD Office Building.

Grade B Core CBD offices include buildings that generally do not meet one or more aspects of Grade A Core CBD offices and are typically defined as offices with technical specifications that are one grade lower than that of Grade A Core CBD. Grade B Core CBD offices are located within the Core CBD region as well.

For this report, Mapletree Business City (Phase 1) will be defined as “MBC I” and Mapletree Business City (Phase 2) will be defined as “MBC II”.

### 2.2 Existing Office Supply

Singapore is a key gateway city in the South East Asia region with an existing office stock of 55.70 million sf as of Q1 2016. Most of the office space is concentrated in the Core CBD submarket. The Core CBD submarket forms a significant portion of the office market with 49.5% of the overall island-wide stock. Key occupants in the Core CBD area consist of firms in the Financial & Insurance, Information Technology, and other Business Services industries.

Selected notable office developments completed in 2015 include the office component of Fusionopolis (99,000 sf), and the refurbished Fragrance Empire Building (200,000 sf), formerly known as NOL Building. Over the same period, Equity Plaza (250,000 sf) and 2 Havelock Road (141,000 sf) were removed from the stock.

The Fringe CBD submarket, comprising Tanjong Pagar, Beach Road/City Hall as well as Orchard Road contribute 26.7% of the overall stock, with most occupants consisting of MNCs and SMEs in non-financial industries.

The decentralised submarkets are anchored mainly by clusters of offices in Alexandra/HarbourFront, Western Suburban area and Eastern Suburban area, and account for 23.8% of the overall market.

<sup>1</sup> Grade A Core CBD Office definition

A prestigious landmark building occupying a prime location in the Central Business District (Raffles Place, Shenton Way, Marina Centre and Marina Bay) with a modern flexible layout and column free floor plates in excess of 15,000 square feet. The building will possess high quality furnishing [1], hi-tech facilities [2], and excellent accessibility from public transport. The building will also attract a tenant mix of premier office users [3].

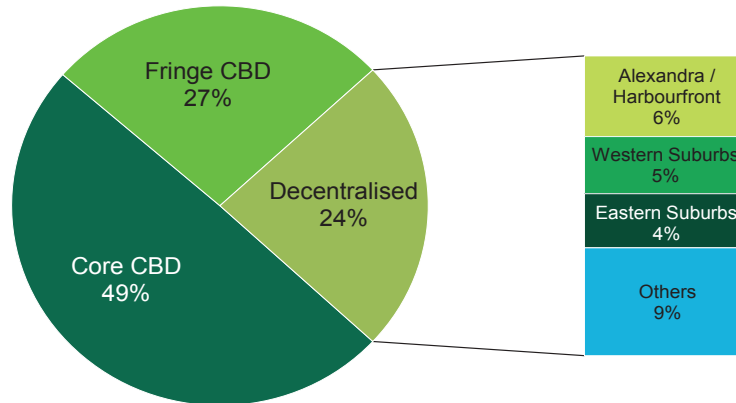
[1] Examples of high quality furnishings will include, but are not limited to raised flooring in excess of 150mm, floor to ceiling height in excess of 2.75m, granite or marble lift lobbies on the ground and upper floors, granite or marble toilets, improved double volume entrance lobby, and adequate windows for natural lighting.

[2] Examples of hi-tech facilities will include, but are not limited to emergency power, building servers, tenant dedicated servers, dedicated data riser, broadband fibre optic cabling, professionally managed security such as CCTV, Patrol and Lift Access Card, 24-hr air-cooling with supplementary cooling for specialized areas, reasonable low noise, lift services internal of no more than 25 seconds with a handling capacity in excess of 15% and dedicated lifts for goods, car park and office tenants.

[3] Examples of premier office users will include, but are not limited to long leasing credit worthy international and domestic high-profile companies.

Grade B Core CBD Office are defined as offices which have technical specifications that are one grade lower than Grade A Core CBD specifications, or when one or more aspects of Grade A Core CBD definitions cannot be achieved.

Chart 2.2(a): Distribution of Office Supply



Source: CBRE

Alexandra/HarbourFront Micro-Market

Based on CBRE data, the Alexandra/HarbourFront micro-market is the single largest office micro-market in the decentralized market, comprising 6% of the total office market as at 1Q 2016.

The boundary of the Alexandra/HarbourFront micro-market runs along Keppel Viaduct from Telok Blangah Road to Pasir Panjang Road. The HarbourFront micro-market is bounded by HarbourFront Avenue, HarbourFront Place and Telok Blangah Road while the Alexandra micro-market is bounded by Pasir Panjang Road, Alexandra Road, and Telok Blangah Road. The HarbourFront micro-market is served by the HarbourFront MRT station while Labrador Park MRT station serves the Alexandra micro-market.

Figure 2.2(b): Boundary of Alexandra/HarbourFront Micro-market



Source: OneMap, CBRE

CBRE’s basket of office buildings within the Alexandra/HarbourFront micro-market consists of 12 office buildings with varying quality, age and specifications. The vast majority of office buildings in the micro-market (75%)

were built more than 10 years ago. 5 of the office buildings were built more than 20 years ago.

Table 2.2(c): Breakdown of Alexandra / HarbourFront Micro-market Stock; 1Q 2016

BUILDING AGE (FROM TOP)	NUMBER OF BUILDINGS	NUMBER OF BUILDINGS MATCHING GRADE-A TECHNICAL SPECIFICATIONS	RENTAL RANGE	AVERAGE OCCUPANCY
< 10 years	2*	2*	\$6.50 - \$7.50 psf	100%
< 10 years	1	None	\$6.00 psf	100%
10 - 20 years	4	None	\$6.30 - \$7.00 psf	90.0%
> 20 years	5	None	\$6.00 - \$6.80 psf	76.6%
<b>Alexandra/HarbourFront Micro-market</b>	<b>12</b>	<b>2</b>	<b>\$6.85 psf</b>	<b>87.9%</b>

Note:

\* Comprises of the office component of MBC I and Merrill Lynch HarbourFront Building

Source: CBRE

The lower average occupancy of Alexandra/HarbourFront micro-market was attributed to the inclusion of the refurbished Fragrance Empire Building into the basket upon completion. However, occupancy levels are still relatively healthy for office buildings within the Alexandra/HarbourFront micro-market as a whole, with an average rental of S\$6.85 psf.

While landlords have refurbished some of the older office buildings, the asset enhancement initiatives were mostly limited to superficial improvements. Structural specifications such as the floor plates and floor-to-ceiling height of most of the refurbished office buildings remained unchanged. As such, only 14% of the Alexandra/HarbourFront micro-market consists of Grade A specifications office space.

New office developments completed over the last 10 years in Alexandra/HarbourFront micro-market were limited to the office component of MBC I, Merrill Lynch HarbourFront Building (MLHF Building) and 991 Alexandra, of which only MBC I and MLHF Building were built according to Grade A Core CBD office specifications.

In 2015, the Alexandra/HarbourFront micro-market recorded an increase in 200,000 sf of office stock to 3.56 million sf due to the introduction of Fragrance Empire Building, formerly known as NOL Building, following the completion of refurbishment works.

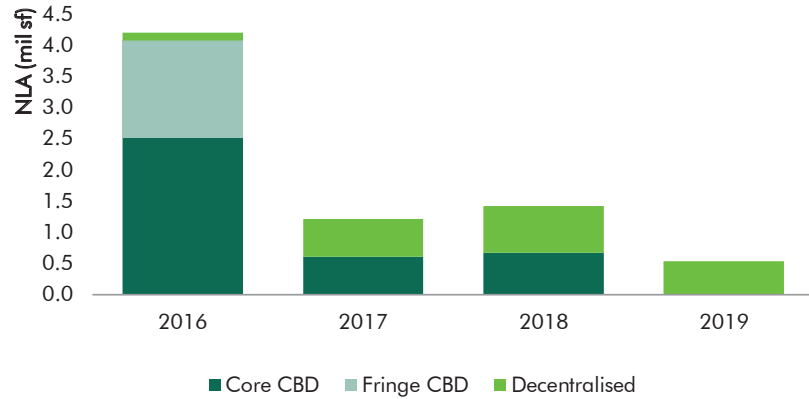
### Future Office Supply

In 2015, net new office supply fell to a low of 148,277 sf in total, significantly lower than the 1.36 million sf of net new office supply<sup>2</sup> for the island-wide office market in the last 5 years (2011 – 2015 inclusive). This provided office landlords with some reprieve from the recent wave of new office space.

However, over the next four years (Q2 2016 – Q4 2019 inclusive), approximately 7.40 million sf of new office space will be introduced into the market. Most of this future supply (51.4%) is located in the Core CBD submarket while the remaining 21.3% and 27.3% new office space is located in the Fringe CBD and decentralised submarkets respectively.

<sup>2</sup> Net new supply is calculated as a sum of new completions, demolitions and conversions.

Chart 2.2(d) Future Office Supply



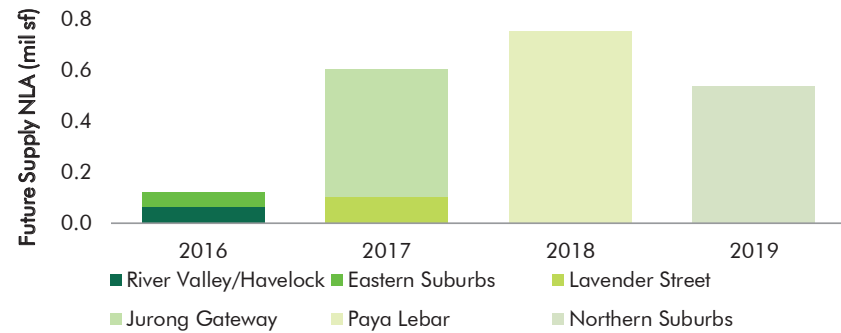
Source: CBRE, URA

Table 2.2(e): Office Future Supply (2016 – 2019)

NLA (mil sf)	2016	2017	2018	2019
<b>Core CBD</b>	2.51	0.60	0.67	0.00
<b>Fringe CBD</b>	1.56	0	0	0
<b>Decentralised</b>	0.12	0.60	0.75	0.53

Source: CBRE

Chart 2.2(f): Future Office Supply in Decentralised Submarket



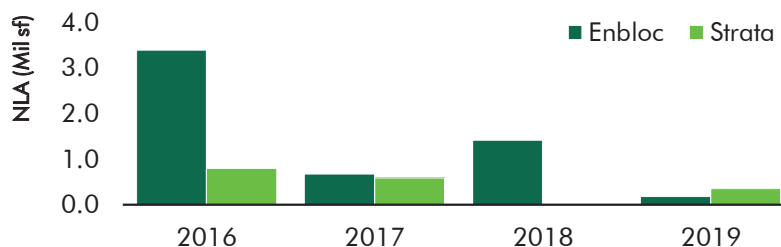
Source: CBRE

Within the decentralised submarket, there is currently no known office future supply stemming from the Alexandra/HarbourFront micro-market.

Approximately 2.12 million sf of the future supply is sold on a strata-titled basis. As a result, the average annual supply of enbloc office stock over the next 4 years is only 1.31 million sf.



2.2(g): Future Office Supply (Enbloc vs Strata Developments)



Source: CBRE, URA

A detailed list of future office developments is listed in Table 2.2(h) below.

Table 2.2(h): Future Office Supply (2016 – 2019)

YEAR	DEVELOPMENT NAME	LOCATION	SUBMARKET	NLA (SQFT)
2016	Duo	Beach Rd/ City Hall	Fringe CBD	570,475
2016	Guoco Tower	Tanjong Pagar	Fringe CBD	890,000
2016	M18	Eastern Suburbs	Decentralised	56,000
2016	Marina One	Marina Bay	Core CBD	1,875,630
2016	SBF Centre (strata titled)	Shenton Way	Core CBD	353,480
2016	EON Shenton (strata titled)	Shenton Way	Fringe CBD	101,045
2016	GSH Plaza (strata titled)	Raffles Place	Core CBD	282,000
2016	Havelock II (strata titled)	River Valley/ Havelock	Decentralised	64,850
2017	Redevelopment of International Factors Building and Robinson Towers	Robinson Road	Core CBD	194,380
2017	5 Shenton Way	Shenton Way	Core CBD	277,540
2017	Crown @ Robinson (strata titled)	Robinson Road	Core CBD	70,000
2017	Oxley Tower (strata titled)	Shenton Way	Core CBD	111,710
2017	Arc 380 (strata titled)	Eastern Suburbs	Decentralised	103,500
2017	Vision Exchange* (strata titled)	Western Suburbs	Decentralised	500,000
2018	Frasers Tower	Shenton Way	Core CBD	664,000
2018	Site at Paya Lebar	Eastern Suburbs	Decentralised	750,000
2019	Woods Square* (strata titled)	Northern Suburbs	Decentralised	534,500

Source: CBRE

\*Developer also retains a sizeable enbloc office space within the strata subdivided development for enbloc leasing.

Most of the new office space, amounting to approximately 4.19 million sf, will be completed in 2016 while a further 1.21 million sf will be released in 2017. Frasers Tower’s completion has been delayed to 2018, contributing around 664,000 sf of new fringe office space to the 1.41 million sf of planned new office completions while 2019 will see a significant dip in new office completion with only approximately 530,000 sf of new supply in the decentralised market.

The amount of potential secondary space over the next 2 years has also declined significantly from more than 900,000 sf a year ago to below 700,000 sf in 1Q 2016 as newly released space are absorbed by the market at realistic rental levels.

Alexandra/HarbourFront Micro-Market

In the Alexandra/HarbourFront micro-market, Fragrance Empire Building, (200,000 sf) featuring Grade B office specifications, is the only new supply in 2015 after undergoing refurbishment works. There is currently no other planned future office supply in the Alexandra/HarbourFront micro-market.

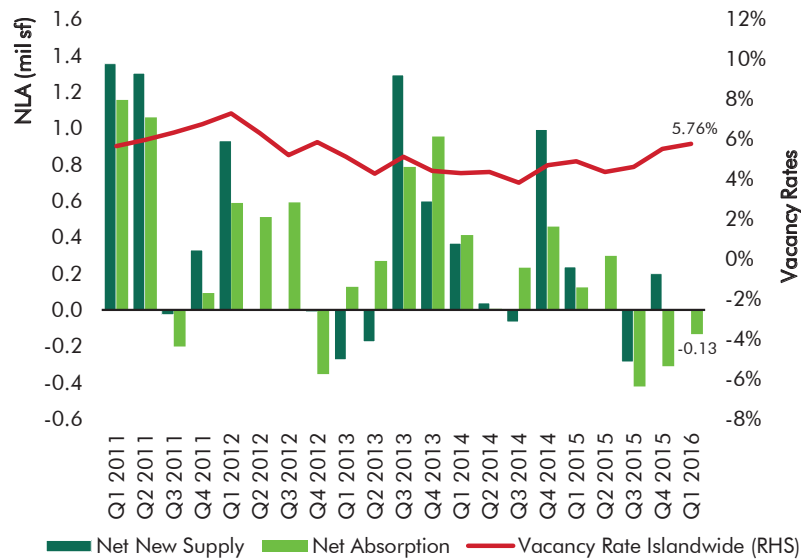
With no material additions to the Alexandra/HarbourFront micro-market, supply in the micro-market remains tight with no new competition arising from buildings of similar quality. As such, MBC I is well-positioned to continue to attract tenants looking for proximity to the CBD and relatively more affordable prime office space in the Alexandra/HarbourFront micro-market.

In summary, while there will be a significant increase in office supply over the next 4 years, none of the new supply is located in the Alexandra/HarbourFront micro-market. Furthermore, there are no plans for new Grade A specification office developments in the Alexandra/HarbourFront micro-market in the foreseeable future.

### 2.3 Demand and Occupancy

2015 capped a disappointing year with total island-wide office net absorption at -313,458 sf as compared to 1.10 mil sf in 2014. The last time the island-wide office basket recorded a negative net absorption was in 2009 at the peak of the Global Financial Crisis, when island-wide office net absorption hit a record of -754,357 sf in 2009. In comparison, the 10-year average island-wide office net absorption level is 1.23 mil sf (2006 – 2015 inclusive).

Chart 2.3(a): Island-wide Office: Net Supply, Net Absorption & Vacancy Rates



Source: CBRE, URA

Landlords are using this opportunity to experiment with co-working spaces<sup>3</sup> to absorb some of the excess space in the market. For example, CapitaLand has recently partnered with co-working space operator Collective Works to convert the entire 12<sup>th</sup> floor at Capital Tower, which was previously occupied by Japan’s Mizuho Bank, into a co-working space that spans 22,000 sf and can potentially house up to 250 companies. The space aims to capture potential

<sup>3</sup> Co-working space is a working environment which accommodates workers not employed by the same organization.

demand from the fin-tech, social media, technology, insurance, corporate training and venture capital investment sectors.

Occupiers have also been capitalizing on the current office market conditions to review and consolidate their operations. For example, AccorHotels consolidated their pockets of space in Raffles City Tower into an entire floor occupying 21,000 sf in Guoco Tower.

#### Flight-to-Quality Trend

Activity in the current leasing market is largely dominated by technology, fund management, financial services, consumer services and trading firms. Recent leasing activities appear to be primarily driven by flight-to-quality, with tenants upgrading and taking up spaces in better quality buildings with higher building specifications and floor-plate efficiencies at central locations. Examples include AccorHotels' move from Raffles City Tower, K Line's move from AXA Tower, Bunge's move from 77 Robinson Road, and ManpowerGroup's move from International Plaza to Guoco Tower. Similarly, Apple and South32 have inked their new leases for office space at CapitaGreen, while Facebook and Expedia have moved to South Beach Tower.

#### Decentralisation Trend

A decentralisation trend has been seen in recent years, with office tenants that have traditionally taken up space in the Core CBD increasingly taking up decentralised office space or Business Parks to house their non-client facing operations.

Some examples of such tenant movements in recent years are presented in the table below.

Table 2.3(b) Tenant Movements to Decentralised Office Space or Business Parks

NO	COMPANY	INDUSTRY	FROM	TO	YEAR	SPACE TAKEN UP (EST SQFT)
1	Google	IT Services	Asia Square Tower 1	Mapletree Business City II	2015	270,000
2	Covidien	Healthcare Services	Vision Crest (Dhoby Ghaut)	Mapletree Business City II	2015	56,000
3	Apple	IT Services	New Expansion	Fusionopolis Two	2015	215,000
4	Procter & Gamble	Consumer Products	Robinson Road	Metropolis	2014	250,000
5	Neptune Orient Lines	Shipping	NOL Building	Metropolis	2014	100,000 to 130,000
6	SGX	Banking and Finance	SGX Building (Shenton Way)	Metropolis	2014	83,000
7	British Telecom (BT)	IT Services	Gateway and Technopark @ Chai Chee	UE Biz Hub	2013	45,000
8	BW Offshore	Oil and Gas	AXA Tower	Mapletree Business City I	2013	55,000
9	MND	Government Statutory Board	MND Complex	Jurong Gateway	2013	316,000
10	International SOS	Healthcare Services	Odeon Tower (City Hall)	UE Biz Hub	2012	20,000
11	Cisco System	IT Services	Capital Tower	UE Biz Hub	2012	110,000
12	Credit Suisse	Banking and Finance	One Raffles Quay and other various locations	One @ Changi	2011	315,000
13	Novartis	Healthcare Services	Keppel Tower	Mapletree Business City I	2011	52,000
14	Nike	Apparels	Suntec City & Eigthrium	Mapletree Business City I	2011	100,000
15	Samsung	Electronics	Samsung Hub	Mapletree Business City I	2011	80,000

16	John Wiley & Sons	Publisher	Parkview Square and LogisHub@Clementi	Solaris @ One North	2011	140,000
17	American Express	Banking and Finance	Concourse/Chevron House	Mapletree Business City I	2011	100,000
18	BW Maritime	Oil and Gas	AXA Tower	Mapletree Business City I	2011	40,000
19	SingPower	Government	TripleOne Somerset	Mapletree Business City I	2011	100,000
20	SAP IT Company	IT Services	Multiple locations	Mapletree Business City I	2011	120,000 to 130,000
21	HSBC	Banking and Finance	Multiple locations	Mapletree Business City I	2011	190,000
22	Bright Oil	Oil and Gas	Suntec City	Mapletree Business City I	2010	56,000
23	Infocomm Development Authority of Singapore (IDA)	Government	Suntec City	Mapletree Business City I	2010	160,000
24	Unilever	Consumer Products	UE Square and Vision Crest	Mapletree Business City I	2010	150,000
25	Merrill Lynch	Banking and Finance	New Expansion	Merrill Lynch Harbourfront	2008	210,000

\* The above list is non-exhaustive and is based on news publications and market knowledge. Tenant movement for expansion and relocation are both included.  
Source: CBRE

#### Alexandra/HarbourFront Micro-Market

In the decentralised market, the Alexandra/HarbourFront micro-market is the single largest office micro-market and exists in a two-tier market with different value propositions for prospective office tenants.

Located just outside the Fringe CBD submarket with excellent amenities, the Alexandra/HarbourFront micro-market consists of newer good quality office buildings which are located within close proximity to key public transport hubs, as well as older buildings which are further away from public transport modes.

The office component of MBC I, MLHF Building and the refurbished PSA building among others, are examples of newer developments that have significantly increased the quality of office buildings in the Alexandra/HarbourFront micro-market.

In general, the newer office developments have successfully managed to attract strong demand from large financial companies, technology companies and government agencies seeking sizeable office spaces at reasonable prices. The older buildings typically cater to smaller trading and manufacturing companies.

Given the relatively limited supply of good quality office buildings in the Alexandra/HarbourFront micro-market as well as the low vacancy rates in the existing good quality buildings, the basket of good quality buildings in the Alexandra/HarbourFront micro-market is generally expected to stay resilient during periods of downturn.

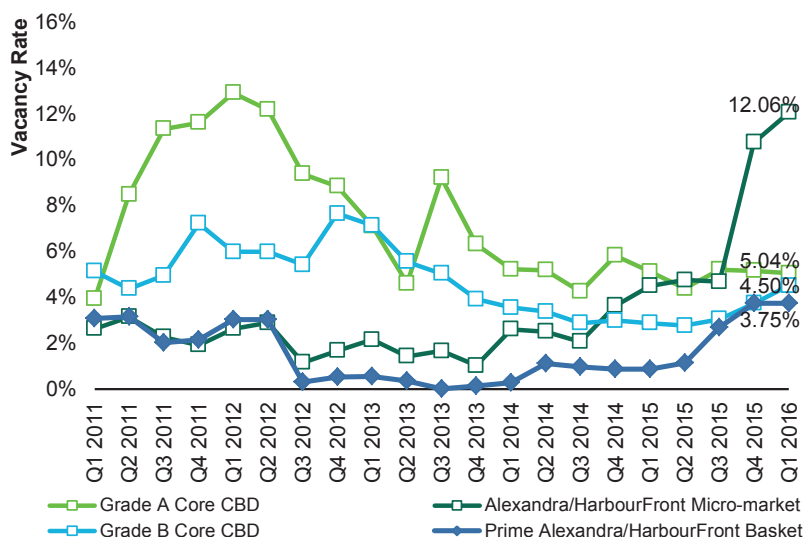
#### **2.4 Office Vacancy Rates**

In Q1 2016, the overall island-wide office vacancy increased to 5.8%. While this is still below the 9% observed in Q1 2010, it has been steadily increasing from a low of 3.8% since Q3 2014.

Muted economic growth on the global economic front coupled with the on-going layoffs in the financial, commodity, as well as oil and gas sector is likely to continue to pose headwinds for the overall office market.

As such, vacancy rates are expected to increase throughout the year when approximately 4.19 million sf of new office supply enters the market in 2016. The trend is expected to continue in 2017 as a further 1.21 million sf of new office supply is due for completion.

Chart 2.4(a): Office Vacancy Rates



Source: CBRE, URA

Note: The high vacancy levels recorded for Alexandra/HarbourFront micro-market in Q4 2015 and Q1 2016 are attributed to the newly completed Fragrance Empire Building.

In general, vacancy rates have been climbing across all micro-markets as vacant space takes longer to lease out. In the Alexandra/HarbourFront micro-market, which typically features one of the lowest vacancy rates amongst the various micro-markets, vacancy rates have risen to 12.1% in Q1 2016. However, this is due to an anomaly attributed to the inclusion of the newly refurbished Fragrance Empire Building into the Alexandra/HarbourFront basket upon completion.

#### Alexandra/HarbourFront Micro-Market

Due to the two-tier segmentation of the office market in the Alexandra/HarbourFront micro-market, demand for prime offices remains healthy and is reflected by the low vacancy rate of the basket of prime office buildings in the micro-market. Prime Alexandra/HarbourFront micro-market generally refers to modern office buildings with good building specifications and relatively younger building age within the micro-market.

The basket of prime offices in the Alexandra/HarbourFront micro-market continued to enjoy low vacancy rates of 3.8% in Q1 2016 that is unchanged from Q4 2015, outperforming the Grade B Core CBD vacancy rate of 4.5%, and the Grade A Core CBD office vacancy rate of 5.0%.

This is largely due to the unique proposition offered by the basket of prime offices in the Alexandra/HarbourFront micro-market that differentiates themselves via location, accessibility, good quality space, and reasonable rents, giving rise to a rare product in the current market, which is likely to remain resilient even when new supply enters the market in the short to medium term.

### 2.5 Office Rents

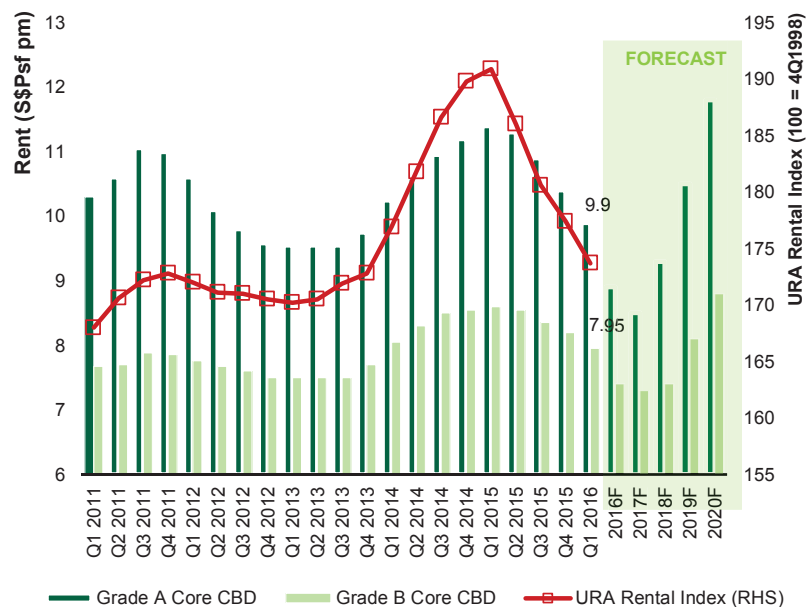
The Singapore office sector peaked in Q1 2015. By 2016, Grade A Core CBD and Grade B Core CBD rents have declined between 7.6% and 13.2% off its peak over the past one year on the back of increasing vacancy rates. Grade A Core CBD rents were hardest hit, falling 13.2% y-o-y (4.8% q-o-q) to S\$9.90 psf pm in Q1 2016, and reversing most of the gains since Q1 2014. Landlords have shifted their focus on tenant retention and are more realistic with rental expectations as they remain conscious of the impending supply in 2016 and 2017.

Grade B Core CBD rents decreased at a slower pace of 7.6% from the peak in Q1 2015 and declined 3.1% q-o-q to reach a low of S\$7.95 psf pm in Q1 2016.

The flight-to-quality trend will continue to persist as tenants capitalize on current market conditions to upgrade, consolidate their operations and achieve efficiency gains. Key factors driving the relocation trend are newer buildings with premium technical specifications including larger column-free floor plates and higher floor-to-ceiling heights, as well as more central locations. Good quality office buildings that are reasonably priced will remain the main beneficiary under current market conditions. Landlords are expected to further refine their expectations as they focus on tenant retention to ride out the oncoming wave of new office supply in the Core CBD and Fringe CBD.

While Grade B Core CBD rents are expected to remain less volatile than Grade A Core CBD rents in 2016, the average rent is likely to be dragged down by weaker performance of older Grade B Core CBD offices due to the flight-to-quality trend.

Chart 2.5(a): Office Rents (in S\$ psf/month)



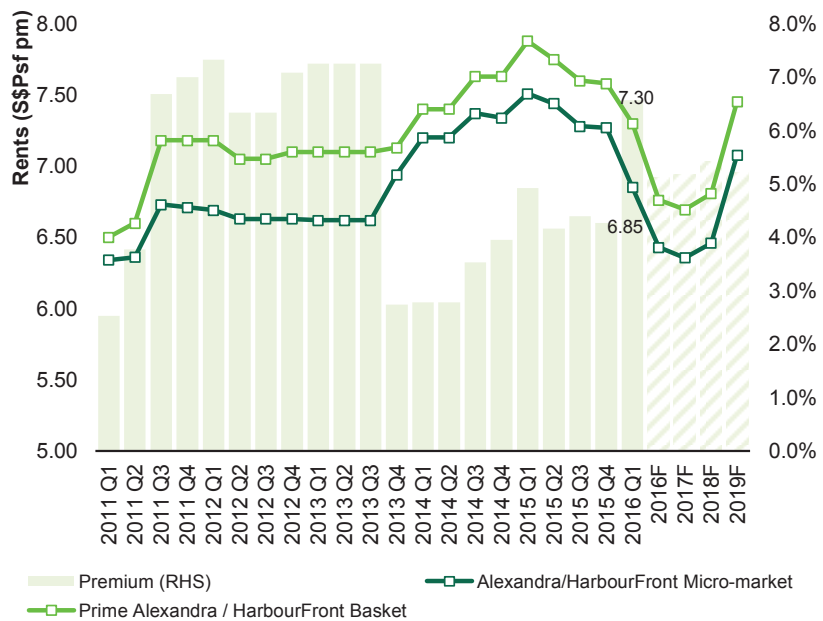
Source: CBRE, URA

Alexandra/HarbourFront Micro-Market

Average office rents in the Alexandra/HarbourFront micro-market declined 8.8% y-o-y in Q1 2016. However, rents of prime office buildings in the Alexandra/HarbourFront micro-market are historically less volatile than the overall micro-market rent and enjoy greater resilience with a decline of approximately 7.4% y-o-y over the same period. This is also more favourable in contrast to the decline in Grade A Core CBD and Grade B Core CBD office rents, which saw rents dropping by 13.2% y-o-y and 7.6% y-o-y respectively in Q1 2016.

