mapletree
logistics

MAPLETREE LOGISTICS TRUST

(Constituted in the Republic of Singapore
pursuant to a trust deed dated 5 July 2004 (as amended))

CIRCULAR DATED 5 FEBRUARY 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION




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If you have sold or transferred all your units in Mapletree Logistics Trust ("**MLT**", and the units in MLT, the "**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. The securities of MLT 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 securities 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 (as defined herein) does not intend to conduct a public offering of any securities of MLT in the United States.

CIRCULAR TO UNITHOLDERS IN RELATION TO:

THE PROPOSED ACQUISITION OF A PROPERTY IN JAPAN AS AN INTERESTED PERSON TRANSACTION

IMPORTANT DATES AND TIMES FOR UNITHOLDERS	
Last date and time for lodgement of Proxy Forms	18 Feb 2020 (Tuesday) at 2.30 p.m.
Date and time of Extraordinary General Meeting ("EGM")	21 Feb 2020 (Friday) at 2.30 p.m.
Place of EGM	20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439

Managed by

MAPLETREE LOGISTICS TRUST MANAGEMENT LTD.

Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee and the Trustee (each as defined herein)

EY

Overview of Mapletree Kobe Logistics Centre

Agreed Property Value	Implied Net Property Income ("**NPI**") Yield	Occupancy Rate	Net Lettable Area ("**NLA**")	Weighted Average Lease Expiry ("**WALE**")
JPY 22,200.0 mil ~S$276.0 mil	**~4.0%**	**99.7%**	**84,783 sq m**	**4.2 years**[(1)]

Key Acquisition Rationale

1. ***Increasing Exposure to Japan, an Attractive Logistics Market***
2. ***Expansion into Kobe Deepens MLT's Network Connectivity in Japan***
3. ***Proactive Rejuvenation of MLT's Japan Portfolio***
4. ***Addition of High-Quality Property in Strategic Location***
5. ***Attractive Value Proposition***

All information is as at Latest Practicable Date (29 January 2020) unless otherwise stated.

MLT After the Proposed Acquisition

Enlarged Asset Size of S$8,549 million from S$8,270 million

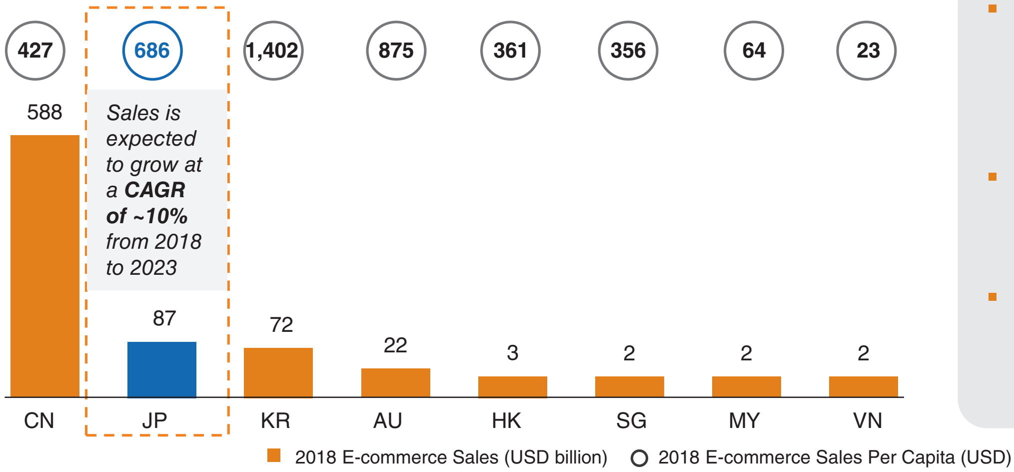
	Existing Portfolio[(2)]	Property[(3)]	Enlarged Portfolio	% Change
NLA ('000 sq m)	4,886	85	4,970	▲ 1.7%
Assets under Management (S$ million)	8,270	279[(4)]	8,549	▲ 3.4%
WALE by NLA (Years)	4.4	4.2	4.4	▼ -0.1%
Number of Tenants	670	7	677	▲ 1.0%
Occupancy	97.7%	99.7%	97.8%	▲ 0.1%
Aggregate Leverage	37.1%[(5)]	–	39.1%[(6)]	▲ 2.0%
Net Asset Value per Unit (S$)	1.18	–	1.18	▬ 0.0%

(1) By NLA.
(2) As at 31 December 2019 and takes into account MLT's 50.0% interest in 15 properties in China.
(3) As at the Latest Practicable Date (29 January 2020).
(4) Based on the Agreed Property Value of the Property and any capitalised costs.
(5) Based on Aggregate Leverage of 37.5% as at 31 December 2019 and including the post-quarter utilisation of proceeds from the divestment of Waigaoqiao Logistics Park completed on 31 December 2019 to repay existing loans.
(6) Does not include the value added tax payable in relation to the Proposed Acquisition which should be refunded within nine months from completion of the Proposed Acquisition. However, should the value added tax payable in relation to the Proposed Acquisition be included, the aggregate leverage will be approximately 39.2%.

1 Increasing Exposure to Japan, an Attractive Logistics Market

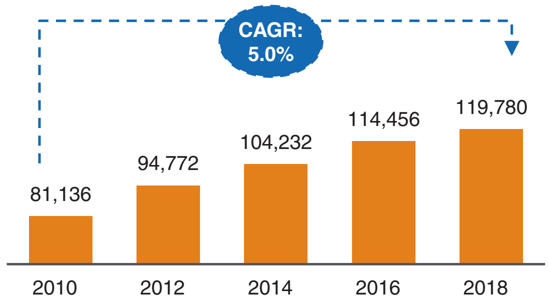
Rising Demand for Modern Warehouse Space Underpinned by Structural Trends

Second Largest E-commerce Market in Asia Pacific, with 5-Year CAGR of 10%
E-commerce Sales and E-commerce Sales Per Capita in Asia Pacific (USD billion, USD)

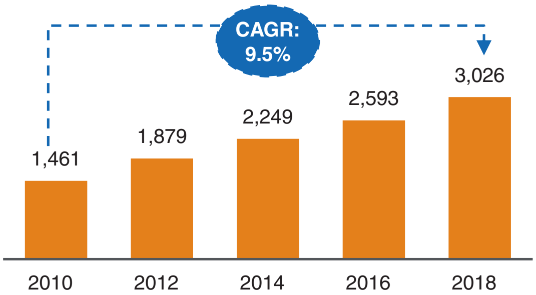


- **Sizeable e-commerce market** – second largest e-commerce market and third highest per capita e-commerce sales in Asia Pacific
- E-commerce market is expected to **grow at CAGR of ~10%** from 2018 to 2023
- E-commerce players typically require 2 to 3 times as much warehouse space as traditional retailers

Rising Popularity of Convenience Stores
Convenience Stores Sales and Growth (JPY billion)



Growing 3PL Market
3PL Sales and Growth (JPY billion)

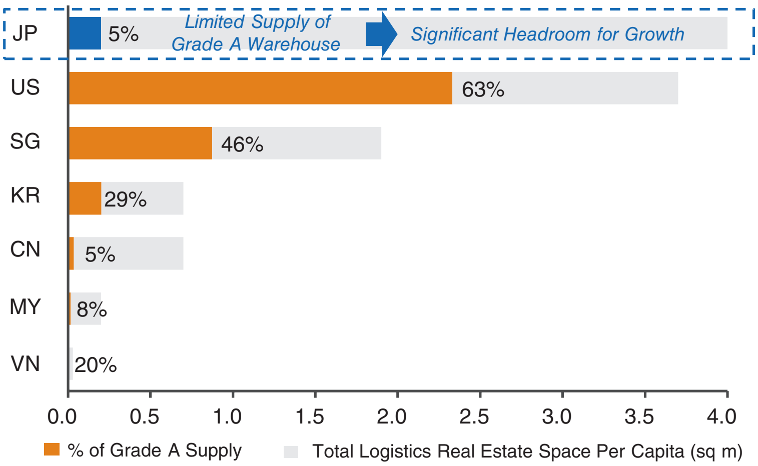


- **Convenience stores require efficient logistics distribution hubs** near key population catchments to facilitate high throughput -> drives demand for modern logistics in prime locations
- 3PLs contributed ~45% of net absorption of Grade A warehouse in 2018. **Further growth in 3PL market is expected to bolster the demand for logistics space**

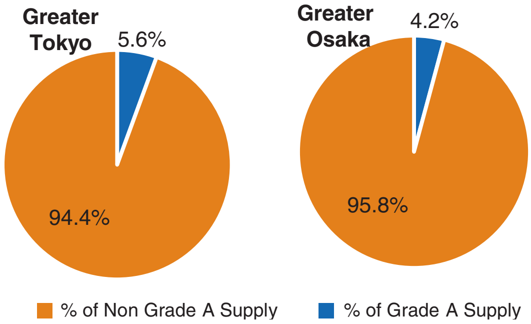
Source: Independent Market Research Consultant.

