



# Proposed Acquisition of the Japan Portfolio (Updated)

06 April 2018

maple<sup>tree</sup>  
greater china commercial

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*IXINAL Monzen-nakacho Building  
Koto-ku, Tokyo*

# Overview of Mapletree Greater China Commercial Trust

**maplētree**  
greater china commercial



# Overview of Mapletree Greater China Commercial Trust (“MGCCT”)

First Commercial REIT with Assets in China & Hong Kong (Listed since 7 March 2013)

**S\$6.3 bil**

Portfolio Value<sup>1</sup>

**S\$3.3 bil**

Market  
Capitalisation<sup>2</sup>

**6.0%**

Annualised  
Distribution  
Yield<sup>3</sup>

**3 Properties**

Hong Kong • Beijing • Shanghai

**~2.6m sq ft**

Lettable area

Festival Walk,  
Hong Kong



Sandhill Plaza,  
Shanghai



Gateway Plaza,  
Beijing

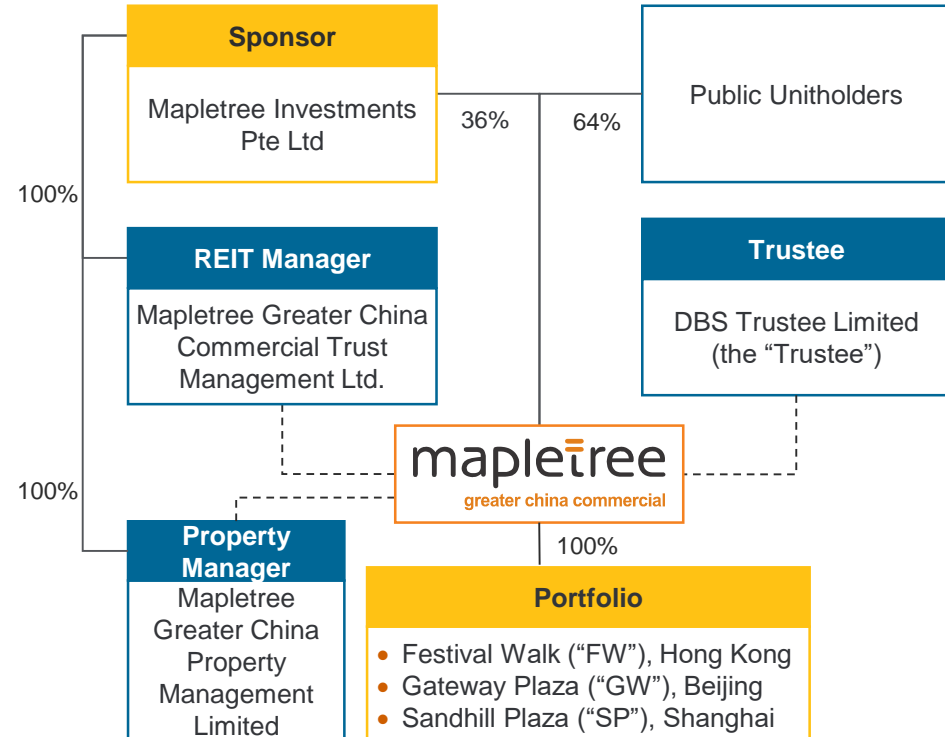


**36%**

Unitholdings held by Sponsor

## Investment Mandate

- To invest in a diversified portfolio of income-producing real estate in the Greater China region and Japan used primarily for commercial purposes
- Key markets include Hong Kong, Tier-1 cities (Beijing, Shanghai, Guangzhou and Shenzhen) and key Tier-2 cities in China, and Japan



1) Based on an exchange rate of S\$1: RMB4.8065 and S\$1: HK\$5.9457.

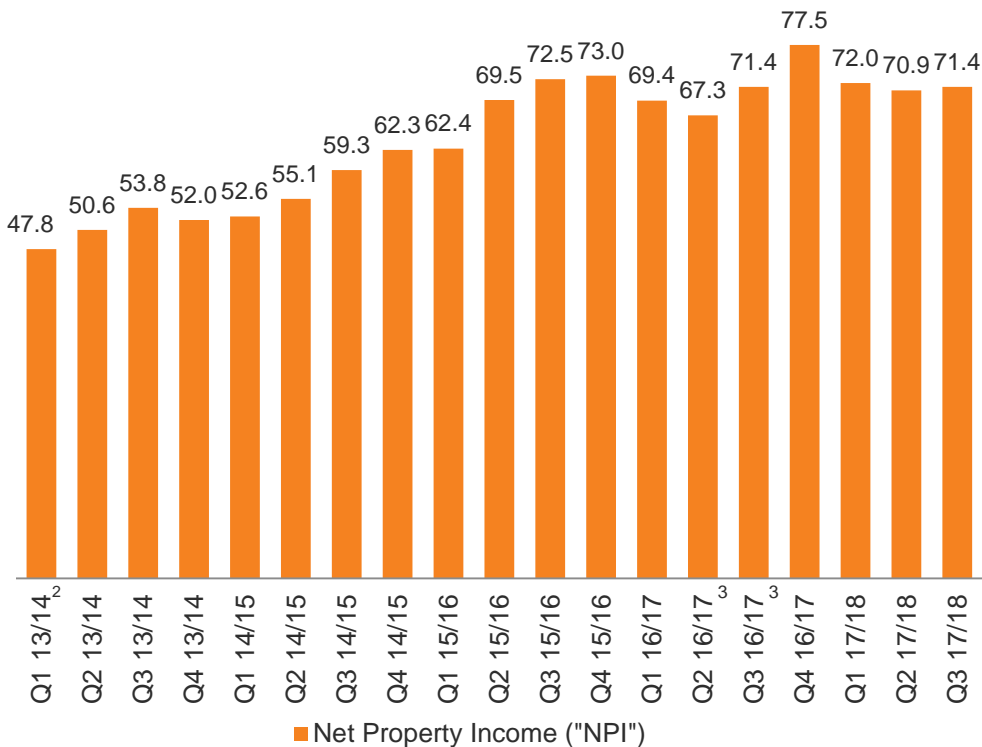
2) As at 31 March 2018.

3) Percentage of annualised distribution per unit (“DPU”) for the nine-month financial period ended 31 December 2017 over the unit closing price of S\$1.230 on 29 December 2017.

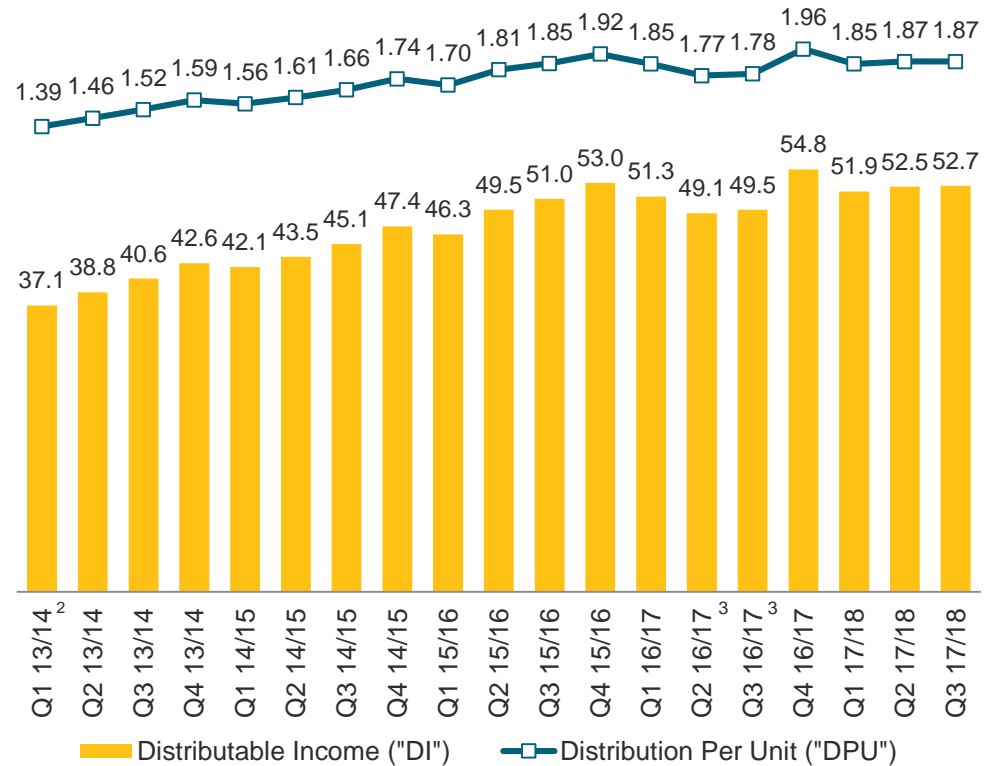
# Track Record of MGCCT (since IPO)

## Growth in Net Property Income ("NPI"), Distributable Income and DPU since IPO

Quarterly NPI  
(\$m)



Quarterly Distributable Income and DPU<sup>1</sup>  
(\$m / Singapore Cents)



1) The reported number of units in MGCCT ("Units") in issue as at the end of 1Q and 3Q does not include the payment of the Manager's base fee and the Property Manager's management fees (the "Fees") in Units for the quarter. The Units for payment of the Fees are issued in the months of August and February for 1Q and 3Q respectively. These Units issued in August and February are included in the computation of the DPU payable (on a semi-annual basis) for the first-half and second-half of the financial year respectively.

2) 1Q FY13/14 excludes the stub period from 7 to 31 March 2013.

3) Lower year-on-year NPI and DPU for Q2 and Q3 FY16/17 due to implementation of value added tax ("VAT") in China effective 1 May 2016. Due to the uncertainty in the applicable VAT rates then, a higher accrued VAT amount was recorded against the revenue for Gateway Plaza. Clarification was obtained in March 2017. There was also additional property tax as a result of the change in property tax basis effective 1 July 2016.





*Higashi-nihonbashi 1-chome Building  
Chuo-ku, Tokyo*

# Acquisition Overview

# Overview – An Attractive Office Portfolio in Japan

The Japan Portfolio is Strategically Located Within Major Office Hubs in the Greater Tokyo Area

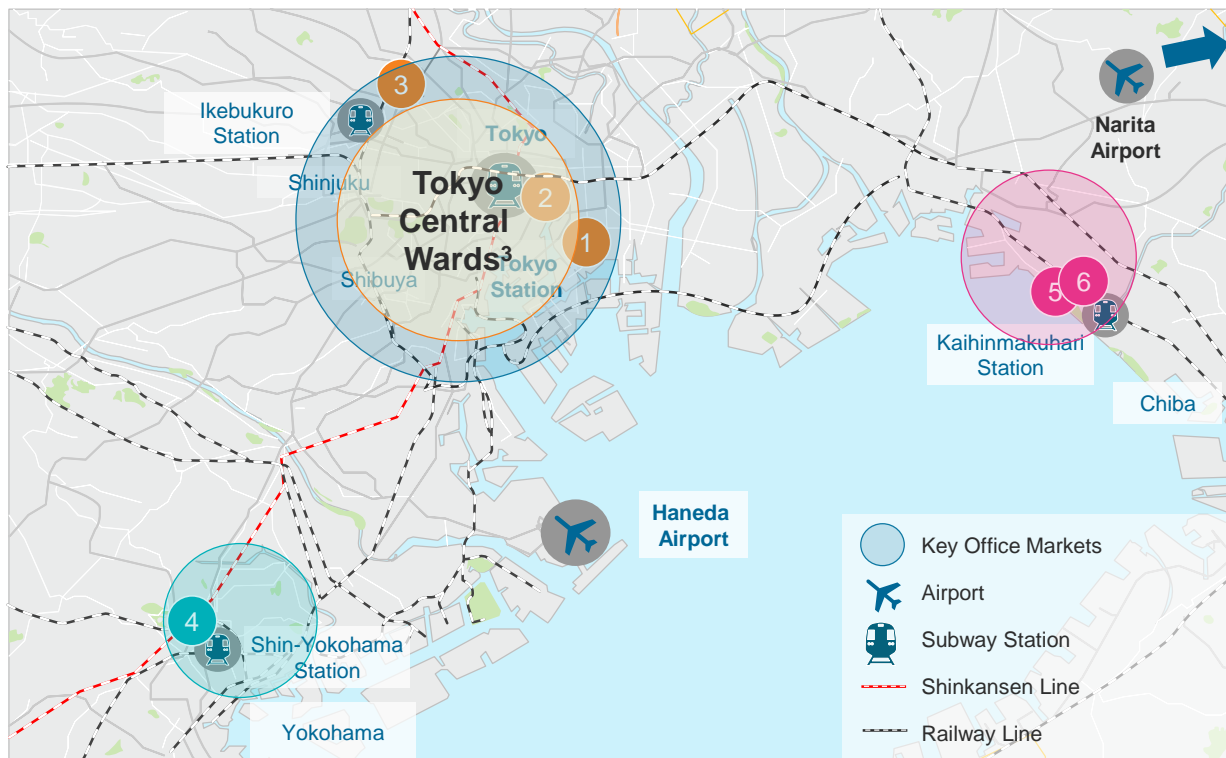
**6 Freehold  
Property Assets**

**JPY63,304m  
(S\$782.8m)  
Agreed Portfolio Value**

**1.60 m sq ft  
Net Lettable Area  
("NLA")**

**99.9%  
Occupancy Rate<sup>1</sup>**

**5.8 years  
WALE<sup>2</sup>**



## The Japan Portfolio







- 1 IXINAL Monzen-nakacho Building ("MON")
- 2 Higashi-nihonbashi 1-chome Building ("HNB")
- 3 TS Ikebukuro Building ("TSI")
- 4 ABAS Shin-Yokohama Building ("ASY")
- 5 SII Makuhari Building ("SMB")
- 6 Fujitsu Makuhari Building ("FJM")