The difference in rental performance between Alexandra/HarbourFront and Prime Alexandra/HarbourFront micro-markets is likely an indication of the level of tenant sophistication for the basket of prime buildings, as these tenants are willing to pay a premium to be located in better specification office buildings in the Alexandra/HarbourFront micro-market. Historically, this premium can be anywhere between 2.5% to 7.3% above the average Alexandra/HarbourFront micro-market rent.

Chart 2.5(b): Prime Alexandra/HarbourFront Basket and Alexandra/HarbourFront Micro-market Rental & Premium



Source: CBRE

**2.6 Office Investment Market and Capital Values**

While Singapore’s Grade A Core CBD office capital values tend to track the rental market, they do not follow the rental movement entirely. For example, between Q1 2011 and Q4 2014, Grade A Core CBD capital values increased by 18.8% from S\$2,400 psf to S\$2,850 psf. In contrast, Grade A Core CBD rents only increased by 8.8% over the same period, leading to yield compression over the period from 4.1% to 3.8%.

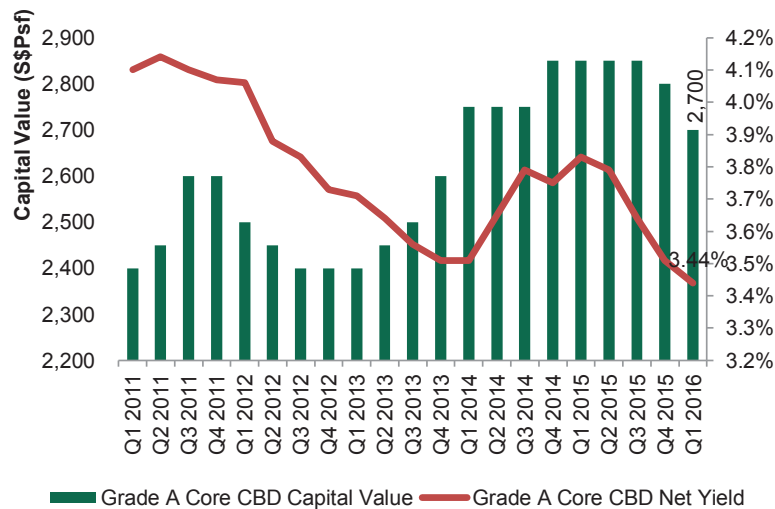
However, while Grade A Core CBD rents declined 13.2% between Q1 2015 and Q1 2016, Grade A Core CBD capital values declined only 5.3% over the same period. This resulted in further yield compression to a low of 3.4% in Q1 2016.

One of the reasons is due to the different driving forces behind the investment market and the occupier market. A large part of the driving force behind the investment market is a result of the low cost of funds as the Singapore Interbank Offer Rate (SIBOR) has been relatively low for an extended period of time (Q1 2009 - Q4 2014). The low cost of funds provided a positive yield spread that attracted institutional investors to the office market, driving up capital values in the process.

In contrast, concerns over the potential oversupply of Grade A Core CBD office space in the medium term are present in the market, with many landlords worried about the wave of new Grade A Core CBD developments due for completion in 2016. Occupiers capitalised on the situation by resisting rental hikes, slowing down the pace of rental growth as landlords renewed existing tenant leases before the new office supply was introduced into the market. In 2015, the market reported low pre-commitment rates, resulting in the dip in rents as landlords competed with each other to retain existing tenants and attract new tenants as the market was awash with Grade A Core CBD office space.

In Q1 2016, Grade A Core CBD office capital values registered a -5.3% y-o-y decline to S\$2,700 psf on the back of higher interest rates, a slowdown in capital inflows and falling rents. Yields continued to compress to 3.4% from 3.8% a year ago as rents fell faster than capital values.

Chart 2.6(a): Grade A Core CBD Office Capital Values & Net Yield



Source: CBRE

Selected enbloc office transactions in 2015 comprised mostly Grade B Core CBD office buildings such as CPF Building (S\$550.0 million), 137 Cecil Street (S\$210.0 million) and 158 Cecil Street (S\$240 million). 137 Cecil Street and



158 Cecil Street were purchased by high networth individuals with long investment horizons for the purpose of wealth preservation while investors in CPF Building are planning to redevelop the building. The biggest deal of Q2 2016 was the acquisition of Asia Square Tower 1 for a record S\$3.4 billion by Qatar Investment Authority. The sale of the 43-storey office building is the largest single-tower deal in the Asia Pacific region. Another major office transaction in the same quarter, was the sale of Straits Trading Building at S\$560.0 million to an Indonesian Tycoon. This came at a price much higher than the property's previously transacted price at S\$450.0 million by Sun Venture Group in 2014.

Table 2.6(b): Selected CBD Office Investment Transactions (2011 – 2015)

QUARTER	LOCATION	PROPERTY NAME	ADDRESS	PRICE (SGD)	NLA (SF)	TENURE	UNIT PRICE (\$PSF/NLA)
Q2 16	CBD	Asia Square Tower 1	8 Marina View	3,380,000,000	1,250,000	99 years	\$2,700
Q2 16	CBD	Straits Trading Building	9 Battery Road	560,000,000	158,897	999 years	\$3,524
Q2 16	CBD	CapitaGreen (60% stake)	138 Market Street	960,300,000	421,873	99 years	\$2,276
Q1 16	CBD	78 Shenton Way (50% stake)	78 Shenton Way	301,500,000	181,100	99 years	\$1,665
Q4 15	CBD	CPF Building	79 Robinson Road	550,000,000	324,082	99 years	\$1,697
Q3 15	CBD	ICS Building	137 Cecil Street	210,000,000	67,550	Freehold	\$3,109
Q2 15	CBD	PwC Building	8 Cross Street	150,000,000	106,712	99 years	\$1,892
Q2 15	CBD	137 Cecil Street	137 Cecil Street	215,000,000	67,550	Freehold	\$3,183
Q2 15	CBD	158 Cecil Street	158 Cecil Street	240,000,000	115,000	65 Years	\$2,100
Q1 15	CBD	AXA Tower (50 storeys)	8 Shenton Way	1,170,000,000	674,926	66 Years	\$1,733
Q3 14	CBD	Marina Bay Financial Centre (1/3 stake)	10 Marina Boulevard	1,248,000,000	1,342,000	92 Years	\$2,790
Q3 14	CBD	Straits Trading Building	9 Battery Road	450,000,000	159,000	Freehold	\$2,800
Q2 14	CBD	Equity Plaza	20 Cecil Street	550,000,000	252,135	75 Years	\$2,181
Q2 14	CBD	Prudential Tower	30 Cecil Street	512,000,000	221,080	81 Years	\$2,315
Q2 14	CBD	Anson House	72 Anson Road	172,000,000	75,067	82 Years	\$2,291
Q2 13	CBD	135 Cecil Street	135 Cecil Street	182,000,000	82,727	Freehold	\$2,200
Q4 12	CBD	Marina Bay Financial Centre Tower 3 (1/3 stake)	12 Marina Boulevard	115,000,000	44,992	94 Years	\$2,556
Q4 12	CBD	Mapletree Anson	60 Anson Rd	680,000,000	331,869	Freehold	\$2,049
Q1 12	CBD	Twenty Anson Building	20 Anson Road	430,000,000	202,544	94 Years	\$2,123
Q3 12	CBD	78 Shenton Way (50% stake)	78 Shenton Way	304,000,000	180,202	70 Years	\$1,687
Q2 13	CBD	Robinson Point	39 Robinson Road	348,880,000	135,271	Freehold	\$2,579
Q2 12	CBD	Tower 15	15 Hoe Chiang Road	360,000,000	202,817	Freehold	\$1,775
Q4 11	CBD	Robinson Centre	61 Robinson Road	292,900,000	132,175	84 Years	\$2,216
Q4 11	CBD	Commerce Point	3 Phillip Street	204,836,600	82,165	Freehold	\$2,493
Q4 11	CBD	Ocean Financial Centre (87.5% stake)	10 Collyer Quay	261,600,000	128,931	Freehold	\$2,029
Q4 11	CBD	Finexis Building (50% stake)	108 Robinson Road	123,800,000	121,135	Freehold	\$1,022
Q3 11	CBD	RCL Centre	11 Keppel Road	175,000,000	92,495	Freehold	\$1,892
Q2 11	CBD	Anson House	72 Anson Road	148,000,000	75,067	85 Years	\$1,972
Q1 11	CBD	Capital Square	23 Church Street	889,000,000	386,522	84 Years	\$2,300

Source: CBRE

#### Alexandra/HarbourFront Micro-Market

In the Alexandra/HarbourFront micro-market, a swap in company shares between Keppel Land and Mapletree saw the change in ownership for Keppel Bay Tower (\$\$1,572 psf) and HarbourFront Tower One and Two (\$\$1,385 psf). HP Alexandra Office building changed hands in 2013 at \$\$1,666 psf while NOL Building transacted at \$\$1,830 psf. The transactions were non-Grade A Core CBD specification office buildings as the current stock of Grade A Core

CBD specification buildings in the Alexandra/HarbourFront micro-market is limited and closely held.

The investment market in 2016 started off relatively quiet as investors remained on the sideline while waiting for more visibility on the underlying demand for office space. However, the recent sale of Asia Square Tower 1 and Straits Trading Building is likely to improve the overall confidence in the market, leading to potentially more office investment transactions in 2H2016.

A list of selected historical office investment transactions in the decentralized market is provided in the below table.

Table 2.6(c): Selected Decentralised Office Investment Transactions (2011 – 2015)

QUARTER	LOCATION	PROPERTY NAME	ADDRESS	PRICE (SGD)	NLA (SF)	TENURE	UNIT PRICE (\$PSF/NLA)
Q4 15	Harbourfront	Harbourfront Tower One & Two (39% Share)	1 Harbourfront Place, 3 Harbourfront Place	288,500,000	208,276	80 Years	\$1,385
Q4 15	Harbourfront	Keppel Bay Tower (30% Share)	1 Harbourfront Avenue	183,200,000	116,489	80 Years	\$1,572
Q4 15	City Hall	Manulife Centre	51 Bras Basah Road	487,500,000	241,510	Leasehold	\$2,019
Q4 15	Tampines	7 & 9 Tampines Grande	7 & 9 Tampines Grande	366,000,000	287,256	90 Years	\$1,274
Q4 15	Havelock Road	Central Mall (Office Component)	1 Magazine Road	218,000,000	130,771	80 Years	\$1,667
Q1 14	Western Region	Westgate	3 Gateway Drive	579,400,000	304,963	96 Years	\$1,900
Q4 13	Orchard Road	TripleOne Somerset	111 Somerset Road	970,000,000	578,769	61 Years	\$1,676
Q3 13	Alexandra	HP Alexandra (Office Component)	450 Alexandra Road	195,000,000	117,000	Freehold	\$1,666
Q2 13	Orchard Road	Pomo	1 Selegie Road	336,000,000	182,895	69 Years	\$1,837
Q1 13	Havelock Road	2HR	2 Havelock Road	282,880,000	173,912	70 Years	\$1,627
Q4 12	Alexandra	Neptune Orient Lines Building	456 Alexandra Road	380,000,000	207,650	Freehold	\$1,830
Q2 12	Beach Road	KeyPoint	371 Beach Road	360,000,000	313,043	62 Years	\$1,150
Q3 11	City Hall	GE Money House	182 Clemenceau Avenue	74,384,000	46,490	80 Years	\$1,600
Q2 11	River Valley	AIG Building	22 Martin Road	63,000,000	31,603	Freehold	\$1,993

Source: CBRE

Note: HarbourFront Tower One & Two and Keppel Bay Tower PSF is calculated based on the entire building.

## 2.7 Office Outlook

Office rents are expected to continue declining in 2016 due to weak demand conditions and an influx of significant new supply to the office market especially in the Core CBD. Leasing activities are expected to be supported by technology, fund management, Asian financial services, consumer services and trading firms. Most leasing activities are expected to ride on the “flight-to-quality” phenomenon which will continue to benefit reasonably priced good quality office buildings.

Vacancy levels are expected to increase in 2016 due to a wave of new office completions. Grade A Core CBD rents are expected to continue declining for the rest of 2016 before finding support some time in 2017. Similarly, Grade B Core CBD rents are forecasted to fall in tandem, but will remain less volatile relative to Grade A Core CBD office rents. Tenant retention in the form of better incentives and competitive rents will be the key strategy for most landlords in 2016.

As the market moves towards the favourable direction of occupiers and allows them to benefit from competitive lease terms, a silver lining presents itself as this may lead to increased interest in upcoming developments and may potentially lead to the closing of some key anchor tenant deals. Also, new leasing activity still exhibited signs of growth from e-commerce firms, Asian financial institutions, insurance and pharmaceutical sectors.

### 3 THE BUSINESS PARK MARKET

#### 3.1 Introduction

Business Parks typically occupy at least five hectares of land with modern office-like specifications. Tenants occupying Business Park spaces tend to be non-pollutive industries engaging in high technology, research and development, high value-added and knowledge intensive businesses that meet the permissible usage<sup>4</sup> requirement for Business Park space.

Business Parks are also part of the larger decentralisation efforts by the government to encourage businesses to consider operations that do not require the benefits and prestige of a CBD address to relocate to the suburbs.

MBC I is a mixed use development with Grade A specifications comprising both office and Business Park components within a Business Park development.

#### 3.2 Existing Business Park Supply

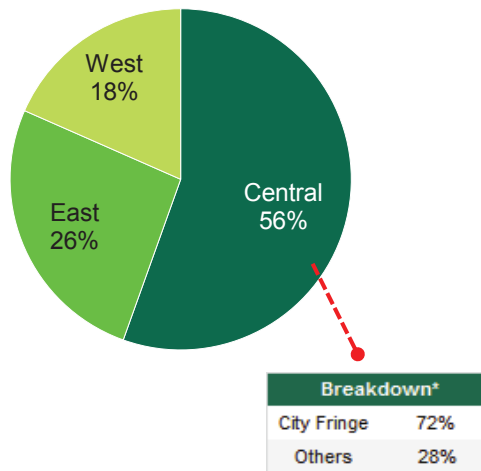
Singapore island-wide Business Park stock increased 15.2% y-o-y to 22.1 million sf in Q1 2016. Much of the increase can be attributed to the completion of new developments in one-north and Singapore Science Park I in the central region, as well as Changi Business Park in the east region. In one-north, the key new developments are Mediapolis and Fusionopolis Phase 2A, Ascent was completed in Singapore Science Park I, while the increase in Changi Business Park can be attributed to Soo Kee Jewellery HQ and DBS Asia Hub Phase II.

According to JTC, most of the Business Park space (~55.5%) is distributed in the central region comprising of one-north, Singapore Science Park and MBC I. By further geographical segmentation within the Central region, MBC I and one-north fall under the City Fringe micro-market. The east region is anchored by Changi Business Park, with a market share of 26.1%, while the west region with a market share of 18.4% is home to one of the earliest Business Parks in Singapore, the International Business Park. MBC I and the upcoming MBC II will respectively contribute approximately 5.4% and 5.1% by NLA of total expected island-wide enlarged NLA post-completion of all projects in 2016.

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<sup>4</sup> Permissible use requirements can be found on <http://www.ura.gov.sg/uol/guidelines/development-control/change-use-premises/sections/Permissible-Uses.aspx>

Chart 3.2(a): Distribution of Business Park Space in Singapore



Source: JTC, CBRE

\*Note: Approximate breakdown of Business Park supply in the Central Region

Figure 3.2(b): Business Park Clusters in Singapore



Source: OneMap, CBRE

Over time, some of the Business Parks have developed unique identities. Changi Business Park is a reputed back office hub for financial institutions such as Citibank, Standard Chartered, DBS and UBS, while one-north is best known for Biomedical, Infocomm Technology and Media with tenants like Oracle, Novartis, Lucasfilm, Autodesk, MSD, and GlaxoSmithKline.

International Business Park has been the base for traditional technology and manufacturing companies such as Acer, Creative Technology, Sony, M1, Dell, Thermo Fisher, Jacobs Engineering, Evonik and Kongberg while Singapore Science Park is home to mostly research and technology companies such as Defence Science Organisation National Laboratories, Defence Science and Technology Agency, Avaya, Quintiles, and Shimadzu.

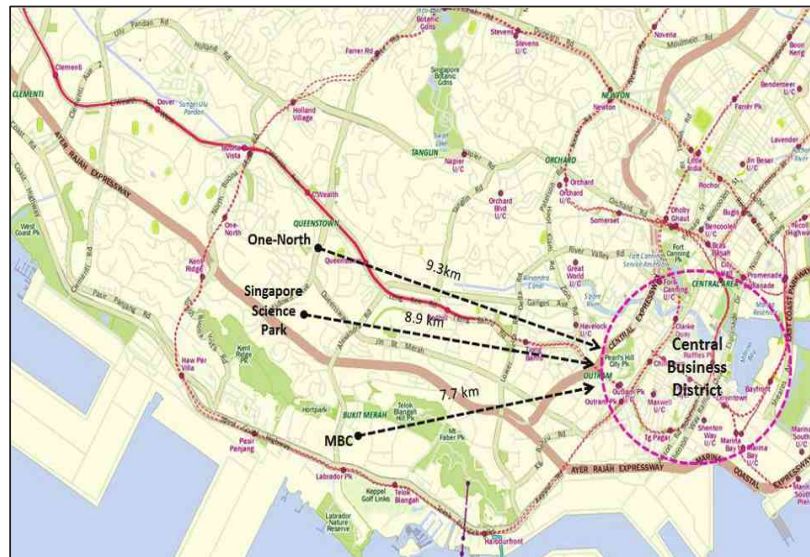
One of the newest and well-performing Business Parks in Singapore in terms of occupancy is MBC I, featuring a line-up of Fortune 500 tenants that value its proximity to the Core CBD, Grade A specification buildings, reasonable rents, and integrated business hub features. MBC I benefits from its close proximity to the Core CBD and has captured a strong profile of tenants. The typical profile of tenants in MBC I is different from traditional Business Parks as they appear to bear closer resemblance to the tenant profile of office occupiers in the Core CBD, with tenants such as Unilever, SAP, HSBC, Samsung, Nike, NTT, and Infocomm Development Authority of Singapore (IDA).

Grade A specification Business Parks are rare in the market, with MBC I, one-north and Changi Business Park<sup>5</sup> among the mix. The unique quality of such Business Park space is thus expected to receive steady demand from occupiers. In particular, MBC I is a choice location for companies looking to pay less, yet still able to enjoy premium specifications and good connectivity and proximity to the Core CBD.

MBC I contributes approximately 5.4% by NLA (after 2016 completions) of the total Business Park space in Singapore, and was the only Business Park space in the Alexandra/HarbourFront micro-market currently, until MBC II entered the market in 2016. There is a good range of amenities available in the business park including mid-range specialty restaurants, canteens, a multi-purpose auditorium, a carpark podium with 1,040 carpark lots, meeting facilities, a fitness club with lap pool, clinic and roof top garden.

Overall, the existing tenant pool in the Alexandra/HarbourFront micro-market is made up of reputable companies, across a myriad of sectors including IT & technology, banking & finance and multinational consumer goods.

Figure 3.2(c): Proximity of Business Parks to the Central Business District



Source: OneMap, CBRE  
 Note: Distances presented are estimates.

<sup>5</sup> Changi Business Park has a mix of Grade A and Grade B specifications.

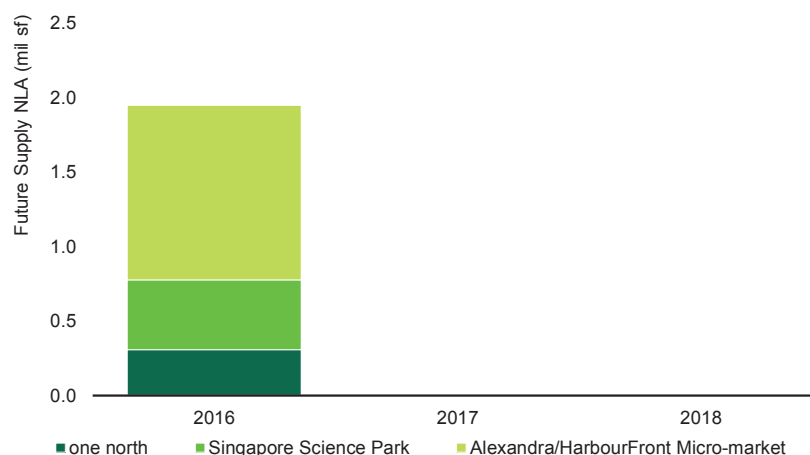
### Future Business Park Supply

CBRE projects the island-wide Business Park supply over the next three years (2016 to 2018 inclusive) to increase by 1.95 million sf, amounting to approximately 8.8% of the total expected enlarged Business Park space post completion of all projects. All of the planned future supply is located in the central region, with the landmark MBC II accounting for approximately 1.17 million sf. The remaining future supply is located in one-north.

MBC II builds on the current success of MBC I to offer Grade A specification business space in the Alexandra/HarbourFront micro-market. Towering 30 storeys high with extensive sport and recreational amenities such as soccer fields, it has attracted iconic tenants such as Google from the technology industry as well as global healthcare products manufacturer Covidien.

All of the planned future supply is due for completion in 2016, and there is no visible new supply of Business Park space post-2016. Since new Business Park construction requires three to four years on average to complete, there is currently no visible supply of new Business Park space from now till 2020. Under the Masterplan 2014, there are plans to build new Business Parks in Woodlands North Coast and Punggol, but no formal development plan has been announced as at 1Q 2016.

Chart 3.2(d): Future Business Park Supply: 2016 – 2018



Source: CBRE, JTC

A list of known planned Business Park completions for 2016 is provided in Table 3.2(e) below.

Table 3.2(e): List of Known Future Business Park Developments

YEAR	DEVELOPMENT NAME	MICROMARKET	REGION	NLA (Sqft)
2016	Ascent	Science Park I	Central	466,000
2016	MediaHub	One North	Central	184,881
2016	Mapletree Business City Phase 2	Alexandra	Central	1,172,000
2016	GSK Asia HQ	One North	Central	123,570

Source: CBRE, JTC

### 3.3 Demand and Occupancy

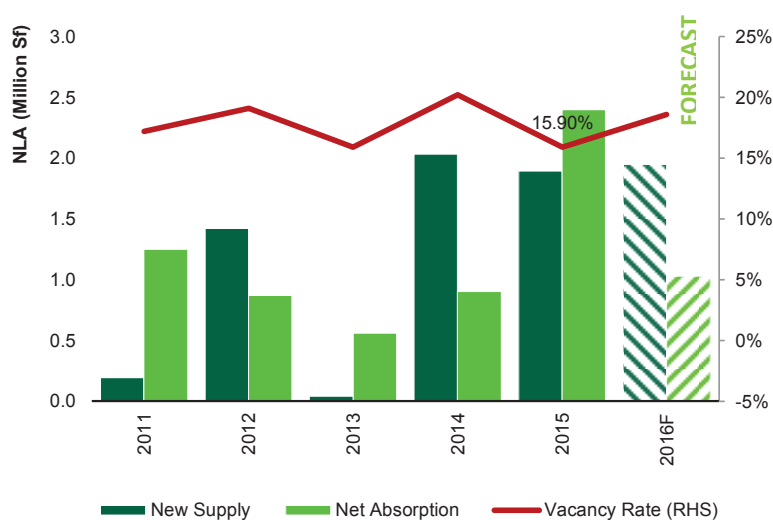
According to JTC, the island-wide net absorption for Business Park was 2.40 million sf in 2015, approximately double that of 904,000 sf in 2014. Most of the net absorption in 2015 which amounted to 1.85 million sf came from leasing activity in Business Parks located in the central region. Business Parks in the east region accounted for approximately 484,000 sf of net absorption while Business Parks in the west region contributed to 65,000 sf of net absorption.

According to JTC data, the 10 years average net absorption for island-wide Business Park space is approximately 1.03 million sf while the 10-year average net absorption for Business Parks in the central region is approximately 620,000 sf.

Given the limited supply of new Business Park space in the visible future, vacancy rates are expected to slide from 2017 as existing supply gets absorbed by the market. Assuming a moving 10-year average historical net absorption, island-wide Business Park vacancy rate is expected to decline from 18.6% forecasted in 2016 to 9.4% in 2018, while the vacancy rate in the central region Business Parks is expected to decline from a forecasted 23.9% in 2016 to 15.0% in 2018.

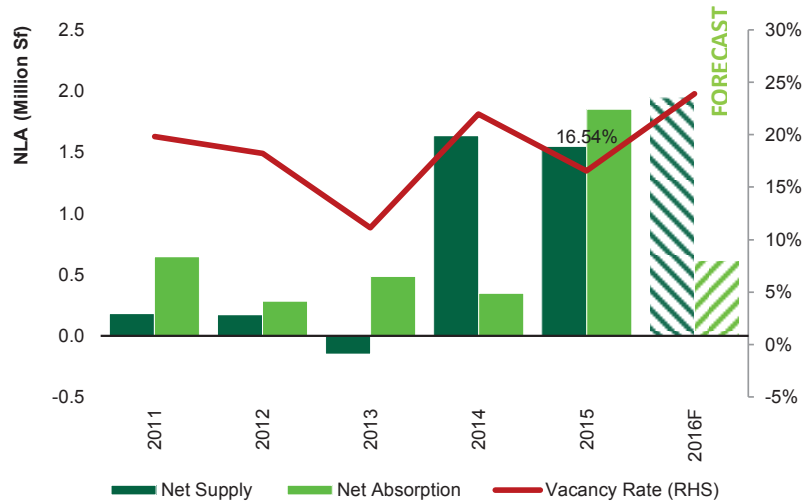
In 1Q 2016, net absorption for island-wide Business Park space and the central region was 656,604 sf and -32,000 sf respectively. Most of the net absorption in the central region can be attributed to the healthy pre-commitment of new developments in one-north, namely Fusionopolis Phase 2A and Mediacorp HQ in Mediapolis. In the east region, the completion of owner occupied Soo Kee Jewellery HQ and DBS Asia Hub Phase II boosted net absorption in 2015.

Chart 3.3(a): Business Park Island-Wide Supply, Demand & Vacancy Rates



Source: CBRE, JTC

Chart 3.3(b): Business Park Central Region Supply, Demand & Vacancy Rates



Source: CBRE, JTC

Historical trends indicate that the government typically regulates the release of new Business Park land to ensure healthy demand for Business Park space as well as to allow for existing Business Park developments to stabilize.

This is reflected in the historical demand and supply trend for Business Parks in the central region. In particular, between 2010 and 2013, there were limited new Business Park developments in the central region, leading to a decline in vacancy in the central region from 25.8% to 11.2% before new Business Park space was again released into the market.

Firms in the Infocomm, Technology, Biomedical and Finance sectors are presently among the most prevalent tenants in Business Parks.

Tenants generally exhibit preference for prime Business Park space in the central region. There is thus demand for Business Park spaces with connected locations, new buildings of high quality with access to amenities. Most activities are currently centred on relocations and renewals.

As such, most relocation activities are driven by flight-to-quality from older developments, or consolidation of operations in existing locations including Barclays, Standard Chartered Plc and Credit Suisse Group.

Another notable trend seen in the market is companies moving from office spaces to business parks, including Google which will be vacating its prime office location in Asia Square Tower 1 to MBC II and Apple’s lease for 215,000 sf of Business Park space at Innovis in Fusionopolis Two in the one-north area.



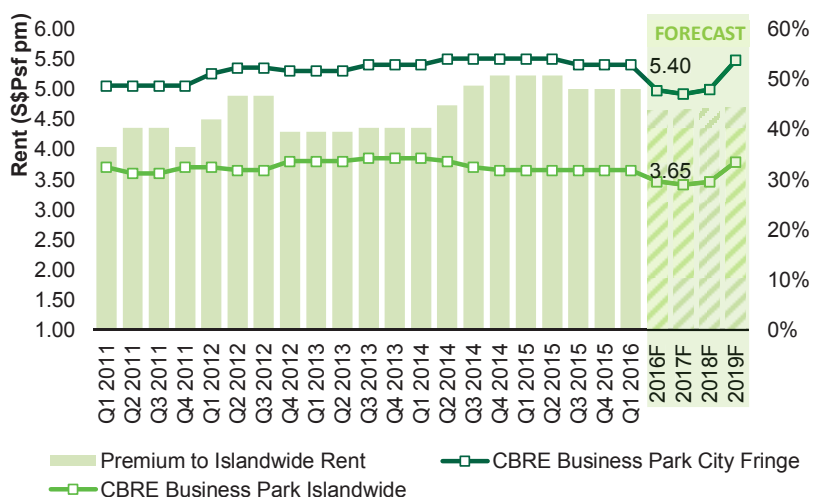
### 3.4 Business Parks Rents

The average rents for Business Park space has remained relatively stable in 1Q 2016. CBRE’s basket of City Fringe (sub-category within the Central region) Business Park space consisting of buildings such as MBC I and one-north commanded rents of approximately S\$5.40 psf pm, which is approximately 48% higher than island-wide Business Park rents.

Historically, City Fringe Business Parks have commanded average rental premiums of 44% over the island-wide Business Parks since 2011. This may be attributed to the different profile of tenants that typically occupy the City Fringe Business Parks, as well as the relative proximity of the Business Parks to the CBD.

In addition, the buildings in City Fringe Business Parks are generally newer than those in the east and west regions, and typically feature Grade A specifications. Newer Business Parks with younger building age are generally able to command higher rental rates due to the longer balance tenure.

Chart 3.4(a): Business Park Rents



Source: CBRE, JTC

Note: By further breakdown within the central region, the Alexandra/HarbourFront micro-market is classified under City Fringe.

In general, the limited future supply of Business Park space and expected decline in vacancy rate is expected to provide rental support for Business Parks. This is especially so for well-located Business Park spaces with Grade A specifications, with demand likely to stay healthy despite the challenging market. As such, rents for Business Park space will remain stable with landlords offering rental incentives to attract new tenants.

Looking ahead, given the lack of new office supply post-2018, Business Park rents are expected to enjoy strong rental growth from 2019 as the sector rides on the tailwind of the expected recovery in the office market.

### 3.5 Business Park Investment Market and Capital Values

The limited transaction volume in the market appears to be concentrated largely on smaller size investment deals.

A list of selected historical Business Park investment transactions is provided in the below table.