Limited Supply of Grade A Warehouse Space

Logistics Real Estate Space Per Capita and Grade A Warehouse Supply as % of Total Stock (sq m, %)



Modern Logistics Facilities Relative to Overall Warehouse Stock (%)

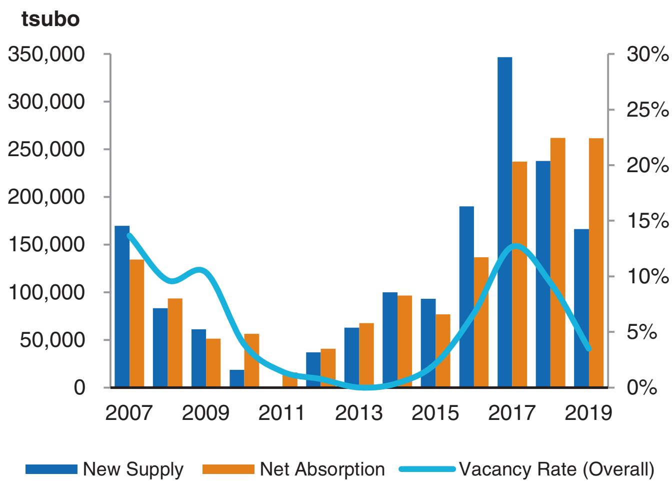


- Grade A warehouse space commands sizeable rent premium of 10% to 30% over traditional warehouse

Source: Independent Market Research Consultant and MLT's Circular to Unitholders dated 1 November 2019.

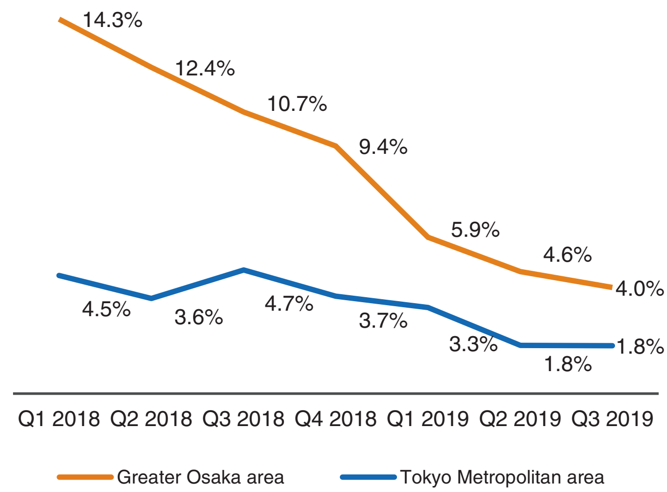
Strong Net Absorption Led to Falling Vacancy Rates

Trends in the Greater Osaka Area Logistics Market
(Tsubo, %)



- Net absorption for logistics facilities in Greater Osaka remains robust despite increasing supply, with total take-up of approximately 262,000 sq m achieved in 2018, representing a year-on-year growth of 10.5%

Vacancy Rate in the Greater Osaka Logistics Market
(%)



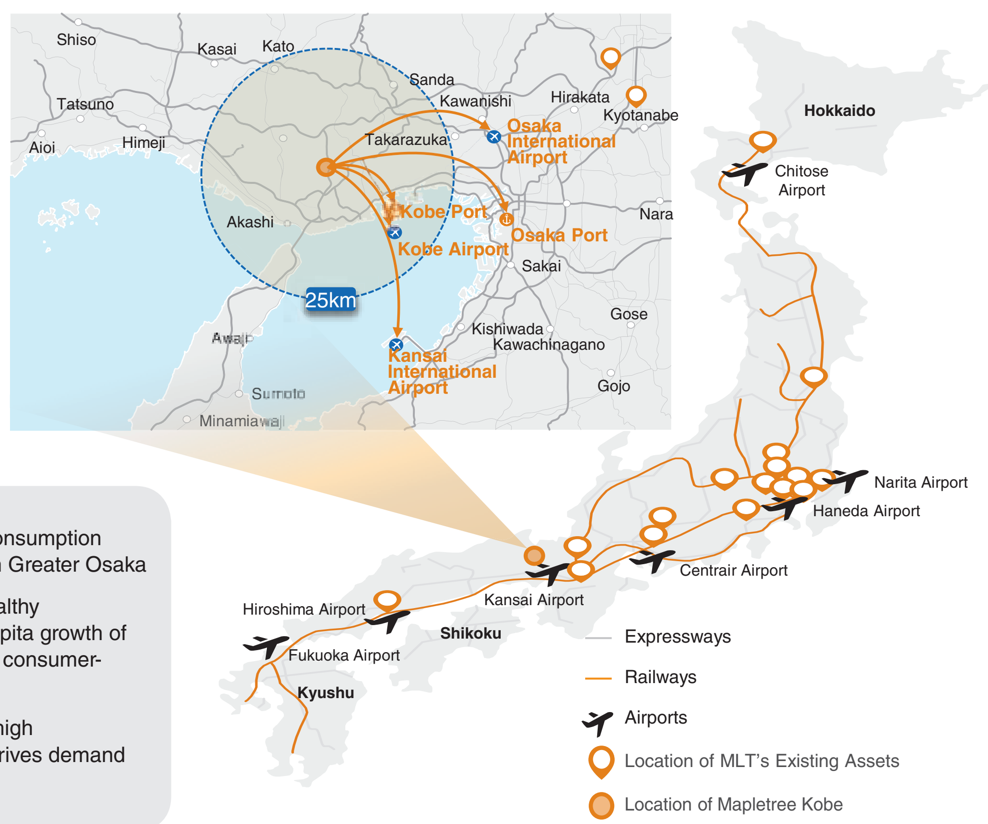
- Sustained demand for logistics space led to a decline in vacancy rate for six consecutive quarters from 14.3% in 1Q 2018 to 4.0% in 3Q of 2019
- Trend expected to be supported by growth in e-commerce and 3PL companies

Source: Independent Market Research Consultant.

2 Expansion into Kobe Deepens MLT's Network Connectivity in Japan

Major Upcoming Infrastructure Projects

- The Shin-Meishin Expressway will reduce travelling time between Kobe (Western Japan) and Nagoya (Eastern Japan) by 40 minutes
- The Osaka Bay Coast Road reduces travelling time from Kobe Nishi to both Kobe Port and Osaka City by 30%



- Allows MLT to serve the large consumption zone of over 23 million people in Greater Osaka
- Major metropolitan area with healthy consumption expenditure per capita growth of 2.5%[(1)] -> sustained demand for consumer-goods related logistics
- Major manufacturing zone with high concentration of factories also drives demand for logistics facilities

Source: Independent Market Research Consultant and Company Information.

(1) Refers to 4-year CAGR between 2014 to 2018.

3 Proactive Rejuvenation of MLT's Japan Portfolio

	Current MLT Japan Portfolio	Mapletree Kobe Logistics Centre	Post-Acquisition MLT Japan Portfolio
No. of Properties	16	1	17
Total NLA (sq m)	333,906	84,783	418,689
Average Floorplate (sq m)	8,107	21,245	8,925
Weighted Average Age[1]	13.7 years	0.8 year	10.9 years

- Selective divestment of older properties with outdated specifications
- Rejuvenates portfolio with acquisition of modern Grade A asset that is well positioned to capture growing demand from 3PL and e-commerce players

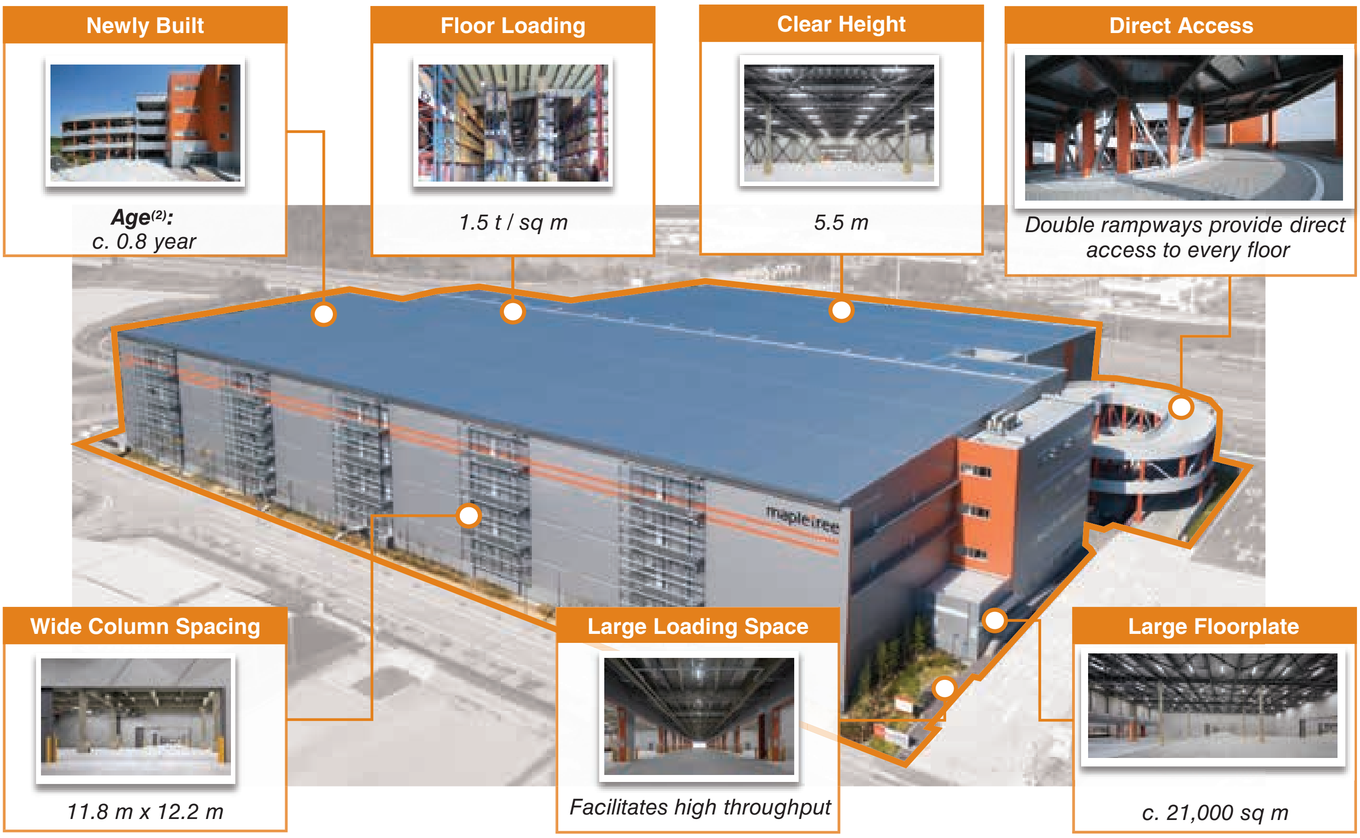
Source: Company Information.