Based on an exchange rate of S\$1 = JPY80.87 as at 20 March 2018 and rounded off to one decimal place. Unless otherwise stated, all conversions of JPY amounts into S\$ in this presentation shall be based on the exchange rate. While MGCCT will hold a 98.47% effective interest in the Japan Portfolio, all property and financial-related figures (e.g. Gross Rental Income ("GRI"), NPI, Weighted Average Lease Expiry ("WALE"), occupancy, trade sector breakdown, valuation, Gross Floor Area ("GFA") and NLA) stated in this presentation for the Japan Portfolio and the Enlarged Portfolio (which includes the Japan Portfolio, Festival Walk, Gateway Plaza and Sandhill Plaza) are based on 100.0% effective interest in the Japan Portfolio (which includes the 1.53% effective interest in the Japan Portfolio which will be held by Mapletree Investments Japan Kabushiki Kaisha ("MIJ" or the "Japan Asset Manager") upon completion of the Proposed Acquisition), unless otherwise stated. For the purposes of this presentation, WALE and occupancy are based on committed leases (which include existing leases).

- 1) Based on NLA and committed leases as at 31 December 2017.
- 2) Based on monthly GRI and committed leases as at 31 December 2017.
- 3) Includes Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards.



# Overview of the Properties

Building Name	IXINAL Monzen-nakacho Building ("MON")	Higashi-nihonbashi 1-chome Building ("HNB")	TS Ikebukuro Building ("TSI")	ABAS Shin- Yokohama Building ("ASY")	SII Makuhari Building ("SMB")	Fujitsu Makuhari Building ("FJM")
						
Location (Ward, City)	Koto-ku, Tokyo	Chuo-ku, Tokyo	Toshima-ku, Tokyo	Kohoku-ku, Yokohama	Mihama-ku, Chiba	Mihama-ku, Chiba
Property Description	5-storey building with 28 car park lots	8-storey building with 8 car park lots	9-storey building with 15 car park lots	9-storey building with 2 basement levels and 24 car park lots	26-storey building with 1 basement level and 298 car park lots	21-storey building with 251 car park lots
Building Completion	Sep-09	Aug-09	Jan-05	Aug-09	May-93	Jun-92
Age of Building (Years)	9	9	13	9	25	26
GFA (sqm)	8,303	3,240	4,898	4,638	70,744	61,088
NLA (sqm)	6,852	2,601	4,002	3,170	70,744	61,088
WALE (Years) <sup>1</sup>	1.8	3.6	0.2 <sup>3</sup>	1.9	6.5	8.3
Occupancy <sup>2</sup>	100% Single-Tenanted	100% Multi-Tenanted	100% Single-Tenanted	95.4% Multi-Tenanted	100% Single-Tenanted	100% Single-Tenanted
Key Tenants	Japan Information Processing Service	Shigematsu, Tender Loving Care Services (Nursery)	PERSOL	Japan Create, Lawson, Rentas, Sandvik	Seiko Instruments Inc ("SII")	Fujitsu
Appraised Value <sup>4</sup> (CBRE and Savills)	JPY8,720m (S\$107.8m)	JPY2,170m (S\$26.8m)	JPY5,280m (S\$65.3m)	JPY2,720m (S\$33.6m)	JPY26,600m (S\$328.9m)	JPY18,500m (S\$228.8m)
Appraised Value <sup>5</sup> (MAIC)	JPY8,670m (S\$107.2m)	JPY2,110m (S\$26.1m)	JPY5,260m (S\$65.0m)	JPY2,700m (S\$33.4m)	JPY26,400m (S\$326.4m)	JPY18,800m (S\$232.5m)

Information as at 31 December 2017.

1) Based on monthly GRI and committed leases as at 31 December 2017.

2) Based on NLA and committed leases as at 31 December 2017.

3) The existing tenant has committed to a new lease, which will begin upon the expiry of the existing lease. The WALE of TSI as of 1 March 2018 is 3.0 years.

4) Independent valuations by CBRE K.K., Valuation & Advisory Services ("CBRE") for MON, HNB, TSI, SMB and FJM and by Savills Japan Co., Ltd ("Savills") for ASY as at 1 March 2018. Both were commissioned by the Manager.

5) Independent valuation by Morii Appraisal & Investment Consulting Inc. (100% subsidiary of JLL K.K.) ("MAIC") for the Japan Portfolio as at 1 March 2018. MAIC was commissioned by the Trustee.

# Transaction Summary – MGCCT's 1<sup>st</sup> Acquisition in Japan

Transaction	<ul style="list-style-type: none"> <li>Acquisition of an effective interest of 98.47%<sup>1</sup> in a portfolio of 6 freehold office properties located in the Greater Tokyo area <ul style="list-style-type: none"> <li>Tokyo: 3 properties</li> <li>Yokohama: 1 property</li> <li>Chiba: 2 properties</li> </ul> </li> <li>Vendor: MJOF Pte. Ltd. ("MJOF")<sup>2</sup></li> </ul>
Appraised Value	<ul style="list-style-type: none"> <li>JPY63,990 million (approximately S\$791.3 million)<sup>3</sup></li> <li>JPY63,940 million (approximately S\$790.7 million)<sup>4</sup></li> </ul>
Agreed Portfolio Value	<ul style="list-style-type: none"> <li>The Agreed Portfolio Value of approximately JPY63,304.0 million (approximately S\$782.8 million) is at a discount of approximately 1.0% to MAIC's valuation and approximately 1.1% to CBRE's and Savills's valuations on an aggregated basis.</li> </ul>
Total Acquisition Cost	<ul style="list-style-type: none"> <li>Approximately JPY62,307.7 million (approximately S\$770.5 million), comprising <ul style="list-style-type: none"> <li>Aggregate consideration of approximately JPY60,926.0 million (approximately S\$753.4 million)<sup>5</sup> (the "Aggregate Consideration");</li> <li>the acquisition fee to the Manager for the Proposed Acquisition of approximately S\$5.8 million<sup>6</sup> (the "Acquisition Fee"); and</li> <li>the estimated professional and other fees and expenses of approximately S\$11.3 million<sup>7</sup></li> </ul> </li> </ul>

**Subject to and upon completion of the Proposed Acquisition ("Completion"), it is intended that MGCCT be renamed "Mapletree North Asia Commercial Trust"**

1) Please refer to the Appendix for the details on the acquisition structure.

2) MJOF is a private real estate closed-end fund which is managed by MIJ with Mapletree Real Estate Advisors Pte. Ltd. ("MREAL") as the investment advisor. Both MIJ and MREAL are indirect wholly-owned subsidiaries of Mapletree Investments Pte. Ltd. ("MIPL" or the "Sponsor"). The Sponsor holds an approximate 36.0% stake in MJOF.

3) Independent valuations by CBRE for MON, HNB, TSI, SMB and FJM and by Savills for ASY as at 1 March 2018. Both were commissioned by the Manager.

4) Independent valuation by MAIC for the Japan Portfolio as at 1 March 2018. MAIC was commissioned by the Trustee.

5) The Aggregate Consideration is 98.47% of the estimated Tokutei Mokuteki Kaisha ("TMK") Consideration which is arrived at by deducting the estimated net working capital adjustments of JPY1,431.3 million (approximately S\$17.7 million) from the Agreed Portfolio Value. The net working capital adjustments will be subject to final audit, post-Completion.

6) Payable in Units and representing 0.75% of 98.47% of the Agreed Portfolio Value.

7) Refers to the estimated professional and other fees and expenses incurred or to be incurred by MGCCT in relation to the Proposed Acquisition, an equity fund raising (the "Equity Fund Raising") and new loan facilities to be obtained by MGCCT and/or Tsubaki TMK to partially fund the Proposed Acquisition ("New Loan Facilities").





*TS Ikebukuro Building  
Toshima-ku, Tokyo*

# Rationale for Entry into Japan and Key Benefits of the Proposed Acquisition

# Rationale for Entry into Japan and Key Benefits of the Proposed Acquisition

**Japan Provides Attractive Commercial Real Estate Acquisition Opportunities with Largely Freehold Land Tenure and at Relatively Higher Yield Spread Against the Local Cost of Funds, Presently Not Available in MGCCT's Existing Markets**

**1** *Expansion into the Attractive Greater Tokyo Office Market*

**2** *Strategic Addition of a High Quality Portfolio of Freehold Office Assets*

**3** *Stable and Quality Cashflows*

**4** *Attractive Yield Spread and a Discount to Independent Valuations*

**5** *DPU Accretive Acquisition, Enhances Geographical and Income Diversification with Increase in Free Float*

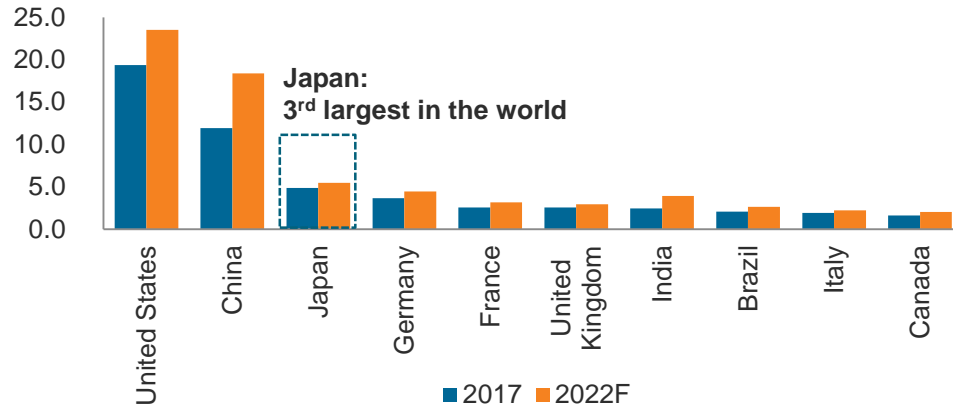
**6** *Experienced and Dedicated Management Team in Japan*