Table 3.5(a): Selected Business Park Investment Transactions (2011 – 2015)

QUARTER	BUSINESS PARKS	PROPERTY NAME	ADDRESS	PRICE (SGD)	NLA (SF)	TENURE	UNIT PRICE (\$SPSF/NLA)
Q4 15	Changi Business Park	One@Changi City	1 Changi Business Park Central 1	420,000,000	679,267	53 Years	618
Q1 15	Singapore Science Park	The Kendall	50 Science Park Road	113,700,000	181,094	63 Years	628
Q3 13	Changi Business Park	UE Bizhub East (Business Park Component)	2/4/6/8 Changi Business Park Avenue 1	380,000,000	498,506	52 Years	762
Q3 13	Changi Business Park	Eightrium@ Changi Business Park	15A Changi Business Park Central 1	126,000,000	231,205	50 Years	545
Q3 13	one-North	Solaris	Fusionopolis Phase 2B	87,648,863	208,380	52 Years	421

Source: CBRE

### 3.6 Business Parks Outlook

CBRE expects Business Parks rent to remain largely stable from 2016 to 2018, supported by limited new supply.

While vacancy rates are expected to rise in 2016, it will likely decline as early as 2017 as limited new supply after 2016 would provide much needed time for the market to absorb the existing supply.

The on-going restructuring effort by the Government to move industries into the higher end of the value chain may also result in stronger demand for prime Business Park space with Grade A specifications in the medium to long term.

Most activities in the Business Park space are currently centred on relocation driven by flight-to-quality from older specification developments, or consolidation of business operations.

Most of the relocation demand observed in 2015 is for Grade A specifications Business Parks located in the central region due to their close proximity to the CBD, high specification buildings and good infrastructure access.

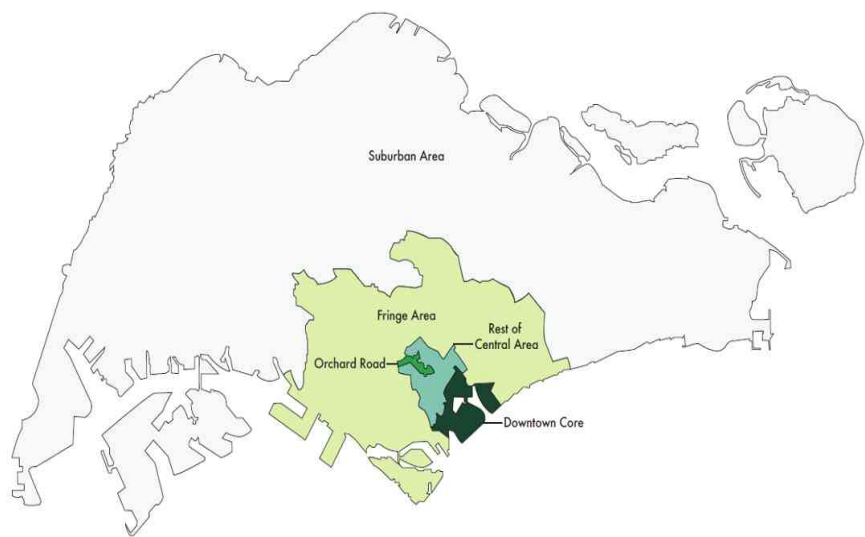
In summary, as vacancy rates decline on the back of limited new supply and stabilizing rents, the Business Park sector will be well positioned to weather the current economic downturn. 2019 will be a turning point for the Business Park sector as it rides on the tailwind of the office market's expected recovery to spark healthy rental growth. In addition, prime assets in the central region will likely perform well due to the steady demand for and scarcity of Business Park assets with Grade A specifications in such locations offering more attractive rents compared to office rents in the Core CBD.

## 4 THE RETAIL MARKET

### 4.1 Existing Retail Supply

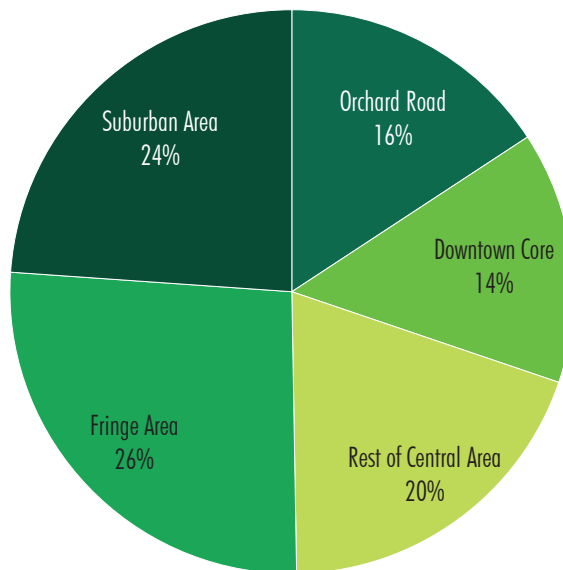
Singapore's total island-wide retail stock increased by 0.7% y-o-y to 64.48 million sf in Q1 2016. The Fringe Area remains the key retail district with 26.4% of the island-wide retail stock, followed by Suburban Area at 23.9%, Rest of Central at 19.5%, Orchard Road at 15.8% and Downtown Core at 14.4%.

Figure 4.1(a): Map of Areas



Source: CBRE

Chart 4.1(b): Existing Retail Supply



Source: CBRE, URA

Selected new retail developments of interest in 2015 include Capitol Piazza (156,100 sf), 321 Clementi (81,400 sf), Suntec City AEI (125,000 sf), Tampines Mall AEI (30,000 sf), Marina Square Extension (60,500 sf) and Claymore Connect (50,200 sf).

As of Q1 2016, a number of retail landlords have announced intentions to renovate their retail malls to pursue AEI works. Some of the notable malls that will be undergoing renovation works include Singapore Post Centre (SPC) at Paya Lebar, Funan Digitalife Mall, Northpoint in Yishun, and Orchard Central.

#### Alexandra/HarbourFront Micro-Market

The Alexandra/HarbourFront micro-market is located within the Fringe Area. The key retail developments within the HarbourFront/Alexandra micro-market comprise VivoCity, HarbourFront Centre, Alexandra Retail Centre, the retail portion of MBC I, Resorts World Sentosa, Anchorpoint and Alexandra Central.

As the only full-fledged retail mall in the HarbourFront/Alexandra micro-market, VivoCity is complemented by HarbourFront Centre, a mixed-use development comprising office and retail offerings as well as an international cruise centre. As one of the largest malls in Singapore, VivoCity serves not only the resident catchment in the Alexandra/HarbourFront micro-market and the working population, but also the tourist market due to VivoCity's strategic location in the heart of HarbourFront, which is home to Sentosa Island and the Singapore Cruise Centre. This unique mix of amenities has enabled the entire VivoCity and HarbourFront Centre development to become a regional retail powerhouse in the central and southern region of Singapore.

On the other hand, the retail offerings at MBC I and Alexandra Retail Centre are mostly amenities centres serving the office and Business Park working population, as well as the residential population in the vicinity.

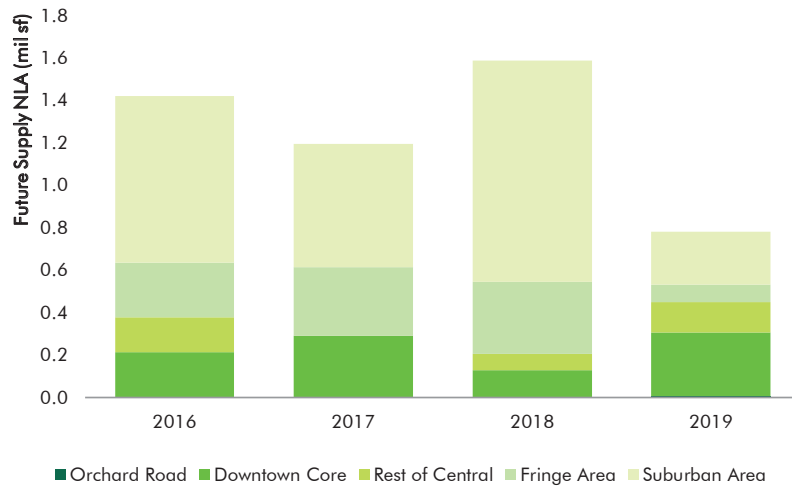
Resorts World Sentosa (RWS) is located within Sentosa Island and is predominantly taken up by food & beverage outlets and high end luxury stores which cater mostly to tourists.

Anchorpoint is a suburban mall serving the local catchment population in the vicinity. As such, the tenant mix consists mostly of food and beverage, mass market retailers, as well as a supermarket. Alexandra Central is a strata retail development occupied by small businesses.

#### **Future Retail Supply**

CBRE estimates the total projected island-wide retail supply over the next four years (Q1 2016 to Q4 2019 inclusive) to increase by approximately 4.98 million sf. The majority of the potential supply will be located in the Suburban Area (53.4%), followed by the Fringe Area (20.1%).

Chart 4.1(c): Future Retail Supply: 2016 – 2019



Source: CBRE, URA

Selected key retail developments in the Downtown Core in 2016 consist of Tanjong Pagar Centre (100,000 sf) and Duo Galleria (54,000 sf). Upcoming suburban retail spaces to note include the AEI of Compass One (270,000 sf), Tampines Town Hub (200,000 sf), and Hillion Mall (165,400 sf), all of which are located in the Suburban Area. Tiong Bahru Plaza (215,000 sf) and Ascent (40,900 sf) will add a combined 255,900 sf of new retail space to the Fringe Area in 2016.

In 2017, new retail developments will mostly be concentrated in the Suburban Area, with a shopping development at Changi Airport Terminal 4 (159,100 sf) contributing the greatest supply, followed by AEI of Downtown East (98,000 sf) and Kampung Admiralty at Woodlands (83,800 sf). In the Fringe Area, new supply includes Singapore Post Centre AEI (201,800 sf), Royal Square at Novena (42,300 sf) and the former Pinetree Club (43,400 sf). Retail projects in the Downtown Core include Marina One (140,000 sf) and Downtown Gallery (150,000 sf).

In 2018, a total of 1.59 million sf of new retail space will be released into the market. Northpoint City (315,100 sf) and Project Jewel at Changi Airport (576,000 sf) will contribute a total of 891,100 sf to the Suburban Area. In contrast, Oasis Terraces (72,172 sf) and Buangkok Square (63,776 sf) combined will contribute 135,900 sf of new retail space to the Suburban Area. In the Fringe Area, the Paya Lebar Site by Lend Lease will contribute 320,000 sf of new retail space. New retail completions in the Downtown Core consist of Sky Tower (68,950 sf), Oxley Tower (37,300 sf), and Frasers Tower (23,100 sf). City Gate will contribute another 76,200 sf of new retail space in Rest of Central in 2018.

In contrast, 2019 is expected to be relatively quieter. In the Suburban Area, Canberra Plaza (88,800 sf), Wisteria Mall (83,300 sf), Woods Square (44,800 sf) and Centrium Square (32,300 sf) will contribute 249,200 sf of new retail space. Funan DigitalLife Mall will contribute 300,000 sf of space in the Downtown Core, while the Park Mall Redevelopment will contribute 144,000

sf of new retail space to the Rest of Central Area. In the Fringe Area, Poiz Centre will contribute 40,300 sf of new retail space to the market.

Alexandra/HarbourFront Micro-Market

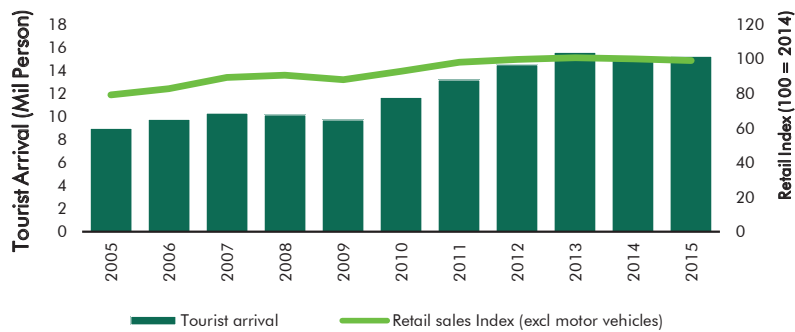
There is limited future retail supply in the Alexandra/HarbourFront micro-market with the exception of Icon @ Pasir Panjang, which is expected to introduce about 21,000 sf of new retail space into the micro-market in 2016.

**4.2 Demand and Occupancy**

The island-wide retail net absorption was -150,695 sf for 2015, a significant decline from 990,279 sf in 2014, with demand unable to catch up with the significant increase in net new supply (656,598 sf) for the year.

Retailers struggled in 2015 as uncertain economic conditions impacted consumer’s discretionary spending on dining and shopping. E-commerce eroded traditional retailers’ sales while spending by tourists fell by 6.8% in 2015 despite a rise in the number of visitors by 0.9% to 15.2 million. According to the Singapore Tourism Board (STB), fewer business travellers coupled with tighter companies’ travel budgets also contributed to the decline in overall tourism receipts in 2015.

Chart 4.2(a): Visitor Arrivals & Retail Sales Index (excl Motor Vehicles)

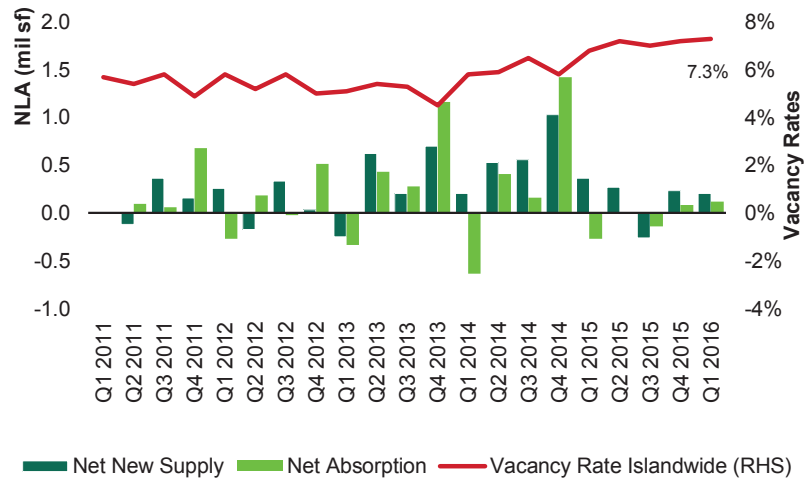


Source: Singapore Tourism Board, Department of Statistics

\* The re-basing of the RSI and FSI series from year 2010 to 2014 was announced in March 2015.

Prospective tenants are taking their time to analyse the current market before committing as they remain largely concerned about existing headwinds and the weak performance of existing retailers.

Chart 4.2(b): Island-wide Retail: Net Supply, Net Absorption & Vacancy Rates



Source: CBRE, URA

\* URA introduced a new retail series which includes F&B, entertainment, and health & fitness space. This results in a difference in total stock, net new supply, vacancy, net absorption, price index and rental index numbers from the existing series. The new retail series starts from Year 2011 onwards.

The negative net absorption resulted in an increase in island-wide retail vacancy rates of 0.5% y-o-y to 7.3%. Island-wide vacancy rates have been on a general uptrend over the past 8 quarters.

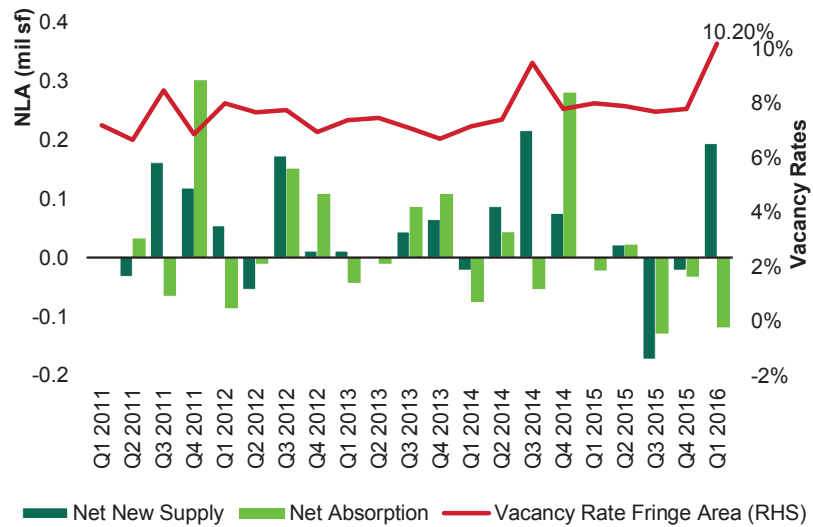
While retail vacancies rose across the board, not all malls face the same fate. The challenging environment is forcing retailers to rethink their operational strategy and many have chosen to consolidate their operations at profitable outlets. In general, the retail market is not homogeneous and well-managed retail malls in good locations with limited future supply will continue to enjoy good demand from prospective tenants despite the general weakness in the overall retail market.

In addition, Singapore is still viewed as an attractive gateway location to project a retailer's strategy in South East Asia and retailers seeking to expand their brand in this region may continue to view Singapore as part of their regional footprint.

Retail malls with high visibility and good frontage will also find favour in the current market as international brands capitalize on the soft leasing climate to expand their store front and build flagship stores. Luxury brands such as Rolex and Tiffany & Co have announced plans in 2015 to open new storefront with duplex street frontages while Apple, Michael Kors and Victoria's Secret have leased prominent locations in Orchard Road to build flagship stores.

Alexandra/HarbourFront Micro-Market

Chart 4.2(c): Fringe Area Retail: Net Supply, Net Absorption & Vacancy Rates



Source: CBRE, URA

\* URA introduced a new retail series which includes F&B, entertainment, and health & fitness space. This results in a difference in total stock, net new supply, vacancy, net absorption, price index and rental index numbers from the existing series. The new retail series starts from Year 2011 onwards.

The vacancy rate in the Fringe Area increased 2.2% y-o-y in Q1 2016 amid the challenging retail climate. However, demand for malls in good locations within the Fringe Area like VivoCity are expected to hold up going forward.

VivoCity has traditionally been viewed as a large destination mall, capitalising on its strategic position as the gateway to Sentosa Island, allowing it to attract strong footfall from visitors year on year. The mall spreads across more than 1.0 million sf of retail space, offering various family-friendly, tourist and lifestyle amenities for its visitors, and has stable demand from nearby commercial and residential catchments. The mall recently underwent asset enhancement initiatives to add on an additional 15,000 sf of space at Basement 1, which was fully-leased prior to the completion of the construction works. With its strong position and mall identity, coupled with its continuous efforts by the mall’s managers to strengthen the mall’s trade mix and offerings, demand for VivoCity remains largely domestic-driven and defensive amidst the muted retail climate, with the mall still experiencing positive retail sales.



### 4.3 Retail Rents

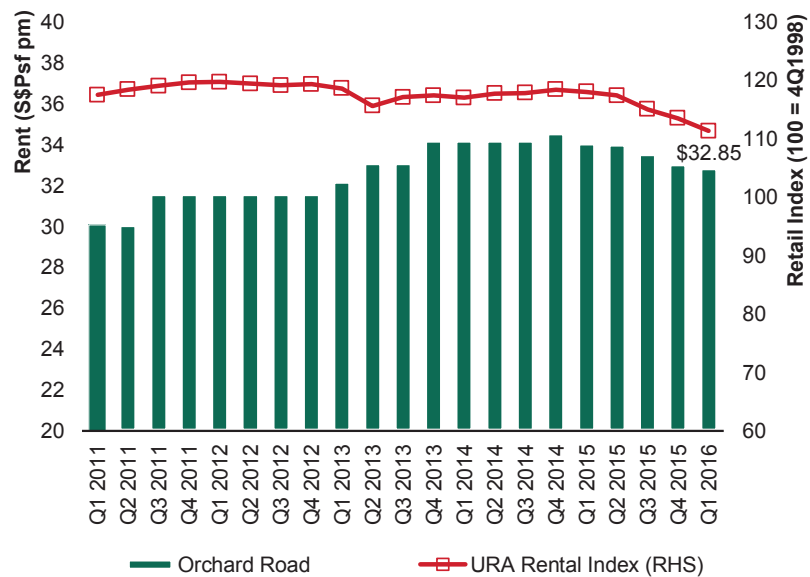
The rental market was bearish in Q1 2016, with Orchard Road rents registering a decline of -3.5% y-o-y to \$32.85 psf as landlords revise their expectations to retain tenants on the back of weak retail performances and declining tourism spending.

Rents in Orchard Road last peaked in 2008 and started to recover in H2 2011. However, it has changed in Q1 2015 on the back of slowing global economic growth and falling oil prices, with rents declining over the last 5 quarters.

Fringe Area retail rents remained largely flat and experienced relatively lower volatility throughout most of 2015, with rents dipping by a slight 0.3% y-o-y as landlords sought to remain competitive in light of the significant new retail supply in the Fringe Area over the next 4 years amounting to 1.0 million sf. However, the Fringe Area has traditionally been relatively resilient due to its stable demand base from the working population and residential catchments in the immediate vicinity.

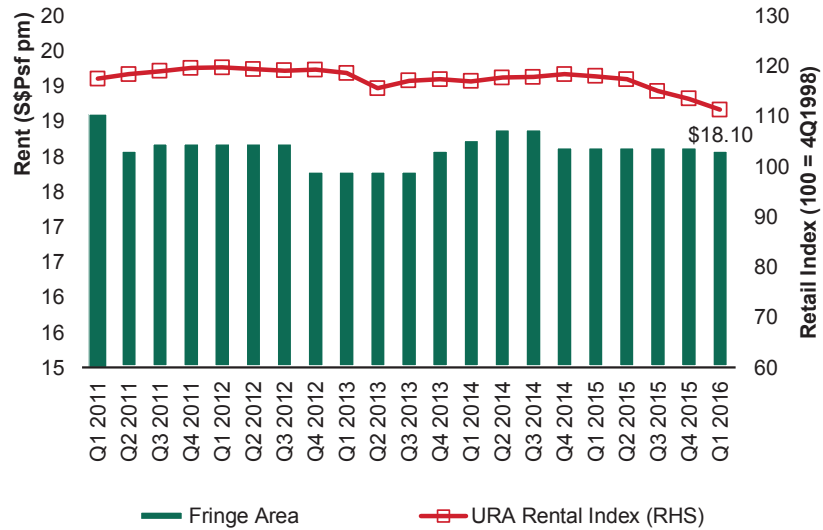
With this said, Fringe Area malls in good locations have outperformed those in Orchard Road and this is witnessed in the relatively stable rental trend of the Fringe Area as compared to Orchard Road, due to the latter having a higher reliance on tourist spending.

Chart 4.3(a): Retail Orchard Road Rents



Source: CBRE, URA

Chart 4.3(b): Retail Fringe Area Rents

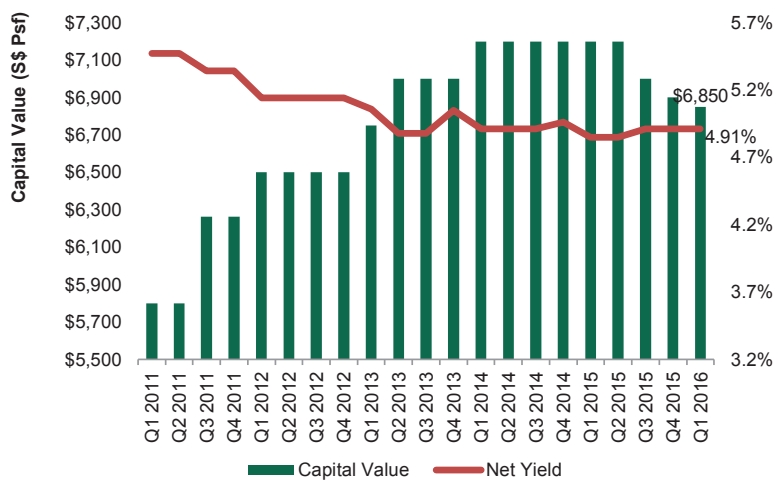


Source: CBRE, URA

#### 4.4 Retail Investment Market and Capital Values

Investment activity in the strata retail market was subdued, with most of the transactions being resale transactions. Investors remain largely deterred by the challenging leasing market but demand for good quality retail assets are expected to maintain.

Chart 4.4(a): Orchard Road Capital Values & Net Yield



Source: CBRE

\* Orchard Road capital values are calculated for a basket of prime retail properties in Orchard Road, and are quoted on a strata basis. Similarly, Net Yields are calculated for prime retail properties in Orchard Road.

Mirroring the fall in average prime rents, retail capital values for Orchard Road has dipped by 0.7% q-o-q to \$6,850 psf with net yields holding steady at 4.91%.

#### 4.5 Retail Outlook

CBRE expects rent to decline through 2016 for all submarkets as landlords compete to retain tenants on the back of weak retailer performances and an avalanche of new retail space. Vacancy rates are expected to rise.

The on-going weak economic sentiment and layoffs continue to weigh in on consumer spending decisions, while the rising prevalence of the e-commerce market is likely to further exacerbate retailers' and mall operators' concerns.

While the government has stepped up efforts to support SMEs and the retail sector with plans such as the Retail Sectorial Manpower Plan, five-year Food Services Productivity Plan, as well as the Budget 2016, manpower constraints continue to limit retailers' ability to grow and expand rapidly.

Innovative entrepreneurs have already started to capitalize on the opportunities in the retail market to set up pop-up stores while international brands are increasingly attracted by the incentives offered by landlords to set up flagship stores at prime locations.

E-commerce retailers may also increasingly absorb some of the vacancies as long as landlords are willing to experiment with innovative new lease structures.

In general, the challenging retail climate has encouraged landlords to focus on their asset management strategy to retain tenants and to be more open to negotiation. Nevertheless, established well-run malls in good locations continue to attract a beeline of prospective tenants while fledgling malls struggle to retain tenants.

While the economic outlook is likely to cloud the retail sector and suppress demand growth, "mega malls" in good locations supported by the commercial and residential catchment in the vicinity enjoy strong positioning as destination malls. Such malls are still poised for growth and are likely to withstand the headwinds in the retail market.

## 5 SUBJECT PROPERTY & MARKET ANALYSIS

### 5.1 Property Description

The Alexandra Precinct<sup>6</sup> rejuvenation is driven by PSA Building, Alexandra Retail Centre (ARC), and MBC I & II, which offers a “work-and-play” environment comprising office and Business Park spaces fully integrated with supporting amenities and transport connectivity within the precinct.

MBC I is an integrated commercial development comprising of 4 blocks; an 18-storey office block (MBC10), a 14-storey Business Park block (MBC20E and 20W), a single storey retail block (MBC20) and a 17-storey Business Park block (MBC30). For the purpose of this study, only MBC10, MBC20E & 20W and MBC30 (hereon “the Property”) will be analysed.

Figure 5.1(a): MBC I



Source: CBRE

Strategically located within the Alexandra/HarbourFront micro-market, MBC I is the largest integrated business hub in the micro-market comprising Grade A specification office and Business Park spaces, with ancillary retail, business and recreational amenities. MBC I’s amenities are complemented by PSA Building and ARC, with sheltered walkways, lush landscaped podium spaces and well-connected seamless linkages between buildings in the precinct. The linkway extends to bus stops and the Labrador Park MRT, separating pedestrian traffic from vehicular traffic.

MBC I was completed in 2010, yielding a combined net lettable area (NLA) of 1,708,218 sf. It is one of the largest integrated office and Business Park complexes in Singapore. The respective blocks sit on a site with a 99 year leasehold tenure effective from 1 October 1997, and boasts large and efficient column-free floor plates of 23,000 to 68,000 sf.

MBC I has garnered multiple awards and accolades for its sustainable design and green features; including the Green Mark Platinum Status by the Building & Construction Authority of Singapore (BCA) in 2009 and 2013.

<sup>6</sup> The Alexandra Precinct, which spans 13.5 hectares, comprises high quality developments catering to a wide range of office and Business Park uses. It offers existing and prospective tenants an alternative location to the CBD, complete with a comprehensive range of modern conveniences and amenities. It is located in the Queenstown Planning Area along Alexandra/Telok Blangah Road and is about a 10-minute drive from the CBD.

The current committed occupancy of the Property is 100% (as 30<sup>th</sup> April 2016), with its pool of tenants consisting of Infocomm Development Authority of Singapore (IDA), Singapore Power, HSBC and Unilever, among others. For the Property's current tenant base, approximately 78.0% (by NLA) were relocated from other office sub-markets generally located within the Central Area as defined by the Urban Redevelopment Authority.

The Alexandra/HarbourFront micro-market comprises primarily older office buildings including Keppel Bay Tower, PSA Building and UOB Alexandra (BP Tower). The former NOL Building (completed in 1983) was redeveloped and renamed as Fragrance Empire Building in Q4 2015.

MBC10 and MLHF Building are relatively new Grade A specification office developments in the location, while the rest of the office buildings in the Alexandra/HarbourFront basket are mostly between 10 to 30 years of building age.

## 5.2 Subject Site Location

MBC I is situated along Pasir Panjang Road, with direct access to Alexandra Road and West Coast Highway, and enjoys close proximity to the Core CBD. It is connected to the Labrador Park MRT Station along the Circle Line. Getting around the MBC I premise is convenient with sheltered walkways that enhance the connectivity within the park and also provide a pedestrian experience with landscaping at the open spaces.

For the MBC I working crowd, VivoCity, one of Singapore's largest retail and lifestyle malls, is a 5-minute drive away. In addition, ARC, a redeveloped podium of PSA Building offering shopping and dining amenities is located right next to MBC I.