4 Addition of High-Quality Property in Strategic Location

Excellent Connectivity to Transport Infrastructure and Key Population Catchments

- Property is strategically located within an established logistics cluster in Kobe with excellent connectivity to key transport infrastructures
- Located in close proximity to large population catchments in Kobe City (30 minutes of travel time) and Central Osaka (60 minutes of travel time) → important for tenants engaged in last-mile delivery and e-commerce players

Modern Grade A Specifications with Freehold Land Tenure



(1) By NLA as at Latest Practicable Date (29 January 2020).
(2) As at Latest Practicable Date (29 January 2020).

High-Quality Tenant Base

Tenants of the Property

Name	Trade Sector[(1)]	Description	% of NLA
Workman Co., Ltd	Fashion, Apparel & Cosmetics (End-user)	A leading manufacturer and distributor of work-related apparel	25.3
F-Line Co., Ltd	F&B (3PL)	Serves Ajinomoto, an established food corporation	24.2
Kyocera Corporation	Electronics & IT (End-user)	A major manufacturer of electronic products	16.4
Ohtomo Unsou Co., Ltd	Automobile (3PL)	Serves Panasonic, an established electronics company	8.7
AST Corporation	Consumer Durables (3PL)	Serves major health and beauty retailers with household paper products	8.5
Nippon Express Co., Ltd	Multi-sector (3PL)	Serves mainly a major e-commerce site and a major manufacturer of electronic products	8.5
Umeda Logistics, Inc.	F&B (3PL)	Serves Suntory, a leading brewing and distilling group	8.1
Top 10 Total			**99.7**

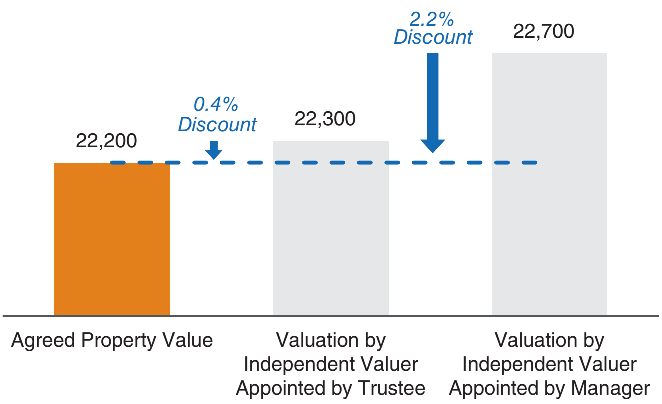
- Property has an occupancy rate of 99.7%, with WALE (by NLA) of 4.2 years and built-in rental escalations
- 75% of tenant base (by NLA) are handling consumer-related goods
- Six out of seven tenants are new to MLT → diversifies MLT's tenant base and reduces concentration risks

Source: Company Information.

5 Attractive Value Proposition

Discount to Independent Valuations

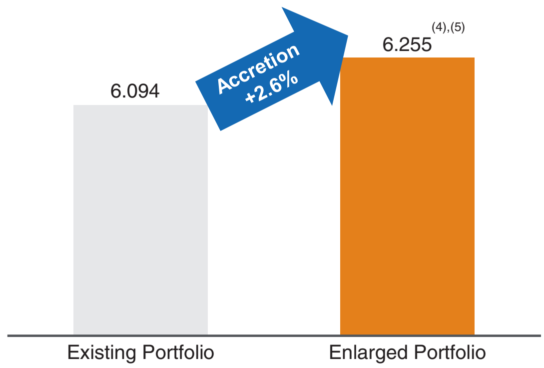
Agreed Property Value Relative to Independent Valuations[(2)] (JPY million)



Source: Independent Valuers.

DPU Accretive Acquisition

Pro Forma DPU (3Q FY19/20)[(3)]
(Singapore cents)



Method of Financing

The Manager intends to fully finance the Total Acquisition Cost of approximately S$276.1 million through the drawdown of JPY debt facilities and issuance of onshore JPY bonds (the "Debt Facilities") and the issuance of the Acquisition Fee Units.

(1) The trade sector breakdown reflects the nature of the underlying goods that are stored and handled by the respective tenants at the Property.
(2) As at 1 December 2019.
(3) For the three financial quarters ended 31 December 2019.
(4) Assuming that the Proposed Acquisition had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019. All tenants were paying their rents in full. MLT's expenses comprising borrowing costs associated with the drawdown of the Debt Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.
(5) Includes (a) approximately 0.8 million Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an illustrative issue price of S$1.70 per Acquisition Fee Unit and (b) approximately 0.7 million new Units issued in aggregate as payment for (i) the base management fee and (ii) the property management and lease management fees for such services rendered to the Property for the financial quarters ended 30 June 2019 and 30 September 2019, based on the volume weighted average price for all trades on SGX-ST in the last 10 business days of each respective financial quarter.

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CORPORATE INFORMATION

Directors of Mapletree Logistics Trust Management Ltd. (the manager of MLT) (the "Manager")	:	Mr Lee Chong Kwee (Non-Executive Chairman and Director) Mrs Penny Goh (Lead Independent Non-Executive Director) Mr Lim Joo Boon (Independent Non-Executive Director) Mr Loh Shai Weng (Independent Non-Executive Director) Mr Tan Wah Yeow (Independent Non-Executive Director) Mr Tarun Kataria (Independent Non-Executive Director) Mr Wee Siew Kim (Independent Non-Executive Director) Mr Goh Chye Boon (Non-Executive Director) Ms Wendy Koh Mui Ai (Non-Executive Director) Mr Wong Mun Hoong (Non-Executive Director) Ms Ng Kiat (Executive Director and Chief Executive Officer)
Joint Company Secretaries	:	Mr Wan Kwong Weng Ms See Hui Hui
Registered Office of the Manager	:	10 Pasir Panjang Road #13-01 Mapletree Business City Singapore 117438
Trustee of MLT (the "Trustee")	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #10-02 HSBC Building Singapore 049320
Legal Adviser for the Proposed Acquisition and to the Manager as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser for the Proposed Acquisition and to the Manager as to Japan Law	:	Morrison & Foerster LLP Shin-Marunouchi Building 5-1 Marunouchi 1-chome, Chiyoda-ku Tokyo 100-6529, Japan
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors, Audit and Risk Committee and the Trustee (the "IFA")	:	Ernst & Young Corporate Finance Pte Ltd One Raffles Quay North Tower, Level 18 Singapore 048583

Independent Auditor	:	PricewaterhouseCoopers LLP 7 Straits View, Marina One East Tower, Level 12 Singapore 018936
Independent Valuers (the "Independent Valuers")	:	CBRE K.K. Meiji Yasuda Seimei Building 2-1-1 Marunouchi, Chiyoda-ku Tokyo 100-0005, Japan (Appointed by the Trustee) International Appraisals Incorporated Onarimon Yusen Building 11th floor 3-23-5 Nishi Shinbashi, Minato-ku Tokyo 105-0003, Japan (Appointed by the Manager)
Independent Market Research Consultant (the "Independent Market Research Consultant")	:	CBRE K.K. Meiji Yasuda Seimei Building 2-1-1 Marunouchi, Chiyoda-ku Tokyo 100-0005, Japan

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 48 to 54 of this Circular.

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

*For illustrative purposes, certain JPY amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations in relation to the Existing Portfolio (as defined herein) are as at 31 December 2019 and have been made based on the illustrative exchange rate of S$1.00 = JPY79.89 while such translations in relation to the Property (as defined herein) are as at 29 January 2020, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), and have been made based on the illustrative exchange rate of S$1.00 = JPY80.43. Such translations should not be construed as representations that JPY amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all.*

1. OVERVIEW

Mapletree Logistics Trust ("**MLT**") is the first Asia-focused logistics real estate investment trust established in Singapore. Listed on the SGX-ST in 2005, MLT's principal investment strategy is to invest in a diversified portfolio of quality, well-located, income-producing logistics real estate in Asia Pacific.

As at 31 December 2019, MLT had a market capitalisation of approximately S$6,606.8 million and its portfolio comprised 143 properties located in Singapore, Hong Kong SAR, Japan, Australia, South Korea, the People's Republic of China, Malaysia and Vietnam and its assets under management was approximately S$8,270.3 million.

2. SUMMARY OF APPROVAL REQUIRED

The Manager has identified Mapletree Kobe Logistics Centre (the "**Property**") as being suitable for acquisition by MLT. MLT is proposing to acquire an effective interest of 98.47% in the Property[1] (the "**Proposed Acquisition**") and the Manager is convening an EGM of MLT to seek the approval of its unitholders ("**Unitholders**") for the Proposed Acquisition as an interested person transaction by way of an Ordinary Resolution.

While MLT will hold an effective interest of 98.47% in the Property upon completion of the Proposed Acquisition (the "**Completion**"), all property and financial-related figures (e.g. GRI[2], net property income, weighted average lease expiry ("**WALE**"), occupancy, trade sector breakdown, valuation, gross floor area ("**GFA**") and net lettable area ("**NLA**")) stated in this Circular for the Property and the Enlarged Portfolio (as defined herein) are based on 100.0% effective interest in the Property, unless otherwise stated.