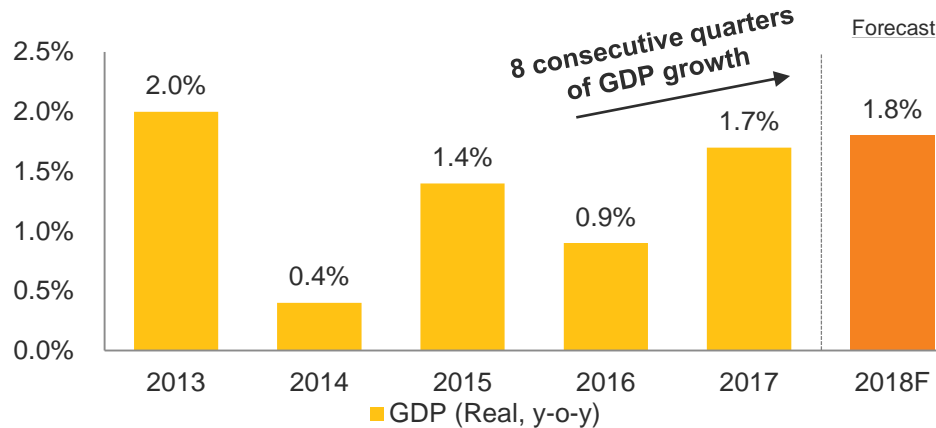
# 1 Expansion into the Attractive Greater Tokyo Office Market

## Japan, one of the World's Largest Economies Supported by Stable Macroeconomic Fundamentals

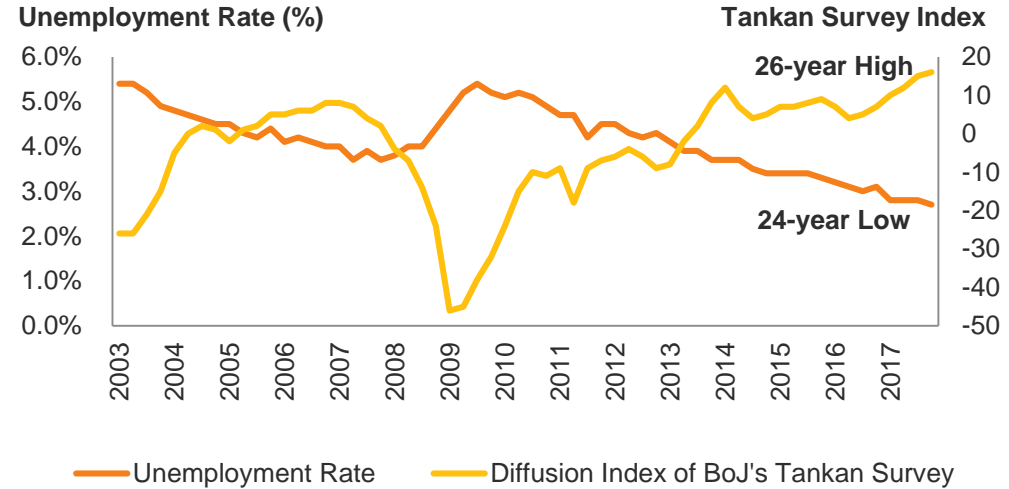
**GDP of the Top 10 Economies of the World (US\$tn)**



**Japan Real GDP Growth (year-on-year) (%)**



**Japan Unemployment Rate and Diffusion Index of BoJ's Tankan Survey (All Companies in All Industries)<sup>1</sup>**



- Japan is the 3<sup>rd</sup> largest economy in the world and is expected to maintain its ranking in 2022
- Since 2016, Japan has been experiencing the longest continuous q-o-q GDP growth in 28 years
- The 2020 Tokyo Olympics is expected to be a positive catalyst for GDP growth
- Business sentiment at a 26-year high (see Tankan Survey chart above) while unemployment rate is at a 24-year low

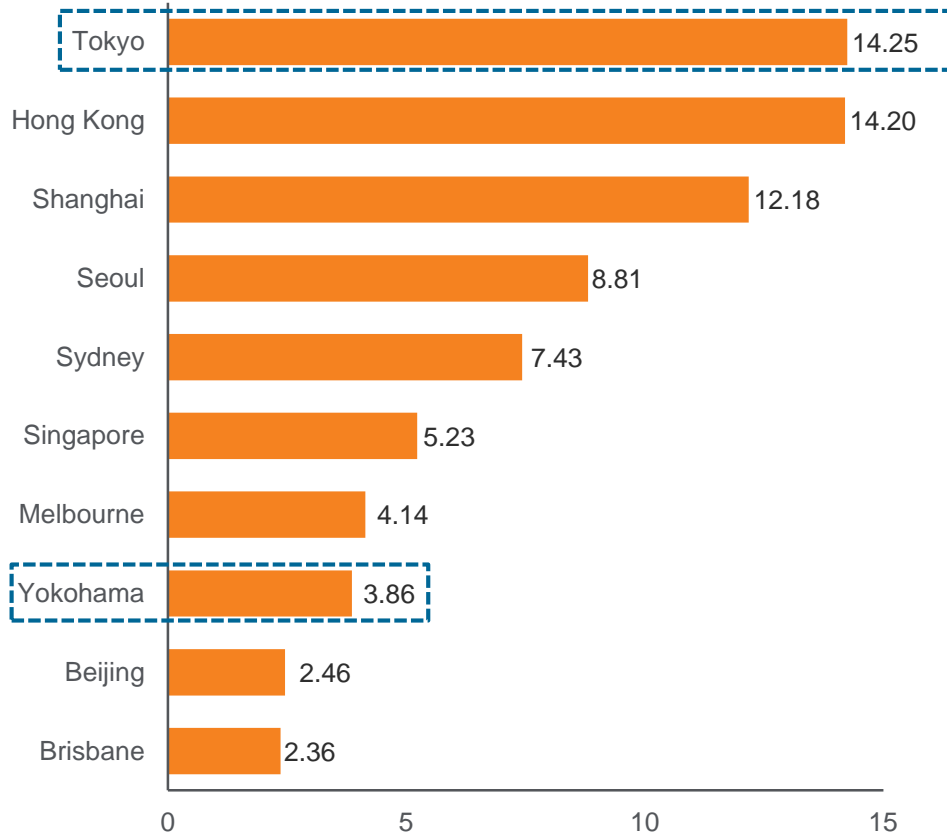
Source: International Monetary Fund, Cabinet Office, Ministry of Internal Affairs and Communications, Bank of Japan ("BoJ"), the independent market research report issued by the Independent Market Consultant (the "Independent Market Research Report") as enclosed in the Circular released on SGXNET by the Manager on 6 April 2018.

1) Tankan Survey: Refers to Bank of Japan's Short-Term Economic Survey of Enterprises in Japan in December 2017.

# 1 Expansion into the Attractive Greater Tokyo Office Market

## Established Active and Scalable Investment Grade Real Estate Market

Office Real Estate Transaction Volume by City (2017)  
(US\$bn)



- Japan has one of the largest and most-established property markets in the world and in 2017, office real estate transaction activities remained active, supported by positive economic conditions
- Compared to the other Asia Pacific cities, Tokyo ranked top in terms of office transaction volume, recording approximately US\$14.25 billion in 2017
- Tokyo is one of the most attractive prime office property investment markets in Asia Pacific with the highest yield spread over the local benchmark bond<sup>1</sup>

Source: Real Capital Analytics, Independent Market Research Report.

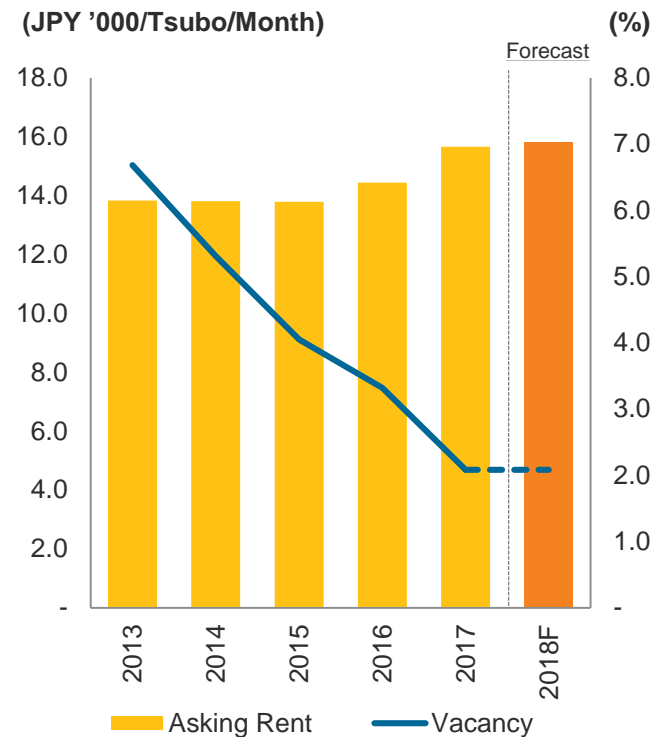
1) According to the Independent Market Research Report, Tokyo's prime office yield spread over the 10-year Japan government bond was over 300 basis points ("bps") in the three months ended 31 December 2017.



# Expansion into the Attractive Greater Tokyo Office Market

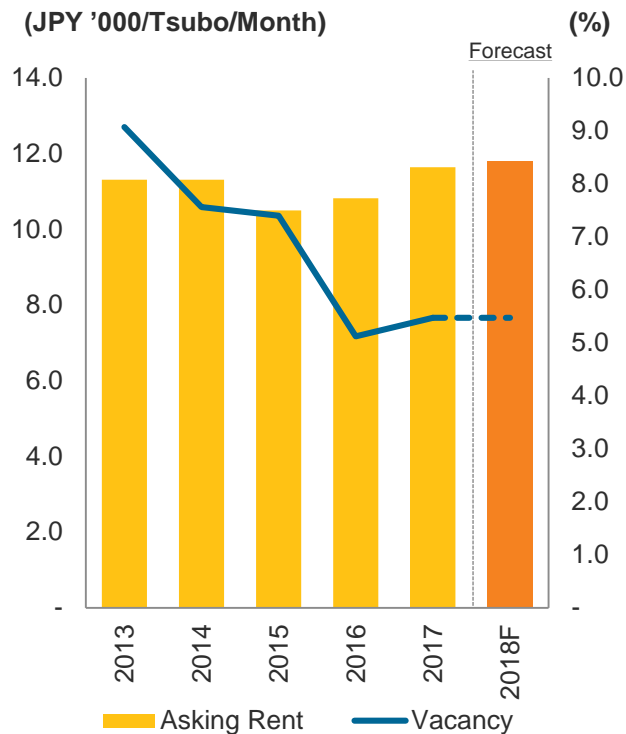
## Rental and Vacancy Rates are Expected to be Stable

**Asking Rent and Vacancy Rate in Tokyo 23 Wards<sup>1</sup>**



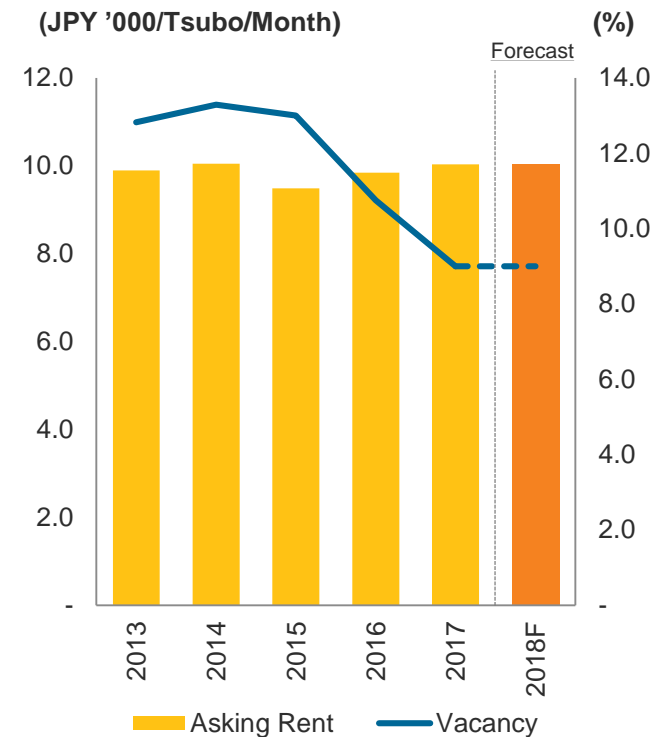
- Vacancy rate is forecasted to remain steady while rental rates are expected to inch up on the back of improving macroeconomic conditions

**Asking Rent and Vacancy Rate in Yokohama**



- Vacancy rate is expected to remain the same with slight increase in rental rates amid improved economy and stable office demand

**Asking Rent and Vacancy Rate in Chiba / Funabashi Area<sup>2</sup>**



- Rental and vacancy rates are expected to be stable at prevailing levels with no new major supply expected, especially in Makuhari, in the medium term

Source: Sanko Estate, Independent Market Research Report.