Figure 5.2(a): Location Map

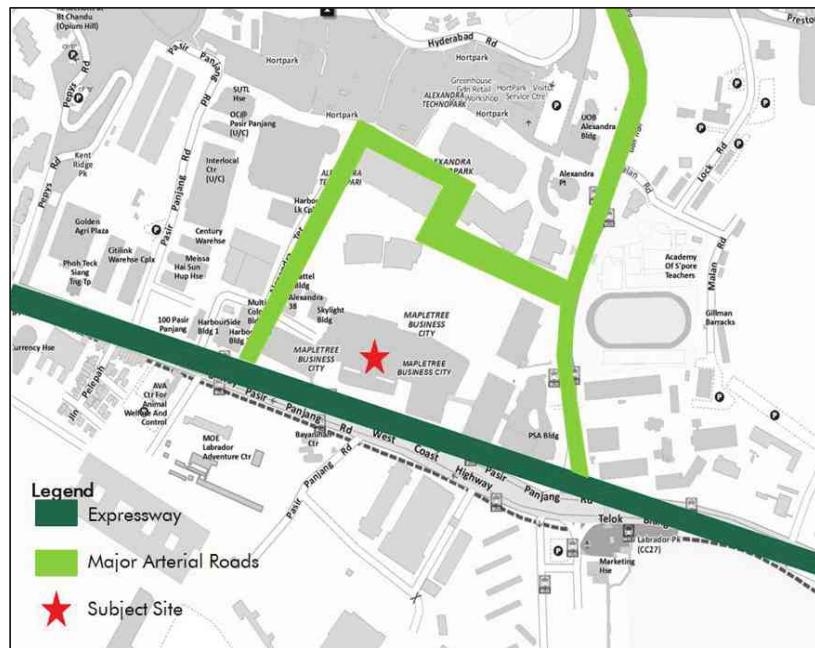


Source: OneMap, CBRE

### Private Transportation

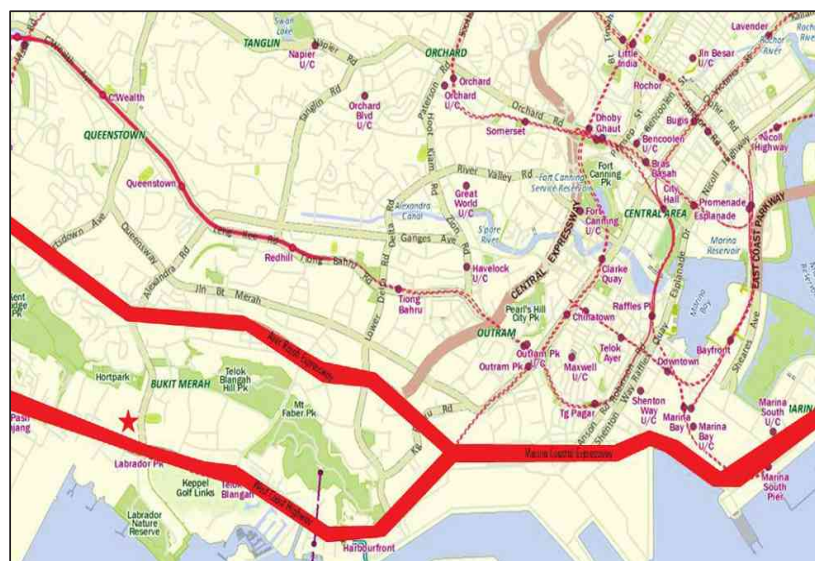
The site is accessible by Alexandra Road and Pasir Panjang Road and is well-connected by the West Coast Highway, Ayer Rajah Expressway and the Marina Coastal Expressway. The site enjoys easy access to the CBD by a 10-minute drive, and approximately 5-minute drive to VivoCity.

Figure 5.2(b): Expressway and Major Arterial Roads



Source: OneMap, CBRE

Figure 5.2(c): Aerial View of Expressways



Source: OneMap, CBRE

## Public Transportation

The subject site, together with ARC and PSA Building, are linked to Labrador Park MRT (approximately 450m away) via covered walkways. The MRT station is along the Circle Line, and connects the area to the city, up through to the east. Transfers at major nodes are available at Bishan, Dhoby Ghaut, Marina Bay, HarbourFront, Buona Vista and Paya Lebar.

In 2015, the Land Transport Authority (LTA) announced plans for station extensions on the Circle Line to create a full orbital line which will improve connectivity for commuters to travel on a direct route from Labrador Park to the CBD and Marina Bay area. The three stations that have been earmarked are Keppel Station, Cantonment Station and Prince Edward Station and are expected to be completed by 2025.

In addition, the Circle Line's Depot in Kim Chuan will be expanded by 2025 to cater for more trains in the future, improving train frequency for commuters. The integrated depot will accommodate 550 buses as well.

By bus, the site is conveniently accessible via bus services 10, 30, 51, 143, 175, 176 and 188.

## 5.3 SWOT Analysis

### Strengths

#### i. Quality Building Specifications

MBC I was completed in 2010. It is one of the newest buildings in the Alexandra/HarbourFront micro-market. This compares favourably to neighbouring developments such as Keppel Bay Tower and HarbourFront Centre which have building age of more than 10 years.

MBC I is designed and fitted with high quality finishes and boasts Grade A specifications for both the Property's office and Business Park components including typical floor plate of 23,000 sf to 68,000 sf, a floor-to-ceiling height of 3.2m, and modern building management systems which cater to the needs of global MNCs.

With its superior building specifications, the Property's Business Park space commands substantially higher rental rates than most other traditional Business Parks and has a different target tenant market. The tenant profile within the Business Park component of MBC I, namely MBC20E & 20W and MBC30, resembles the typical office tenant profile in the CBD.

#### ii. Seamless Connectivity and Accessibility

MBC I is strategically located in the southern region of Singapore in Pasir Panjang, and is a 10-minute drive away from Tanjong Pagar and Raffles Place, making it the closest Business Park to the CBD. Ayer Rajah Expressway, West Coast Highway and Marina Coastal Expressway are situated close by, facilitating easy access to most parts of the island. With the extension of the Circle Line, connectivity will be further enhanced as Labrador Park MRT will have direct access to Marina Bay and the city centre. The development has attracted occupiers who wish to locate some of their business functions in a

single location, and occupiers who do not require a CBD location for their operations but would still like to enjoy proximity to the CBD.

iii. Integrated Business Hub

MBC I has established itself as an integrated hub, complete with facilities and amenities such as food and beverage outlets, canteens, a multi-purpose auditorium, meeting facilities, a fitness club with lap pool, clinic and roof top garden to cater to a “work-and-play” environment, and generous car park provision of 1,040 car park lots, which is more than double most office developments in the CBD. MBC I has an enviable car park lot ratio of 1 car park lot for every 150 to 200 sqm of GFA, unlike the typical CBD office which has a ratio of 1 car park lot for every 450 sqm of GFA.

iv. Green Mark Platinum Award

MBC I has garnered several awards for its incorporation of eco-friendly features in the building’s design. The Green Mark Platinum status is the highest accolade for environmentally sustainable developments in Singapore. Eco-friendly and energy saving features are highly sought after by blue-chip tenants and MNCs when sourcing for potential office space.

v. Scarcity of Prime Grade Building in the Alexandra/HarbourFront Micro-market

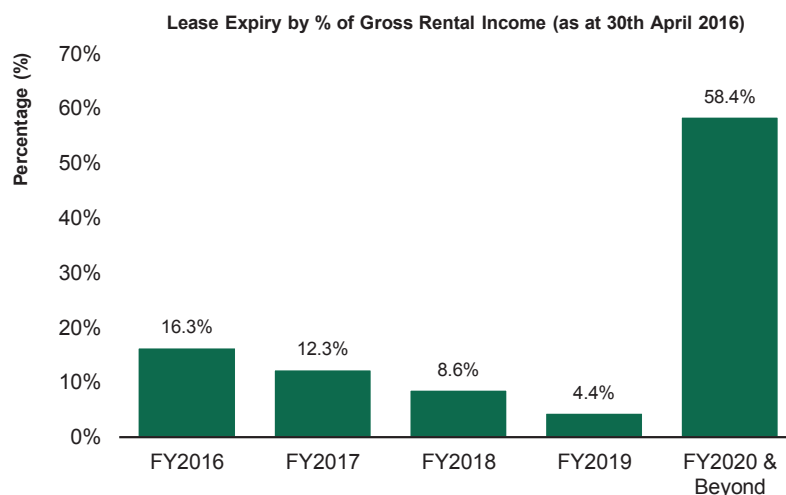
Due to the scarcity of other prime grade office buildings in the Alexandra/HarbourFront micro-market, the Property is likely to stay resilient amidst the challenging leasing market climate, even with the addition of MBC II which is due for completion in 2016, and is of similar product type and grade as MBC I.

vi. Robust Lease Structures with Long Lease Expiries to ride out Office Oversupply

The Property’s rental will remain resilient as the bulk of its leases expire in FY2020 & beyond, after an expected office market correction in 2019. In addition, most of the leases are contracted on a step-up rental basis at an average of 3% per annum. As such, the Property is well positioned to weather the headwinds in 2016 till 2018 even as the overall island-wide office market faces challenges.



Chart 5.3(a): The Property's Lease Term



Source: Mapletree Commercial Trust Management Ltd (as manager of Mapletree Commercial Trust)

vii. Diversified and Stable Profile of Blue Chip Tenants

Due to the strong positioning of MBC I, the Property has a current committed occupancy of 97.8% (as at 30<sup>th</sup> April 2016) by reputable MNCs across a wide range of sectors. The existing profiles of key occupants in the Property are global leaders in their respective industries and are well diversified across different industries outside of the financial sector, including media & infocomm, IT technology, consumer goods and offshore & maritime. This reduces concentration risks and counter party risks and positions the Property to weather the slowdown in the overall global economy.

viii. Competitive Rents

The rent for the Property is positioned to compete with both Grade A Core CBD and Grade B Core CBD office spaces. Compared to Grade A Core CBD offices, the Property offers similar specification office and Business Park space at discounts of as much as 25%, enabling Grade A Core CBD occupants to effectively increase their footprint and expand their work space should they relocate to MBC I. Compared to Grade B Core CBD offices, the Property offers higher specification office and Business Park space at almost similar rents, without significantly compromising on accessibility.

**Weaknesses**

i. Locational Prestige in Early Stages

The Alexandra/HarbourFront micro-market has traditionally been associated with shipping and industrial sectors which may pose as a challenge for the precinct to attract reputable tenants. However, since the completion of MBC I in 2010, the micro-market witnessed an injection of 1.7 million sf of good quality office and Business Park space, adding prestige and vibrancy to the area. This is evident in the reputable tenant profile of the Property ranging across a wide spectrum of sectors.

## Opportunities

### i. Greater Southern Waterfront

URA has announced plans to develop the Greater Southern Waterfront after 2030, with approximately 1,000 hectares of land within the precinct. The Greater Southern Waterfront precinct is situated next to MBC I. The future relocation of City Terminals and Pasir Panjang Terminal to Tuas will free up 325 and 600 hectares of land respectively, presenting a potential opportunity for redevelopment which may help to spruce up the entire precinct and complement the Property, depending on the land use zoning.

### ii. Development of MBC II

With MBC II added to the market, an additional 1.1 million sf of business space with Grade A specifications equivalent to that of MBC I will come on stream in 2016. This is expected to enhance the positioning of the entire Mapletree Business City development as a premier Business Park destination. MBC I will be able to benefit from the enlarged area's enhanced branding to further strengthen its identity.

## Threats

### i. Potential Competition from major mixed-use developments and Business Parks

In 2016 and 2017, several notable mixed-use developments that are slated for completion are Marina One (office component: 1,875,630 sf), Duo (office component: 570,475 sf) and Tanjong Pagar Centre (office component: 890,000 sf).

Marina One is designated as a landmark development by M+S Pte Ltd, which will provide office, retail and residential uses. The iconic project lies within Marina South, which has been zoned as the new CBD for financial and international business activities. The development adds to the rising prominence of the Marina Bay precinct.

The office component of Tanjong Pagar Centre is known as Guoco Tower, a Grade A office building with dedicated retail and F&B space, a 5-star luxury hotel component, residences and an urban park. Tanjong Pagar Centre will elevate the status and identity of the Tanjong Pagar micro-market and the businesses located within.

Over at the Beach Road/City Hall micro-market, Duo is an integrated mixed-use development comprising of residential, office, retail and hospitality components located on a site bounded by Ophir Road, Rochor Road and Beach Road. The development will be directly connected to Bugis MRT Station which is served by both the East West Line and Downtown Line, providing seamless access to the CBD.

For Business Parks, future supply with expected completion in 2016 includes MediaHub, MBC II, as well as a Business Park development in Vista Exchange Green. There is no visible supply from 2017 to 2020.

Notwithstanding, the competitive risks faced by the Property are mitigated by its unique product offerings with a different target market, close proximity to

the CBD and cost effective rents as well as little competition from future Business Park supply.

### 5.4 Office Building Analysis

The following section provides an analysis of selected comparables for each property type (office and Business Park).

The selection for the Grade A Core CBD basket of comparables is based on building specifications similar to that of MBC I, including floor-to-ceiling height and typical floor plate.

The Grade B Core CBD basket is shortlisted based on rents comparable to MBC10's committed rents.

Figure 5.4(a): Map of Buildings - Grade A Core CBD Office

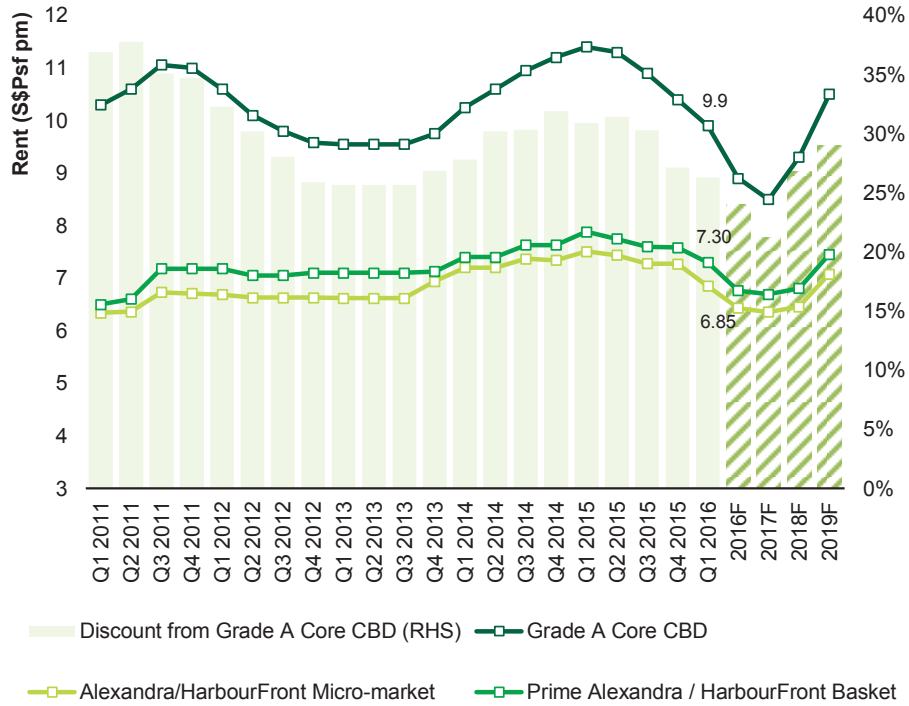


Source: OneMap, CBRE

When compared to selected Grade A specification office buildings in the Core CBD, MBC I's specifications for both its office and Business Park components are on par with the basket of comparables, while rents can be as much as 25% lower than the Grade A Core CBD rents. The rents are also generally less volatile than Grade A Core CBD rents.

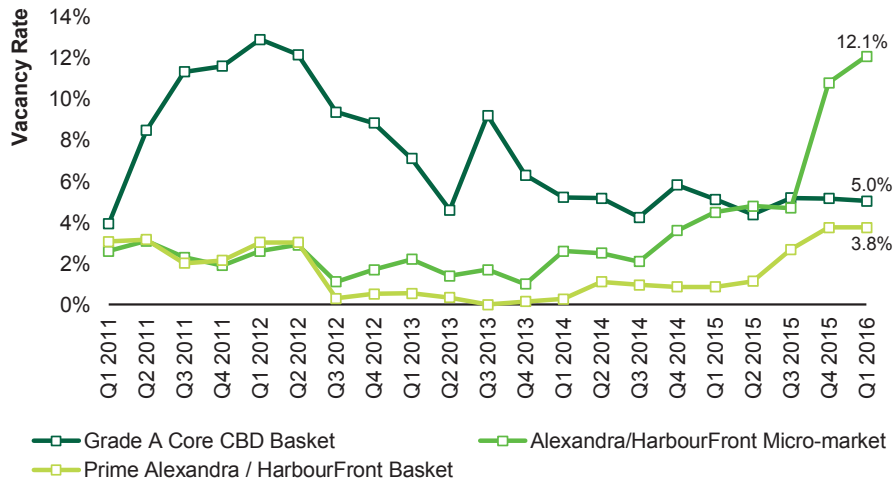
In terms of vacancy rates, MBC I, as represented by a basket of prime office buildings in the Alexandra/HarbourFront micro-market, is comparable to or lower than the typical basket of Grade A Core CBD offices.

Chart 5.4(b): Grade A Core CBD Basket Rental Comparison



Source: CBRE

Chart 5.4(c): Grade A Core CBD Basket Vacancy Rate Comparison



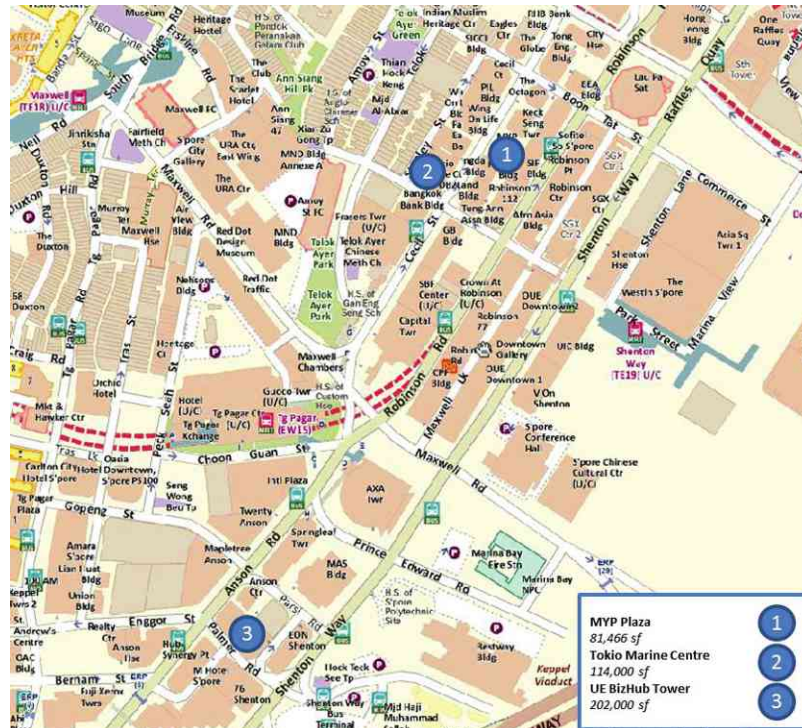
Source: CBRE

Table 5.4(d): Comparing MBC I to Grade A Core CBD Offices

SPECIFICATIONS	MBFC T1	CAPITAGREEN	ASIA SQUARE T1	MBC10 (OFFICE)
Photo				
Owner	Suntec REIT, Hongkong Land, Keppel REIT	CapitaCommercial Trust	Qatar Investment Authority*	Mapletree
Location	8 Marina Boulevard	138 Market Street	8 Marina View	10 Pasir Panjang Road
Tenure	99 years leasehold Expiring 2104	99 years leasehold Expiring 2073	99 years leasehold Expiring 2106	99 years leasehold Expiring 2096
Office NLA	620,000 sf	703,000 sf	1,250,000 sf	420,544 sf
Completion	2010	2014	2011	2010
Typical Floor Plate	21,000 sf	Column-free floor plate of approximately 22,000 sf	32,000 sf to 35,000 sf	~27,000 sf
Floor to Ceiling Height	2.8m	3.2m	2.9m	3.2m
No. of Carpark Lots	438	180	313	1,040 (shared)
No. of Storeys	33	40	43	18
BCA Green Mark	BCA Green Mark Gold	Green Mark Platinum	Green Mark Platinum	Green Mark Platinum
Occupancy	98.1%	91.3%	91.2%	100.0%
Major Tenants	Standard Chartered Bank, Baker & McKenzie, Wellington International Management Company	Twitter Asia Pacific Pte Ltd, Lloyd's of London (Asia) Pte Ltd, Cargill International Trading Pte Ltd	Citibank, CTBC Bank, Julius Baer, Swiss National Bank, Royal Bank of Canada	Infocomm Development Authority of Singapore, Singapore Power, Brightoil Petroleum (Singapore) Pte Ltd, BW Maritime Pte Ltd, NTT Communications
Valuation	S\$1.68 Billion (includes MBFC Tower 1 and 2 and Marina Bay Link Mall)	S\$1.60 Billion	S\$3.38 Billion	S\$587 Million
Indicative Blended Grade A Core CBD Rental Range S\$Psf pm for Comparable Buildings		S\$9.00 - S\$11.00		S\$6.80 - S\$7.30

Source: CBRE, Annual Reports and Online Sources  
 \*Sold to QIA by BlackRock on June 2016

Figure 5.4(e): Map of Buildings - Grade B Core CBD Office



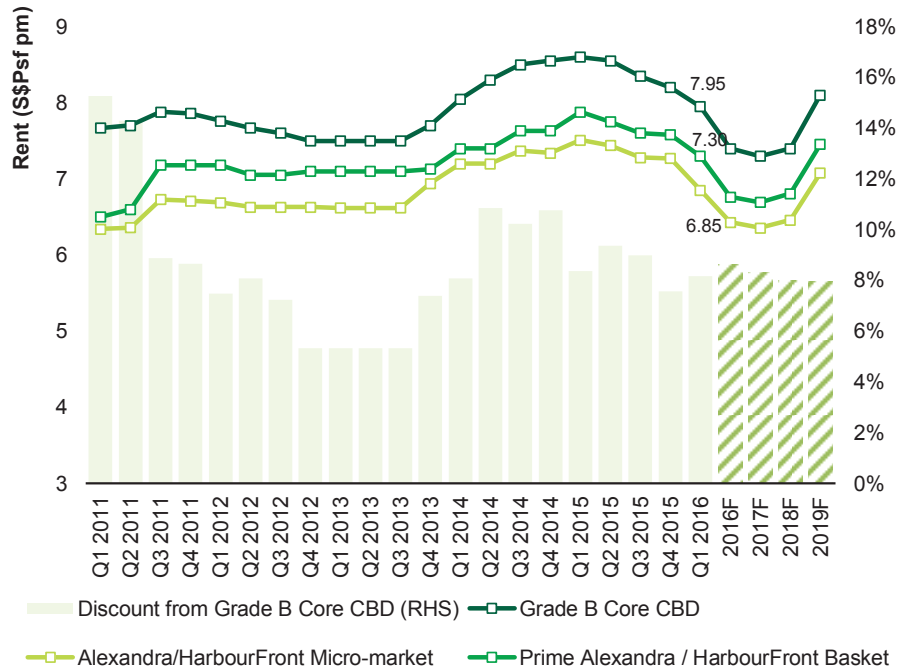
Source: OneMap, CBRE

In terms of quality of finishing, building specifications and building age, MBC I has higher specifications than buildings in the Grade B Core CBD basket in general, despite commanding almost similar rent.

Its building specifications include a floor-to-ceiling height of 3.2 metres, large floor plates averaging 23,000 sf to 68,000 sf, as well as common facilities and amenities such as a multi-purpose auditorium, a carpark podium with 1,040 carpark lots, meeting facilities, a fitness club with lap pool, clinic and roof top garden.

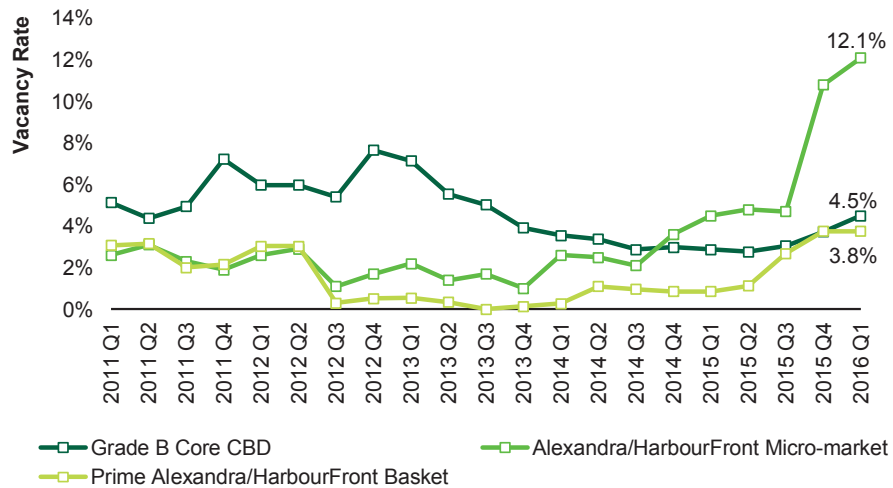
In addition, MBC I features a covered connection to Labrador Park MRT Station and is also a recipient of the BCA Green Mark Platinum Award.

Chart 5.4(f): Grade B Core CBD Basket Rental Comparison



Source: CBRE

Chart 5.4(g): Grade B Core CBD Basket Vacancy Rate Comparison



Source: CBRE

Table 5.4(h): Comparing MBC I to Grade B Core CBD Offices

SPECIFICATIONS	MYP PLAZA	TOKIO MARINE CENTRE	UE BIZHUB TOWER	MBC10 (OFFICE)
Photo				
Owner	Mayapada Group	Tokio Marine Group	United Engineers	Mapletree
Location	135 Cecil Street	20 McCallum Street	79 Anson Road	10 Pasir Panjang Road
Tenure	Freehold	Freehold	Freehold	99 years leasehold Expiring 2096
NLA	81,466 sf	114,000 sf	202,000 sf	420,544 sf
Completion	2007	2010	1992	2010
Typical Floor Plate	~6,500 sf	6,000 to 7,500 sf	10,600 to 11,200 sf	~27,000 sf
No. of Carpark Lots	31	48	145	1,040 (shared)
No. of Storeys	13	21	19	18
BCA Green Mark	N.A.	Green Mark Gold Plus	N.A.	Green Mark Platinum
Occupancy	91.0%	87.4%	87.0%	100.0%
Major Tenants	State Bank of India, VFS Global, Mazars LLP	Tokio Marine Asset Management International Pte Ltd	Kellogg Brown & Root Asia Pacific Pte Ltd, Japan Travel Bureau Pte Ltd	Infocomm Development Authority of Singapore, Singapore Power, Brightoil Petroleum (Singapore) Pte Ltd, BW Maritime Pte Ltd, NTT Communications
Floor to Ceiling Height	2.7m	2.5m	2.7m	3.2m
Valuation	S\$182 Million (2013)	N.A.	S\$423 Million	S\$587 Million
Indicative Blended Grade B Core CBD Rental Range S\$Psf Pm for Comparable Buildings		S\$6.50 - S\$7.50		S\$6.80 - S\$7.30

Source: CBRE, Annual Reports and Sources



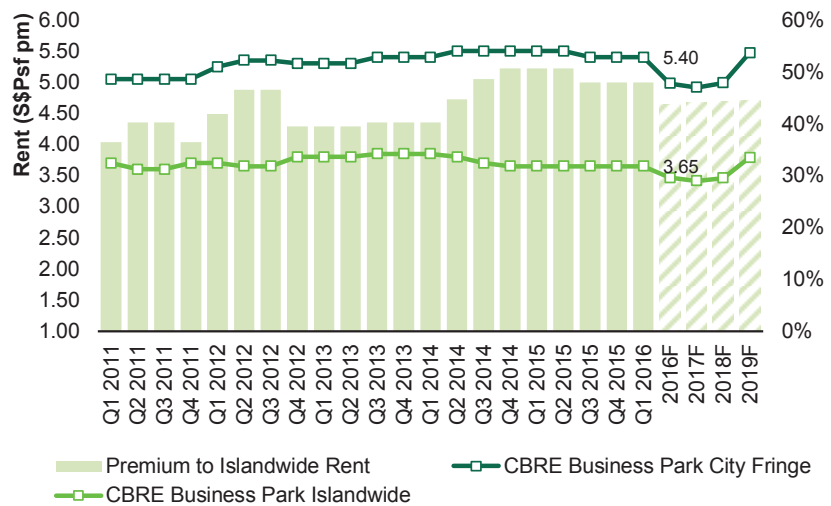
### 5.5 Business Park Analysis

Traditional Business Parks typically accommodate businesses that engage in high-technology, research & development (R&D), high value-added and knowledge-intensive activities.

Tenants that suit the above profile include a wide range of light and clean uses such as R&D, data centres, information technology, telecommunications, electronics, healthcare, product design and back-end operations. Lower rental costs and risk diversification are the main factors attracting companies to set up operations in traditional Business Parks.

Most Business Parks feature specific industry focus and encourage clustering of firms from the same industry within the park, anchored by major anchor tenants. Hence, not all Business Parks are comparable by default.

Chart 5.5(a): Business Parks Rental Comparison



Source: CBRE

Note: By further break down within the central region, the Alexandra/HarbourFront micro-market is classified under City Fringe.

The differentiated tenant base of MBC I sets it apart from traditional Business Parks in general. The tenants are typically CBD office occupants who qualify to occupy Business Park space but still value the close proximity to the CBD as well as Grade A specifications for office and Business Park space. As such, demand for MBC I Business Park space is healthy, as observed by its full occupancy since its completion.

Given the unique proposition of MBC I, it is likely to continue to outperform the wider office and Business Park market given the relatively high rent and occupancy rate of the development.

Business Parks were compared at the park level due to the unique nature of each individual Business Park. MBC I was also compared to a comparable basket of Business Park buildings selected based on building specifications.

A brief description of each Business Parks is given in the below write-up.

### **Changi Business Park**

Changi Business Park (CBP) was a second generation Business Park launched in 1997 in the east region. Since its launch, it has become home to leading technology companies, as well as IT services and financial services companies, such as IBM, Honeywell, Xilinx, Huawei, Ericsson, Citi Group, DBS Bank, UBS, Credit Suisse, JP Morgan, Standard Chartered Bank, Bank of Tokyo Mitsubishi UFJ, EMC2, Johnson Controls, Cisco Systems, Infosys, Wipro, Cognizant, Tata Consultancy Services, Akzo Nobel, Rohde & Schwarz, etc. CBP also boasts of self-sufficient amenities such as hotels, supermarket, clinic, serviced suites, gymnasium and childcare centres. CBP is currently served by the East-West MRT line, and will also be served by the planned Downtown MRT line in the future.

### **one-north**

one-north is a 200-ha development located in the central region and is served by the one-north and Buona Vista MRT Stations. It is located close to the National University of Singapore, Singapore Science Park and National University Hospital. one-north has positioned itself as a cluster for biomedical, infocomm technology & media companies, business schools, global leadership training campus and features a community of about 18,000 professionals, working in public research institutions such as the Agency for Science, Technology and Research; business schools like INSEAD, ESSEC Business School; government agencies Ministry of Education, Media Development Authority, SPRING Singapore; and companies like Autodesk, Fujitsu, Lucasfilm, Fox International Channels, Discovery Networks, Infinite Studios, Globecast, Bandai Namco, Garena, Canon, Oracle, Novartis, MSD, GlaxoSmithKline, Takeda, Electrolux, Lloyd's Register, National Healthcare Group etc.