1 The balance 1.53% effective interest will be held by Mapletree Investments Japan Kabushiki Kaisha ("**MIJ**" or the "**Japan Asset Manager**") (which is an indirect wholly-owned subsidiary of Mapletree Investments Pte Ltd ("**MIPL**" or the "**Sponsor**")) through its non-managing member interest in Hinageshi GK (as defined herein). Please see Paragraph 2.1 of the Letter to Unitholders for further details.

2 "**GRI**" shall mean gross rental income, which consists of fixed rent (comprising base rent, service charges, chilled water charges and promotional levy, where applicable) and turnover rent (which is rent calculated by reference to a pre-determined percentage of the tenant's sales turnover, where applicable), recognised on a cash basis.

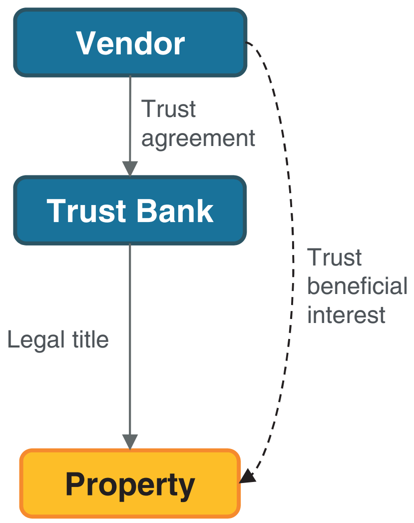
(i) Description of the Property

Recently completed in April 2019, the Property is a 4-storey logistics facility strategically located within an established logistics cluster in Kobe. It is a facility with modern Grade A specifications such as double rampways, large floorplate, clear height of 5.5 metres, floor loading of 1.5 tons per square metre and 11.8 metres by 12.2 metres column-to-column span. The Property is currently 99.7% occupied and has attracted a high-quality and diversified tenant mix comprising seven established and reputable tenants.

(ii) The Proposed Acquisition

On 28 January 2020, Sazanka Tokutei Mokuteki Kaisha ("**Sazanka TMK**")[1] entered into a conditional trust beneficial interest sale and purchase agreement (the "**TBI Sale and Purchase Agreement**") with Ajisai TMK (the "**Vendor**"), an associate of MIPL, to acquire the trust beneficial interest of the Property for a purchase consideration which is based on the agreed property value of JPY22,200.0 million (approximately S$276.0 million) (the "**Agreed Property Value**") (as described herein) (the "**TMK Consideration**"). MLT will have a 98.47% interest in Sazanka TMK and will be liable to pay 98.47% of the TMK Consideration for its effective interest in the Property (the "**Effective Consideration**"), which will be satisfied fully in cash.

Currently, the legal title of the Property is wholly-owned by the Vendor. To facilitate the Proposed Acquisition, the legal title of the Property will be transferred to Sumitomo Mitsui Trust Bank, Limited (the "**Trust Bank**"), a licensed trust bank, by the Vendor, to be held on trust ("**Entrustment**"). Following Entrustment, the trust beneficial interest in the Property will be held by the Vendor. The trust beneficial interest is a means by which the holder is entitled to the economic interest of the underlying assets. Entrustment shall take place on the date of Completion (the "**Completion Date**").



1 A *tokutei mokuteki kaisha* ("**TMK**") is a common structure adopted for investment in real estate under Japanese law. The TMK structure is a tax-efficient structure specifically designed for the purpose of issuing asset-backed securities under TMK laws.

The Vendor is indirectly held by MJLD Pte. Ltd. ("**MJLD**") through a TMK. MJLD 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 the Sponsor. The Sponsor holds an approximate 38.24% stake in MJLD. Apart from the Sponsor, the remaining investors of MJLD include indirect wholly-owned subsidiaries of Temasek Holdings (Private) Limited.

For the purposes of this Circular, the term "**Proposed Acquisition**" shall include all the steps taken directly or indirectly by MLT to acquire the effective interest of 98.47% in the Property, including (a) the TK Investment (as defined herein) by SGCo2 (as defined herein); (b) the subscription for the SGCo1 TMK Preferred Shares (as defined herein) by SGCo1 (as defined herein); (c) the subscription for the GK TMK Preferred Shares (as defined herein) by Hinageshi GK (as defined herein); and (d) Entrustment. Additionally, unless otherwise stated, the "**Existing Portfolio**" refers to the 143 properties held by MLT as at 31 December 2019. The "**Enlarged Portfolio**" comprises the Existing Portfolio and the Property and the information contained in this Circular on the Existing Portfolio is as at 31 December 2019 and the information on the Property is as at the Latest Practicable Date.

(See **Paragraph 2** of the Letter to Unitholders for details of the Proposed Acquisition.)

(iii) Asset Liquidation Plan

When a TMK commences any business related to the liquidation of specified assets, it shall file with the Local Finance Bureau a prior notification to that effect, together with an asset liquidation plan ("**ALP**"). TMKs are required to strictly comply with their ALPs that are submitted to the relevant authority. In the ALP, the terms of asset liquidation, details of asset-backed securities to be issued, details of specified assets, measures to manage and dispose of the assets and matters concerning borrowing of funds shall be prescribed. In practice, any amendment to an ALP in relation to the assets, with some exceptions, requires prior consent of all contribution-holders, holders of specified bonds which are asset-backed debt securities authorised to be issued by TMKs to procure funds (if such specified bonds have been issued) and lenders of specified loans.

(See **Paragraph 2.4** of the Letter to Unitholders for the key operational matters relating to Sazanka TMK that will require the prior consent of the Preferred Shareholders (as defined herein).)

Sazanka TMK's issued share capital consists of specified shares (also known as common shares) (the "**Specified Shares**") and preferred shares. Sazanka TMK's ALP will provide that the specified shareholders of the TMK are not entitled to receive any distributions from Sazanka TMK on the Specified Shares. Only preferred shareholders of Sazanka TMK have the right to receive distributions.

(See **Paragraph 2.1** of the Letter to Unitholders for further details on the ownership structure of Sazanka TMK.)

(iv) Valuation

The Agreed Property Value, for the purposes of the TMK Consideration, was arrived at on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Property as at 1 December 2019 and the highest bid received by MJLD (which is equivalent to the Agreed Property Value) in April 2019 from a third party in a competitive bid process.

In this respect, the Trustee and the Manager have each commissioned an independent property valuer to value the Property. In arriving at the open market value of the Property, the Independent Valuers relied on the following valuation methods:

Independent Valuer appointed by the Trustee	**Valuation Method of Independent Valuer appointed by the Trustee**	**Independent Valuer appointed by the Manager**	**Valuation Method of Independent Valuer appointed by the Manager**
CBRE K.K.	Income Approach and Cost Approach	International Appraisals Incorporated	Income Approach, Sales Comparison Approach and Cost Approach

The Agreed Property Value is JPY22,200.0 million (approximately S$276.0 million), representing a discount of approximately 0.4% to CBRE K.K.'s valuation of JPY22,300.0 million (approximately S$277.3 million) as at 1 December 2019 and a discount of approximately 2.2% to International Appraisals Incorporated's valuation of JPY22,700.0 million (approximately S$282.2 million) as at 1 December 2019.

(See **Paragraph 2.2** of the Letter to Unitholders for further details.)

(v) Total Acquisition Cost

The total acquisition cost is estimated to be approximately S$276.1 million, comprising:

(a) the Effective Consideration which is estimated to be approximately JPY21,860.3 million (approximately S$271.8 million);

(b) the acquisition fee payable in Units to the Manager for the Proposed Acquisition (the "**Acquisition Fee**") which is estimated to be approximately S$1.4 million (representing 0.5% of the Effective Consideration); and

(c) the estimated professional and other fees and expenses of approximately S$2.9 million incurred or to be incurred by MLT in connection with the Proposed Acquisition[1] and the Debt Facilities (as defined herein),

(collectively, the "**Total Acquisition Cost**").

1 This excludes the value added tax of approximately JPY1,554.0 million (approximately S$19.3 million) payable in relation to the Proposed Acquisition and the corresponding cost of funding its payment given that the value added tax should be refunded within nine months from the Completion Date.

(vi) Payment of Acquisition Fee in Units

Pursuant to the trust deed dated 5 July 2004 constituting MLT, as supplemented, amended and restated from time to time (the "**Trust Deed**"), the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Effective Consideration (or such lower percentage as may be determined by the Manager in its absolute discretion). The Manager has, at its discretion, elected to receive an acquisition fee of 0.5% of the Effective Consideration.

As the Proposed Acquisition will constitute an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), the Acquisition Fee payable in respect of the Proposed Acquisition will be in the form of Units (the "**Acquisition Fee Units**"), which shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing market price (as defined in the Trust Deed) (the "**Market Price**") of such Units on the Completion Date.

Based on an illustrative issue price of S$1.70 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 799,392 Units.

(vii) Method of Financing for the Proposed Acquisition

The Manager intends to fully finance the Total Acquisition Cost through a drawdown of JPY debt facilities and an issuance of onshore JPY bonds (collectively, the "**Debt Facilities**"), as well as the issuance of the Acquisition Fee Units. The table below sets out the Aggregate Leverage[1] of MLT assuming that the Total Acquisition Cost, save for the Acquisition Fee, is fully funded through the Debt Facilities.

Aggregate Leverage of MLT before the Proposed Acquisition	37.1%$^{(1)}$
Aggregate Leverage of MLT after the Proposed Acquisition	39.1%$^{(2)}$

Notes:

(1) Based on Aggregate Leverage of 37.5% as at 31 December 2019 and including the post-quarter utilisation of proceeds from the divestment of Waigaoqiao Logistics Park completed on 31 December 2019 to repay existing loans.