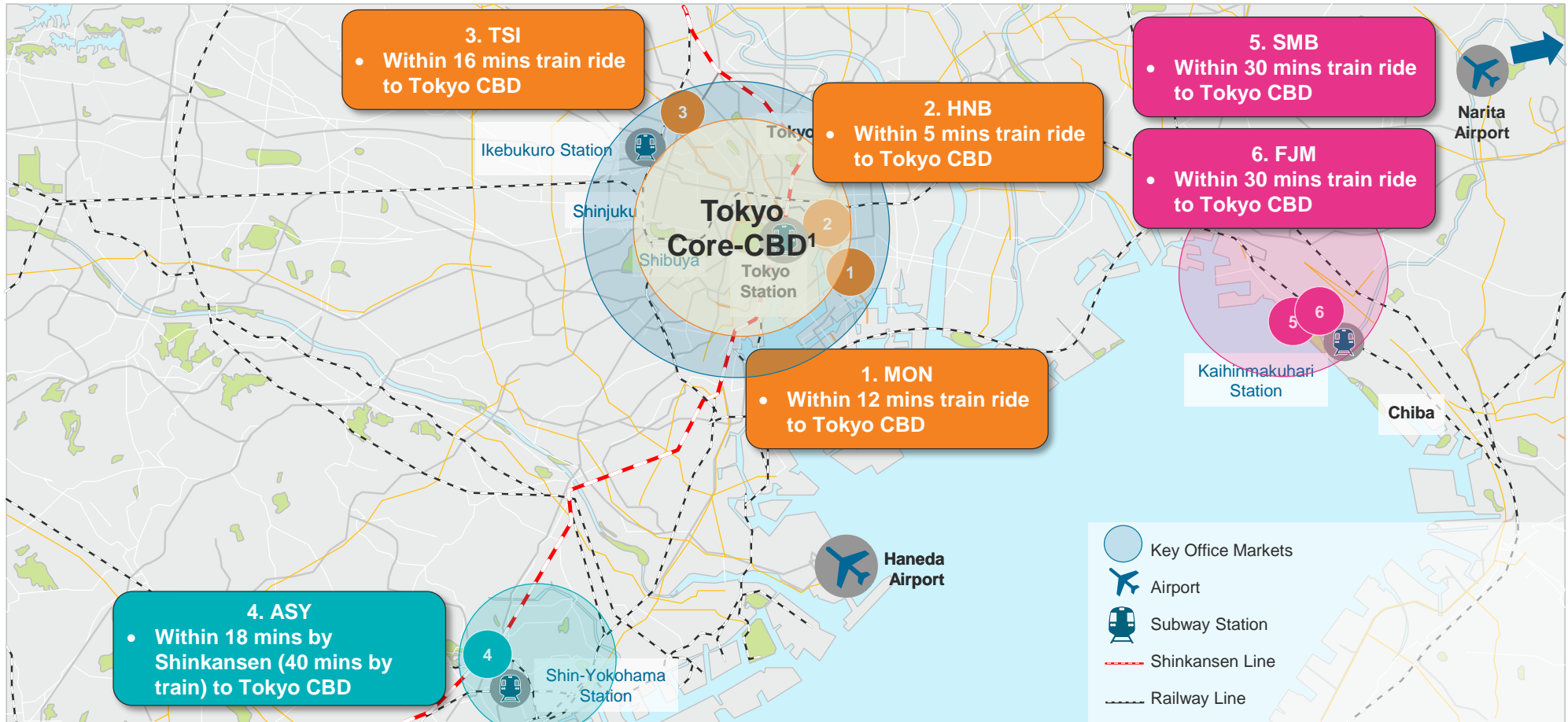
1) Refers to Adachi, Arakawa, Bunkyo, Chiyoda, Chuo, Edogawa, Itabashi, Katsushika, Kita, Koto, Meguro, Minato, Nakano, Nerima, Ota, Setagaya, Shibuya, Shinagawa, Shinjuku, Suginami, Sumida, Taito and Toshima wards.

2) The data from Sanko Estate includes Funabashi, which is another city within the Chiba Prefecture, and is adjacent to Chiba city.

## 2 Strategic Addition of a High Quality Portfolio of Freehold Office Assets

### Strategic Locations with Excellent Connectivity and Within Minutes from Tokyo CBD

- ✓ The properties benefit from strong connectivity as all of the properties are located within 11 minutes to the nearest train station by foot, providing connectivity to the central business district of Tokyo ("Tokyo CBD") via Tokyo Station and other areas of Japan



Source: Independent Market Research Report.

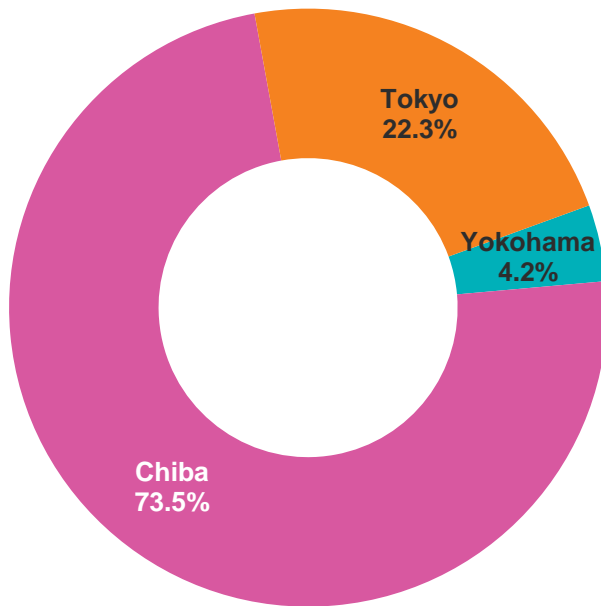
1) Includes Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards.



## 2 Strategic Addition of a High Quality Portfolio of Freehold Office Assets

### Well-Established Office Hubs With Attractive Micro-Location Characteristics

Breakdown of Japan Portfolio's Monthly GRI by City<sup>1</sup>  
(%)



Micro-location Characteristics

Property	Ward, City	Key Highlights of the Location
1 MON	Koto-ku, Tokyo	<ul style="list-style-type: none"> <li>Attractive to tenants who prefer proximity to Tokyo's Central 5 Wards (also known as the Tokyo core CBD area) at a fraction of the core CBD's rental cost</li> </ul>
2 HNB	Chuo-ku, Tokyo	<ul style="list-style-type: none"> <li>Limited office supply, in particular, offices with larger standard floor plates (such as that offered by MON)</li> </ul>
3 TSI	Toshima-ku, Tokyo	<ul style="list-style-type: none"> <li>TSI is located next to Ikebukuro station, a major transportation hub (the second busiest train station in Tokyo)</li> </ul>
4 ASY	Kohoku-ku, Yokohama City	<ul style="list-style-type: none"> <li>The area is popular with companies that require fast access to other locations given its proximity to the Shin-Yokohama train station (where the Shinkansen makes stops)</li> </ul>
5 SMB	Mihama-ku, Chiba City	<ul style="list-style-type: none"> <li>Makuhari offers cost-efficiency for tenants as office buildings have large floor plates and good office specifications at competitive rental rates</li> <li>No major upcoming supply expected in the medium term</li> </ul>
6 FJM	Mihama-ku, Chiba City	

- Together, the Japan Portfolio benefits from the stable macroeconomic fundamentals of Japan and offers a good diversity in terms of micro-locations and value-proposition

Source: Independent Market Research Report

1) Based on monthly GRI as at 31 December 2017.

## Freehold Portfolio with Good Specifications

### Column-free Floor Plans



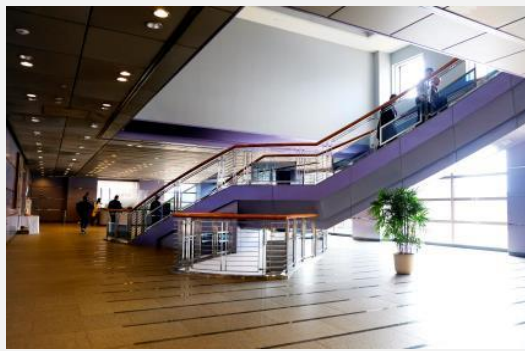
### Large Floor Plates



### Modern Fixtures



### Well-Maintained



- Freehold properties with good specifications:
  - ✓ Column-free floor plans
  - ✓ Large floor plates for the location they are in
    - MON, SMB and FJM offer large floor plates of approximately 1,700 – 2,190 sq m
    - TSI and MON offers larger floor plates compared to buildings within the same location
  - ✓ Slab-to-slab ceiling height of 3.55m – 4.1m (except for ASY where its slab-to-slab ceiling height is 3.1m)
  - ✓ Modern fixtures
  - ✓ Well-maintained

### 3 Stable and Quality Cashflows

#### High Occupancy of 99.9% Backed By Strong Tenant Base

#### Top 10 Tenants of the Japan Portfolio by Monthly GRI<sup>1</sup> (%)

Top 10 Tenants	Property	City	Credit Rating <sup>2</sup>
Seiko Instruments Inc	SMB	Chiba	Good
Fujitsu	FJM	Chiba	Very Good Moody's: A3 (stable)
Japan Information Processing Service	MON	Tokyo	Very Good
PERSOL	TSI	Tokyo	Very Good
Rentas	ASY	Yokohama	Good
Shigematsu	HNB	Tokyo	Good
Tender Loving Care Services (Nursery)	HNB	Tokyo	Good
Lawson	ASY	Yokohama	Very Good
Japan Create	ASY	Yokohama	Good
Sandvik	ASY	Yokohama	Good

Property	Tenant Background and Leasing History
<b>SMB</b> (Tenant: Seiko Instruments Inc)	<ul style="list-style-type: none"> <li>SII's Headquarters in Japan</li> <li>SII has been occupying the building since it was built in 1993</li> </ul>
<b>FJM</b> (Tenant: Fujitsu)	<ul style="list-style-type: none"> <li>Fujitsu's office and one of its six system laboratories in Japan</li> <li>Fujitsu has been occupying the building since it was built in 1992</li> </ul>
<b>MON</b> (Tenant: Japan Information Processing Service)	<ul style="list-style-type: none"> <li>Japan Information Processing Service has been occupying the building since it was built in 2009</li> </ul>
<b>TSI</b> (Tenant: PERSOL)	<ul style="list-style-type: none"> <li>PERSOL (a human resource and staff services company) has been occupying the building since it was built in 2005</li> </ul>

- Many of the tenants are high quality names with strong credit profiles, including companies / subsidiaries of companies listed on the Tokyo Stock Exchange and Nasdaq OMX
- Top 4 tenants of the Japan Portfolio accounted for 92.5% of monthly GRI<sup>1</sup> and provide income stability, being the sole occupant of each respective property since the building's completion.

1) As at 31 December 2017.

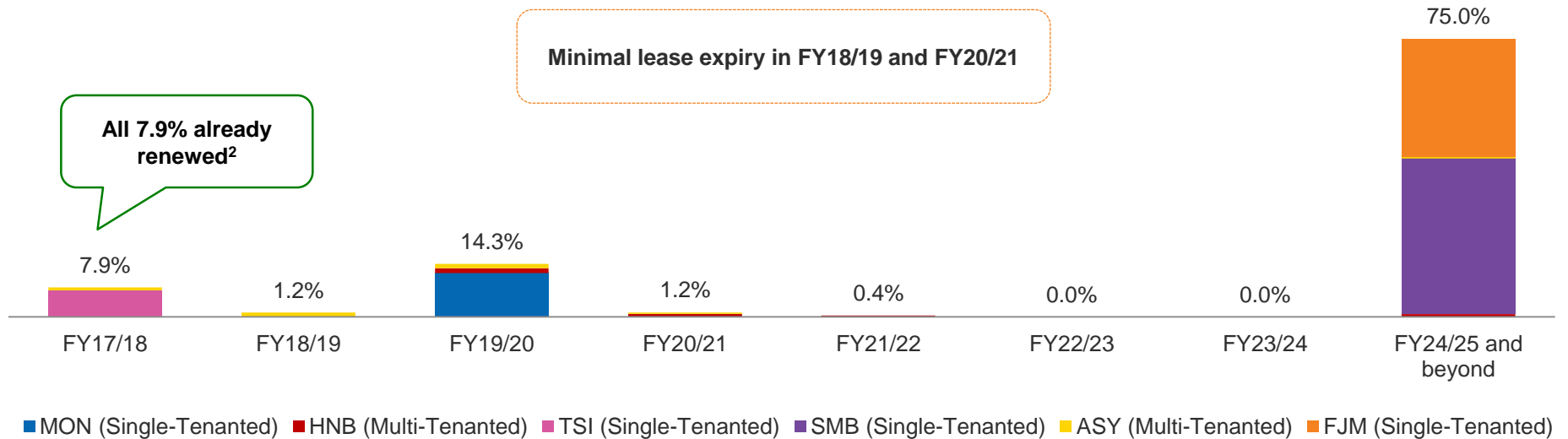
2) Based on Teikoku Databank ("TDB") score for the contracted tenants.