### **Singapore Science Park**

The Singapore Science Park is one of Singapore's oldest Business Parks and is situated along Singapore's Technology Corridor in the central region and focuses on attracting firms specializing in R&D and technology development. The Singapore Science Park is characterised by uniquely landscaped grounds, low rise buildings and its close proximity to the National University of Singapore and the National University Hospital. Since 2014, major redevelopments have been made to Science Park 1 to meet the evolving needs of occupants from the technology sector. Firms such as Avaya, Thomson Reuters, DNV, Defence Science Organisation National Laboratories, Defence Science and Technology Agency, Quintiles, Shimadzu, TÜV SÜD PSB, AT&T are based in Science Park 1 while Singapore Science Park 2 is home to tenants including Applied Materials, Mitsui Chemicals, Syngenta, BASF, FJ Benjamin, Institute of Microelectronics, Delta Electronics, Bridgestone, Crimson Logic, and others. The Singapore Science Park is served by the Kent Ridge MRT Station along the Circle Line.

### **International Business Park**

Established in 1992 in the west region, International Business Park has since grown into a preferred site for companies that need to support their manufacturing operations in Jurong and Tuas industrial estates. The IBP is located next to the upcoming Jurong Lake District, a commercial hub with a

vibrant mix of office, retail, residential, hotel, and entertainment uses. It is also located within close proximity to the high-speed rail linking Singapore to Kuala Lumpur, Malaysia. Key companies that are located in IBP include Acer, Dell, Sony, Menicon, FMC Technologies, JGC, Creative Technology, German Centre, Thyssen Krupp, McGraw-Hill, CJ Logistics, Thermo Fisher, Karcher and Jacobs Engineering.

#### **Mapletree Business City**

Mapletree Business City is a mixed-use development with Business Park and office components. MBC 20 and MBC 30 are zoned for Business Park uses. However, due to the high specifications of the buildings, its close proximity to the CBD, as well as limited supply of such space in the Alexandra/HarbourFront micro-market, MBC 20 and MBC 30 command relatively higher rents. Historically, City Fringe Business Parks have commanded average rental premiums of 44% over islandwide Business Parks since 2011.

Table 5.5(b): Details of Business Parks

SPECIFICATIONS	MBC20E, 20W & 30 (BUSINESS PARK)	CHANGI BUSINESS PARK	ONE NORTH	INTERNATIONAL BUSINESS PARK	SINGAPORE SCIENCE PARK
No. of Buildings in the Basket	3 (MBC20E & 20W, 30)	9	4	10	10
Location	20 & 30 Pasir Panjang Road	Changi South Avenue 2	One-North, Buona Vista, Singapore	Jurong East Bounded by Boon Lay Way, Jurong East Street 11, Jurong Town Hall Road and Ayer Rajah Expressway	Buona Vista, Haw Par Villa
Completion Year	2010	1997	Phase 1 - 2003, Phase 2 - 2006, Phase 3 - 2011, Phase 4 - 2011-12, Phase 5 - 2013	1992	SSPI - 1995, SSP II - 2001, Phase 3 - 2002
Park Management	Mapletree	Ascendas Singbridge	Ascendas Singbridge	Ascendas Singbridge	Ascendas Singbridge
Key Occupier Profile	Banking & finance services companies, IT companies	IT & Technology companies, banking & finance services	Public Sector Biomedical Research agencies	Consumer Electronics, IT & Technology companies, Telecommunications	Research & Development, IT & Technology
Building Specification	Grade A Specifications	Mix of Grade A & Grade B Specifications Buildings	Majority Grade A Specifications Buildings	Majority Grade B Specifications Buildings	Mix of Grade A & Grade B Specifications Buildings
Gross Rental Range (\$\$ Psf Pm)	5.70 - 6.50	3.50 - 3.90	4.70 - 5.60	3.60 - 4.10	3.50 - 4.50
Weighted Occupancy Rate	97.0%*	85.0%	99.0%	87.0%	90.0%
Average Remaining Land Tenure	80.3	50	49	46	52
Average Valuation (\$\$ Psf / Remaining Land Tenure)	11.68**	10.33	14.74	9.71	10.03
Weighted Gross Yield	7.6%***	7.4%	8.1%	9.2%	8.4%

Source: CBRE, Annual Reports and Online Sources

\*Weighted by NLA based on basket of buildings, Occupancy Rate for MBC I Business Park Space is based on only the Business Park component as at 30 April 2016

\*\*The average \$\$PSF/Remaining Land Tenure of 11.68 is based on purchase price. The average \$\$PSF/Remaining Land Tenure based on valuation price will be 11.99.

\*\*\*The weighted gross yield of 7.6% is based on purchase price. The weighted gross yield based on valuation price will be 7.4%

Table 5.5(c): Details of Comparable Basket

SPECIFICATIONS	MBC20E, 20W & 30 (BUSINESS PARK)	COMPARABLE BASKET
No. of Buildings in the Basket	3 (MBC20E, 20W & 30)	3
Key Occupier Profile	Banking & Finance services companies, IT companies	Information Technology, Government Agency, Electronics, Media, Research & Development
Building Specification	Grade A Specifications	Mostly Grade A Specifications
Gross Rental Range (S\$ PSF PM)	5.70 – 6.50	3.60 – 5.60
Occupancy Rate	97.0%*	94.6%
Average Remaining Land Tenure	80.3	52
Purchase Price / Average Valuation (S\$ PSF)	938 <sup>#</sup>	775
Purchase Price / Average Valuation (S\$ PSF / Remaining Land Tenure)	11.68 <sup>##</sup>	14.91
Weighted Gross Yield	7.6%**	5.9%

Source: CBRE, Annual Reports and Online Sources

\*Occupancy Rate for MBC I is based only on the Business Park component as at 30 April 2016.

<sup>#</sup>Average of S\$938 PSF is based on purchase price. The average PSF based on valuation price will be S\$963.

<sup>##</sup>The average S\$PSF/Remaining Land Tenure of 11.68 is based on purchase price. The average S\$PSF/Remaining Land Tenure based on valuation price will be 11.99.

\*\*The weighted gross yield of 7.6% is based on purchase price. The weighted gross yield based on valuation price will be 7.4%

The comparable in the basket were selected based on islandwide Business Park buildings with similar specifications to the Property. The Business Park component of the Property commands high gross rents ranging from \$5.70 to \$6.50 psf pm and occupancy rates of 97%. This premium is attributed to it being the newest Business Park establishment among the basket of buildings and its proximity to the Core CBD which attracts a healthy pool of reputable tenants.

In terms of average valuation per square foot of remaining land tenure, the Property's purchase price of S\$11.68 compares favourably to that of the comparable basket at S\$14.91.

The Property offers a unique opportunity to combine the downside protection of the Business Park market with the upside potential of the office market in the prime Alexandra/HarbourFront micro-market.

In conclusion, the Property offers an attractive proposition to acquire a prime Business Park space at a relatively reasonable value, with an opportunity to participate in the transformational growth of the Greater Southern Waterfront plan as part of URA's Masterplan 2014.

## 6 QUALIFYING CLAUSE

This Report is subject to the following limiting conditions:

The content of this report is for information only and should not be relied upon as a substitute for professional advice, which should be sought from CBRE prior to acting in reliance upon any such information.

The opinions, estimates and information given herein or otherwise in relation hereto are made by CBRE and affiliated companies in their best judgment, in the utmost good faith and are as far as possible based on data or sources which they believe to be reliable in the context hereto.

Where it is stated in the Report that information has been supplied to CBRE's by another party, this information is believed to be reliable by CBRE. Other information is derived from sources which we believe to be reliable to the best of our ability. We can accept no responsibility if this should prove not to be so.

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**PRINCIPLES FOR APPORTIONMENT OF COSTS PURSUANT  
TO THE SHARED SERVICES AGREEMENT**

<b>No.</b>	<b>Service provided or to be procured for Mapletree Business City (Phase 1)</b>	<b>Principles for apportionment of costs of service</b>
1.	Maintenance of chiller system	Trustee to pay for its share of the maintenance of the chiller system. Cost apportionment to be based on the GFA occupied by the Trustee as a percentage of the GFA of Mapletree Business City (Phase 1) and Mapletree Business City (Phase 2).
2.	Provision of security services	Vendor to pay for its share of the services relating to the multi-purpose hall and carpark. Cost apportionment to be based on either headcount or scope of work as stipulated in the term contract.
3.	Fire fighting system, fire alarm protection, fire decam systems	Vendor to pay for its share of the services relating to the multi-purpose hall, carpark and retail area. Cost apportionment to be based on the aggregate GFA of the multi-purpose hall and retail area, and the floor area of the carpark, as a percentage of the aggregate GFA of Mapletree Business City (Phase 1) and the floor area of the carpark.
4.	Provision of general cleaning services, maintenance of air conditioning and mechanical ventilation (ACMV) installations and equipment	Vendor to pay for its share of the services relating to the multi-purpose hall, carpark and retail area. Cost apportionment to be based on the scope of work as stipulated in the term contract.
5.	Utilities	<p>For electricity and water charges, Trustee to pay for the charges attributable to the Property and the Licensed Premises.</p> <p>For contracts relating to provision of wireless internet within Mapletree Business City (Phase 1), Vendor to pay for the agreed percentage of all access points located in Mapletree Business City (Phase 1).</p>
6.	Maintenance of automatic sliding doors system	Vendor to pay for its share of the services relating to the multi-purpose hall. Cost apportionment to be based on the scope of work as stipulated in the term contract.

<b>No.</b>	<b>Service provided or to be procured for Mapletree Business City (Phase 1)</b>	<b>Principles for apportionment of costs of service</b>
7.	Maintenance of security systems	<p>Vendor to pay for its share of the services relating to the multi-purpose hall, carpark and retail area.</p> <p>For the maintenance of the public address (PA) system, cost apportionment to be based on the aggregate GFA of the multi-purpose hall and retail area, and the floor area of the carpark, as a percentage of the aggregate GFA of Mapletree Business City (Phase 1) and the floor area of the carpark.</p> <p>For closed-circuit televisions (CCTVs), cost apportionment to be based on the scope of work as stipulated in the term contract.</p>
8.	Maintenance of building management system	Vendor to pay for its share of the services relating to the multi-purpose hall and retail area. Cost apportionment to be based on the aggregate GFA of the multi-purpose hall and retail area, as a percentage of the aggregate GFA of Mapletree Business City (Phase 1).
9.	Maintenance of lifts and escalators	Vendor to pay for services relating to the lifts located in the multi-purpose hall as well as the lift located beside the retail area of Mapletree Business City (Phase 1). Cost apportionment to be based on the scope of work as stipulated in the term contract.
10.	Provision of landscape maintenance services	Vendor to pay for its share of the services relating to the multi-purpose hall, carpark and retail area. Cost apportionment to be based on either headcount or scope of work as stipulated in the term contract.
11.	Provision of shuttle bus services, common property management office & fire command centre (FCC) expenses	Cost apportionment to Trustee to be based on the aggregate GFA of the Property, as a percentage of the aggregate GFA of Mapletree Business City (Phase 1) and Mapletree Business City (Phase 2).
12.	Any works relating to maintenance, repair and/or replacement of Mapletree Business City (Phase 1) or any part thereof (including all plant and equipment therein) that is of a capital nature	<p>Vendor to pay for the services relating to the multi-purpose hall, carpark and retail area.</p> <p>Trustee to pay for the services relating to the Property and Licensed Premises.</p> <p>Vendor and Trustee to pay for their respective share of the services relating to the common property in accordance with the terms of the Shared Services Agreement.</p>



## INDEPENDENT FINANCIAL ADVISER'S LETTER

**Australia and New Zealand Banking Group Limited, Singapore Branch**  
(Incorporated in Australia)  
Australian Company Number: 005357522

5 July 2016

The Independent Directors and the Audit and Risk Committee of  
Mapletree Commercial Trust Management Ltd.  
(as Manager of Mapletree Commercial Trust)  
10 Pasir Panjang Road,  
#13-01 Mapletree Business City,  
Singapore 117438

DBS Trustee Limited  
(as Trustee of Mapletree Commercial Trust) (the "Trustee")  
12 Marina Boulevard,  
Level 44,  
DBS Asia Central @ Marina Bay Financial Centre Tower 3,  
Singapore 018982

Dear Sir and Madam,

### INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO:

1. THE PROPOSED ACQUISITION OF THE PROPERTY (AS DEFINED HEREIN) (COMPRISING THE OFFICE AND BUSINESS PARK COMPONENTS OF MAPLETREE BUSINESS CITY (PHASE 1)) AS AN INTERESTED PERSON TRANSACTION; AND
2. THE PROPOSED WHITEWASH RESOLUTION FOR THE RIGHT OF INDEPENDENT UNITHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR ALL THE REMAINING UNITS ("UNITS") NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT PARTY GROUP.

(TOGETHER, THE "PROPOSED TRANSACTION")

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 5 July 2016 to the Unitholders of Mapletree Commercial Trust (the "Circular").*

### 1. INTRODUCTION AND BACKGROUND

This letter ("**Letter**") has been prepared for inclusion in the Circular to be issued by Mapletree Commercial Trust Management Ltd. in its capacity as the manager ("**Manager**") of Mapletree Commercial Trust ("**MCT**") in connection with the Proposed Transaction.

This Letter sets out, *inter alia*, the opinion of Australia and New Zealand Banking Group Limited, Singapore Branch ("**ANZ**") from a financial point of view, on whether the proposed acquisition of the property (as defined herein) is on normal commercial terms and are not

prejudicial to the interests of MCT and its minority Unitholders and on whether the proposed whitewash resolution (as defined herein) is fair and reasonable and our recommendations to the Independent Directors and the Audit and Risk Committee of the Manager as well as the Trustee in this respect. This Letter sets forth factors considered in arriving at our view.

The Circular and Letter to Unitholders included therein will provide, *inter alia*, details of the Proposed Transaction, the opinion of the Audit and Risk Committee and the recommendations of the Independent Directors in relation to the Proposed Transaction, having considered ANZ's advice in this Letter.

## 1.1 The Acquisition

Mapletree Business City (Phase 1) is a large-scale integrated business hub located at 10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440 in the southern part of Singapore, and collectively consists of the Property, the Licensed Premises and the Excluded Premises (each as defined herein) ("**Mapletree Business City (Phase 1)**"). Mapletree Business City (Phase 1) is one of the largest integrated office and business park complexes in Singapore with Grade-A building specifications. Mapletree Business City (Phase 1), together with PSA Building and the recently completed Mapletree Business City (Phase 2), make up the Alexandra Precinct<sup>I</sup>, a location comprising high quality developments catering to a wide range of office and business park uses.

Following an expression of interest from MCT, on 5 July 2016, the Trustee entered into a put and call option agreement (the "**Option Agreement**") with Mapletree Business City Pte. Ltd. (the "**Vendor**") in relation to the proposed acquisition of the office and business park components of Mapletree Business (Phase 1) (the "**Office Component**" and the "**Business Park Component**", respectively), comprising the leasehold interest over the strata area of approximately 208,036 square metres from level two to the rooftop of the buildings comprised in the strata lot number U48703N of Mukim 3 (the "**Property**"), for a term commencing on the date of completion of the SPA (as defined herein) (the "**Completion Date**") up to and including 29 September 2096 (the "**Strata Lease**")<sup>II</sup>. The Vendor is a wholly-owned subsidiary of the Sponsor.

Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into a sale and purchase agreement (the "**SPA**") on the day the Call Option (as defined herein) is exercised by the Trustee, or on the day the Put Option (as defined herein) is exercised by the Vendor (as the case may be).

The Vendor will retain ownership of the other parts of Mapletree Business City (Phase 1), which consist of the carpark, multi-purpose hall, retail area and common property (the "**Excluded Premises**"), as well as the remaining areas of the development (which include landscape areas, driveways and walkways) (the "**Licensed Premises**"). However, upon completion of the proposed acquisition of the Property (the "**Acquisition**"), the Trustee will also enter into the following agreements:

---

I Alexandra Precinct, which spans 13.5 hectares and comprises high quality developments catering to a wide range of office and business park uses, is located in the Queenstown Planning Area along Alexandra Road / Telok Blangah Road and is approximately a 10-minute drive from the CBD.

II The Strata Lease terminates one day prior to the expiry of the State Lease (as defined the Circular).

- (i) a licence agreement with the Vendor (the "**Licence Agreement**"), pursuant to which the Vendor will grant to the Trustee a right to use the Licensed Premises as well as the artworks located within Mapletree Business City (Phase 1); and
- (ii) a shared services agreement with the Vendor for the use of certain common facilities at Mapletree Business City (Phase 1) (namely the carpark, multi-purpose hall and common property) and the apportionment of costs relating to the provision of shared services to Mapletree Business City (Phase 1) (the "**Shared Services Agreement**").

The purchase consideration for the Acquisition and the grant of the right to use the Licensed Premises is S\$1,780.0 million (the "**Purchase Consideration**"), and was arrived at on a willing-buyer and willing-seller basis after taking into account the Independent Valuations (as defined herein) of the Property.

The Trustee has paid an option fee of S\$1 (the "**Option Fee**") to the Vendor upon the signing of the Option Agreement.

As at 17 June 2016, being the latest practicable date prior to the printing of the Circular (the "**Latest Practicable Date**"), the Sponsor wholly owns the Manager, The HarbourFront Pte Ltd ("**HFPL**") and Sienna Pte. Ltd. ("**SPL**"). HFPL in turn wholly owns HarbourFront Place Pte. Ltd. ("**HF Place**") and HarbourFront Eight Pte Ltd ("**HF Eight**"). As such, the Sponsor is deemed to be interested in an aggregate of 819,175,283 Units through the 37,106,283 Units held by the Manager, 109,890,110 Units held by HFPL, 37,669,000 Units held by SPL, 353,409,091 Units held by HF Place and 281,100,799 Units held by HF Eight, which is equivalent in aggregate to approximately 38.38% of the total number of Units in issue. Accordingly, the Sponsor is regarded as a "controlling Unitholder" of MCT under both the listing manual of the SGX-ST (the "**Listing Manual**") and Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore (the "**MAS**"). In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore a "controlling shareholder" of the Manager under the Listing Manual and the Property Funds Appendix.

As the Vendor is a wholly-owned subsidiary of the Sponsor, it is a subsidiary of a "controlling Unitholder" of MCT and a "controlling shareholder" of the Manager. As such, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, it is an "interested person" under the Listing Manual and an "interested party" of MCT under the Property Funds Appendix.

Under Chapter 9 of the Listing Manual, where MCT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same interested person during the same financial year) is equal to or exceeds 5.0% of MCT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by MCT whose value is equal to or exceeds 5.0% of MCT's latest audited net asset value ("**NAV**").

Based on the audited financial statements of MCT for the financial year ended 31 March 2016 (the "**MCT Audited Financial Statements**"), the NTA and NAV of MCT was S\$2,764.0 million as at 31 March 2016. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by MCT with an interested person is, either in itself or

in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or is in excess of S\$138.2 million (being 5% of S\$2,764.0 million), such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S\$1,780.0 million, which is 64.4% of the NTA and NAV of MCT as at 31 March 2016, the value of the Acquisition and the grant of the right to use the Licensed Premises will exceed the said threshold.

Therefore the Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, in respect of which the approval of Unitholders is required.

(See Paragraph 2.9 of the Circular for further details.)

In addition, upon completion of the Acquisition, MCT will take over all the tenancy agreements and licences with respect to the Property and the Licensed Premises, including tenancy agreements entered into by the Sponsor (as supplemented and amended) (the "**Sponsor Tenancy Agreement**") and Singapore Power Limited (as supplemented and amended) (the "**SP Tenancy Agreement**")<sup>III</sup>, as well as licence agreements entered into by the Sponsor (the "**Sponsor Licence Agreement**"), DBS Bank Ltd. (the "**DBS Licence Agreement**"), Singapore Power Limited (the "**SP Licence Agreement**"), Grid Communications Pte. Ltd. (the "**Grid Licence Agreement**"), Singtel Mobile Singapore Pte. Ltd. (the "**Singtel Licence Agreement**") and Starhub Mobile Pte Ltd (the "**Starhub Licence Agreement**") (collectively, the "**Ancillary Tenancy and Licence Agreements**").

Each of the Licence Agreement and the Shared Services Agreement will be entered into with the Vendor which is a wholly-owned subsidiary of the Sponsor. Each of the Sponsor Tenancy Agreement and the Sponsor Licence Agreement is entered into with the Sponsor. The DBS Licence Agreement is entered into with DBS Bank Ltd., which is the holding company of the Trustee. Lastly, the SP Tenancy Agreement, the SP Licence Agreement, the Grid Licence Agreement, the Singtel Licence Agreement and the Starhub Licence Agreement are entered into with Singapore Power Limited, Grid Communications Pte. Ltd., Singtel Mobile Pte. Ltd. and Starhub Mobile Pte Ltd, respectively (each an associate of Temasek Holdings (Private) Limited ("**Temasek**"), the ultimate holding company of the Sponsor). Therefore, such agreements will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under Paragraph 5 of the Property Funds Appendix. By approving the Acquisition, Unitholders will be deemed to have also approved:

- (i) the Licence Agreement;
- (ii) the Shared Services Agreement; and
- (iii) the Ancillary Tenancy and Licence Agreements.

(See Paragraphs 2.6 to 2.8 of the Circular for further details.)

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III On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement in relation to the SP Tenancy Agreement. See Paragraph 2.8 of this Circular for further details.

## 1.2 The Whitewash Resolution

The Securities Industry Council (the “**SIC**”) has on 30 June 2016 granted a waiver (the “**SIC Waiver**”) of the requirement by the Sponsor and the Manager to make a mandatory offer (“**Mandatory Offer**”) for all the remaining Units not already owned or controlled by the Sponsor, the Manager and parties acting in concert with them (collectively, the “**Concert Party Group**”), in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of The Singapore Code of Take-overs and Mergers (the “**Code**”) as a result of:

- (i) the Sponsor’s fulfilment of its obligations pursuant to the Undertaking (as defined in the Circular); and
- (ii) the issuance of Acquisition Fee Units (as defined herein),

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in Paragraph 8.2 of the Circular) including receipt of the whitewash resolution approved by Unitholders who are not the Concert Party Group or parties not independent of them (“**Independent Unitholders**”), on a poll, to waive their rights to receive a general offer for their Units from the Concert Party Group (“**Whitewash Resolution**”).

Pursuant to Rule 14.1(b) of the Code, except with the consent from the SIC, where any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional Units carrying more than 1.0% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of Units. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In the event that the Equity Fund Raising (as defined under section 3.5.2 of the Letter) comprises a private placement of New Units (as defined in the Circular) to institutional and other investors (the “**Private Placement**”) and a non-renounceable preferential offering of New Units to the existing Unitholders on a pro rata basis (the “**Preferential Offering**”), whereby the Private Placement will be completed before the Preferential Offering, the Sponsor’s percentage unitholding will decrease in the interim immediately after the Private Placement (as the Sponsor is not participating in the Private Placement), and increase after the Preferential Offering. The exact percentage increase following the Preferential Offering would depend on the overall level of acceptances and excess applications by Unitholders for the Preferential Offering, as in compliance with Rule 877(10) of the Listing Manual, the Sponsor, amongst others, will rank last in the allocation of excess unit applications. In the event that the Sponsor is allocated in full its application for the excess units under the Preferential Offering (“**Sponsor Excess Units**”), the Sponsor’s holdings will return to its percentage unitholding at the level immediately prior to the Equity Fund Raising, the increase of which could exceed 1.0%. Accordingly, this may trigger a requirement for the Concert Party Group to make a Mandatory Offer for MCT pursuant to Rule 14 of the Code unless the Whitewash Resolution is obtained from Independent Unitholders.

It should be noted that the increase of the Sponsor’s percentage unitholding upon completion of the Preferential Offering will be purely due to a time gap between the completion dates of the Private Placement and the Preferential Offering. Taking the Equity Fund Raising as a whole, the Sponsor’s percentage unitholding immediately after the Equity Fund Raising

(excluding the Acquisition Fee Units to be issued) will actually be equal to or lower than its percentage unitholding immediately prior to the Equity Fund Raising.

In addition, in accordance with the Trust Deed (as defined in the Circular) and the Property Funds Appendix, the Manager will receive the Acquisition Fee payable in new Units upon completion of the Acquisition (the “**Acquisition Fee Units**”) and such Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

The Manager is seeking approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Concert Party Group for the all remaining Units not already owned or controlled by the Concert Party Group, in the event that they incur an obligation to make a Mandatory Offer as a result of:

- (i) the Sponsor's fulfilment of its obligations pursuant to the Undertaking; and
- (ii) the issuance of Acquisition Fee Units.

(See Paragraph 8.1 of the Circular for further details.)

### **1.3 Abstentions from Voting**

As at the Latest Practicable Date, the Sponsor has a deemed interest in 819,175,283 Units, which comprises approximately 38.38% of the total number of Units in issue. Fullerton Management Pte Ltd (“**Fullerton**”), through its interest in the Sponsor, has a deemed interest in 819,175,283 Units, which comprises approximately 38.38% of the total number of Units in issue. Temasek, through its interests in Fullerton and its associated company, is deemed to be interested in 822,828,521 Units, which comprises approximately 38.55% of the total number of Units in issue.

#### Relating to the Acquisition

Pursuant to Rule 919 of the Listing Manual, given that the Property will be acquired from the Vendor, each of the Sponsor, Fullerton and Temasek (a) will abstain, and procure that their associates, including the Manager, will abstain from voting at the EGM on the resolution on the Acquisition; and (b) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution on the Acquisition unless specific instructions as to voting are given.

For the purposes of good corporate governance, as Mr. Tsang Yam Pui is a member of the board of directors in the Sponsor (the “**Sponsor Board**”) and is a member of the Audit and Risk Committee of the Sponsor, Mr. Hiew Yoon Khong is the Executive Director of the Sponsor Board and the Group Chief Executive Officer in the Sponsor, Mr. Wong Mun Hoong is the Group Chief Financial Officer in the Sponsor, Ms. Amy Ng Lee Hoon is the Regional Chief Executive Officer, Group Retail and Singapore Commercial in the Sponsor and Ms. Lim Hwee Li Sharon is the Chief Executive Officer and Executive Director of the Manager, a wholly-owned subsidiary of the Sponsor, they will each abstain from voting on the Ordinary Resolution in relation to the Acquisition in respect of Units (if any) held by them and will not accept appointments as proxies in relation to the resolution on the Acquisition unless specific instructions as to voting are given. If a Unitholder (being an independent Unitholder) wishes to appoint Mr. Tsang Yam Pui, Mr. Hiew Yoon Khong, Mr. Wong Mun Hoong, Ms. Amy Ng Lee

Hoon and/or Ms. Lim Hwee Li Sharon as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolution.

#### Relating to the Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to the Whitewash Resolution, the Concert Party Group and parties not independent of them are required to abstain from voting on the Whitewash Resolution.

## **2. TERMS OF REFERENCE**

ANZ has been appointed as the Independent Financial Adviser (“**IFA**”) to the Independent Directors and the Audit and Risk Committee of the Manager as well as the Trustee to advise them, from a financial point of view, in compliance with the provisions of the Code, as to whether the Acquisition, the Licence Agreement, the Shared Services Agreement and the Ancillary Tenancy and Licence Agreements are on normal commercial terms and are not prejudicial to the interests of MCT and its minority Unitholders; and as to whether the Whitewash Resolution is fair and reasonable.

We make no representations or warranties in relation to the merits of the Proposed Transaction other than to form an opinion for the purposes of Rules 7.1 and 24.1(b) of the Code. We have confined our evaluation to the financial terms and have not taken into account the commercial risks and / or merits of the Proposed Transaction. Evaluations or comments on the commercial risks and merits remain the responsibility of the Directors and the management of the Manager.

We were neither a party to the negotiations entered into by the Manager in relation to the Proposed Transaction nor were we involved in the discussions leading up to any decisions on the part of the Directors regarding the Proposed Transaction.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Proposed Transaction or on the future prospects of MCT, or any of its respective related companies (as defined in the Companies Act) (the “**MCT Group**”), or the method and terms by which the Proposed Transaction is carried out or any other alternative methods by which the Proposed Transaction may be carried out. Such evaluations and comments remain the sole responsibility of the Directors and the management of the Manager. We are not addressing the relative merits of the Proposed Transaction as compared to any alternative transaction previously considered by the Manager (or the Unitholders), or that otherwise may become available to the Manager (or the Unitholders) in the future, or as compared to any alternative proposals that might otherwise be available.

We have held discussions with the management of the Manager and have examined information provided by the management of the Manager and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and used our judgement as we deemed necessary or appropriate in assessing the reasonable use of such information and are not aware of any reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated detailed supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and all opinions expressed in the Circular (except our letter as set out in the Circular) are true, complete, fair and accurate in all material aspects and that, to the best of their knowledge and belief, no material facts have been omitted from the Circular, such omission of which would make any statement in the Circular misleading.

For the purposes of assessing the Proposed Transaction and reaching our conclusions thereon, we have taken into consideration financial projections or forecasts in respect of MCT as set out in Paragraph 5 and Appendix C of the Circular. However, we are not required to express, and we do not express, any view on the growth prospects and earnings potential of MCT in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, investments) of MCT or the Proposed Transaction. We have only relied on the independent valuation reports ("**Valuation Reports**") prepared by Knight Frank Pte Ltd ("**Knight Frank**") and DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**") (together, the "**Independent Valuers**"), in relation to the valuations of the Property, dated 24 June 2016 and 31 May 2016, respectively.

Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

Our opinion, as set out in this Letter, is based upon the financial, market, economic, industry, monetary, regulatory and other prevailing conditions on, and the information made available to us, as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may in any way affect our opinion contained herein. Unitholders of the MCT should take note of any announcement relevant to the Proposed Transaction which may be released by or on behalf of the Manager after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Unitholder. **As different Unitholders would have different investment objectives and profiles, we would advise that any individual Unitholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.**

**This Letter and our opinion are solely for the use and benefit of the Independent Directors and the Audit and Risk Committee of the Manager as well as the Trustee in connection with and for the purpose of their consideration of the Proposed Transaction, and the recommendation made by the Independent Directors to the Unitholders shall remain the responsibility of the Independent Directors.**

**The Manager has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly,**



we take no responsibility for, and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

A copy of this Letter will be reproduced in the Circular. However, neither the Manager nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than the intended purpose in relation to the Proposed Transaction, at any time or in any manner without the prior written consent of ANZ.