(2) Does not include the value added tax payable in relation to the Proposed Acquisition which should be refunded within nine months from Completion. However, should the value added tax payable in relation to the Proposed Acquisition be included, the aggregate leverage will be approximately 39.2%.

1 "**Aggregate Leverage**" refers to the ratio of the value of the borrowings and deferred payments (if any) to the value of the Deposited Property (as defined herein) (inclusive of MLT's proportionate share of jointly controlled entities).

(viii) Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 1,152,197,556 Units, which is equivalent to approximately 30.34% of the total number of Units in issue. MIPL is therefore regarded as a "controlling unitholder" of MLT under both the listing manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of MIPL, MIPL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As MJLD is an associate of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MJLD (being an associate of a "controlling unitholder" and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of MLT.

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

By approving the Proposed Acquisition, Unitholders will be deemed to have approved all such acts and things and documents which are required to be executed by the parties in order to give effect to the Proposed Acquisition.

(See **Paragraph 4.3** of the Letter to Unitholders for further details.)

(ix) Rationale for and Key Benefits of the Proposed Acquisition

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

(i) Increasing exposure to Japan, an attractive logistics market;

(ii) Expansion into Kobe deepens MLT's network connectivity in Japan;

(iii) Proactive rejuvenation of MLT's Japan portfolio;

(iv) Addition of high-quality property in strategic location; and

(v) Attractive value proposition.

(See **Paragraph 3** of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	18 February 2020 (Tuesday) at 2.30 p.m.
Date and time of the EGM	:	21 February 2020 (Friday) at 2.30 p.m.

Any changes to the timetable above will be announced.

LETTER TO UNITHOLDERS

MAPLETREE LOGISTICS TRUST

(Constituted in the Republic of Singapore
pursuant to a Trust Deed dated 5 July 2004 (as amended))

Directors of the Manager	**Registered Office**
Mr Lee Chong Kwee (Non-Executive Chairman and Director) Mrs Penny Goh (Lead Independent Non-Executive Director) Mr Lim Joo Boon (Independent Non-Executive Director) Mr Loh Shai Weng (Independent Non-Executive Director) Mr Tan Wah Yeow (Independent Non-Executive Director) Mr Tarun Kataria (Independent Non-Executive Director) Mr Wee Siew Kim (Independent Non-Executive Director) Mr Goh Chye Boon (Non-Executive Director) Ms Wendy Koh Mui Ai (Non-Executive Director) Mr Wong Mun Hoong (Non-Executive Director) Ms Ng Kiat (Executive Director and Chief Executive Officer)	10 Pasir Panjang Road #13-01 Mapletree Business City Singapore 117438

5 February 2020

To: Unitholders of Mapletree Logistics Trust

Dear Sir/Madam

1. SUMMARY OF APPROVAL REQUIRED

The Manager is convening an EGM of MLT to seek the approval of Unitholders by way of an Ordinary Resolution for the Proposed Acquisition as an interested person transaction.

The following paragraphs set forth key information relating to the abovementioned Resolution.

2. THE PROPOSED ACQUISITION

The Manager has identified the Property as being suitable for acquisition by MLT. MLT is proposing to acquire an effective interest of 98.47% in the Property and the Manager is convening an EGM of MLT to seek the approval of its Unitholders for the Proposed Acquisition as an interested person transaction by way of an Ordinary Resolution.

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

2.1 The Proposed Acquisition, Acquisition Structure and Taxation

Recently completed in April 2019, the Property is a 4-storey logistics facility strategically located within an established logistics cluster in Kobe. It is a facility with modern Grade A specifications such as double rampways, large floorplate, clear height of 5.5 metres, floor loading of 1.5 tons per square metre and 11.8 metres by 12.2 metres column-to-column span. The Property is currently 99.7% occupied and has attracted a high-quality and diversified tenant mix comprising seven established and reputable tenants.

Currently, the legal title of the Property is wholly-owned by the Vendor. To facilitate the Proposed Acquisition, the legal title of the Property will be transferred to the Trust Bank by the Vendor, to be held on trust. Following Entrustment, the trust beneficial interest in the Property will be held by the Vendor. The trust beneficial interest is a means by which the holder is entitled to the economic interest of the underlying assets. Entrustment shall take place on the Completion Date.

On 28 January 2020, Sazanka TMK entered into the TBI Sale and Purchase Agreement with the Vendor to acquire the trust beneficial interest of the Property for the TMK Consideration which is based on the Agreed Property Value of JPY22,200.0 million (approximately S$276.0 million). MLT will have a 98.47% interest in Sazanka TMK and will be liable to pay 98.47% of the TMK Consideration for its effective interest in the Property, which will be satisfied fully in cash.

Sazanka TMK is currently wholly-owned by MapletreeLog Sazanka Pte. Ltd. ("**SGCo1**"), a private limited company incorporated in Singapore, which is in turn wholly-owned by MLT. SGCo1 currently holds an issued share capital of JPY400,000 (approximately S$4,973) represented by eight Specified Shares in Sazanka TMK. SGCo1 will also hold 49.0% of the total issued preferred share capital of Sazanka TMK on or before Completion. Ippan Shadan Hojin Hinageshi, a non-profit association which is a bankruptcy remote entity established under Japanese law, known as an "*Ippan Shadan Hojin*" ("**SH1**"), will hold a golden share in SGCo1 and thus will have voting rights in relation to certain matters, including liquidation and changes to Sazanka TMK's and SGCo1's constitution, for the purposes of making SGCo1 and Sazanka TMK bankruptcy-remote vehicles.

The remaining 51.0% of the total issued preferred share capital of Sazanka TMK will be held by Godo Kaisha Hinageshi ("**Hinageshi GK**")[1] on or before Completion. Pursuant to a *Tokumei Kumiai* agreement, or the silent partnership agreement (the "**Silent Partnership Agreement**"), which forms and governs the *Tokumei Kumiai* relationship between MapletreeLog Hinageshi Pte. Ltd. ("**SGCo2**"), a private limited company incorporated in Singapore, and Hinageshi GK, SGCo2 currently holds the *Tokumei Kumiai* interest[2] in Hinageshi GK which, with a subsequent agreed-upon capital contribution from SGCo2, entitles SGCo2 to 97.0% of the economic interest in Hinageshi GK. Pursuant to the terms of the Silent Partnership Agreement, SGCo2 will be entitled to 97.0% of the profits generated and will be required to bear 97.0% of the losses incurred by Hinageshi GK, provided that SGCo2's liability for the losses shall not exceed its contribution and the share of unpaid profits attributable to SGCo2. SGCo2 is wholly-owned by SGCo1. The balance 3.0% of the economic interest will be retained by Hinageshi GK through the non-managing member interest which MIJ will be subscribing for in Hinageshi GK at or around the same time that SGCo2 contributes the TK Investment (as defined herein). MIJ will be entitled to the balance 3.0% of the economic interest retained by Hinageshi GK.

In addition, SH1 is also the managing member which holds a voting share in Hinageshi GK. In its capacity as managing member of Hinageshi GK, SH1 acts as the holding company of Hinageshi GK and has no potential income, loss or net worth. In general, unlike a non-managing member which has no right to make any decisions in relation to Hinageshi GK, SH1, as a managing member, has the right to make member's decisions in relation to Hinageshi GK. Additionally, SGCo2 does not have any voting rights as a silent partner, however, through the right of passive veto under the Silent Partnership Agreement, Hinageshi GK cannot proceed with certain key operational matters without first obtaining the prior approval of SGCo2 as the *Tokumei Kumiai* investor (the "**TK Investor**") in compliance with Paragraph 6.5 of the Property Funds Appendix.

1 A *Godo Kaisha* ("**GK**") is a common structure adopted for investment in real estate under Japanese law. The GK corporate structure is similar to that of a limited liability company, with the members of the GK both owning and managing the GK (or certain member(s) owning but not managing the GK, as specified in its articles of incorporation).

2 The holder of the *Tokumei Kumiai* interest is entitled to the economic interest of the underlying asset upon Completion.

The distinctive feature of the *Tokumei Kumiai* relationship is that Hinageshi GK, as the *Tokumei Kumiai* operator (the "**TK Operator**"), will legally own the GK TMK Preferred Shares (as defined herein) and SGCo2 will be regarded as a silent partner. Given that it is only Hinageshi GK, as the legal owner of the GK TMK Preferred Shares, which has rights against and obligations to third parties, so long as the *Tokumei Kumiai* relationship is observed and recognised in accordance with the Silent Partnership Agreement, third parties will have no recourse against SGCo2, as the silent partner, and the liability of MLT (through SGCo2) is thus limited to the amount of SGCo2's contribution into Hinageshi GK and the share of unpaid profits attributable to SGCo2. This is similar to a trust structure, whereby the trustee legally owns the trust property for the benefit of the beneficiary. Hinageshi GK, as the operator, is placed in a similar position to that of a trustee holding property under a trust whilst SGCo2 would be in a position similar to that of a beneficiary.

To partly fund the TMK Consideration, MLT will on or before the Completion Date, through:

(i) SGCo1, contribute JPY3,151.4 million (approximately S$39.2 million) (the "**SGCo1 Subscription Price**") into Sazanka TMK by subscribing for 49.0% of the total issued preferred share capital of Sazanka TMK (the "**SGCo1 TMK Preferred Shares**") pursuant to a subscription agreement which will be entered into between SGCo1, Hinageshi GK and Sazanka TMK (the "**Sazanka TMK Preferred Shares Subscription Agreement**"); and

(ii) SGCo2, contribute JPY3,181.6 million (approximately S$39.6 million) (the "**TK Investment**")[1] into Hinageshi GK pursuant to the Silent Partnership Agreement, and together with the proportionate contribution of JPY98.4 million (approximately S$1.2 million) from MIJ into Hinageshi GK, Hinageshi GK will enter into the Sazanka TMK Preferred Shares Subscription Agreement and subscribe for 51.0% of the total issued preferred share capital of Sazanka TMK (the "**GK TMK Preferred Shares**").