### 3 Stable and Quality Cashflows

#### Long WALE Enhances Income Stability

Japan Portfolio Lease Expiry Profile by Monthly GRI<sup>1</sup>  
(%)



- The Japan Portfolio has a relatively long weighted WALE by monthly GRI of 5.8 years
- 75.0% of the leases by monthly GRI are leases with long tenures (exceeding six years) which enhances income stability

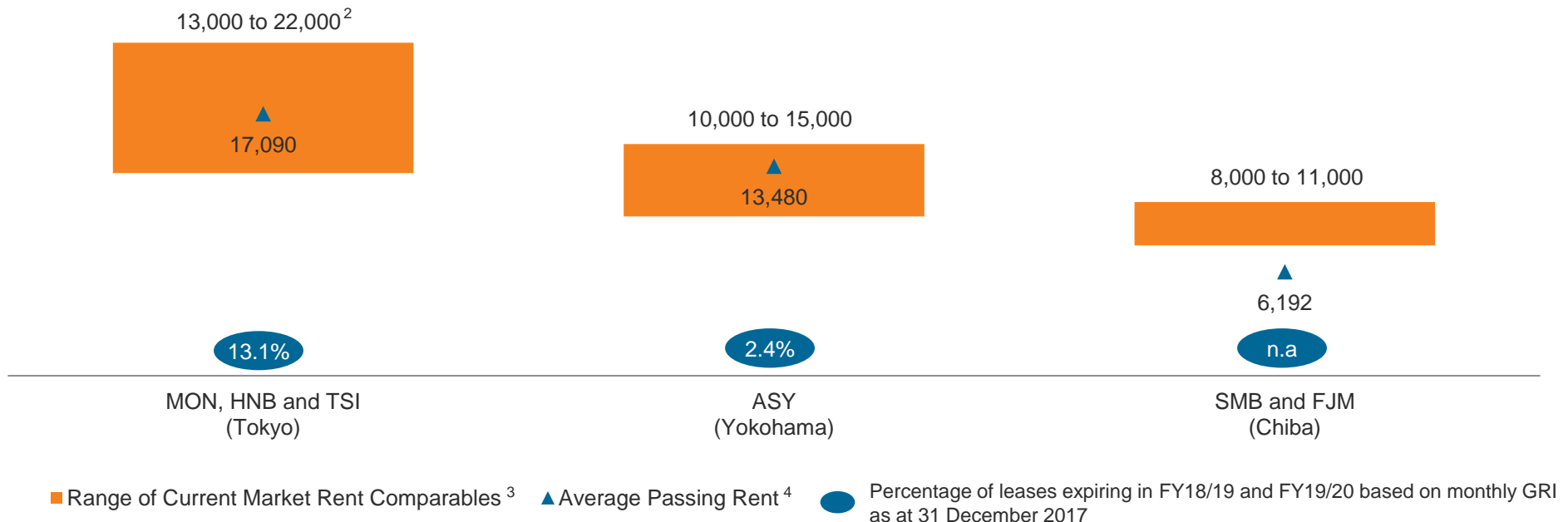
1) Based on monthly GRI as at 31 December 2017.

2) As at 1 March 2018, all 7.9% of the leases by monthly GRI as at 31 December 2017 have been renewed.

### 3 Stable and Quality Cashflows

#### Opportunity for Positive Rental Reversion

Average Passing Rent and Range of Current Market Rent Comparables<sup>1</sup>  
(JPY/Tsubo/Month)



- 15.5% of the leases by monthly GRI are expiring in FY18/19 and FY19/20 and the Manager believes that some of these leases are under-rented and may offer positive rental reversion
- Over 60% are fixed-term<sup>5</sup> leases, which the Manager believes, would offer better flexibility for the landlord in adjusting the rental rates upon expiry of the leases

1) For the month of December 2017.

2) Based on the minimum and maximum range of the current market rent comparables for MON, HNB and TSI.

3) Face rent (including common area management fees) for the month of December 2017. Source: Independent Market Research Report.

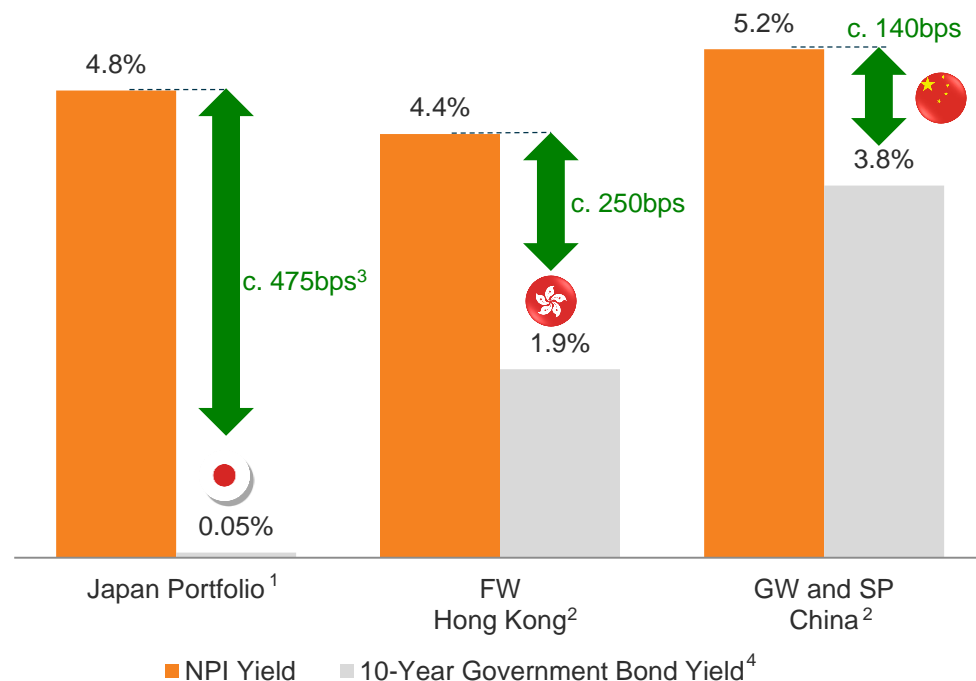
4) Average passing rent is the total actual rental revenue received for the month of December 2017 over the occupied area.

5) Fixed term leases expire upon lease expiry date with no automatic renewal while standard leases allow for automatic renewal/rolling at current lease terms unless either the landlord or tenant initiates lease negotiations upon provision of advanced notification.

## Attractive NPI Yield Spread to Risk-Free Rate and Discount to Independent Valuations

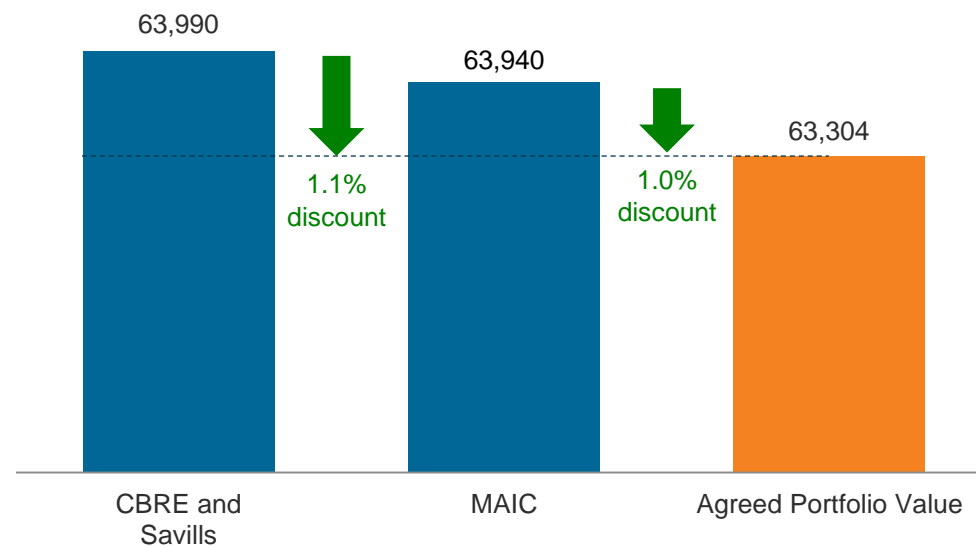
### NPI Yield Spread to the 10-Year Government Bond (%)

The Japan Portfolio has a pro forma NPI yield of 4.8%<sup>1</sup> and represents a spread of c. 475bps against the Japan risk-free rate and is higher than the NPI yield spreads for MGCCT's China and Hong Kong assets respectively



### Agreed Portfolio Value Relative to Independent Valuations<sup>5</sup> (JPYm / %)

Agreed Portfolio Value represents a discount of 1.0% to 1.1% to the independent valuations



- 1) NPI yield for the Japan Portfolio is computed based on its pro forma FY16/17 NPI assuming MGCCT held and operated the Japan Portfolio from 1 April 2016 to 31 March 2017 and divided by the Agreed Portfolio Value.
- 2) NPI yield for FW, GW and SP (the "Existing Portfolio") is computed based on each property's actual NPI for FY16/17 and divided by its respective valuation as at 31 March 2017. The figure for GW and SP is on an aggregated basis.
- 3) Represents the current risk premium of the Japan Portfolio and is an indication of the relative value of the Japan Portfolio against the 10-year Japan government bond yield.
- 4) Being the 10-Year government bond yields for Japan, Hong Kong and China respectively. Source: Bloomberg as at 1 March 2018.
- 5) The Manager has commissioned CBRE and Savills and the Trustee has commissioned MAIC to value the Japan Portfolio as at 1 March 2018. CBRE is the independent valuer of MON, HNB, TSI, SMB and FJM while Savills is the valuer of ASY.