Our opinion in relation to the Proposed Transaction should be considered in the context of the entirety of this Letter and the Circular.

### 3. DETAILS ON THE PROPERTY AND THE ACQUISITION

#### 3.1 Details on the Property

Detailed information concerning the Property can be obtained from Appendix A of the Circular.

We note the following information in relation to the Property:

Summary for the Property	MBC10	MBC 20W, MBC 20E and MBC 30	Total
Property type	Office	Business Park	Office/Business Park
Address	10 Pasir Panjang Road, Singapore 117438	20, 30 Pasir Panjang Road, Singapore 117439/117440	10, 20, 30 Pasir Panjang Road, Singapore 117438/117439/117440
Building completion	2010		
Tenure of Strata Lease	Leasehold for a term commencing from Completion Date up to and including 29 September 2096		
Gross Floor Area	1,942,843 sq ft		
NLA	420,544 sq ft	1,287,674 sq ft	1,708,218 sq ft
Building Efficiency	88.0%		
Typical floor plate	Approximately 23,000 to 68,000 sq ft		
Number of storeys	18	MBC 20W: 14 MBC 20E: 14 MBC 30: 17	14 to 18
Average passing rent (as at 30 April 2016)	S\$6.14 per sq ft per month	S\$5.88 per sq ft per month	S\$5.94 per sq ft per month
Occupancy (as at 30 April 2016) <sup>(1)</sup>	97.8%		
Number of tenants	29		
Valuation (S\$ million)	587.0 <sup>(2)</sup>	1,240.0 <sup>(3)</sup>	1,827.0 <sup>(4)</sup>

Sources: Circular.

**Notes:**

- (1) As at the Latest Practicable Date, the committed occupancy for the Property is 99.0%.
- (2) Based on the appraised values by each of Knight Frank and DTZ of S\$587.0 million as at 31 May 2016.
- (3) Based on the average appraised values by Knight Frank and DTZ of S\$1,235.0 million and S\$1,245.0 million, respectively, as at 31 May 2016.
- (4) Based on the average appraised values by Knight Frank and DTZ of S\$1,822.0 million and S\$1,832.0 million, respectively, as at 31 May 2016.

### 3.2 Total Acquisition Cost

The Total Acquisition Cost is currently estimated to be approximately S\$1,858.5 million, comprising:

- (i) the Purchase Consideration of S\$1,780.0 million;
- (ii) the Acquisition Fee payable to the Manager for the Acquisition which amounts to S\$8.9 million (representing an Acquisition Fee at the reduced rate of 0.5% of the Purchase Consideration as compared to the rate of 1.0% which the Manager is entitled to under the Trust Deed) to be paid in Units<sup>IV</sup>; and
- (iii) the estimated stamp duty, professional and other fees and expenses incurred or to be incurred by MCT in connection with the Acquisition (inclusive of the equity funding-related expenses and debt funding-related expenses) of approximately S\$69.6 million.

The Trustee has paid an Option Fee of S\$1 to the Vendor upon the signing of the Option Agreement.

(See Paragraph 2.3 of the Circular for further details.)

### 3.3 Payment of Acquisition Fee in Units

Pursuant to Rule 805(1) of the Listing Manual, the Manager is seeking approval of the Unitholders for the issue of the Acquisition Fee Units to the Manager, outside its general mandate. The issue price of the Acquisition Fee Units will be equal to the 10-day volume weighted average price (“**VWAP**”) prior to the date of issuance of the Acquisition Fee Units. By approving the Acquisition, Unitholders will be deemed to have also approved the issue of the Acquisition Fee Units to the Manager.

Based on an illustrative Issue Price of S\$1.40 per new Unit (the “**Illustrative Issue Price**”), the number of Acquisition Fee Units issued shall be approximately 6.4 million.

### 3.4 Certain Terms and Conditions of the Option Agreement and the SPA

#### 3.4.1 The Option Agreement

On 5 July 2016, the Trustee entered into the Option Agreement with the Vendor in relation to the Proposed Acquisition. Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into the SPA on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be).

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IV As the Acquisition will constitute an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee will be payable in the form of Units, which shall not be sold within one year of the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

**(i) Call Option and Put Option**

Pursuant to the Option Agreement:

- a. in consideration of the Trustee's payment of the Option Fee to the Vendor, the Vendor granted to the Trustee a right (the "**Call Option**") to require the Vendor to enter into the SPA with the Trustee for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA; and
- b. in consideration of the mutual covenants in the Option Agreement, the Trustee granted to the Vendor a right (the "**Put Option**") to require the Trustee to enter into the SPA with the Vendor for the acquisition of the Property and the grant of the licence for the Licensed Premises at the Purchase Consideration and on the terms of the SPA.

**(ii) Conditions Precedent**

The principal terms of the Option Agreement include the following conditions precedent (the "**Conditions Precedent**"), which are to be fulfilled before the Trustee can serve the Call Option notice on the Vendor (or the Vendor can serve the Put Option notice on the Trustee, as the case may be):

- a. the receipt of approval in-principle of the SGX-ST for the listing and quotation of the New Units pursuant to the Equity Fund Raising, and there not having occurred any revocation or withdrawal of such approval;
- b. the receipt of the approval of Unitholders at the EGM to approve (1) the Acquisition which constitutes an "interested person transaction" and an "interested party transaction" within the meaning of the Listing Manual or the Property Funds Appendix, as the case may be; (2) the issue of New Units pursuant to the Equity Fund Raising; and (3) the Whitewash Resolution;
- c. the listing and commencement of trading of the New Units to be issued pursuant to the Equity Fund Raising;
- d. there being no material damage of the whole or any part of the Property; and
- e. there being no compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited.

**(iii) Exercise of Call Option**

The Trustee may exercise the Call Option by delivering to the Vendor the Call Option notice before the expiry of the period commencing on the date on which the last of the Conditions Precedent has been fulfilled or waived (or such other period as the Trustee and the Vendor may mutually agree in writing) and ending at 11.59 p.m. on the said date (the "**Call Option Exercise Period**").

The Trustee may not exercise the Call Option:

- a. except during the Call Option Exercise Period;
- b. if the Option Agreement has been rescinded in accordance with its terms; or
- c. unless all the Conditions Precedent have been fulfilled or waived (as the case may be).

Upon the Trustee's exercise of the Call Option in accordance with the terms of the Option Agreement, both the Trustee and the Vendor shall be bound to enter into the SPA on the same date of such exercise.

**(iv) Exercise of Put Option**

The Vendor may exercise the Put Option by delivering to the Trustee the Put Option notice before the expiry of the period commencing immediately after the expiry of the Call Option Exercise Period and ending at 11.59 p.m. on the calendar day immediately falling after the end of the Call Option Exercise Period (the "**Put Option Exercise Period**").

The Vendor may not exercise the Put Option:

- a. except during the Put Option Exercise Period;
- b. if the Option Agreement has been rescinded in accordance with its terms;
- c. unless all the Conditions Precedent have been fulfilled or waived (as the case may be); or
- d. unless the Trustee has not served the Call Option notice on the Vendor during the Call Option Exercise Period.

Upon the Vendor's exercise of the Put Option, both the Trustee and the Vendor shall be bound to enter into the SPA on the same date of such exercise.

**(v) Rescission of the Option Agreement**

The Trustee shall be entitled to rescind the Option Agreement if, among others:

- a. there is any material damage of the whole or any part of the Property;
- b. there is any compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited; or
- c. the Trustee does not receive satisfactory replies (in the manner contemplated in the Option Agreement) from government agencies in respect of the land on which Mapletree Business City (Phase 1) is sited.

### 3.4.2 The SPA

The principal terms of the SPA include, among others, the following conditions precedent:

- (i) The Purchase Consideration being satisfied fully in cash, at completion (“**Completion**”);
- (ii) the Completion of the Acquisition being subject to the satisfaction of a number of conditions set out in the SPA including, among others:
  - a. the receipt of approval in-principle of the SGX-ST for the listing and quotation of the New Units pursuant to the Equity Fund Raising, and there not having occurred any revocation or withdrawal of such approval;
  - b. the receipt of the approval of Unitholders at the EGM to approve (1) the Acquisition which constitutes an "interested person transaction" and an "interested party transaction" within the meaning of the Listing Manual or the Property Funds Appendix, as the case may be; (2) the issue of New Units pursuant to the Equity Fund Raising; and (3) the Whitewash Resolution;
  - c. the listing and commencement of trading of the New Units to be issued pursuant to the Equity Fund Raising;
  - d. the receipt by the Trustee of the proceeds of the Equity Fund Raising and/or external borrowings to fully fund the Acquisition;
  - e. there being no material damage of the whole or any part of the Property; and
  - f. there being no compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the whole or any part of the land on which Mapletree Business City (Phase 1) is sited;
- (iii) The Property being sold subject to and with the benefit of the occupation agreements which consists of the existing tenancies and licences in respect of the whole or any part(s) of the Property, and the tenancy agreements and licence agreements in respect of the whole or any part(s) of the Property, entered into by the Vendor after the date of the SPA and before Completion, in compliance with the SPA; and
- (iv) On Completion, the Vendor having transferred and assigned to the Trustee all the Vendor's rights, title and interest in the Property and in the mechanical and electrical equipment by way of the grant of the Strata Lease and the grant of the licence of the Licensed Premises free from all encumbrances and, without limiting the Vendor's obligations, the Vendor having delivered to the Trustee, among others, the certificate of title (for the purposes of registration of the Strata Lease) together with a written confirmation by the Vendor's registered land surveyor that the strata certified plan in respect of the Property has been approved by the Chief Surveyor, Singapore Land Authority and the discharge instruments in respect of any encumbrances relating to the Property and the mechanical and electrical equipment.

The Completion Date is such date as may be agreed between the Vendor and the Trustee in writing from time to time, subject to fulfilment of the conditions precedents under the SPA.

### **3.5 Method of Proposed Funding**

#### **3.5.1 Method of Funding**

The Manager intends to fund the cash portion of the Total Acquisition Cost which comprises the Total Acquisition Cost less the Acquisition Fee, which is payable in Units, with an optimal combination of equity and debt funding to provide overall DPU and NAV accretion to Unitholders while maintaining an optimum level of aggregate leverage.

The equity funding will be undertaken through an Equity Fund Raising while the debt funding will be through the drawdown of the various Loan Facilities, or through other debt facilities and/or capital market instruments. MCT has been granted the various Loan Facilities by certain financial institutions up to an aggregate amount of S\$920.0 million. The final decision regarding the proportion of equity and debt 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.

Assuming that the Acquisition is partially funded by the drawdown of S\$860.0 million from the Loan Facilities, MCT's aggregate leverage immediately following the completion of the Acquisition would increase from 35.1%<sup>V</sup> to 38.4%.

The illustrative debt and equity funding combination for the Acquisition adopted in the Circular is based on a realistic debt funding level of 48.3%<sup>VI</sup> of the Purchase Consideration, in light of current market conditions. However, the actual debt and equity funding combination to be adopted by the Manager will depend on, among others, the prevailing market conditions, the demand for the New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

#### **3.5.2 Equity Fund Raising**

The Joint Global Co-ordinators and Bookrunners to the Equity Fund Raising will work with the Manager to determine the issue price of the New Units and the most appropriate time to launch the Equity Fund Raising so as to ensure the success of the Equity Fund Raising, having regard to the then prevailing market conditions and other factors that the Manager and the Joint Global Co-ordinators and Bookrunners may consider relevant. The Manager will announce the details of the Equity Fund Raising on the SGXNET at the appropriate time.

The Manager proposes to issue up to 795.0 million New Units (representing approximately 37.25% of the existing number of issued Units as at the Latest Practicable Date). Based on the Illustrative Issue Price of S\$1.40 per New Unit, the Equity Fund Raising is expected to raise gross proceeds of approximately S\$989.6 million to partially fund the Total Acquisition Cost.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, utilise the net proceeds of the Equity Fund Raising at its absolute discretion for other purposes, including without limitation, the repayment of existing indebtedness and for funding capital expenditures.

In the event that the Acquisition, the Equity Fund Raising and the Whitewash Resolution are approved by Unitholders, but market conditions are not conducive to carry out the Equity Fund Raising or the Equity Fund Raising cannot be effected on acceptable terms, the Manager may decide not to proceed with the Acquisition.

(See Paragraph 7 of the Circular for further details.)

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V Based on MCT's aggregate leverage as at 31 March 2016.

VI Assuming a drawdown of S\$860.0 million from the Loan Facilities.

### 3.5.3 Loan Facilities

The balance of the Total Acquisition Cost is expected to be funded with debt financing through the Loan Facilities of up to \$920.0 million, comprising a two-year, a four-year and a six-year term loan facility.

## 4. EVALUATION OF THE ACQUISITION

For the purpose of arriving at our opinion in respect of the Acquisition, we have, as the IFA, taken into account the following:

- (i) Rationale for and key benefits of the Acquisition;
- (ii) Valuation of the Property by the Independent Valuers (the “**Independent Valuations**”);
- (iii) Comparison with selected office properties owned by Singapore-listed REITs and companies (the “**Selected Office Properties**”);
- (iv) Comparison with selected completed transactions involving purchases of office properties located in Singapore in the three years up to the Latest Practicable Date that are publicly available (the “**Selected Office Transactions**”);
- (v) Comparison with selected business park properties owned by Singapore-listed REITs and companies (the “**Selected Business Park Properties**”);
- (vi) Comparison with selected completed transactions involving purchases of business park properties located in Singapore in the three years up to the Latest Practicable Date that are publicly available (the “**Selected Business Park Transactions**”);
- (vii) Pro forma financial effects of the Acquisition;
- (viii) Comparisons of the forecast NPI and DPU of MCT’s existing and enlarged property portfolio (the “**Existing Portfolio**” and the “**Enlarged Portfolio**”, respectively); and
- (ix) Other relevant considerations which have a significant bearing on our assessment.

### 4.1 Rationale for and Key Benefits of the Acquisition

The Manager believes that the Acquisition will bring the following key benefits to the Unitholders:

- (i) Strategic addition of a property in a large-scale, integrated business hub;
- (ii) Increased exposure to a resilient office micro-market;
- (iii) Exposure to the stable and growing business park segment
- (iv) Stable and quality cash flows;
- (v) Attractive valuation characteristics; and
- (vi) Positive impact on the Enlarged Portfolio.

Please refer to Paragraph 2.5 of the Circular for full details on the rationale for and key benefits of the Acquisition.

## 4.2 Valuation of the Property by the Independent Valuers

### 4.2.1 The Independent Valuations of the Property

The Manager has commissioned DTZ, and the Trustee has commissioned Knight Frank to value the Property. Based on the Valuation Reports, the appraised values of the Property by the Independent Valuers as compared to the Purchase Consideration are as follows:

Property	Appraised Value		Purchase Consideration
	Knight Frank	DTZ	
Mapletree Business City (Phase I)	S\$1,822.0 million <sup>VII</sup>	S\$1,832.0 million <sup>VIII</sup>	S\$1,780.0 million
Premium / (discount) to Purchase Consideration	(2.3%)	(2.8%)	n.a.

Sources: Valuation Reports.

The key points to be highlighted in respect of the Independent Valuations are as follows:

- (i) The Purchase Consideration of S\$1,780.0 million represents a discount of approximately 2.8% to DTZ's valuation and approximately 2.3% to Knight Frank's valuation of the Property;
- (ii) The basis of valuation used is "Market Value", the definitions of which are broadly consistent between the Independent Valuers;
- (iii) The relevant date for the Independent Valuations undertaken is 31 May 2016;
- (iv) Both Knight Frank and DTZ used the capitalisation approach and the discounted cash flow analysis methods in arriving at the open market value of the Property; and
- (v) The methods used by the Independent Valuers are widely accepted methods for the purpose of valuing income-producing properties.

Please refer to Appendix B of the Circular for the respective valuation certificates.

### 4.2.2 Comparison of Capitalisation Rates, Discount Rates and Terminal Yields

The capitalisation rates, discount rates and terminal yields used by the Independent Valuers in valuing the office component and the business park component (the "Office Component" and the "Business Park Component", respectively) as well as those used in the latest independent valuations of the office properties currently owned by MCT (the "MCT Existing Office Properties") are set out below:

Valuation		Capitalisation Approach	DCF Analysis Method	
		Capitalisation Rate (%)	Discount Rate (%)	Terminal Yield (%)
Knight Frank <sup>(1)</sup>	Office	4.35	7.25	4.60
	Business park	5.50	7.75	5.75
DTZ <sup>(1)</sup>	Office	4.25	7.00	4.50
	Business park	5.50	7.50	5.75
MCT Existing Office Properties (31 March 2016)		3.85 – 4.35	7.00	4.10 – 4.60

Sources: Valuation Reports, the Manager.

VII Knight Frank's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,235.0 million as at 31 May 2016, respectively.

VIII DTZ's independent valuation for the office and business park components of the Property are S\$587.0 million and S\$1,245.0 million as at 31 May 2016, respectively.



Note:

(1) Rates used by Knight Frank and DTZ are disclosed in the Valuation Reports as at 31 May 2016.

We note that MCT's Existing Portfolio currently consists of only office and retail properties. As such, MCT has no business park properties within the Existing Portfolio to benchmark against with regards to the capitalisation rates, discount rates and terminal yields used in valuing the Business Park Component by the Independent Valuers.

Based on the table above we highlight the following:

- (i) The capitalisation rates used by the Independent Valuers in their valuations of the Office Component are approximately consistent with one another and are within the range of capitalisation rates used in the latest independent valuations of the MCT Existing Office Properties;
- (ii) The discount rates used by the Independent Valuers in their valuations of the Office Component are approximately consistent with one another and are broadly in line with the rate used in the latest independent valuations of the MCT Existing Office Properties;
- (iii) The terminal yields used by the Independent Valuers in their valuations of the Office Component are approximately consistent with one another and are within the range of terminal yields used in the latest independent valuations of the MCT Existing Office Properties;
- (iv) The capitalisation rates used by the Independent Valuers in their valuations of the Business Park Component are consistent with one another;
- (v) The discount rates used by the Independent Valuers in their valuations of the Business Park Component are approximately consistent with one another; and
- (vi) The terminal yields used by the Independent Valuers in their valuations of the Business Park Component are consistent with one another.

The above analysis serves as one factor considered by us in our evaluation and may not on its own be meaningful to a satisfactory extent as the Office Component differs from the MCT Existing Office Properties in many aspects (such as location, accessibility, profile and composition of tenants, proximity to major venues and / or attractions, outstanding lease tenure and other relevant factors) and MCT currently has no business park properties to benchmark against. We recommend that the Independent Directors, the Audit and Risk Committee and the Trustee advise the minority Unitholders to read the summary valuation certificates attached as Appendix B of the Circular very carefully.

#### **4.3 Comparison with Selected Office Properties**

We have extracted information in respect of valuations of the Selected Office Properties in order to benchmark the net property income yield<sup>IX</sup> (the "NPI Yield") and the valuation per sq ft of net lettable area (the "Valuation per NLA") implied by the Office Component with those of the Selected Office Properties.

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IX NPI Yield is calculated as total net property income divided by the valuation of the respective property.

Property Name	Valuation Date	Valuation (\$m)	NLA (sq ft)	Remaining Land Tenure (years)	Valuation per NLA (\$)	NPI Yield (%)
<b>CBD Core</b>						
CapitaGreen	31-Dec-15	1,587	704,000	57	2,254	4.2% <sup>(1)</sup>
Capital Tower	31-Dec-15	1,317	742,000	79	1,775	3.9% <sup>(1)</sup>
Marina Bay Financial Centre 1 & 2	31-Dec-15	1,682 <sup>(2)</sup>	581,392 <sup>(2)</sup>	88	2,893	3.8%
Marina Bay Financial Centre 3	31-Dec-15	1,307 <sup>(3)</sup>	447,327 <sup>(3)</sup>	90	2,922	3.8% <sup>(1)</sup>
Ocean Financial Centre	31-Dec-15	2,597	883,193	95	2,940	3.8% <sup>(1)</sup>
One George Street	31-Dec-15	1,010	447,000	86	2,260	3.9% <sup>(1)</sup>
One Raffles Place	31-Dec-15	1,734 <sup>(4)</sup>	704,526 <sup>(4)</sup>	Tower 1: 811 Tower 2: 66	2,461	n.a.
One Raffles Quay	31-Dec-15	1,263 <sup>(5)</sup>	443,760 <sup>(5)</sup>	84	2,846	3.8% <sup>(1)</sup>
OUE Bayfront	31-Dec-15	1,146 <sup>(6)</sup>	400,036	90	2,865	n.a.
Six Battery Road	31-Dec-15	1,358	494,000	809	2,749	3.8% <sup>(1)</sup>

<b>CBD Core</b>	<b>Mean</b>	<b>2,597</b>	<b>3.9%</b>
	<b>Median</b>	<b>2,798</b>	<b>3.8%</b>
	<b>High</b>	<b>2,940</b>	<b>4.2%</b>
	<b>Low</b>	<b>1,775</b>	<b>3.8%</b>

#### **CBD Fringe / Outer (Closest Comparable Office Properties)**

Bugis Junction Towers	31-Dec-15	550	244,989	73	2,245	3.8%
China Square Central	30-Sep-15	570	372,452	80	1,530	3.7%
Mapletree Anson <sup>(7)</sup>	31-Mar-16	690	331,027	90	2,089	3.5%
Merrill Lynch HarbourFront <sup>(7)</sup>	31-Mar-16	314	216,561	80	1,450	4.8%
PSA Building <sup>(7, 8)</sup>	31-Mar-16	615	434,181	80	1,416	4.8%

<b>CBD Fringe / Outer</b>	<b>Mean</b>	<b>1,746</b>	<b>4.1%</b>
	<b>Median</b>	<b>1,530</b>	<b>3.8%</b>
	<b>High</b>	<b>2,245</b>	<b>4.8%</b>
	<b>Low</b>	<b>1,416</b>	<b>3.5%</b>

<b>Entire Set</b>	<b>Mean</b>	<b>2,313</b>	<b>4.0%</b>
	<b>Median</b>	<b>2,260</b>	<b>3.8%</b>
	<b>High</b>	<b>2,940</b>	<b>4.8%</b>
	<b>Low</b>	<b>1,416</b>	<b>3.5%</b>

<b>The Office Component</b>		<b>572<sup>(9)</sup></b>	<b>420,544</b>	<b>80</b>	<b>1,360<sup>(9)</sup></b>	<b>4.4%<sup>(10)</sup></b>
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Sources: REIT or company filings, company websites, media releases, the Manager.

Notes:

- (1) NPI Yield is based on capitalisation rate provided by the respective REIT and company websites.
- (2) Represents Keppel REIT's one-third stake in Marina Bay Financial Centre 1 & 2.
- (3) Represents Keppel REIT's one-third stake in Marina Bay Financial Centre 3; valuation includes rental support of S\$49.2 million for five years provided by the vendor, Bayfront Development Pte Ltd which is a wholly-owned subsidiary of Keppel Land Limited.
- (4) Based on OUB Centre Limited's 81.54% interest in One Raffles Place.
- (5) Represents Keppel REIT's one-third stake in One Raffles Quay.
- (6) Valuation includes income support of up to S\$50 million for five years, with a maximum cap of S\$12.5 million per annum provided by the sponsor, OUE Limited, ending 31 December 2018.
- (7) Existing MCT portfolio property.
- (8) Excludes the retail component of the property.
- (9) Derived by applying the percentage value contribution of the Office Component and the Business Park Component of the average of the Independent Valuations, as at 31 May 2016, of 32.1% and 67.9%, respectively. The percentage value contribution above was applied to the Purchase Consideration of S\$1,780.0 million to arrive at the estimated value for the Office Component and the Business Park Component, respectively. We note that the variance in the percentage value contribution for the Office Component and the Business Park Component is approximately 0.2 percentage points.
- (10) Based on the annualised financial year 2016 NPI Yield for the Office Component provided by the Manager.

Based on the table above, we note the following:

- (i) The implied NPI Yield of the Office Component is within the range of the implied NPI Yields of the Selected Office Properties and is above the mean and median;
- (ii) The implied Valuation per NLA of the Office Component is below the range of implied Valuation per NLA of the Selected Office Properties; and
- (iii) There are no perfect comparables, however, the Office Component may be more closely comparable to the Selected Office Properties that are located at the CBD fringe / in the outer area ("**Closest Comparable Office Properties**"). The implied Valuation per NLA of the Office Component is also below the range of implied Valuation per NLA of the Closest Comparable Office Properties of S\$1,416 to S\$2,245 per sq ft.

The Selected Office Properties may differ from the Office Component in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Selected Office Properties is by no means exhaustive and has been compiled from relevant public sources where available, and we note that the valuations of the Selected Office Properties were undertaken at different points in time under different market and economic conditions. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison serves as a general guide only.

#### 4.4 Comparison with Selected Office Transactions

We have also extracted information for the Selected Office Transactions in order to compare the NPI Yield and the Valuation per NLA implied by the Office Component with those of the Selected Office Transactions.

Property Name	Transaction Date	Buyer	Transaction Value (\$m) <sup>(1)</sup>	NLA (sq ft) <sup>(1)</sup>	Remaining Land Tenure (years – as at Transaction Date)	Valuation per NLA (\$)	Transaction NPI Yield (%)
<b>CBD Core</b>							
78 Shenton Way (50%)	Mar 2016	Alpha Investment	302 <sup>(2)</sup>	181,100	66	1,665	4.0%
AXA Tower	Jan 2015	Perennial Real Estate	1,170	673,899 <sup>(3)</sup>	67	1,736	4.0%
Marina Bay Financial Centre 3 (33%)	Sep 2014	Keppel REIT	1,248 <sup>(4)</sup>	447,327	90	2,790	3.5%
Straits Trading Building	Sep 2014	Sun Venture Group	450	158,897	847	2,832	n.a.
Equity Plaza	Jun 2014	GSH Corp. / Vibrant Group / TYJ Group	550	252,135	74	2,181	3.0%
Prudential Tower (92.8%)	May 2014	KOP Group / KSH / Centurion Global	512	221,080	81	2,316	3.5%
OUE Bayfront	Jan 2014	OUE C. REIT	1,005 <sup>(5)</sup>	400,036	92	2,512	n.a.
Robinson Point	Jun 2013	Tuan Sing	349	135,270	Freehold	2,571	3.0%

<b>CBD Core</b>	<b>Mean</b>	<b>2,325</b>	<b>3.5%</b>
	<b>Median</b>	<b>2,414</b>	<b>3.5%</b>
	<b>High</b>	<b>2,832</b>	<b>4.0%</b>
	<b>Low</b>	<b>1,665</b>	<b>3.0%</b>

<b>CBD Fringe / Outer (Closest Comparable Office Transactions)</b>								
Keppel Bay Tower (30%) <sup>(6)</sup>	Dec 2015	Keppel Land	183	116,490	80	1,572	n.a.	
HarbourFront Tower 1 (39%) <sup>(6)</sup>	Dec 2015	Mapletree Investments	217	144,534	80	1,501	n.a.	
HarbourFront Tower 2 (39%) <sup>(6)</sup>	Dec 2015	Mapletree Investments	72	59,787	80	1,196	n.a.	
Westgate	Jan 2014	LKH Group / Sun Venture Homes	579	304,963	96	1,900	n.a.	
TripleOne Somerset	Dec 2013	Perennial Real Estate	970	565,998 <sup>(7)</sup>	61	1,714	4.0%	
HP Centre	Sep 2013	United Engineers	195	117,047	Freehold	1,666	n.a.	
						<b>Mean</b>	<b>1,592</b>	<b>n.a.</b>
						<b>Median</b>	<b>1,619</b>	<b>4.0%</b>
						<b>High</b>	<b>1,900</b>	<b>n.a.</b>
						<b>Low</b>	<b>1,196</b>	<b>n.a.</b>
						<b>Mean</b>	<b>2,011</b>	<b>3.6%</b>
						<b>Median</b>	<b>1,818</b>	<b>3.5%</b>
						<b>High</b>	<b>2,832</b>	<b>4.0%</b>
						<b>Low</b>	<b>1,196</b>	<b>3.0%</b>
<b>The Office Component</b>			<b>572<sup>(8)</sup></b>	<b>420,544</b>	<b>80</b>	<b>1,360<sup>(8)</sup></b>	<b>4.4%<sup>(9)</sup></b>	

Sources: Valuation Reports, REIT and company filings, company websites, media releases.

Notes:

- (1) Valuation and NLA figures are presented based on corresponding percentage stakes acquired.
- (2) Based on acquisition of remaining 50% stake at S\$301.5 million.
- (3) NLA includes 29,177 sq ft of retail space.
- (4) Valuation includes income support of S\$49.2 million for five years.
- (5) Valuation includes income support of up to S\$50 million for five years, with a maximum cap of S\$12.5 million per annum.
- (6) Based on share swap between Keppel Land and Mapletree Investments.
- (7) NLA includes 60,000 sq ft of retail space.
- (8) Derived by applying the percentage value contribution of the Office Component and the Business Park Component of the average of the Independent Valuations, as at 31 May 2016, of 32.1% and 67.9%, respectively. The percentage value contribution above was applied to the Purchase Consideration of S\$1,780.0 million to arrive at the estimated value for the Office Component and the Business Park Component, respectively. We note that the variance in the percentage value contribution for the Office Component and the Business Park Component is approximately 0.2 percentage points.
- (9) Based on the annualised financial year 2016 NPI Yield for the Office Component provided by the Manager.

From the table above, we note the following:

- (i) The implied NPI Yield of the Office Component is above the range of implied NPI Yields for the Selected Office Transactions;
- (ii) The implied Valuation per NLA of the Office Component is within the range of implied Valuation per NLA of the Selected Office Transactions and is below the mean and median; and
- (iii) There are no perfect comparables, however, the Office Component may be more closely comparable to the target properties relating to the Selected Office

Transactions that are located at the CBD fringe / in the outer area (“**Closest Comparable Office Transactions**”). The implied Valuation per NLA of the Office Component is also within the range of implied Valuation per NLA of the Closest Comparable Office Transactions and is below the mean of S\$1,592 per sq ft and median of S\$1,619 per sq ft.

The target properties relating to the Selected Office Transactions may differ from the Office Component in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Selected Office Transactions is by no means exhaustive, and we note that certain circumstances and terms relating to the Selected Office Transactions are unique and might not be identical to the Acquisition and are largely dependent on the market sentiments prevailing at the time of such Selected Office Transactions. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison serves as a general guide only.