The balance of the TMK Consideration will be funded out of the proceeds from onshore JPY bonds to be issued and loan facilities to be obtained by Sazanka TMK in Japan.

For the purposes of this Circular, the "**Preferred Shares**" comprises (i) the SGCo1 TMK Preferred Shares and (ii) the GK TMK Preferred Shares, and "**Preferred Shareholders**" refers to SGCo1 and Hinageshi GK as holders of the Preferred Shares pursuant to the Sazanka TMK Preferred Shares Subscription Agreement.

Through SGCo2's 97.0% economic interest in Hinageshi GK and Hinageshi GK's 51.0% preferred shareholding in Sazanka TMK, MLT will effectively have an economic interest in 49.47% of Sazanka TMK and hence the Property. Together with SGCo1's 49.0% preferred shareholding in Sazanka TMK, MLT will have an effective economic interest of 98.47% in Sazanka TMK and hence, the Property, upon Completion. The balance 1.53% effective interest will be held by MIJ through its non-managing member interest in Hinageshi GK.

Post-Completion, the legal title to the Property will continue to be held by the Trust Bank while the trust beneficial interest in the Property will be held by Sazanka TMK.

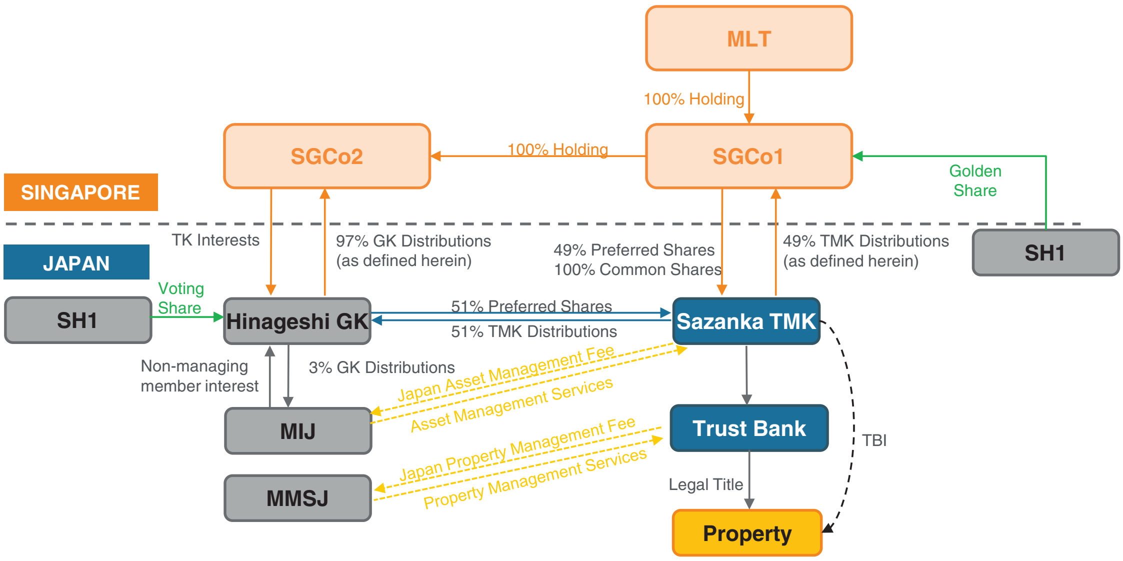
1 This includes the JPY1.0 billion investment by SGCo2 into Hinageshi GK for purposes of application for the status of a Qualified Institutional Investor by SGCo2. "**Qualified Institutional Investor**" refers to *tekikaku-kikan-toshika* status as provided in Article 2, Paragraph 3, Sub-paragraph 1 of the FIEL (as defined herein) and Article 10 of the Cabinet Ordinance regarding Definitions as Provided in Article 2 of the FIEL (Ministry of Finance Ordinance No. 14 of 1993, as amended).

The Effective Consideration (being 98.47% of the TMK Consideration) shall comprise the SGCo1 Subscription Price and the TK Investment together with the onshore JPY bonds and loan facilities to be obtained by Sazanka TMK in Japan. The Effective Consideration will be satisfied fully in cash.

As the legal title holder of the Property, the Trust Bank will be responsible for the management of the Property, and in this regard, pursuant to the Japan Property Management Agreement (as defined herein), the Japan Property Manager (as defined herein) will be appointed as the property manager.

On the Completion Date, Sazanka TMK will also enter into the Japan Asset Management Agreement (as defined herein) with the Japan Asset Manager (as defined herein), pursuant to which Sazanka TMK will sub-contract its day-to-day operations to the Japan Asset Manager. In consideration of the asset management services provided to Sazanka TMK, the Japan Asset Manager will be entitled to receive the Japan Asset Management Fee (as defined herein).

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



A TMK is a tax efficient structure as it is entitled to deduct dividend distributions made to its shareholders in calculating its taxable income even though it is subject to corporate tax in the same manner as other Japanese domestic corporations. The ability to claim a deduction on the dividend paid is contingent on the TMK satisfying certain conditions set forth under the prevailing Special Taxation Measures Law of Japan. If those conditions are met and Sazanka TMK is able to distribute 100.0% of its taxable income, minimal Japanese corporate tax, if any, should be payable by Sazanka TMK.

The distributions by Sazanka TMK (the "**TMK Distributions**") are subject to Japan withholding tax. Provided SGCo1 holds at least 25.0% of the voting shares of Sazanka TMK during the period of six months immediately before the end of the fiscal period for which the distribution of profits takes place, the dividends it receives from Sazanka TMK should be eligible for the reduced withholding tax rate of 5.0% as prescribed under the Singapore-Japan double taxation agreement (the "**Singapore-Japan DTA**").

The TMK Distributions received in Singapore by SGCo1 will be exempt from tax provided:

(a) in the year the dividend income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;

(b) the dividend has been subjected to tax in the jurisdiction from which it is received;

(c) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to SGCo1; and

(d) SGCo1 is a tax resident of Singapore.

The distributions by Hinageshi GK (the "**GK Distributions**") to SGCo2 (the "**SGCo2 GK Distributions**") are subject to Japan statutory withholding tax, which is currently 20.42%. Unlike the TMK Distributions, the SGCo2 GK Distributions are not eligible for the reduced withholding tax rate of 5.0% under the Singapore-Japan DTA.

On the basis that SGCo2 is a tax resident of Singapore, it will be able to claim foreign tax credit for the Japan withholding tax suffered on the GK Distributions received or deemed to have been received by it in Singapore against its Singapore tax payable on such income. The amount of foreign tax credit that can be claimed is the lower of the actual foreign tax paid or the amount of Singapore income tax payable on such income. Hence, there ought not to be incremental tax payable by SGCo2 on the receipt of the GK Distributions in Singapore in view that the withholding tax of 20.42% is higher than the prevailing Singapore corporate income tax rate of 17.0%.

2.2 Valuation

The Agreed Property Value, for the purposes of the TMK Consideration, was arrived at on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Property as at 1 December 2019 and the highest bid received by MJLD (which is equivalent to the Agreed Property Value) in April 2019 from a third party in a competitive bid process.

In this respect, the Trustee and the Manager have each commissioned an Independent Valuer to value the Property. In arriving at the open market value of the Property, the Independent Valuers relied on the following valuation methods:

Independent Valuer appointed by the Trustee	Valuation Method of Independent Valuer appointed by the Trustee	Independent Valuer appointed by the Manager	Valuation Method of Independent Valuer appointed by the Manager
CBRE K.K.	Income Approach and Cost Approach	International Appraisals Incorporated	Income Approach, Sales Comparison Approach and Cost Approach

The Agreed Property Value is JPY22,200.0 million (approximately S$276.0 million), representing a discount of approximately 0.4% to CBRE K.K.'s valuation of JPY22,300.0 million (approximately S$277.3 million) as at 1 December 2019 and a discount of approximately 2.2% to International Appraisals Incorporated's valuation of JPY22,700.0 million (approximately S$282.2 million) as at 1 December 2019.

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

2.3 Silent Partnership Agreement

SGCo2 has entered into the Silent Partnership Agreement with Hinageshi GK pursuant to which their *Tokumei Kumiai* relationship was formed and SGCo2, among others, agreed to make the TK Investment subject to the terms of the Silent Partnership Agreement.

The principal terms of the Silent Partnership Agreement include, among others, the following conditions precedent to SGCo2's obligation to contribute the TK Investment into Hinageshi GK:

(i) all representations and warranties of Hinageshi GK are true and accurate in all material respects;

(ii) Hinageshi GK has performed in all respects, all obligations as required to be performed by it under the Silent Partnership Agreement;

(iii) the TBI Sale and Purchase Agreement being in full force and effect and there are no material breaches thereof by the Vendor and the Sazanka TMK Preferred Shares Subscription Agreement being in full force and effect and there are no material breaches thereof by Sazanka TMK;

(iv) the approval of Unitholders for the Proposed Acquisition having been obtained at the EGM;

(v) the fulfilment of all conditions precedent in the TBI Sale and Purchase Agreement (unless otherwise waived), save for any condition precedent requiring the TBI Sale and Purchase Agreement to be unconditional; and

(vi) SGCo2 having obtained the status of a Qualified Institutional Investor.