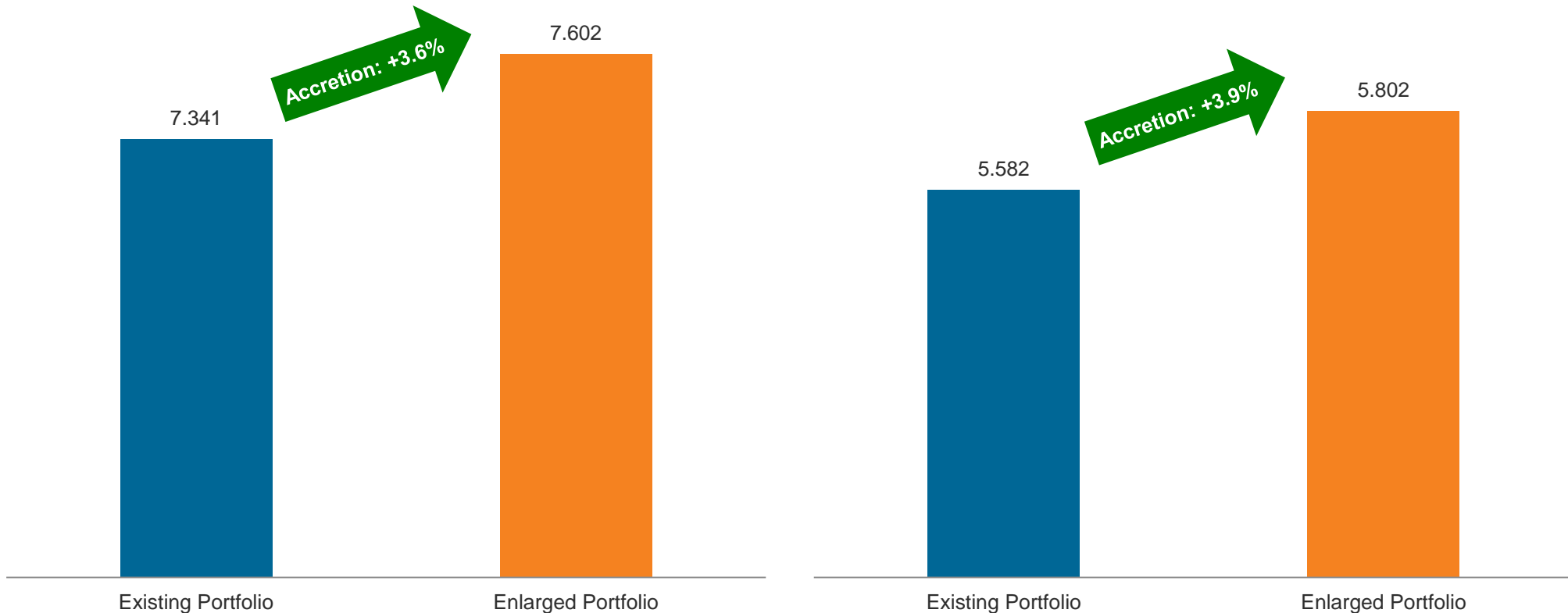


# 5 DPU Accretive Acquisition

## The Proposed Acquisition is Expected to be DPU Accretive for Unitholders

**Pro forma FY16/17 DPU for the Enlarged Portfolio<sup>1</sup>**  
(Singapore cents)

**Pro forma 9M FY17/18 DPU for the Enlarged Portfolio<sup>1</sup>**  
(Singapore cents)



- 1) For the Enlarged Portfolio, the pro forma financial effects of the Proposed Acquisition on the DPU presented are strictly for illustrative purposes and have been prepared based on the audited financial statements of MGCCT for the financial year ended 31 March 2017 ("FY16/17 Audited Financial Statements") and unaudited financial statements of MGCCT for the nine-month period from 1 April 2017 to 31 December 2017 as if the Proposed Acquisition and issuance of the Units payable to the Manager as the Acquisition Fee (the "Acquisition Fee Units") were completed on 1 April 2016 (for the pro forma FY16/17 DPU) and 1 April 2017 (for the pro forma 9M FY17/18 DPU), and MGCCT held and operated the Japan Portfolio through to 31 March 2017 (for the pro forma FY16/17 DPU) and 31 December 2017 (for the pro forma 9M FY17/18 DPU) based on MGCCT's 98.47% effective interest in the Japan Portfolio as well as the following assumptions that: (i) approximately 296.4 million New Units at an illustrative issue price of S\$1.09 per New Unit are issued in connection with the Equity Fund Raising to raise gross proceeds of approximately S\$323.1 million; (ii) Approximately JPY52,985.1 million (approximately S\$655.2 million) is drawn down from the New Loan Facilities, of which approximately JPY35,713.0 million (approximately S\$441.6 million) is used to partially finance the Total Acquisition Cost and approximately JPY 17,272.1 million (approximately S\$213.6 million) is used to refinance certain of MGCCT's existing bank loans; and (iii) the Manager's Acquisition Fee of approximately S\$5.8 million is paid in the form of approximately 5.3 million Acquisition Fee Units at an illustrative issue price of S\$1.09 per Acquisition Fee Unit. For the purpose of this presentation, "New Units" refers to the new Units to be issued under the Equity Fund Raising.

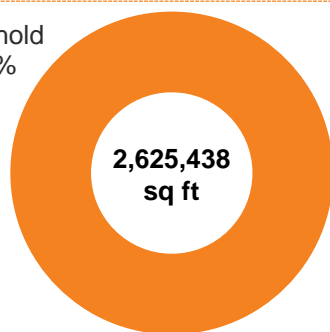
# Enhances Geographical, Tenant and Income Diversification

Existing Portfolio

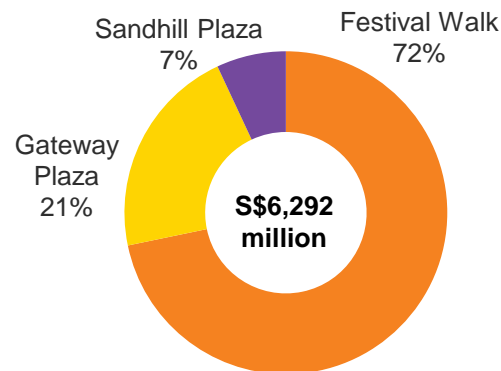
Land Tenure by NLA<sup>1</sup>  
(sq ft)

Leasehold Period Between 29 and 42 years

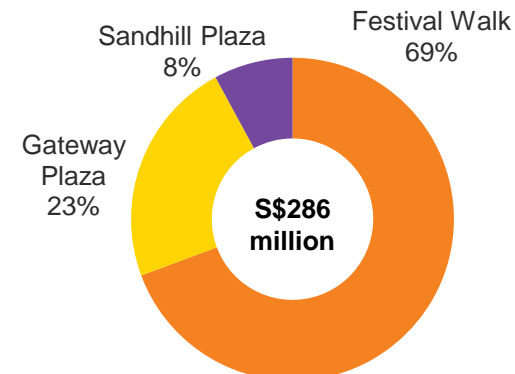
Leasehold  
100%



Valuation by Geography<sup>2</sup>  
(S\$m)

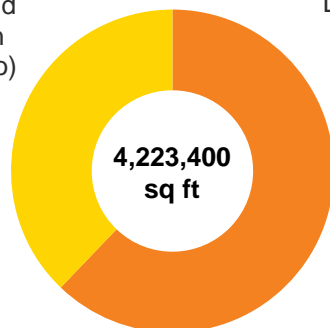


FY16/17 NPI by Geography<sup>3</sup>  
(S\$m)



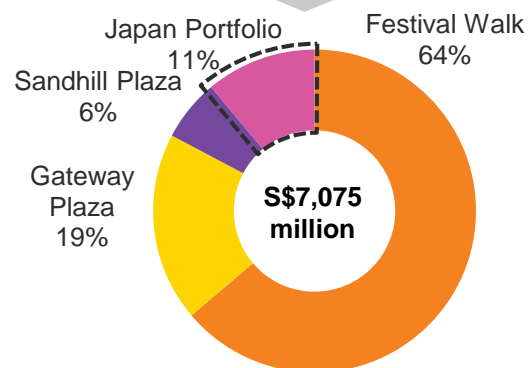
Enlarged Portfolio

Freehold  
(Japan  
Portfolio)  
38%

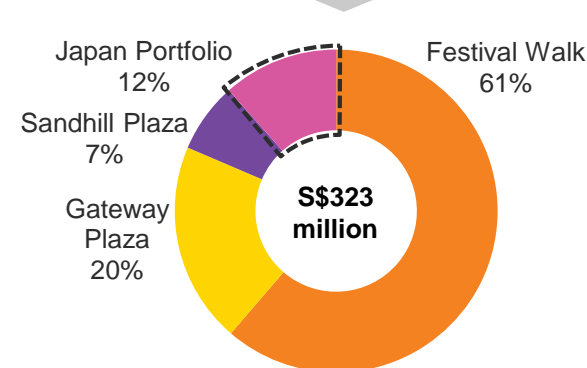


Leasehold  
(Existing  
Portfolio)  
62%

- Addition of a sizeable freehold component



- Increases portfolio size from 3 to 9 properties
- Increases valuation by 12.4%



- Increases geographical diversification
- Increases NPI by 13.1%

1) As at 31 December 2017.

2) Based on the valuation of the Existing Portfolio as at 31 March 2018 and the Agreed Portfolio Value.

3) Based on MGCCT's audited financial statements for the period from 1 April 2016 to 31 March 2017 and the pro forma FY16/17 NPI of the Japan Portfolio, assuming that MGCCT held and operated the Japan Portfolio from 1 April 2016 to 31 March 2017.

## Improves Tenant Diversification

Top 10 Tenants by Monthly GRI<sup>1</sup>

Existing Portfolio	
Top 10 Tenants	Property
BMW	GW
Arup	FW
China Fortune Land Development (“CFLD”)	GW
TaSTe	FW
Festival Grand	FW
Apple	FW
I.T	FW
Bank of China	GW
Uniqlo	FW
Marks & Spencer	FW

Enlarged Portfolio	
Top 10 Tenants	Property
BMW	GW
Seiko Instruments Inc	SMB
Fujitsu	FJM
Arup	FW
CFLD	GW
TaSTe	FW
Festival Grand	FW
Apple	FW
I.T	FW
Japan Information Processing Service	MON

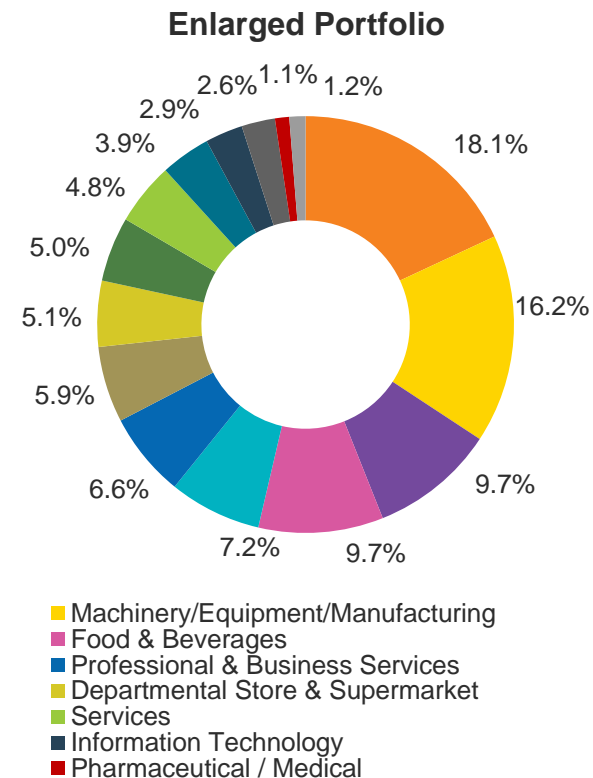
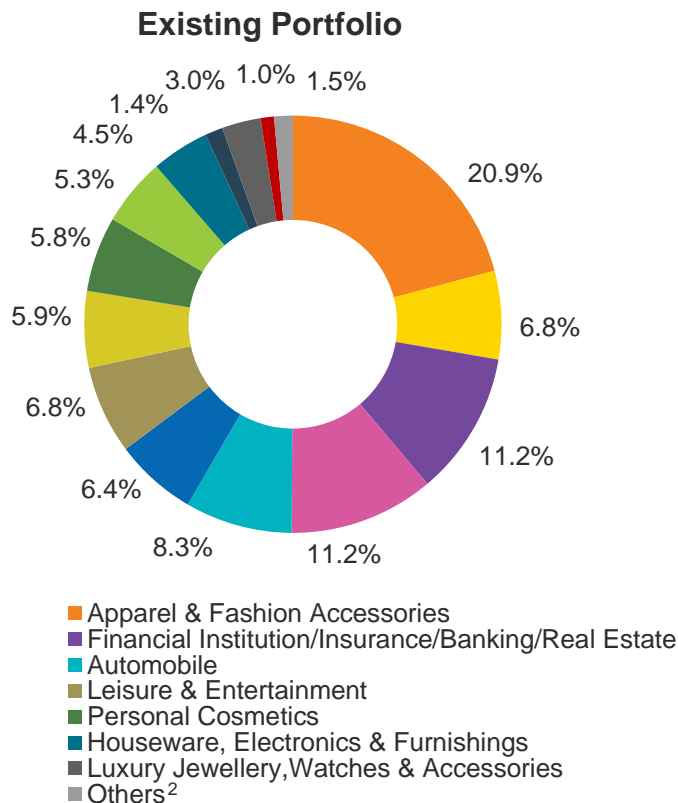
- Maximum exposure to any single tenant by monthly GRI will reduce from 8.3% to 7.2% on a pro forma basis
- Three tenants of the Japan Portfolio will be included in the top 10 tenants of the Enlarged Portfolio

1) As at 31 December 2017.