#### 4.5 Comparison with Selected Business Park Properties

We have extracted information in respect of valuations of the Selected Business Park Properties in order to benchmark the gross income yield<sup>X</sup> (the “**Gross Yield**”) and the Valuation per NLA implied by the Business Park Component with those of the Selected Business Park Properties.

Property Name	Valuation Date	Valuation (\$m)	NLA (sq ft)	Remaining Land Tenure (years)	Valuation per NLA (\$)	Gross Yield (%)
<b>Business Parks</b>						
Four Acres Singapore	31-Mar-16	60	98,705	25	608	7.2%
Neuros and Immunos	31-Mar-16	121	280,239	49	433	n.a. <sup>(1)</sup>
Nexus @one-north <sup>(6)</sup>	31-Mar-16	191	222,479	55	860	7.6%
ONE@Changi City	31-Mar-16	439	679,268	54	646	8.1% <sup>(4)</sup>
Solaris <sup>(8)</sup>	31-Dec-15	360	441,533	52	815	4.9%
The Aries, Sparkle & Gemini	31-Mar-16	205	392,657	46	522	8.3%
UE Biz Hub East <sup>(2, 8)</sup>	31-Dec-15	355 <sup>(3)</sup>	498,506	52	712	6.6%
<b>Business Park Clusters<sup>(5)</sup></b>						
Changi Business Park Collection	31-Mar-16	1,189	2,299,581	48	517	8.4%
International Business Park Collection	31-Mar-16	508	1,243,846	43	408	9.0%
Science Park Collection	31-Mar-16	1,136	2,086,940	54	544	8.5%
				<b>Mean</b>	<b>602</b>	<b>7.6%</b>
				<b>Median</b>	<b>579</b>	<b>8.1%</b>
				<b>High</b>	<b>860</b>	<b>9.0%</b>
				<b>Low</b>	<b>408</b>	<b>4.9%</b>
				<b>Entire Set</b>		
<b>The Business Park Component</b>		<b>1,208<sup>(6)</sup></b>	<b>1,287,674</b>	<b>80</b>	<b>938<sup>(6)</sup></b>	<b>7.6%<sup>(7)</sup></b>

Sources: REIT or company filings; company websites, media releases.

X Gross Yield is calculated as total gross income divided by the valuation of the respective property.

Notes:

- (1) As Neuros and Immunos is a customized building built for research laboratory and biomedical uses, the Gross Yield for this property is considered an outlier and excluded in the mean and median calculation.
- (2) Part of Viva Industrial Trust IPO properties.
- (3) Valuation includes income support of S\$25.35 million per annum with step up of 5% in the third and fifth year from the date of acquisition.
- (4) Gross Yield for ONE@Changi City is as at 31 December 2015 based on the relevant transaction circular.
- (5) Based on collection of assets, and remaining land tenure are based on simple average.
- (6) Derived by applying the percentage value contribution of the Office Component and the Business Park Component of the average of the Independent Valuations, as at 31 May 2016, of 32.1% and 67.9%, respectively. The percentage value contribution above was applied to the Purchase Consideration of S\$1,780.0 million to arrive at the estimated value for the Office Component and the Business Park Component, respectively. We note that the variance in the percentage value contribution for the Office Component and the Business Park Component is approximately 0.2 percentage points.
- (7) Based on the annualised financial year 2016 Gross Yield for the Business Park Component provided by the Manager.
- (8) While there are no perfect comparables, we believe that Nexus @one-north, Solaris and UE Biz Hub East are the closest available comparable properties with the Business Park Component in terms of location, building specifications, tenant quality and remaining land tenure (the "**Closest Comparable Business Park Properties**").

Based on the table above, we note the following:

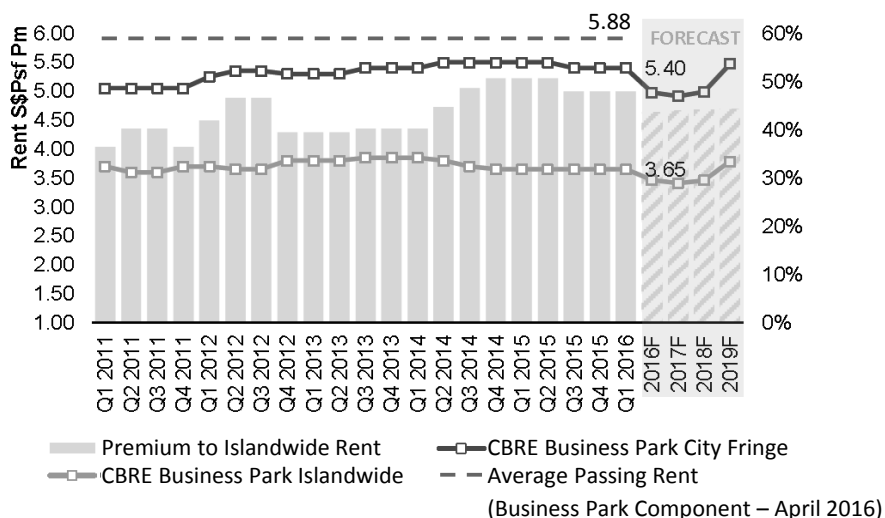
- (i) The implied Gross Yield of the Business Park Component is within the range of the implied Gross Yields of the Selected Business Park Properties and is in line with the mean;
- (ii) The implied Valuation per NLA of the Business Park Component is above the range of implied Valuation per NLA of the Selected Business Park Properties; and
- (iii) The gross income per sq ft of the Business Park Component is favourable compared to the Selected Business Park Properties.

We acknowledge that the implied Valuation per NLA of the Business Park Component is above the range of Valuation per NLA of the Selected Business Park Properties, potentially driven by the following factors, among others:

- (i) The Business Park Component has a longer leasehold interest in land tenure (a 99-year leasehold tenure for the Property as compared to traditional business parks with a 60-year leasehold tenure);
- (ii) The Gross Yields of the Closest Comparable Business Park Properties range from 4.9% to 7.6% with a mean of 6.4%. We note that the Gross Yield of the Business Park Component of 7.6% is at the top of the range of Gross Yields of the Closest Comparable Business Park Properties and above the mean of 6.4%.

The Valuation per NLA of the Closest Comparable Business Park Properties range from S\$712 per sq ft to S\$860 per sq ft with a mean of S\$796 per sq ft. We note that the Valuation per NLA of the Business Park Component of S\$938 per sq ft is 17.9% higher than the mean Valuation per NLA of the Closest Comparable Business Park Properties of S\$796 per sq ft. The above should also be considered in the context of the Business Park Component having a remaining land tenure of 80 years compared to the average of the Closest Comparable Business Park Properties of 53 years;

- (iii) Among all existing business parks in Singapore, the Business Park Component is located within the closest proximity to the CBD and has building specifications that are comparable to Grade-A offices in the CBD;
- (iv) According to CBRE Pte. Ltd. (“**CBRE**”), business park properties located in the city fringe have historically commanded rental premiums over the rest of the island-wide business park market, averaging approximately 44% over the period between Q1 2011 to Q1 2016. This may be attributed the profile of tenants who are attracted by the Grade-A building specifications, proximity to the CBD and relatively new buildings; and
- (v) The diagram below shows that business park properties located in the city fringe have historically commanded rental premiums over the rest of the island-wide business parks. Business parks located in the city fringe commanded rents of approximately S\$5.40 per sq ft, which represents a premium of approximately 48% compared to island-wide business park rents of approximately S\$3.65 per sq ft in Q1 2016. The average passing rent of the Property’s Business Park Component of S\$5.88 per sq ft as of 30 April 2016 represents a premium of approximately 61% compared to island-wide business park rents in the similar period. We note that forecasts by CBRE suggest that the premium for city fringe business parks over island-wide business parks can be expected to remain in line with the historical trend. This is further supported by the lack of currently known land supply in the market for new business park properties post 2016 and the shortening of tenure of new industrial sites to a maximum term of 30 years by the government<sup>XI</sup>. This also suggests a scarcity value premium for the Business Park Component as a city fringe business park.



Sources: CBRE, JTC, the Circular.

The Selected Business Park Properties may differ from the Business Park Component in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Selected Business Park Properties is by no means exhaustive and has been compiled from relevant public sources where available, and we note that the valuations of the Selected Business Park Properties were undertaken at different points in time under different market and economic conditions. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison serves as a general guide only.

XI Based on press release from the Ministry of Trade and Industry titled “Launch of Second Half 2012 Industrial Government Land Sales Programme” published on 11 June 2012.



## 4.6 Comparison with Selected Business Park Transactions

We have also extracted information for the Selected Business Park Transactions in order to compare the NPI Yield and the Valuation per NLA implied by the Business Park Component with those of the Selected Business Park Transactions.

Property Name	Transaction Date	Buyer	Transaction Value (\$m) <sup>(1)</sup>	NLA (sq ft) <sup>(1)</sup>	Remaining Land Tenure (years – as at Transaction Date)	Valuation per NLA (\$)	Transaction NPI Yield (%)
<b>Business Parks</b>							
ONE@Changi City	Dec 2015	Ascendas REIT	420	679,268	54	618	5.9%
The Kendall	Mar 2015	Ascendas REIT	112	181,092	64	618	6.8%
UE Biz Hub East <sup>(2)</sup>	Oct 2013	Viva Industrial Trust	380 <sup>(3)</sup>	498,506	54	762	6.6%
Solaris <sup>(4)</sup>	Aug 2013	Soilbuild Business Space REIT	293	441,533	55	664	5.6%
Eightrium <sup>(4)</sup>	Aug 2013	Soilbuild Business Space REIT	91	177,285	53	516	6.0%
					<b>Mean</b>	<b>636</b>	<b>6.2%</b>
					<b>Median</b>	<b>618</b>	<b>6.0%</b>
					<b>High</b>	<b>762</b>	<b>6.8%</b>
					<b>Low</b>	<b>516</b>	<b>5.6%</b>
					<b>Entire Set</b>		
<b>The Business Park Component</b>			<b>1,208<sup>(5)</sup></b>	<b>1,287,674</b>	<b>80</b>	<b>938<sup>(5)</sup></b>	<b>6.1%<sup>(6)</sup></b>

Sources: Valuation Reports, REIT and company filings, company websites, media releases.

### Notes:

- (1) Valuation and NLA figures are presented based on corresponding percentage stakes acquired.
- (2) Part of Viva Industrial Trust's IPO Properties.
- (3) Valuation includes income support of S\$25.35 million per annum with step up of 5.0% in the third and fifth year from the date of acquisition.
- (4) Part of Soilbuild Business Space REIT's IPO properties.
- (5) Derived by applying the percentage value contribution of the Office Component and the Business Park Component of the average of the Independent Valuations, as at 31 May 2016, of 32.1% and 67.9%, respectively. The percentage value contribution above was applied to the Purchase Consideration of S\$1,780.0 million to arrive at the estimated value for the Office Component and the Business Park Component, respectively. We note that the variance in the percentage value contribution for the Office Component and the Business Park Component is approximately 0.2 percentage points.
- (6) Based on the annualised financial year 2016 NPI Yield for the Business Park Component provided by the Manager.

From the table above, we note the following:

- (i) The implied NPI yield of the Business Park Component is within the range of implied NPI Yields of the Selected Business Park Transactions and is in line with the mean and median;
- (ii) The implied Valuation per NLA of the Business Park Component is above the range of implied Valuation per NLA of the Selected Business Park Transactions; and
- (iii) The NPI per sq ft of the Business Park Component is favourable compared to the target properties relating to the Selected Business Park Transactions.

We acknowledge that the implied Valuation per NLA of the Business Park Component is higher than the mean and median price per NLA of the target properties relating to the Selected Business Park Transactions, potentially driven by numerous factors, among others, as outlined in section 4.5 of the Letter.

The target properties relating to the Selected Business Park Transactions may differ from the Business Park Component in terms of title, building specifications, NLA, location, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Selected Business Park Transactions is by no means exhaustive, and we note that certain circumstances and terms relating to the Selected Business Park Transactions are unique and might not be identical to the Acquisition and are largely dependent on the market sentiments prevailing at the time of such Selected Business Park Transactions. Consequently, the Independent Directors, the Audit and Risk Committee and the Trustee should note that the above comparison serves as a general guide only.

#### **4.7 Pro Forma Financial Effects of the Acquisition**

The full text of the financial effects of the Acquisition is set out in Paragraph 4 of the Circular and has been reproduced in italics below. Unitholders should note that the financial effects have been prepared for illustrative purposes only and they do not reflect the future actual financial position of MCT post-Acquisition. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

***“FOR ILLUSTRATIVE PURPOSES ONLY:*** *The pro forma financial effects of the Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the MCT Audited Financial Statements, and the Vendor's unaudited financial information on the Property for the year ended 31 March 2016, taking into account the Total Acquisition Cost, the Loan Facilities, and assuming that:*

- (i) approximately 706.8 million New Units are issued at the Illustrative Issue Price of S\$1.40 per New Unit pursuant to the Equity Fund Raising;*
- (ii) the Manager's Acquisition Fee paid in the form of approximately 6.4 million Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit; and*
- (iii) S\$860.0 million is drawn down by MCT from the Loan Facilities with an average interest cost of 3.25% to partially fund the Acquisition.”*

#### 4.7.1 Pro Forma NAV

**“FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on the NAV per Unit as at 31 March 2016, as if the Acquisition and the issue of New Units and Acquisition Fee Units were completed on 31 March 2016, are as follows:

	<b>Effects of the Acquisition</b>	
	<b>Before the Acquisition</b>	<b>After the Acquisition<sup>(1)</sup></b>
Adjusted NAV (S\$'000)	2,724.6 <sup>(2)</sup>	3,711.8
Issued Units (million)	2,130.0 <sup>(3)</sup>	2,843.2 <sup>(4)</sup>
Adjusted NAV per Unit (S\$)	1.28	1.31

Notes:

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) Based on the MCT Audited Financial Statements and adjusted for the cash distribution paid on 3 June 2016 and management fees paid in Units for the period from 1 January 2016 to 31 March 2016.
- (3) Number of Units in issue as at 31 March 2016.
- (4) Includes (a) approximately 706.8 million New Units at an Illustrative Issue Price of S\$1.40 per New Unit and (b) approximately 6.4 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at an Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit.”

#### 4.7.2 Pro Forma DPU

**“FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Acquisition on MCT's DPU for FY2015 / 2016, as if the Acquisition and issue of New Units and Acquisition Fee Units were completed on 1 April 2015, and as if the Property was held and operated through to 31 March 2016, are as follows:

	<b>Effects of the Acquisition</b>	
	<b>Before the Acquisition</b>	<b>After the Acquisition<sup>(1)</sup></b>
Total Return before Income Tax (S\$'000)	298,710	359,194 <sup>(2)</sup>
Distributable Income (S\$'000)	172,501	238,938
Weighted Average Number of Issued Units (million)	2,117.9 <sup>(3)</sup>	2,832.0 <sup>(4)</sup>
DPU (cents)	8.13 <sup>(5)</sup>	8.44
DPU Accretion (%)	-	3.7%

Notes:

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) Based on the Vendor's profit before tax based on its management accounts for the Property for the financial year ended 31 March 2016, after deducting the additional borrowing costs associated with the Loan Facilities of S\$860.0 million, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the Acquisition.
- (3) Weighted average number of issued Units as at 31 March 2016.
- (4) Includes (a) approximately 706.8 million New Units at an Illustrative Issue Price of S\$1.40 per New Unit, (b) approximately 6.4 million Acquisition Fee Units issuable as payment of the Acquisition Fee payable to the Manager at an Illustrative Issue Price of S\$1.40 per Acquisition Fee Unit and (c) approximately 2.4 million weighted average number of New Units issuable to the Manager as management fees in relation to the Property for the periods 1 April 2015 to 30 June 2015, 1 July 2015 to 30 September 2015, and 1 October 2015 to 31 December 2015, based on the historical issue price of management fees for the Existing Portfolio paid in Units by each quarter.
- (5) For the financial year ended 31 March 2016.”

#### 4.7.3 Pro Forma Capitalisation

**“FOR ILLUSTRATIVE PURPOSES ONLY:** The following table sets forth the pro forma capitalisation of MCT as at 31 March 2016, as if MCT had completed the Acquisition on 31 March 2016.

	<b>Before the Acquisition (S\$'000)</b>	<b>After the Acquisition<sup>(1)</sup> (S\$'000)</b>
<i>Unsecured Debt</i>	1,551,519	2,408,079
<b>Total Debt</b>	<b>1,551,519</b>	<b>2,408,079</b>
<i>Adjusted Unitholders' Funds</i>	2,724,598	3,711,781
<b>Total Unitholders' Funds</b>	<b>2,724,598<sup>(2)</sup></b>	<b>3,711,781</b>
<b>Total Capitalisation</b>	<b>4,276,117</b>	<b>6,119,860</b>

Notes:

- (1) Based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million and Acquisition Fees payable to the Manager of S\$8.9 million offset by directly attributable costs of the Equity Fund Raising.
- (2) Based on the MCT Audited Financial Statements as at 31 March 2016 and adjusted for the cash distribution paid on 3 June 2016 in relation to the distributable income for the period from 1 January 2016 to 31 March 2016.”

Based on the above assumptions and figures in relation to the financial effects of the Acquisition, we note the following:

- (i) The adjusted pro forma NAV per Unit (excluding distributable income) increases by 3.00 cents (or approximately 2.3%) following the Acquisition;
- (ii) The adjusted pro forma DPU increases by 0.31 cents (or approximately 3.7%) following the Acquisition; and
- (iii) The pro forma total capitalisation increases from S\$4,276.12 million to S\$6,119.86 million and Total Unitholders' funds increases from S\$2,724.60 million to S\$3,711.78 million.

#### 4.8 Comparisons of the forecast NPI and DPU of the Existing Portfolio and Enlarged Portfolio

*“The Profit Forecast assumes that MCT proceeds with the Acquisition, the Equity Fund Raising and the drawdown of MCT's Loan Facilities, among other important assumptions, such as the success in the implementation of MCT's business strategy. Actual results may differ from the information as shown in the table below and in the Profit Forecast in Appendix C of this Circular. The annualised DPU for the Forecast Period may not reflect actual performance over a one-year period.”*

*“The following table summarises the forecast consolidated statement of total return and distribution statement for the Forecast Period for the Existing Portfolio and the Enlarged Portfolio. The forecast must be read together with the detailed Profit Forecast as well as the accompanying assumptions and sensitivity analysis in Appendix C of the Circular and the Independent Reporting Auditor's Report on the Profit Forecast in Appendix D of the Circular.*

	Forecast Period (1 October 2016 – 31 March 2017)	
	Existing Portfolio	Enlarged Portfolio <sup>(1)</sup>
NPI (S\$'000)	116,450	166,245
DPU (cents)	4.14 <sup>(2)</sup>	4.27 <sup>(3)</sup>
DPU accretion (%)	-	3.2%

Notes:

- (1) The forecast is based on the drawdown of S\$860.0 million from the Loan Facilities and the gross proceeds raised from the Equity Fund Raising of S\$989.6 million with the New Units issued at an Illustrative Issue Price of S\$1.40 per New Unit.
- (2) The weighted average number of Units used in computing the DPU includes approximately 3.0 million new Units issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016 and 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears.
- (3) The weighted average number of Units used in computing the DPU includes (a) the New Units proposed to be issued in connection with the Equity Fund Raising, (b) approximately 6.4 million new Units issued as the Acquisition Fee Units at the Illustrative Issue Price of S\$1.40 per new Unit, (c) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Existing Portfolio for the periods 1 April 2016 to 30 June 2016, 1 July 2016 to 30 September 2016 and 1 October 2016 to 31 December 2016, and (d) the new Units to be issued to the Manager as payment for the Manager's base management fee for the Property for the period 1 October 2016 to 31 December 2016, of which 50.0% of the base management fees are to be paid in Units, at the Illustrative Issue Price of S\$1.40 per new Unit. No performance management fees are paid to the Manager in the Forecast Period as the performance management fees are payable annually in arrears."

Based on the above figures, we note the following:

- (i) The forecast NPI of the Enlarged Portfolio is expected to be higher than the forecast NPI of the Existing Portfolio by approximately S\$49.8 million (or approximately 42.8%); and
- (ii) The forecast DPU of the Enlarged Portfolio is expected to be higher than the forecast DPU of the Existing Portfolio by approximately 0.13 cents (or approximately 3.2%).

#### 4.9 Other Relevant Considerations

##### 4.9.1 Impact of the Acquisition on the gearing ratio

We note that the Acquisition will be funded through a combination of equity and debt funding. Assuming that the Acquisition is partially funded by the drawdown of S\$860.0 million of the Loan Facilities, MCT's aggregate leverage immediately following the completion of the Acquisition would increase from 35.1%<sup>XII</sup> to 38.4%.

In addition, changes in the issuance amount of Equity Fund Raising and accordingly, the drawdown amount of the Loan Facilities will have impact on the gearing ratio of the Enlarged Portfolio. Based on the sensitivity analysis provided in Appendix C of the Circular, which assumes a variation of New Units issued from 675.0 million up to 795.0 million, the equity raised will range from S\$945.0 million to S\$1,113.0 million<sup>XIII</sup> and the implied post-Acquisition aggregate leverage ratio will range from 36.5% to 39.2%<sup>XIV</sup>.

XII Based on MCT's aggregate leverage as at 31 March 2016.

XIII Based on the Illustrative Issue Price of S\$1.40 for up to 795.0 million New Units.

XIV Based on MCT's aggregate leverage as at 31 March 2016 and adjusted for the drawdown of the Loan Facilities and the increase in Deposited Property post-Acquisition.

We note that the aforementioned gearing ratios are within the aggregate leverage limit of 45% as stipulated in Appendix 6 of the Code of Collective Investment Schemes issued by the MAS.

#### **4.9.2 The Proposed Licence Agreement**

Under the terms of the SPA, it is contemplated that on Completion, the Trustee will enter into the Licence Agreement with the Vendor, pursuant to which the Vendor will grant to the Trustee a right to use the Licensed Premises for a term commencing on the Completion Date up to and including 29 September 2096, being the date of expiry of the Strata Lease. The Vendor will also grant to the Trustee a right to use and enjoy the artworks located within Mapletree Business City (Phase 1) for a term commencing on the Completion Date and ending the earlier of 29 September 2096 and the date on which the licence of the last artwork to the Trustee is terminated by the Vendor pursuant to the Licence Agreement. Under the Licence Agreement, the licence fee shall be a one-time fee of S\$1 throughout the term of the Licence Agreement.

Under the Licence Agreement, the Trustee shall at its cost and expense, among others, keep the Licensed Premises in good repair and condition, and clean and maintain the artworks.

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into of the Licence Agreement.

We noted that the licence fee to be paid by the Trustee under the Licence Agreement is nominal for the right to use the Licensed Premises and to use and enjoy the artworks located within Mapletree Business City (Phase 1).

Accordingly, we are of the opinion that the Licence Agreement is on normal commercial terms and is not prejudicial to the interests of MCT and its minority Unitholders.

#### **4.9.3 The Proposed Shared Services Agreement**

Under the terms of the SPA, it is contemplated that on Completion, the Trustee will enter into the Shared Services Agreement with the Vendor for the use of the carpark, multi-purpose hall and common property of Mapletree Business City (Phase 1) and the apportionment of costs relating to the provision of shared services to Mapletree Business City (Phase 1).

Under the Shared Services Agreement, for the duration of the Strata Lease, the Trustee shall be entitled to have set aside, at no charge other than parking charges to be borne by the end-user, for its allocation of 858 carpark lots for the use of its employees, agents, independent contractors and permitted occupiers (which is subject to review by the Vendor pursuant to the requirements of the relevant authorities). In addition, the Trustee and its employees, agents and permitted occupiers shall be entitled to the use of the facilities within the multi-purpose hall of Mapletree Business City (Phase 1) at the prevailing rates. Each of the Trustee and the Vendor has undertaken to procure, for the duration of the Strata Lease, provision of certain services for Mapletree Business City (Phase 1). The range of services include, but are not limited to, cleaning and maintenance services, fire alarm system maintenance, lifts and elevators maintenance, landscape maintenance, waste disposal services, provision of security services, chiller plant maintenance and other services.

Under the Shared Services Agreement, each of the Trustee and the Vendor will furnish to the other party, a statement of the costs of the applicable services for which it is responsible for procuring, setting out the other party's apportioned costs based on an agreed proportion of the total costs and expenses incurred. Such costs and expenses will be apportioned based on principles as may be mutually agreed from time to time (See Appendix F of the Circular for a list of the initial agreed principles).

By approving the Acquisition, Unitholders will be deemed to have also approved the entry into of the Shared Services Agreement.

We noted that under the terms of the Shared Services Agreement, costs and expenses will be apportioned based on documented calculation formulae involving certain criteria such as each party's share of the gross floor area and the usage of the shared services.

Accordingly, we are of the opinion that the Shared Services Agreement is on normal commercial terms and is not prejudicial to the interests of MCT and its minority Unitholders.

#### **4.9.4 The Ancillary Tenancy and Licence Agreements**

Upon completion of the Acquisition, MCT will take over all the tenancy agreements and licences with respect to the Property, including the Ancillary Tenancy and Licence Agreements.

##### Tenancy Agreements

- (i) Pursuant to the Sponsor Tenancy Agreement, the Sponsor has leased office space of approximately 4,908.6 sq m in the Property for a term of 10 years commencing 1 February 2011. The aggregate rental fees derived or to be derived from the Sponsor Tenancy Agreement on Completion (assuming completion of the Acquisition on 1 October 2016) until the end of the lease term is estimated at S\$22.3 million, which is approximately 0.8% of the latest audited NTA of MCT as at 31 March 2016.

We noted that the existing contracted gross rent per sq ft under the Sponsor Tenancy Agreement are 30.1% higher than the average existing contracted gross rent per sq ft paid by other tenants for office space in the Property as at 30 April 2016.

- (ii) Pursuant to the SP Tenancy Agreement, Singapore Power Limited has leased office space of approximately 9,681.6 sq m in the Property (the "**SP Premises**") for a term of 10 years commencing 1 June 2011, with an option granted to Singapore Power Limited to renew for a further term of five years. The aggregate rental fees derived or to be derived from the SP Tenancy Agreement on Completion (assuming completion of the Acquisition on 1 October 2016) until the end of the lease term is estimated at S\$31.8 million, which is approximately 1.2% of the NTA of MCT as at 31 March 2016. On 3 June 2016, Singapore Power Limited and the Vendor entered into a letter of agreement to vary the terms of the SP Tenancy Agreement (the "**SP Variation Letter**"). Pursuant to the SP Variation Letter, the parties have agreed to an early termination of the SP Tenancy Agreement, provided that one or more suitable replacement tenant(s), with acceptable financial standing and a business concept acceptable to the Vendor is found for the SP Premises and the total rents payable by these tenant(s) is at a level not less than the existing rent under the SP Tenancy Agreement. Should there be a rental shortfall, Singapore Power Limited will pay such shortfall to the landlord. This arrangement will allow MCT to receive rentals which are

at least equal to the current rental for the SP Premises and also provide MCT with a potential upside if it secures replacement tenants at or above the current rents, which is below the average passing rent of the Property's office component of S\$6.14 per sq ft per month as at 30 April 2016.

We noted that the existing contracted gross rent per sq ft under the SP Tenancy Agreement is 19.4% lower than the average existing contracted gross rent per sq ft paid by other tenants for office space in the Property as at 30 April 2016. We also noted that the conditions set forth in the SP Variation Letter ensure that the pre-termination of the SP Tenancy Agreement will only take effect when suitable replacement tenant(s) is / are secured and that the Total Replacement Rental will not be lower than the Total Original Rental.

#### Licence Agreements

- (i) Pursuant to the Sponsor Licence Agreement, the Sponsor has been granted a licence to use certain areas at level one of the Licensed Premises to install and maintain various telecommunication equipment, for a 10-year period commencing 1 February 2011. The licence fee is S\$1 for the entire licence period.

We noted that the existing contracted licence fees under the Sponsor Licence Agreement are in line with existing contracted licence fees paid by certain other third party tenants in the Property used for comparable purposes.

- (ii) Pursuant to the DBS Licence Agreement, DBS Bank Ltd. has been granted a licence to use certain areas at level two of the Licensed Premises to install and maintain an automatic teller machine and a cash deposit machine, for a three-year period commencing 4 September 2014. The aggregate licence fee derived or to be derived from the DBS Licence Agreement on Completion (assuming completion of the Acquisition on 1 October 2016) until the end of the licence term is estimated at S\$13,320, which is negligible compared to the NTA of MCT as at 31 March 2016.

We noted that the existing contracted licence fees under the DBS Licence Agreement are in the range of existing contracted licence fees paid by other tenants to install and maintain automatic teller machines and cash deposit machines in MCT-owned properties.

- (iii) Pursuant to the SP Licence Agreement, Singapore Power Limited has been granted a licence to use certain areas in the Licensed Premises to install, operate, maintain and repair equipment including riser, façade signage and pylon signage, for a period commencing 1 June 2011 and 1 December 2011 (in respect of different areas of the Licensed Premises), and expiring 31 May 2021. The aggregate licence fee derived or to be derived from the SP Licence Agreement on Completion (assuming completion of the Acquisition on 1 October 2016) until the end of the licence term is estimated at S\$308,000, which is approximately 0.01% of the NTA of MCT as at 31 March 2016. The SP Licence Agreement will be terminated together with the SP Tenancy Agreement, upon fulfilment of the conditions in the SP Variation Letter.

We noted that the existing contracted licence fees pursuant to the SP Licence Agreement are in the range of existing contracted licence fees paid by other tenants in the Existing Portfolio for the similar purposes of installing, operating, maintaining and repairing equipment including façade signage and pylon signage.



- (iv) Pursuant to the Grid Licence Agreement, Grid Communications Pte. Ltd. has been granted a licence to use certain areas at level one of the Licensed Premises to install and maintain various telecommunication equipment, for a three-year period commencing 1 March 2014. The aggregate licence fee derived or to be derived from the Grid Licence Agreement on Completion (assuming completion of the Acquisition on 1 October 2016) until the end of the licence term is estimated at S\$1,000, which is negligible compared to the NTA of MCT as at 31 March 2016.

We noted that the existing contracted licence fees under the Grid Licence Agreement are in line with fees payable for comparable existing licences contracted to Grid Communications Pte. Ltd. relating to other MCT-owned properties.