Pursuant to the Silent Partnership Agreement, Hinageshi GK (as the TK Operator) shall not conduct any of the following acts without the prior approval of SGCo2 (as the TK Investor):

(i) cease or change the business of the TK Operator (the "**TK Business**")[1];

(ii) issue interests in Hinageshi GK to any person;

(iii) increase or decrease its capital, or otherwise change any equity capital structure including the TK Investment structure relating to the TK Business;

(iv) approve the transfer of the interests in Hinageshi GK;

(v) amend the articles of incorporation of Hinageshi GK;

(vi) file for an application for bankruptcy, civil rehabilitation or other insolvency proceedings;

(vii) dissolve itself by (a) consent of all the members of Hinageshi GK, or (b) corporate merger or amalgamation;

(viii) change the distribution policy in relation to the distributable cash as set out in the Silent Partnership Agreement;

1 "**TK Business**" means the acquisition, holding and eventual disposal of the GK TMK Preferred Shares held by Hinageshi GK.

(ix) issue any bond or any other securities or accept any other TK investment in the TK Business; and

(x) enter into transactions with an interested party (as defined in the Property Funds Appendix) of MLT (except for MIJ's equity contribution to Hinageshi GK).

2.4 Sazanka TMK Preferred Shares Subscription Agreement

Pursuant to the Sazanka TMK Preferred Shares Subscription Agreement, SGCo1 and Hinageshi GK agreed to subscribe for the Preferred Shares.

The principal terms of the Sazanka TMK Preferred Shares Subscription Agreement include, among others, the following conditions precedent:

(i) the representations and warranties by Sazanka TMK are true and accurate as of the payment due date for the subscription of the Preferred Shares by Hinageshi GK and SGCo1;

(ii) the approval of Unitholders for the Proposed Acquisition having been obtained at the EGM;

(iii) financing for the Proposed Acquisition having been obtained;

(iv) SGCo2 having obtained the status of a Qualified Institutional Investor;

(v) the TBI Sale and Purchase Agreement being in full force and effect and there are no material breaches thereof by the Vendor;

(vi) all other conditions precedent in the TBI Sale and Purchase Agreement having been fulfilled or otherwise waived;

(vii) the ALP having been filed with the Local Finance Bureau; and

(viii) the articles of incorporation of Sazanka TMK having been amended to provide for certain veto rights to the Preferred Shareholders, which include the following:

a. amending the ALP or the articles of incorporation of Sazanka TMK;

b. dissolution, changes to the structure (including the equity capital structure), or liquidation, civil rehabilitation, or other insolvency proceedings of Sazanka TMK;

c. amending the dividend distribution policy of Sazanka TMK;

d. cessation or change of business of Sazanka TMK;

e. issue of Specified Shares or securities (including preferred shares) or securities-based derivatives contracts;

f. transfer of any Specified Shares;

g. incurring borrowings and issue of any specified bonds;

h. acquisition or sale or any form of transfer of any specified assets and creation of new security over any specified assets;

i. rebuilding, new development, large-scale repairs, etc. or other asset enhancement and capital expenditure plans and instruction in connection therewith for the real estate that is the specified asset concerned (if that specified asset is the trust beneficial interests, the trust asset);

j. entry into transactions with interested parties (as defined in the Property Funds Appendix) of MLT; and

k. appointment, termination and/or change of the asset manager or the property manager for the real estate that is the specified asset concerned (or if that specified asset is the trust beneficial interests, the trust asset).

2.5 TBI Sale and Purchase Agreement

In connection with the Proposed Acquisition, Sazanka TMK has on 28 January 2020 entered into the TBI Sale and Purchase Agreement with the Vendor to acquire the trust beneficial interest in the Property.

The principal terms of the TBI Sale and Purchase Agreement include, among others, the following conditions precedent:

(i) all representations and warranties of the Vendor and Sazanka TMK are true and accurate in all material respects;

(ii) the Vendor and Sazanka TMK have performed in material respects all obligations as required to be performed under the TBI Sale and Purchase Agreement;

(iii) the Vendor has performed in material respects all obligations as required to be performed under the Trust Agreement (as defined in the TBI Sale and Purchase Agreement);

(iv) the Vendor has obtained a written consent of Kobe City necessary for Entrustment of the Property from the Vendor to the Trust Bank;

(v) to the extent required, the Vendor has obtained the written consent of Kobe City in relation to the transfer of the trust beneficial interest of the Property from the Vendor to Sazanka TMK;

(vi) to the extent required, the Vendor has obtained the written consent of Kobe City in relation to the creation of any security interest on the trust beneficial interest of the Property and the creation by the Trust Bank or Sazanka TMK of any security interest over the Property in the event of the termination of the trust arrangement arising from Entrustment;

(vii) an agreement under which the Trust Bank shall assume the Vendor's status under the purchase and sale agreement between Kobe City and the Vendor has been entered into by and between Kobe City, the Vendor, Sazanka TMK and the Trust Bank;

(viii) no security interests or other legal encumbrances or restrictions have been attached to the Property or the trust beneficial interests, excluding lease rights and the sub-lease rights under lease agreements and sub-lease agreements with certain existing tenants of the Property and any persons who in accordance with the TBI Sale and Purchase Agreement received lease rights or sub-lease rights in relation to the Property on or after the execution date of the TBI Sale and Purchase Agreement as of the date of transfer; and in addition, excluding the case where the contractual security interests will be removed by the Vendor on the date of transfer by utilising Sazanka TMK's payment of the TMK Consideration;

(ix) the Vendor has submitted to Sazanka TMK the Vendor's certified copy of the commercial registration and certificate of seal impression (these are limited to the latest of such documents and which are issued within one month prior to the execution date of the TBI Sale and Purchase Agreement);

(x) Sazanka TMK has submitted to the Vendor Sazanka TMK's certified copy of the commercial registration and certificate of seal impression (these are limited to the latest of such documents and which are issued within one month prior to the execution date of the TBI Sale and Purchase Agreement);

(xi) the Vendor has obtained the written consent of the Trust Bank pursuant to the Trust Agreement in relation to the assignment of the trust beneficial interest from the Vendor to Sazanka TMK;

(xii) Sazanka TMK confirming that the Vendor is ready to deliver the deliverables to Sazanka TMK or its designee in accordance with the TBI Sale and Purchase Agreement;

(xiii) all relevant corporate, governmental and regulatory approvals required to be obtained by the Vendor for all matters contemplated by, incidental to or necessary to give full effect to, the transactions contemplated in the TBI Sale and Purchase Agreement have been obtained by the Vendor and are in full force and effect;

(xiv) the approval of Unitholders for the Proposed Acquisition having been obtained at the EGM; and

(xv) SGCo2 obtains the status of a Qualified Institutional Investor.

2.6 Management Agreements in relation to the Proposed Acquisition

2.6.1 Japan Property Management Agreement

As the legal title holder of the Property, the Trust Bank will be responsible for the management of the Property. In connection with the Proposed Acquisition, the Trust Bank will enter into a property management agreement in relation to the Property with Mapletree Management Services Japan Kabushiki Kaisha ("**MMSJ**" or the "**Japan Property Manager**"), an indirect wholly-owned subsidiary of MIPL, for the Japan Property Manager to provide property management services for the Property (the "**Japan Property Management Agreement**").

The monthly fees payable by the Trust Bank to the Japan Property Manager under the Japan Property Management Agreement for property management services rendered in respect of the Property shall be 1.0% of the gross revenue of the Property (the "**Japan Property Management Fees**").

The aggregate property management fees payable in respect of the Property (including the Japan Property Management Fees) are on substantially the same rates as those payable by MLT to Mapletree Property Management Pte. Ltd., the current property manager of MLT ("**MPM**" or the "**Property Manager**"), under the Overseas Properties Property Management Agreement (as defined herein). Accordingly, the computation of the Property Manager's fees payable under the Overseas Properties Property Management Agreement will take into account the fees payable to the Japan Property Manager and there will be no double payment for services provided for the Property.

2.6.2 Japan Asset Management Agreement

In connection with the Proposed Acquisition, it is proposed that Sazanka TMK will on the Completion Date enter into an asset management agreement with the Japan Asset Manager, an indirect wholly-owned subsidiary of MIPL, to provide asset management services to Sazanka TMK (the "**Japan Asset Management Agreement**").

The fee payable by Sazanka TMK to the Japan Asset Manager under the Japan Asset Management Agreement will be a fee amounting to 0.5% per annum of the value of the beneficial interest of properties held by Sazanka TMK (the "**Japan Asset Management Fee**").

The fees payable to the Japan Asset Manager are on substantially the same rates as the base fee payable by MLT to the Manager under the Trust Deed. In the computation of the Manager's fees payable under the Trust Deed, any asset management fees payable to the Japan Asset Manager will be taken into account and no double payment will be made for the asset management services provided to Sazanka TMK.

2.7 Asset Liquidation Plan

When a TMK commences any business related to the liquidation of specified assets, it shall file with the Local Finance Bureau a prior notification to that effect, together with an ALP. TMKs are required to strictly comply with their ALPs that are submitted to the relevant authority. In the ALP, the terms of asset liquidation, details of asset-backed securities to be issued, details of specified assets, measures to manage and dispose of the assets and matters concerning borrowing of funds shall be prescribed. In practice, any amendment to an ALP in relation to the assets, with some exceptions, requires prior consent of all contribution-holders, holders of specified bonds which are asset-backed debt securities authorised to be issued by TMKs to procure funds (if such specified bonds have been issued) and lenders of specified loans.

Sazanka TMK's ALP will provide that the specified shareholders of the TMK are not entitled to receive any distributions from Sazanka TMK on the Specified Shares. Only preferred shareholders of Sazanka TMK have the right to receive distributions.