## Improves Trade Sector Diversification

Top 10 Sector Exposure by Monthly GRI<sup>1</sup>  
(%)

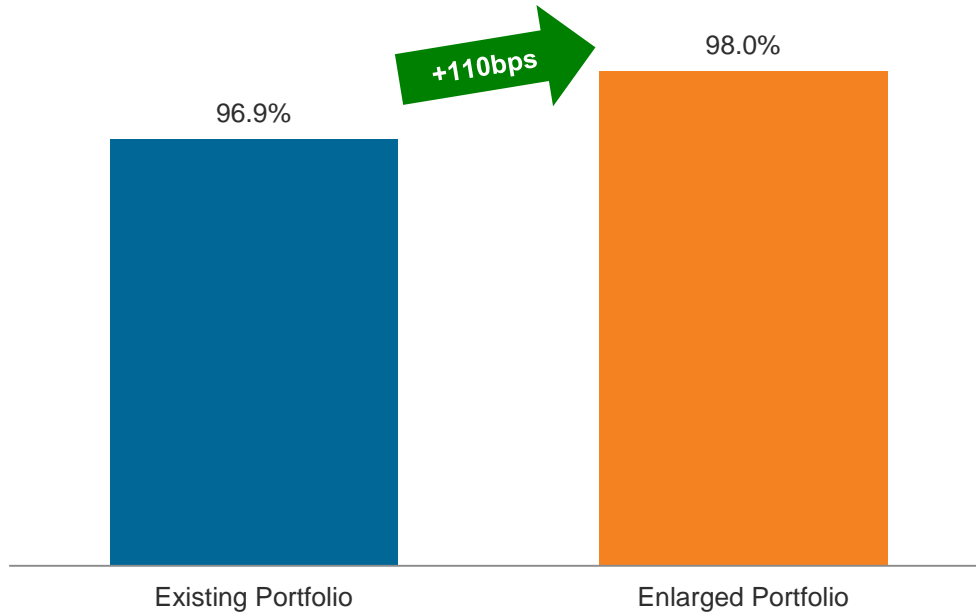


- Greater diversification in trade sector exposure with a larger tenant base, resulting in monthly GRI contribution from the apparel & fashion accessories being reduced from 20.9% to 18.1% on a pro forma basis

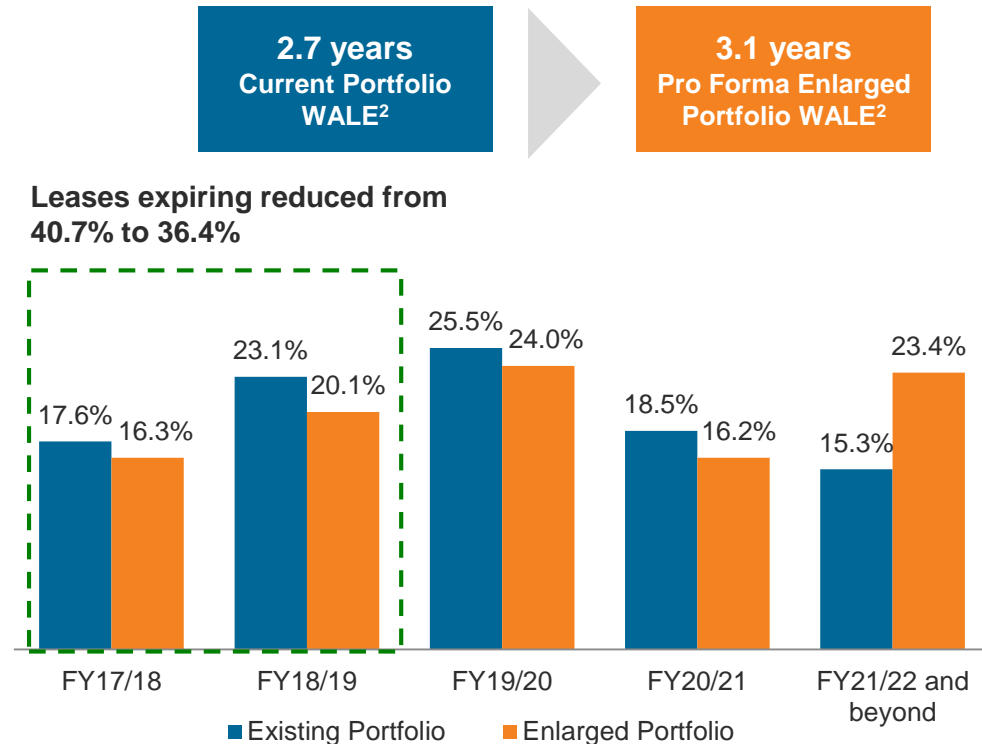
1) As at 31 December 2017.

2) Others include sectors such as natural resources and renewable energy.

## Increases Portfolio Occupancy and Strengthens WALE

Portfolio Occupancy Rate<sup>1</sup>  
(%)

- MGCCT's Enlarged Portfolio occupancy is expected to increase to 98.0% with the addition of the Japan Portfolio, from the occupancy of 96.9% for the Existing Portfolio

Portfolio Lease Expiry Profile by Monthly GRI  
(%)

- Percentage of lease expiries over the next 2 years will be reduced from 40.7% to 36.4%

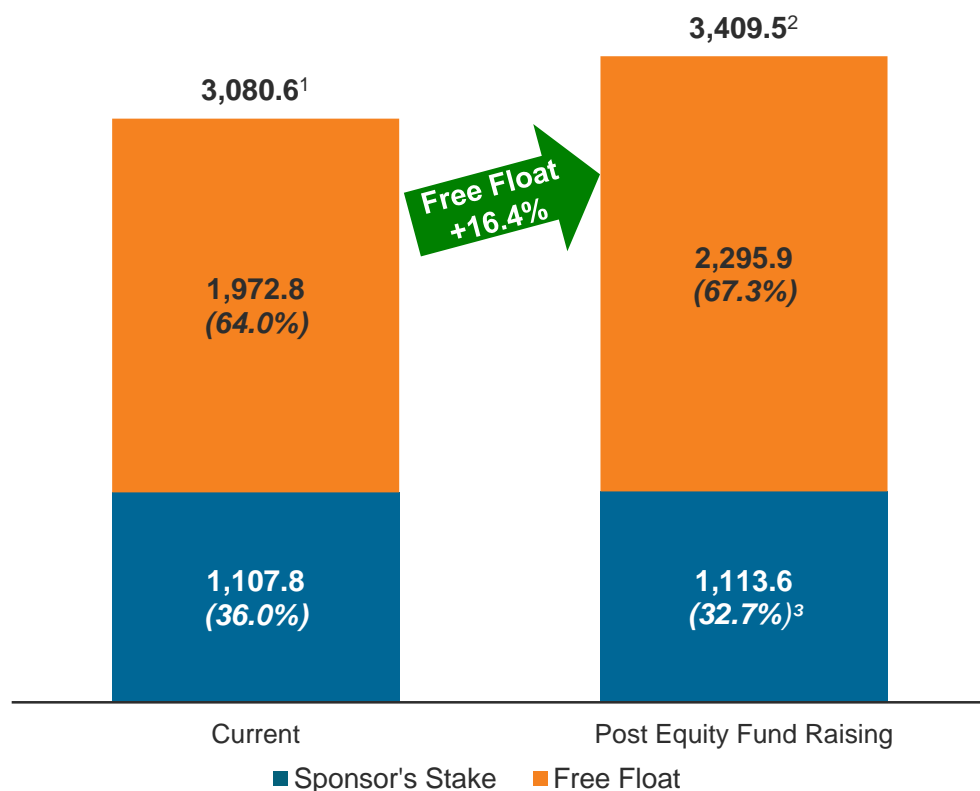
1) Based on NLA and committed leases as at 31 December 2017.

2) Based on monthly GRI and committed leases as at 31 December 2017.

## 5 Increase in Free Float

### Increase in Free Float with Potential Improvement in Trading Liquidity and Market Index Representation

Market Capitalisation and Free Float  
(\$m)



1



Increases free float

2



Potential improvement in trading liquidity and market index representation

1) Based on 2,826,267,943 Units in issue as at 28 March 2018 and the illustrative price of S\$1.09 per Unit.

2) Based on 2,826,267,943 Units in issue as at 28 March 2018, the issue of approximately 296.4 million New Units under the Equity Fund Raising and approximately 5.3 million Acquisition Fee Units and the illustrative price of S\$1.09 per Unit.

3) Includes approximately 5.3 million Acquisition Fee Units issued to the Manager and the illustrative price of S\$1.09 per Unit.



# Experienced and Dedicated Management Team in Japan

- The Japan Portfolio will continue to be managed by the local management team from MIJ and MMSJ<sup>1</sup>, who have been managing the portfolio under the Vendor. They will be dedicated to managing the Japan Portfolio and other assets in Japan that may be acquired by MGCCT post-Completion.
- MIJ was established in 2007 and has an established track record as an active investment and asset manager in Japan, having managed assets with cumulative assets under management of S\$4.5 billion, whilst MMSJ was established in 2012 and is responsible for property and lease management.
- Together, they form an integrated in-house team with capabilities in deal sourcing, asset management and property management, with strong local relationships and access to institutional owners, tenants, lenders, and other real estate and finance related entities.



**Hideki Uno**  
Director  
Investment and Asset  
Management



**Naohiro Yoshioka**  
Manager  
Asset Management



**Naoki Kimura**  
Manager  
Investment



**Masahito Kawamura**  
Manager  
Property Management

- Responsible for the sourcing and evaluation of acquisition opportunities, and the management of the Japan Portfolio
- Over 19 years of Japan real estate experience including acquisitions and asset management of multi-sector assets including logistics, office and retail

- Responsible for asset management of the Japan Portfolio
- Over 14 years of Japan real estate experience including asset management and investment experience of various asset classes ranging from commercial, nursing home, residential to hospitality

- Responsible for the sourcing and evaluation of acquisition opportunities
- Over 19 years of Japan real estate experience including deal sourcing, acquisition and property valuation

- Responsible for the property management function of the Japan Portfolio
- Over 23 years of Japan real estate experience including managing various asset classes ranging from office, residential to retail

**MIJ and MMSJ will Provide Stability and Continuity in the Management of the Japan Portfolio**

1) Mapletree Management Services Japan Kabushiki Kaisha ("MMSJ" or "Japan Property Manager").



*ABAS Shin-Yokohama Building  
Kohoku-ku, Yokohama*

# Financing Considerations

# Financing Considerations

## Illustrative Uses

### Total Acquisition Cost

- Approximately JPY62,307.7 million (approximately S\$770.5 million), comprising
  - Aggregate Consideration of approximately JPY60,926.0 million (approximately S\$753.4 million)<sup>1</sup>;
  - the Acquisition Fee payable in Units to the Manager for the Proposed Acquisition of approximately S\$5.8 million<sup>2</sup>; and
  - the estimated professional and other fees and expenses of approximately S\$11.3 million<sup>3</sup>

## Illustrative Sources

### Equity Fund Raising<sup>4</sup>

- Equity Fund Raising of approximately S\$323.1 million in the form of:
  - A private placement of approximately 296.4 million New Units to institutional and other investors (“Private Placement”)
  - Illustrative issue Price of S\$1.09 per New Unit

### New Loan Facilities

- Loan facilities of approximately JPY35,713.0 million (approximately S\$441.6 million)

### Acquisition Fee (in Units)

- Approximately 5.3 million Acquisition Fee Units at an illustrative issue price of S\$1.09 per Acquisition Fee Unit

1) The Aggregate Consideration is 98.47% of the estimated TMK Consideration which is arrived at by deducting the estimated net working capital adjustments of JPY1,431.3 million (approximately S\$17.7 million) from the Agreed Portfolio Value. The net working capital adjustments will be subject to final audit, post-Completion.

2) Payable in Units and representing 0.75% of 98.47% of the Agreed Portfolio Value.

3) Refers to the estimated professional and other fees and expenses incurred or to be incurred by MGCCT in relation to the Proposed Acquisition, the Equity Fund Raising and the New Loan Facilities.