- (v) Pursuant to the Singtel Licence Agreement, Singtel Mobile Singapore Pte. Ltd. has been granted a licence to use certain areas of the Licensed Premises to deploy equipment for the provision of telecommunication services to Mapletree Business City (Phase 1), for a three-year period commencing 1 March 2014. The licence fee is S\$1 for the entire licence period. Thereafter, the licence shall be automatically renewed for further successive licence periods of the same duration until expiry or sooner determination of the State Lease, on the same terms and conditions unless (a) one party gives the other party notice of its intention not to renew the licence or (b) one party gives the other party notice of its intention to revise the terms and conditions of the licence in which case the parties shall in good faith discuss and mutually agree on the revised terms and conditions.

Referring to Chapter 2.3 of the Code of Practice for Info-Communication Facilities in Buildings as of May 2013, the Info-communications Development Authority of Singapore has prescribed that no charges shall be imposed on or collected from a licensee for its use of or access to the relevant space and facilities, including but not limited to (i) main distribution frame rooms, (ii) telecommunication equipment rooms and coaxial distribution rooms, (iii) telecommunication risers, (iv) lead-in pipes, underground pipes and manholes, (v) cable distribution systems and (vi) mobile deployment space; and that the provision and maintenance of the space and facilities to be at the expense of the developer or owner of the Property.

- (vi) Pursuant to the Starhub Licence Agreement, Starhub Mobile Pte Ltd has been granted a licence to use certain areas at level one of the Licensed Premises to deploy equipment for the provision of telecommunication services to Mapletree Business City (Phase 1), for a three-year period commencing 1 March 2014. The licence fee is S\$1 for the entire licence period. Thereafter, the licence shall be automatically renewed for further successive licence periods of the same duration until expiry or sooner determination of the State Lease, on the same terms and conditions unless (a) one party gives the other party notice of its intention not to renew the licence or (b) one party gives the other party notice of its intention to revise the terms and conditions of the licence in which case the parties shall in good faith discuss and mutually agree on the revised terms and conditions.

Referring to Chapter 2.3 of the Code of Practice for Info-Communication Facilities in Buildings as of May 2013, the Info-communications Development Authority of Singapore has prescribed that no charges shall be imposed on or collected from a licensee for its use of or access to the relevant space and facilities, including but not limited to (i) main distribution frame rooms, (ii) telecommunication equipment rooms and coaxial distribution rooms, (iii) telecommunication risers, (iv) lead-in pipes,

underground pipes and manholes, (v) cable distribution systems and (vi) mobile deployment space; and that the provision and maintenance of the space and facilities to be at the expense of the developer or owner of the Property.

By approving the Acquisition, Unitholders will be deemed to have also granted approval for MCT to take over the Ancillary Tenancy and Licence Agreements.

We noted that the terms of the Ancillary Tenancy and Licence Agreements will support MCT and its minority Unitholders in deriving a continuous income stream from the relevant contracted parties post-Acquisition.

Accordingly, we are of the opinion that the aforementioned components of the Ancillary Tenancy and Licence Agreements in this section of the Letter are on normal commercial terms and are not prejudicial to the interests of MCT and its minority Unitholders.

## **5. THE PROPOSED WHITEWASH RESOLUTION**

### **5.1 Rule 14 of the Code**

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Concert Party Group for all the remaining Units not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code, in the event that the Concert Party Group acquires a sufficient number of New Units through:

- (i) the Sponsor (a) accepting, or procuring the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (b) (subject to approval of the Whitewash Resolution by Independent Unitholders) applying for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising; and
- (ii) the issuance of Acquisition Fee Units.

Upon the occurrence of the events set out in sub-paragraphs (i) and (ii) above, the Concert Party Group may possibly end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(b) of the Code. Pursuant to Rule 14.1(b) of the Code, except with the consent from the SIC, where any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional Units carrying more than 1.0% of the voting rights, such person must extend offers immediately, on the basis set out in Rule 14 of the Code, to the holders of Units. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

## 5.2 Application for Waiver from Rule 14 of the Code

An application was made to the SIC on 31 May 2016 for the waiver of the obligation of the Sponsor and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Sponsor's acquisition of the New Units pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager. On 30 June 2016, the SIC granted the waiver for the Sponsor and the Manager to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the Sponsor's acquisition of the New Units pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of Independent Unitholders present and voting at a general meeting, held before the Equity Fund Raising, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a Mandatory Offer from the Concert Party Group;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) the Concert Party Group and parties not independent of them abstain from voting on the Whitewash Resolution;
- (iv) the Concert Party Group did not acquire or are not to acquire any Units or instruments convertible into or options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in the Circular):
  - a. during the period between the first announcement of the Equity Fund Raising and the date Unitholders' approval is obtained for the Whitewash Resolution;
  - b. in the six months prior to the announcement of the Equity Fund Raising, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Equity Fund Raising;
- (v) MCT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) MCT sets out in the Circular:
  - a. details of the Equity Fund Raising including the Undertaking;
  - b. the dilution effect of the issue of the New Units and the Acquisition Fee Units to existing Unitholders of voting rights in MCT;
  - c. the number and percentage of voting rights in MCT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Concert Party Group as at the Latest Practicable Date;
  - d. the number and percentage of voting rights in MCT to be issued to the Concert Party Group upon acquisition of the New Units by the Sponsor pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager; and

- e. specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a Mandatory Offer from the Sponsor and the Manager at the highest price paid by the Concert Party Group for Units in the six months preceding the commencement of the offer;
- (vii) the Circular states that the waiver granted by SIC to the Sponsor and the Manager from the requirement to make a Mandatory Offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs (a) to (f) above;
- (viii) MCT obtains SIC's approval in advance for the Paragraphs of the Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, the acquisition of New Units by the Sponsor pursuant to the Undertaking and the issuance of the Acquisition Fee Units to the Manager must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Sponsor and the Manager at the highest price paid or agreed to be paid by the Concert Party Group in the six months preceding:

- (i) the acceptance by the Sponsor of all of their provisional allotments under the Preferential Offering and application by the Sponsor of the Sponsor Excess Units<sup>XV</sup>; and
- (ii) the receipt of the Acquisition Fee in Units by the Manager in its own capacity.

By voting in favour of the Whitewash Resolution, Independent Unitholders could also be forgoing the opportunity to receive a Mandatory Offer from another person who may be discouraged from making a Mandatory Offer in view of the potential dilutive effect resulting from:

- (i) the Sponsor (i) accepting, or procuring the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) applying for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising; and
- (ii) the issuance of Acquisition Fee Units.

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XV The Concert Party Group has not acquired any Units in the last six months prior to the Latest Practicable Date, save for the following:

- a. On 19 February 2016, the Manager was issued 1,917,343 new Units as payment of 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 31 December 2015 under the Trust Deed;
- b. On 17 May 2016, the Manager was issued 1,732,845 new Units as payment of 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 31 March 2016 under the Trust Deed; and
- c. Any new Units issued pursuant to the DRP.

The Manager also intends to elect to receive 50.0% of the aggregate of the base fee and performance fee components of the management fee that the Manager is entitled to for the three-month period ended 30 June 2016 under the Trust Deed, in Units.

## **6. EVALUATION OF THE WHITEWASH RESOLUTION**

In our evaluation of the Whitewash Resolution, we have taken into account the following key factors:

- (i) The rationale for the Whitewash Resolution;
- (ii) The Sponsor's percentage unitholding before and after the Equity Fund Raising;
- (iii) The Sponsor's control over MCT; and
- (iv) The inter-conditionality of the Acquisition and the Whitewash Resolution;

These factors are discussed in greater detail in the ensuing paragraphs.

### **6.1 The Rationale for the Whitewash Resolution**

The Whitewash Resolution is to enable the Sponsor to (i) accept, or procure the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) apply for the Sponsor Excess Units, so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising.

The Manager is of the view that the Sponsor should not be treated differently from any other Unitholder and should be given the opportunity to apply for New Units offered under the Preferential Offering not taken up by existing Unitholders ("**Excess Units**"). In addition, any application for the Sponsor Excess Units, if the Sponsor chooses to make such application, will further demonstrate the Sponsor's support for and confidence in the Preferential Offering and its long-term commitment to MCT, and will further enhance the chances of a successful Preferential Offering.

### **6.2 The Sponsor's Percentage Unitholding Before and After the Equity Fund Raising**

As at the Latest Practicable Date, the Sponsor has a deemed interest of approximately 38.38% of the Units in issue. In the event that the Equity Fund Raising comprises a Private Placement and a Preferential Offering, the Sponsor's percentage unitholding will decrease in the interim immediately after the Private Placement (as the Sponsor is not participating in the Private Placement), and increase after the Preferential Offering. In the event that the Sponsor is allotted in full its application for the Sponsor Excess Units, the Sponsor's holdings will return to its percentage unitholding at the level immediately prior to the Equity Fund Raising, the increase of which could exceed 1.0%.

The exact percentage increase following the Preferential Offering would depend on the overall level of acceptances and excess applications by Unitholders for the Preferential Offering. In compliance with Rule 877(10) of the Listing Manual regarding the allotment of Excess Units under the Preferential Offering, preference will be given to the rounding of odd lots, followed by allotment to the Unitholders who are neither Directors nor Substantial Unitholders who have control or influence over MCT in connection with its day-to-day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager. The Sponsor, its wholly-owned subsidiaries, Directors and other Substantial Unitholders who have control or influence over MCT in connection with its day-to-

day affairs or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager will rank last in priority.

It should be noted that the increase of the Sponsor's percentage unitholding upon completion of the Preferential Offering will be purely due to a time gap between the completion dates of the Private Placement and the Preferential Offering. Taking the Equity Fund Raising as a whole, the Sponsor's percentage unitholding immediately after the Equity Fund Raising will actually be equal to or lower than its percentage unitholding immediately prior to the Equity Fund Raising.

### **6.3 The Sponsor's Statutory Ownership Status on MCT**

The number of New Units proposed to be subscribed by the Sponsor under the Preferential Offering shall be no more than such number as would be required to maintain its proportionate unitholding, in percentage terms, at the level immediately prior to the issue of New Units under the Equity Fund Raising. As the aggregate interest of the Sponsor in the Units in issue will be less than 50.0% throughout, the Sponsor will not secure majority control in MCT.

### **6.4 The Inter-conditionality of the Acquisition and the Whitewash Resolution**

The resolution in relation to the Acquisition and the Equity Fund Raising is subject to, and contingent upon, the passing of resolution in respect of the Whitewash Resolution. In the event that Unitholders vote against the Whitewash Resolution, MCT will not be in a position to proceed with either the Acquisition or the Equity Fund Raising.

## **7. RECOMMENDATION**

Based on the considerations set forth in this Letter, we are of the opinion that, as at the Latest Practicable Date, 17 June 2016, from a financial point of view, the Acquisition, the Licence Agreement, the Shared Services Agreement and the Ancillary Tenancy and Licence Agreements are on normal commercial terms and are not prejudicial to the interests of MCT and its minority Unitholders; and the Whitewash Resolution is fair and reasonable, having taken into consideration, *inter alia*, the following:

### **The Acquisition**

- (i) The rationale for the Acquisition;
- (ii) The Purchase Consideration of S\$1,780.0 million represents a discount of approximately 2.8% to DTZ's valuation and approximately 2.3% to Knight Frank's valuation of the Property;
- (iii) Comparison with Selected Office Properties:
  - a. The implied NPI Yield of the Office Component is within the range of the implied NPI Yields of the Selected Office Properties and is above the mean and median;
  - b. The implied Valuation per NLA of the Office Component is below the range of implied Valuation per NLA of the Selected Office Properties;
  - c. The implied Valuation per NLA of the Office Component is also below the range of implied Valuation per NLA of the Closest Comparable Office Properties;

- (iv) Comparison with Selected Office Transactions:
  - a. The implied NPI Yield of the Office Component is above the range of implied NPI Yields for the Selected Office Transactions;
  - b. The implied Valuation per NLA of the Office Component is within the range of implied Valuation per NLA of the Selected Office Transactions and is below the mean and median;
  - c. The implied Valuation per NLA of the Office Component is also within the range of implied Valuation per NLA of the Closest Comparable Office Transactions and is below the mean and median;
  
- (v) Comparison with Selected Business Park Properties:
  - a. The implied Gross Yield of the Business Park Component is within the range of the implied Gross Yields of the Selected Business Park Properties and is in line with the mean;
  - b. The implied Valuation per NLA of the Business Park Component is above the range of implied Valuation per NLA of the Selected Business Park Properties;
  - c. The gross income per sq ft of the Business Park Component is favourable compared to the Selected Business Park Properties;
  
- (vi) Comparison with Selected Business Park Transactions:
  - a. The implied NPI Yield of the Business Park Component is within the range of implied NPI Yields of the Selected Business Park Transactions and is in line with the mean and median;
  - b. The implied Valuation per NLA of the Business Park Component is above the range of implied Valuation per NLA of the Selected Business Park Transactions;
  - c. The NPI per sq ft of the Business Park Component is favourable compared to the target properties relating to the Selected Business Park Transactions;
  
- (vii) We acknowledge that the implied Valuation per NLA of the Business Park Component is above the range of Valuation per NLA of the Selected Business Park Properties and the Selected Business Park Transactions, potentially driven by the following factors, among others:
  - a. The Business Park Component has a longer leasehold interest in land tenure (a 99-year leasehold tenure for the Property as compared to traditional business parks with a 60-year leasehold tenure);
  - b. The Gross Yields of the Closest Comparable Business Park Properties range from 4.9% to 7.6% with a mean of 6.4%. We note that the Gross Yield of the Business Park Component of 7.6% is at the top of the range of Gross Yields of the Closest Comparable Business Park Properties and above the mean of 6.4%.

The Valuation per NLA of the Closest Comparable Business Park Properties range from S\$712 per sq ft to S\$860 per sq ft with a mean of S\$796 per sq ft. We note that the Valuation per NLA of the Business Park Component of S\$938 per sq ft is 17.9% higher than the mean Valuation per NLA of the Closest Comparable Business Park Properties of S\$796 per sq ft. The above should also be considered in the context of the Business Park Component having a remaining land tenure of 80 years compared to the average of the Closest Comparable Business Park Properties of 53 years;

- c. Among all existing business parks in Singapore, the Business Park Component is located within the closest proximity to the CBD and has building specifications that are comparable to Grade-A offices in the CBD;
  - d. According to CBRE, business park properties located in the city fringe have historically commanded rental premiums over the rest of the island-wide business park market, averaging approximately 44% over the period between Q1 2011 to Q1 2016. This may be attributed the profile of tenants who are attracted by the Grade-A building specifications, proximity to the CBD and relatively new buildings;
  - e. The average passing rent of the Property's Business Park Component of S\$5.88 per sq ft as of 30 April 2016 represents a premium of approximately 61% compared to island-wide business park rents in the similar period. We note that forecasts by CBRE suggest that the premium for city fringe business parks over island-wide business parks can be expected to remain in line with the historical trend. This is further supported by the lack of currently known land supply in the market for new business park properties post 2016 and the shortening of tenure of new industrial sites to a maximum term of 30 years by the government. This also suggests a scarcity value premium for the Business Park Component as a city fringe business park.
- (viii) Based on the pro forma financial effects of the Acquisition as at 31 March 2016, the Acquisition is NAV accretive by 3.00 cents and DPU accretive by 0.31 cents;
  - (ix) The forecast NPI of the Enlarged Portfolio is expected to be higher than the forecast NPI of the Existing Portfolio by approximately S\$49.8 million (or approximately 42.8%);
  - (x) The forecast annualised DPU of the Enlarged Portfolio is expected to be higher than the forecast annualised DPU of the Existing Portfolio by approximately 0.13 cents (or approximately 3.2%);
  - (xi) Assuming that the Acquisition is partially funded by the drawdown of S\$860.0 million of the Loan Facilities, MCT's aggregate leverage immediately following the completion of the Acquisition would increase from 35.1%<sup>XVI</sup> to 38.4%. While the Acquisition increases the aggregate leverage, it remains within the applicable limit under the Property Funds Appendix; and
  - (xii) The Licence Agreement, the Shared Services Agreement and the Ancillary Tenancy and Licence Agreements are on normal commercial terms and are not prejudicial to the interests of MCT and its minority Unitholders.

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XVI Based on MCT's aggregate leverage as at 31 March 2016.



### **The Proposed Whitewash Resolution**

- (i) The rationale for the Whitewash Resolution;
- (ii) The Sponsor's percentage unitholding before and after the Equity Fund Raising;
- (iii) The Sponsor's statutory ownership status on MCT; and
- (iv) The inter-conditionality of the Acquisition and the Whitewash Resolution.

From a financial point of view, ANZ is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the Acquisition and the Whitewash Resolution at the EGM.

Our opinion as disclosed in this Letter is based upon the market, economic, industry, monetary and other applicable conditions subsisting on, and the information made available to us as at the Latest Practicable Date.

This opinion is for the benefit of the Independent Directors and the Audit and Risk Committee of the Manager as well as the Trustee, in connection with, and for the purpose of, their consideration of the Proposed Transaction, that a copy of this opinion may be included in its entirety in the circular to the Unitholders on the Proposed Transaction. This opinion does not constitute, and should not be relied on as a recommendation to, or confer any rights upon, any Unitholder of MCT as to how to vote in relation to the Proposed Transaction or any matter related thereto.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore shall not apply.

Yours faithfully

For and on behalf of

**Australia and New Zealand Banking Group Limited, Singapore Branch**



Ben Gledhill

Head of Corporate Advisory, Asia

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## DIRECTORS' AND SUBSTANTIAL UNITHOLDERS' INTERESTS

As at the Latest Practicable Date, certain directors of the Manager collectively held an aggregate direct and indirect interest in 4,608,000 Units.

Mr. Tsang Yam Pui is a member of the Sponsor Board and is a member of the Audit and Risk Committee of the Sponsor. Mr. Hiew Yoon Khong is the Executive Director of the Sponsor Board and the Group Chief Executive Officer of the Sponsor. Mr. Wong Mun Hoong is the Group Chief Financial Officer of the Sponsor. Ms. Amy Ng Lee Hoon is the Regional Chief Executive Officer, Group Retail and Singapore Commercial of the Sponsor. Ms. Lim Hwee Li Sharon is the Chief Executive Officer and Executive Director of the Manager, a wholly-owned subsidiary of the Sponsor.

Based on the Register of Directors' Unitholdings maintained by the Manager, the Directors' direct and/or deemed interests in the Units as at the Latest Practicable Date are as follows:

Name of Director	Direct Interest		Deemed Interest		Total no. of Units held	%( <sup>1</sup> )
	No. of Units	%( <sup>1</sup> )	No. of Units	%( <sup>1</sup> )		
Mr. Tsang Yam Pui	–	–	340,000	0.016	340,000	0.016
Ms. Kwa Kim Li	–	–	20,000	0.0009	20,000	0.0009
Mrs. Jennifer Loh	340,000	0.016	–	–	340,000	0.016
Mr. Kan Shik Lum	–	–	–	–	–	–
Mr. Koh Cheng Chua	–	–	–	–	–	–
Mr. Premod P. Thomas	–	–	–	–	–	–
Mr. Hiew Yoon Khong	489,000	0.023	2,860,000	0.134	3,349,000	0.157
Mr. Wong Mun Hoong	–	–	–	–	–	–
Ms. Amy Ng Lee Hoon	543,000	0.025	–	–	543,000	0.025
Ms. Lim Hwee Li Sharon	16,000	0.0007	–	–	16,000	0.0007

**Note:**

(1) The percentage is based on 2,134,250,876 Units in issue in MCT as at the Latest Practicable Date.

Based on the Register of Substantial Unitholders<sup>1</sup> Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%( <sup>1</sup> )
	No. of Units	%( <sup>1</sup> )	No. of Units	%( <sup>1</sup> )		
Temasek Holdings (Private) Limited (“ <b>Temasek</b> ”) <sup>(2)</sup>	–	–	822,828,521	38.55	822,828,521	38.55
Fullerton Management Pte Ltd (“ <b>Fullerton</b> ”) <sup>(3)</sup>	–	–	819,175,283	38.38	819,175,283	38.38
Mapletree Investments Pte Ltd <sup>(4)</sup>	–	–	819,175,283	38.38	819,175,283	38.38
The HarbourFront Pte. Ltd. (“ <b>HFPL</b> ”) <sup>(5)</sup>	109,890,110	5.15	634,509,890	29.73	744,400,000	34.88
HarbourFront Place Pte. Ltd. (“ <b>HF Place</b> ”)	353,409,091	16.56	–	–	353,409,091	16.56
HarbourFront Eight Pte Ltd (“ <b>HF Eight</b> ”)	281,100,799	13.17	–	–	281,100,799	13.17
AIA Group Limited <sup>(6)</sup>	–	–	134,573,352	6.31	134,573,352	6.31
AIA Company, Limited (“ <b>AIACL</b> ”) <sup>(6)</sup>	138,456	0.006	134,434,896	6.30	134,573,352	6.31
Schroders plc <sup>(7)</sup>	–	–	125,092,078	5.86	125,092,078	5.86

**Notes:**

- (1) The percentage is based on 2,134,250,876 Units in issue in MCT as at the Latest Practicable Date.
- (2) Temasek is deemed to be interested in the 109,890,110 Units held by HFPL, 353,409,091 Units held by HF Place, 281,100,799 Units held by HF Eight, 37,669,000 Units held by SPL, 37,106,283 Units held by the Manager. HFPL, HF Place, HF Eight, SPL and the Manager are wholly-owned subsidiaries of the Sponsor, which is in turn a wholly-owned subsidiary of Fullerton. Fullerton is a wholly-owned subsidiary of Temasek. Temasek is also deemed to be interested in the 3,653,238 Units in which its associated company has direct or deemed interests.
- (3) Fullerton, through its shareholding in the Sponsor, is deemed to be interested in 109,890,110 Units held by HFPL, 353,409,091 Units held by HF Place, 281,100,799 Units held by HF Eight, 37,669,000 Units held by SPL, and 37,106,283 Units held by the Manager.
- (4) The Sponsor is deemed to be interested in 109,890,110 Units held by HFPL, 353,409,091 Units held by HF Place, 281,100,799 Units held by HF Eight, 37,669,000 Units held by SPL, and 37,106,283 Units held by the Manager.
- (5) HFPL, as the holding company of HF Place and HF Eight, is deemed to be interested in 353,409,091 Units held by HF Place and 281,100,799 Units held by HF Eight.
- (6) AIA Group Limited, as holding company of AIACL, is deemed to be interested in the Units held by its subsidiaries. AIACL, as holding company of AIA Singapore Private Limited and AIA International Limited, is deemed to be interested in the 134,434,896 Units held by AIA Singapore Private Limited and AIA International Limited.
- (7) Schroders plc is deemed to be interested in the 125,092,078 Units held by Schroders Investment Management Group which purchase shares on behalf of the clients as Investment Manager.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Acquisition.

1 “**Substantial Unitholders**” refer to persons with an interest in Units constituting not less than 5.0% of all Units in issue.

# MAPLETREE COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to  
a Trust Deed dated 25 August 2005 (as amended))

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the holders of units of Mapletree Commercial Trust (“**MCT**”, and the holders of units of MCT, “**Unitholders**”) will be held at 3.00 p.m. on 25 July 2016 (Monday) (or immediately following the conclusion or adjournment of the 5<sup>th</sup> Annual General Meeting of MCT to be held at 2.30 p.m. on the same day and at the same place) at 10 Pasir Panjang Road, Mapletree Business City, Town Hall (*formerly known as Multipurpose Hall*) – Auditorium, Singapore 117438 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### ORDINARY RESOLUTION

#### 1. THE PROPOSED ACQUISITION OF THE PROPERTY AS AN INTERESTED PERSON TRANSACTION

That subject to and contingent upon the passing of Resolution 2 and Resolution 3:

- (a) approval be and is hereby given for the acquisition of the office and business park components of Mapletree Business City (Phase 1), comprising the leasehold interest over the strata area of approximately 208,036 square metres from level two to the rooftop of the buildings comprised in the strata lot number U48703N of Mukim 3, namely MBC 10, MBC 20E, MBC 20W and MBC 30 (the “**Property**”) from Mapletree Business City Pte. Ltd. (the “**Vendor**”) (the “**Acquisition**”) on the terms and conditions set out in the put and call option agreement dated 5 July 2016 entered into between the DBS Trustee Limited in its capacity as trustee of MCT (the “**Trustee**”) and the Vendor and the sale and purchase agreement to be entered into between the Trustee and the Vendor, and for the payment of all fees and expenses relating to the Acquisition;
- (b) approval be and is hereby given for the proposed issuance of new units in MCT for payment of the acquisition fee to Mapletree Commercial Trust Management Ltd., as manager of MCT (the “**Manager**”), for the Acquisition;
- (c) approval be and is hereby given for the entry into of the Licence Agreement (as described in the circular dated 5 July 2016 (“**Circular**”) issued by the Manager) between the Trustee and the Vendor immediately upon the completion of the Acquisition;
- (d) approval be and is hereby given for the entry into of the Shared Services Agreement (as described in the Circular) between the Trustee and the Vendor immediately upon the completion of the Acquisition;
- (e) approval be and is hereby given for MCT to take over the Sponsor Tenancy Agreement, the SP Tenancy Agreement, the Sponsor Licence Agreement, the DBS Licence Agreement, the SP Licence Agreement, the Grid Licence Agreement, the Singtel Licence Agreement and the Starhub Licence Agreement (each as defined in the Circular) immediately upon the completion of the Acquisition; and
- (f) the Manager, and any director of the Manager (“**Director**”), and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of MCT to give effect to this resolution.

## ORDINARY RESOLUTION

### 2. THE PROPOSED ISSUE OF UP TO 795.0 MILLION NEW UNITS UNDER THE EQUITY FUND RAISING

That subject to and contingent upon the passing of Resolution 1 and Resolution 3:

- (a) approval be and is hereby given for the issue of up to 795.0 million new units in MCT (“**New Units**”) under an equity fund raising (the “**Equity Fund Raising**”) in the manner described in the Circular; and
- (b) the Manager, any Director, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of MCT to give effect to this resolution.

## ORDINARY RESOLUTION

### 3. THE WHITEWASH RESOLUTION IN RELATION TO THE CONCERT PARTY GROUP

That subject to the conditions in the letter from the Securities Industry Council dated 30 June 2016 being fulfilled, the Unitholders other than Mapletree Investments Pte Ltd, the sponsor of MCT (the “**Sponsor**”), the Manager, parties acting in concert with them or parties not independent of them (“**Independent Unitholders**”), hereby waive their rights to receive a mandatory offer (“**Mandatory Offer**”) from the Sponsor, the Manager and parties acting in concert with them, for all the remaining Units not already owned or controlled by the Sponsor, the Manager and parties acting in concert with them, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers as a result of:

- (a) the Sponsor (i) accepting, or procuring the acceptance, in full of the provisional allocation of New Units under the Preferential Offering based on its entitlement; and (ii) (subject to approval of the Whitewash Resolution by Independent Unitholders) applying for the Sponsor Excess Units (as defined in the Circular), so that if it is fully allotted the Sponsor Excess Units, it would maintain its percentage unitholding at the level immediately prior to the Equity Fund Raising; and
- (b) the issuance of Acquisition Fee Units (as defined in the Circular).

BY ORDER OF THE BOARD

**Mapletree Commercial Trust Management Ltd.**

(Company Registration No. 200708826C)

As Manager of Mapletree Commercial Trust

**Wan Kwong Weng**

Joint Company Secretary

Singapore

5 July 2016

**Notes:**

1. A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different unit ("**Unit**") or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined herein).

"**Relevant Intermediary**" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be lodged at the office of MCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 3.00 p.m. on 22 July 2016 being 72 hours before the time fixed for the Extraordinary General Meeting.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

## IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

### Notes to Proxy Form

1. A Unitholder of MCT (“**Unitholder**”) who is not a Relevant Intermediary entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a Relevant Intermediary entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different unit (“**Unit**”) or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (as defined herein).

“**Relevant Intermediary**” means:

  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of MCT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the office of MCT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 3.00 p.m. on 22 July 2016, being 72 hours before the time set for the Extraordinary General Meeting.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the Extraordinary General Meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Extraordinary General Meeting.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the Extraordinary General Meeting and his or her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.
11. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the Extraordinary General Meeting are requested to submit in writing, a list with details of the CPF/SRS investors’ names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) shall reach MCT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 3.00 p.m. on 22 July 2016, being 72 hours before the time set for the Extraordinary General Meeting.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.



# MAPLETREE COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 25 August 2005 (as amended))

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT

1. A Relevant Intermediary may appoint more than one proxy to attend and vote at the Extraordinary General Meeting (please see Note 2 for the definition of "Relevant Intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units of Mapletree Commercial Trust, this Circular to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION only.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We \_\_\_\_\_  
\_\_\_\_\_ (Name(s) and NRIC/Passport/Company Registration Number(s))  
of \_\_\_\_\_ (Address)  
being a Unitholder/Unitholders of Mapletree Commercial Trust ("MCT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Lead Independent Non-Executive Director of Mapletree Commercial Trust Management Ltd. (as Manager of MCT) as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of MCT to be held at 3.00 p.m. on 25 July 2016 (Monday) (or immediately following the conclusion or adjournment of the 5<sup>th</sup> Annual General Meeting of MCT to be held at 2.30 p.m. on the same day and at the same place) at 10 Pasir Panjang Road, Mapletree Business City, Town Hall (*formerly known as Multipurpose Hall*) – Auditorium, Singapore 117438 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

No.	Ordinary Resolution	For*	Against*
1.	Proposed Acquisition of the Property as an Interested Person Transaction (Conditional upon Resolution 2 and Resolution 3 being passed)		
2.	Proposed Issue of up to 795.0 million New Units under the Equity Fund Raising (Conditional upon Resolution 1 and Resolution 3 being passed)		
3.	The Whitewash Resolution in relation to the Concert Party Group		

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016

Total number of Units held

\_\_\_\_\_  
Signature(s) of Unitholder(s) or  
Common Seal of Corporate Unitholder

1<sup>st</sup> fold here

2<sup>nd</sup> fold here

maple<sup>tree</sup>  
commercial

**BUSINESS REPLY SERVICE  
PERMIT NO. 08742**



**The Company Secretary  
MAPLETREE COMMERCIAL TRUST MANAGEMENT LTD.  
(as Manager of Mapletree Commercial Trust)  
c/o Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623**

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be paid by  
addressee.  
For posting in  
Singapore only.

3<sup>rd</sup> fold here

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**Mapletree Commercial Trust Management Ltd.**

10 Pasir Panjang Road  
#13-01 Mapletree Business City  
Singapore 117438

[www.mapletreecommercialtrust.com](http://www.mapletreecommercialtrust.com)