4) The details and timing of the Equity Fund Raising have not been determined and the Manager will announce the details of the Equity Fund Raising on the SGXNET at the appropriate time when it launches the Equity Fund Raising on such terms and at such time as may be agreed with the Joint Global Co-ordinators and Bookrunners.





*SII Makuhari Building  
Mihama-ku, Chiba*

# EGM Resolution



# Rationale for Entry into Japan and Key Benefits of the Proposed Acquisition

**Japan Provides Attractive Commercial Real Estate Acquisition Opportunities with Largely Freehold Land Tenure and at Relatively Higher Yield Spread Against the Local Cost of Funds, Presently Not Available in MGCCT's Existing Markets**

**1** *Expansion into the Attractive Greater Tokyo Office Market*

**2** *Strategic Addition of a High Quality Portfolio of Freehold Office Assets*

**3** *Stable and Quality Cashflows*

**4** *Attractive Yield Spread and a Discount to Independent Valuations*

**5** *DPU Accretive Acquisition, Enhances Geographical and Income Diversification with Increase in Free Float*

**6** *Experienced and Dedicated Management Team in Japan*

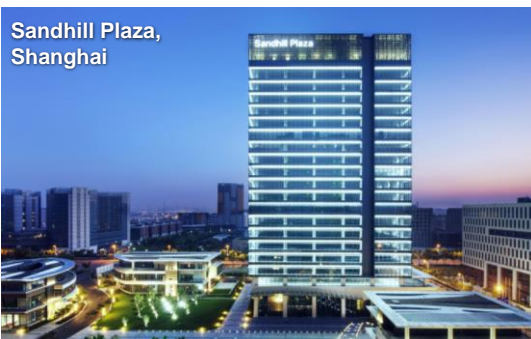
# MGCCT After the Proposed Acquisition

Enlarged Asset Size of S\$7,075 million from S\$6,292 million



Festival Walk, Hong Kong

Festival Walk: S\$4,514 million<sup>1</sup>



Sandhill Plaza, Shanghai

Sandhill Plaza: S\$438 million<sup>1</sup>

Enlarged Portfolio from  
3 to 9 Assets

Gateway Plaza,  
Beijing



Gateway Plaza: S\$1,340 million<sup>1</sup>

## The Japan Portfolio



IXINAL Monzen-nakacho  
Building, Tokyo



Higashi-nihonbashi 1-chome  
Building, Tokyo



TS Ikebukuro Building,  
Tokyo



ABAS Shin-Yokohama  
Building, Yokohama



SII Makuhari Building, Chiba



Fujitsu Makuhari Building,  
Chiba

Japan Portfolio: S\$783 million<sup>2</sup>

1) Refer to the announcement titled "Valuation of Properties in MGCCT", released on SGXNet by the Manager on 2 April 2018.

2) Based on the Agreed Portfolio Value

# MGCCT After the Proposed Acquisition

	Existing Portfolio	Japan Portfolio	Enlarged Portfolio	% Change
<b>GFA (sq ft)</b>	3,256,667	1,645,917	4,902,584	▲ 50.5%
<b>NLA (sq ft)</b>	2,625,438	1,597,962	4,223,400	▲ 60.9%
<b>Valuation (S\$ million) (as at 31 Mar 2018)</b>	6,292	783 <sup>1</sup>	7,075	▲ 12.4%
<b>WALE (Years)</b>	2.7	5.8	3.1	▲ 14.8%
<b>Number of Tenants</b>	358	21	379	▲ 5.9%
<b>Occupancy<sup>2</sup> (as at 31 Dec 2017)</b>	96.9%	99.9%	98.0%	▲ 110bps
<b>Aggregate Leverage<sup>3</sup> (as at 31 Dec 2017)</b>	36.8% <sup>4</sup>	-	39.1% <sup>5</sup>	▲ 230bps

1) Based on the Agreed Portfolio Value.

2) Based on NLA and committed leases as at 31 December 2017.

3) "Aggregate Leverage" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any), to the value of the Deposited Property.

4) Based on MGCCT's Aggregate Leverage as at 31 December 2017 and adjusted for the valuation of the Existing Portfolio which was valued as at 31 March 2018.

5) Adjusted for the valuation of the Existing Portfolio which was valued as at 31 March 2018, MGCCT's 98.47% effective interest in the Japan Portfolio, the effect of the Proposed Acquisition and the drawdown of the New Loan Facilities.

# Summary of Approval Required

The Independent Financial Adviser is of the opinion that the Proposed Acquisition and the entry into each of the Japan Asset Management Agreement and the Supplemental Japan Property Management Agreements are based on normal commercial terms and would not be prejudicial to the interests of MGCCT and its minority unitholders

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the Resolution

## Resolution

- The Proposed Acquisition of the Japan Portfolio

### Date and time of EGM:

24 April 2018 (Tuesday) at 3.30 p.m.

### Place of EGM:

10 Pasir Panjang Road, Mapletree Business City,  
Town Hall – Auditorium, Singapore 117438

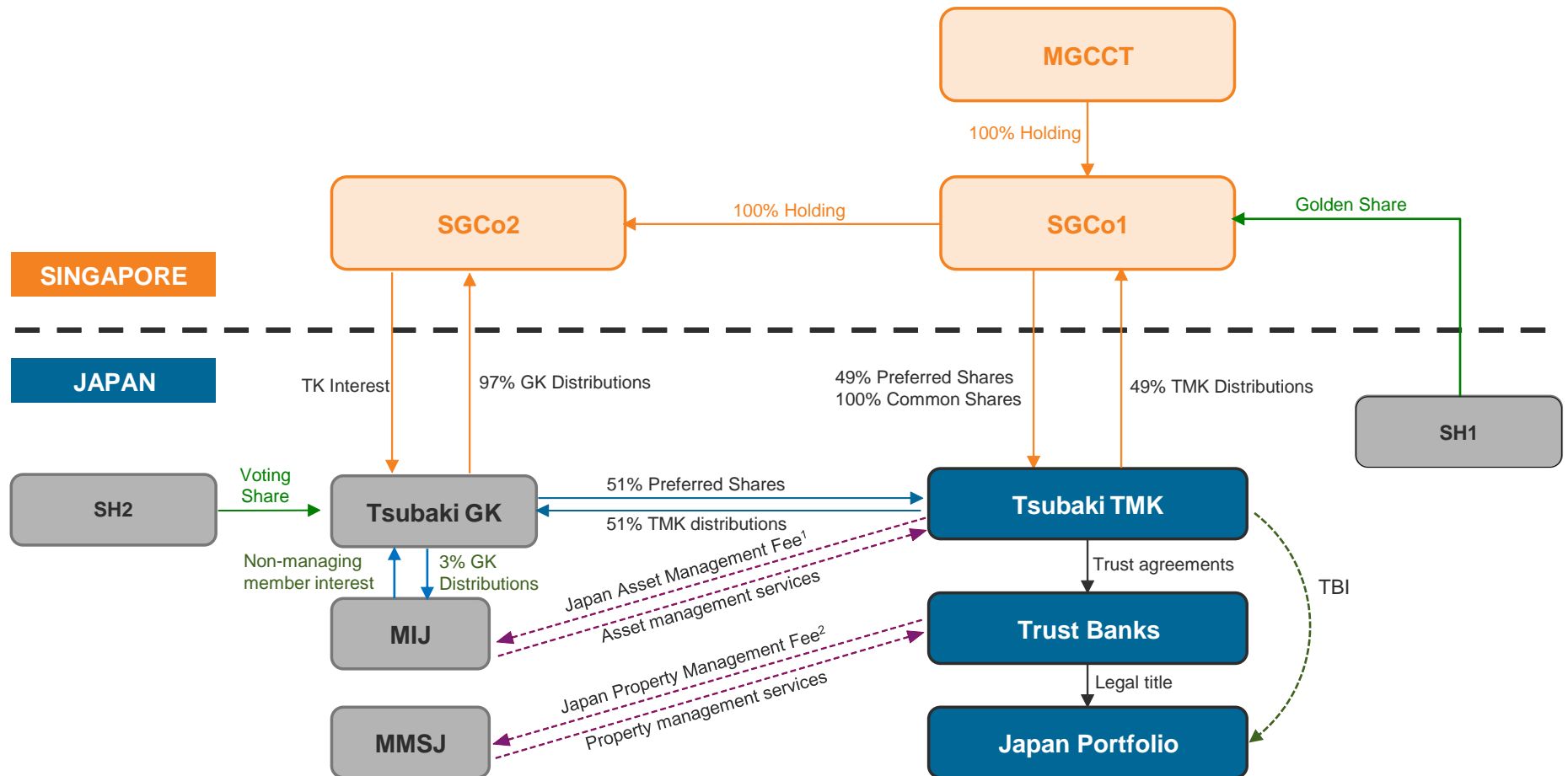




*Fujitsu Makuhari Building  
Mihama-ku, Chiba*

## Appendix

# Proposed Structure of the Acquisition



**SGCo1:** Tsubaki 1 Pte. Ltd., a private limited company incorporated in Singapore

**SGCo2:** Tsubaki 2 Pte. Ltd., a private limited company incorporated in Singapore wholly-owned by SGCo1

**SH1:** The Ippan Shadan Houjin which holds a golden share in SGCo1

**SH2:** The Ippan Shadan Houjin which holds a golden share in Tsubaki GK

**Tsubaki GK:** Godo Kaisha Tsubaki 3

**Tsubaki TMK:** Tsubaki Tokutei Mokuteki Kaisha

**Trust Banks:** Sumitomo Mitsui Trust Bank, Limited and Mizuho Trust & Banking Co., Ltd.

- 1) 10% per annum of the Tsubaki TMK's distributable income. In view of the fees payable to MIJ, the Manager has elected to waive the Base Fee which it is otherwise entitled to under the Trust Deed in respect of the Japan Portfolio for so long as the Manager and MIJ are wholly-owned by MIPL and MIJ continues to receive the Japan Asset Management Fee in respect to the Japan Portfolio.
- 2) (i) 2% per annum of the Gross Revenue for the Building, (ii) 2% per annum of the NPI for the property and (iii) 20% of all fees paid to third party service providers (for MMSJ's supervising and overseeing of the services rendered by the third party service providers where any services are provided by the third party service providers).


# Appreciation in Existing Portfolio's Valuation as at 31 March 2018

	Local Currency		SGD Currency		Gross Cap Rate	
\$ million	Valuation as at 31 Mar 18	Valuation as at 31 Mar 17	Valuation as at 31 Mar 18 <sup>1</sup>	Valuation as at 31 Mar 17 <sup>2</sup>	As at 31 Mar 18	As at 31 Mar 17
Festival Walk	<b>HK\$26,840</b> (+ 7.9% yoy)	HK\$24,870	<b>S\$4,514</b> (- 0.8% yoy)	S\$4,549	4.25%	4.5%
Gateway Plaza	<b>RMB6,442</b> (+ 5.3% yoy)	RMB6,120	<b>S\$1,340</b> (+ 6.5% yoy)	S\$1,258	6.25%	6.5%
Sandhill Plaza	<b>RMB2,103</b> (+ 3.1% yoy)	RMB2,040	<b>S\$438</b> (+ 4.5% yoy)	S\$419	5.50%	5.75%

**Portfolio**

**S\$ 6,292**

S\$ 6,226

 **1.1% (y-o-y)**

Existing Portfolio's valuation increased mainly due to higher revenues from the properties and cap rate compression, but is offset by the depreciation of HKD against SGD, when compared to the last valuation as at 31 March 2017.

- 1) Valuation methodologies used as at 31 March 2018 by independent valuer include: Income Capitalisation Analysis, Discounted Cash Flow Analysis and Market Comparison/Approach Analysis.  
Based on exchange rates S\$1 = HK\$5.9457 and S\$1 = RMB4.8065
- 2) Based on exchange rates S\$1 = HK\$5.4669 and S\$1 = RMB4.8655





# Thank You

For enquiries, please contact:

Ms Elizabeth Loo, Vice President, Investor Relations

Tel: +65 6377 6705

Email: [elizabeth.loo@mapletree.com.sg](mailto:elizabeth.loo@mapletree.com.sg)

**maple<sup>tree</sup>**  
greater china commercial