2.8 Total Acquisition Cost

The Total Acquisition Cost is estimated to be approximately S$276.1 million, comprising:

(a) the Effective Consideration which is estimated to be approximately JPY21,860.3 million (approximately S$271.8 million);

(b) the Acquisition Fee which is estimated to be approximately S$1.4 million (representing 0.5% of the Effective Consideration); and

(c) the estimated professional and other fees and expenses of approximately S$2.9 million incurred or to be incurred by MLT in connection with the Proposed Acquisition[1] and the Debt Facilities.

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1 This excludes the value added tax of approximately JPY1,554.0 million (approximately S$19.3 million) payable in relation to the Proposed Acquisition and the corresponding cost of funding its payment given that the value added tax should be refunded within nine months from the Completion Date.

2.9 Payment of Acquisition Fee in Units

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Effective Consideration (or such lower percentage as may be determined by the Manager in its absolute discretion). The Manager has, at its discretion, elected to receive an acquisition fee of 0.5% of the Effective Consideration.

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

Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing Market Price (as defined in the Trust Deed) of such Units on the Completion Date.

Based on an illustrative issue price of S$1.70 per Acquisition Fee Unit, the number of Acquisition Fee Units issued shall be approximately 799,392 Units.

2.10 Method of Financing for the Proposed Acquisition

The Manager intends to fully finance the Total Acquisition Cost through the Debt Facilities and the issuance of the Acquisition Fee Units. The table below sets out the Aggregate Leverage of MLT assuming that the Total Acquisition Cost, save for the Acquisition Fee, is fully funded through the Debt Facilities:

Aggregate Leverage of MLT before the Proposed Acquisition	37.1%(1)
Aggregate Leverage of MLT after the Proposed Acquisition	39.1%(2)

Notes:

(1) Based on Aggregate Leverage of 37.5% as at 31 December 2019 and including the post-quarter utilisation of proceeds from the divestment of Waigaoqiao Logistics Park completed on 31 December 2019 to repay existing loans.

(2) Does not include the value added tax payable in relation to the Proposed Acquisition which should be refunded within nine months from Completion. However, should the value added tax payable in relation to the Proposed Acquisition be included, the aggregate leverage will be approximately 39.2%.

3. RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION

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

3.1 Increasing Exposure to Japan, an Attractive Logistics Market

In Japan, shifting age demographics and consumption patterns towards consumer convenience are key driving forces of the growth in e-commerce, convenience stores and third-party logistics ("**3PL**") markets. These structural drivers of demand, coupled with increasing automation of warehouse operations to overcome the challenge of a shrinking labour force, have underpinned occupier demand for modern logistics space in prime locations. At the same time, the supply of modern Grade A logistics properties in Japan is limited. The Proposed Acquisition positions MLT well to capture the favourable demand-supply dynamics in Japan and fill the market gap in modern logistics space.

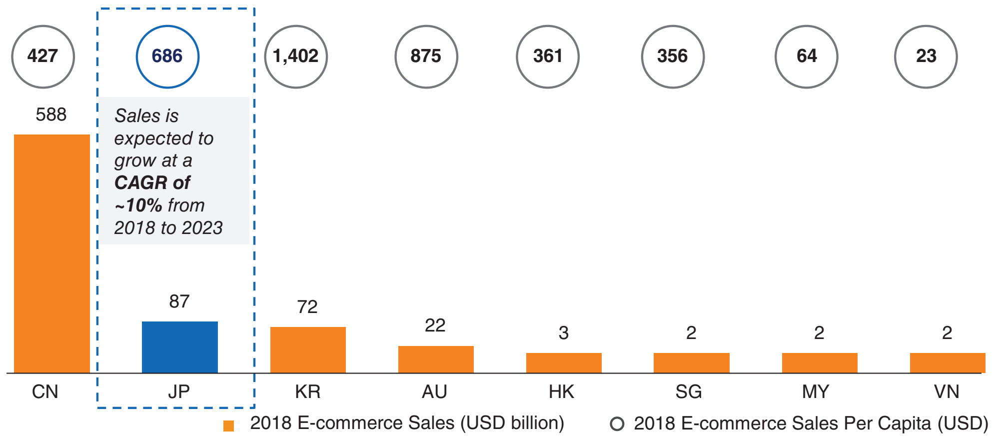
3.1.1 Rising Demand for Modern Warehouse Space Underpinned by Structural Trends

Growing e-commerce market

Japan is the second largest e-commerce market in Asia Pacific with sales value of USD87 billion in 2018 and the third highest per capita e-commerce sales of USD686, according to the Independent Market Research Consultant. Looking ahead, e-commerce sales is expected to grow at a healthy compound annual growth rate ("**CAGR**") of approximately 10% from 2018 to 2023.

The growing and sizeable e-commerce market in Japan has had a significant impact on demand for modern logistics facilities as e-commerce activities require comprehensive logistics and warehousing support. E-commerce players typically require two to three times as much warehouse space as traditional retailers due to more extensive product offerings, higher inventory levels and greater outbound and reverse logistics space requirements.

E-commerce Sales and E-commerce Sales Per Capita in Asia Pacific (USD billion, USD)

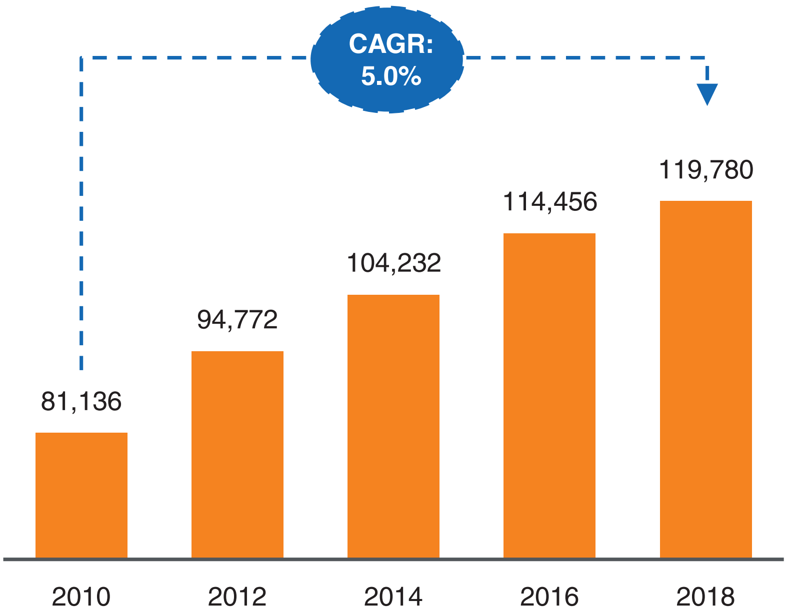


Source: Independent Market Research Consultant.

Rising popularity of convenience stores

In Japan, the rising trend of convenience to cater for time-strapped single and dual-income households as well as the needs of the elderly have led to strong sales growth momentum in convenience stores. According to the Independent Market Research Consultant, convenience stores sales have grown at a CAGR of 5.0% from 2010 to 2018.

Convenience Stores Sales and Growth (JPY billion)



Source: Independent Market Research Consultant.

The growth in convenience stores is driving demand for logistics space, particularly modern logistics properties in prime locations. For convenience stores, having an efficient logistics distribution hub near key population catchments to facilitate high throughput is critical to improve in-store availability of products and competitiveness.

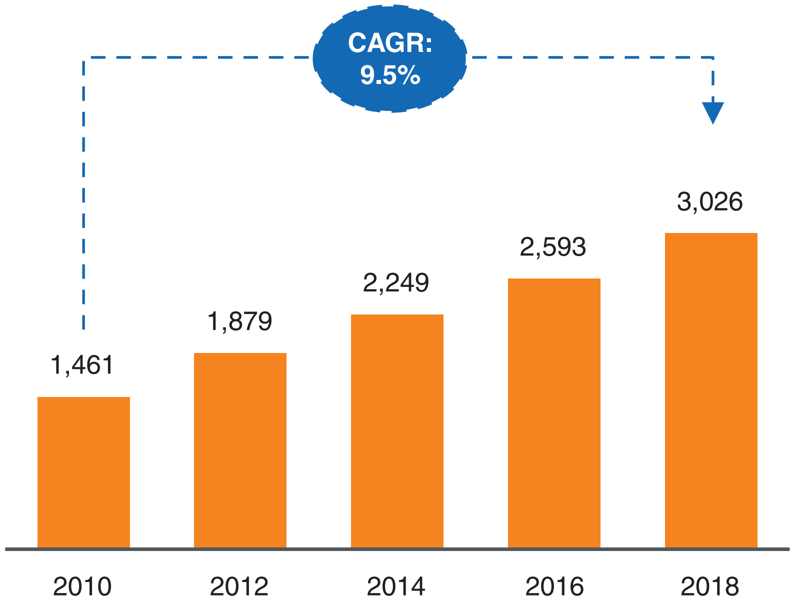
Increasing automation

With a declining and ageing population, Japan faces an acute shortage of labour. Logistics companies are endeavouring to overcome the challenge of labour shortage (for example, truck drivers and warehouse operatives) through automation. The automation of warehouse space requires logistics facilities that are built to modern Grade A specifications, which encompass features such as high floor-loading capacity, high floor-to-ceiling height and high electrical loading to support heavy machinery, as well as super-flat floors to enable the deployment of automated guided vehicles for higher efficiency. The shortage of truck drivers and rising transportation costs are also bolstering demand for logistics facilities located in proximity to consumption centres and transportation networks.

Growing 3PL market

According to the Independent Market Research Consultant, the streamlining of logistics activities for cost reduction has led to companies outsourcing various logistics functions such as storage, freight handling and distribution to 3PL firms. The 3PL market has grown at a CAGR of 9.5% from 2010 to 2018.

3PL Sales and Growth
(JPY billion)



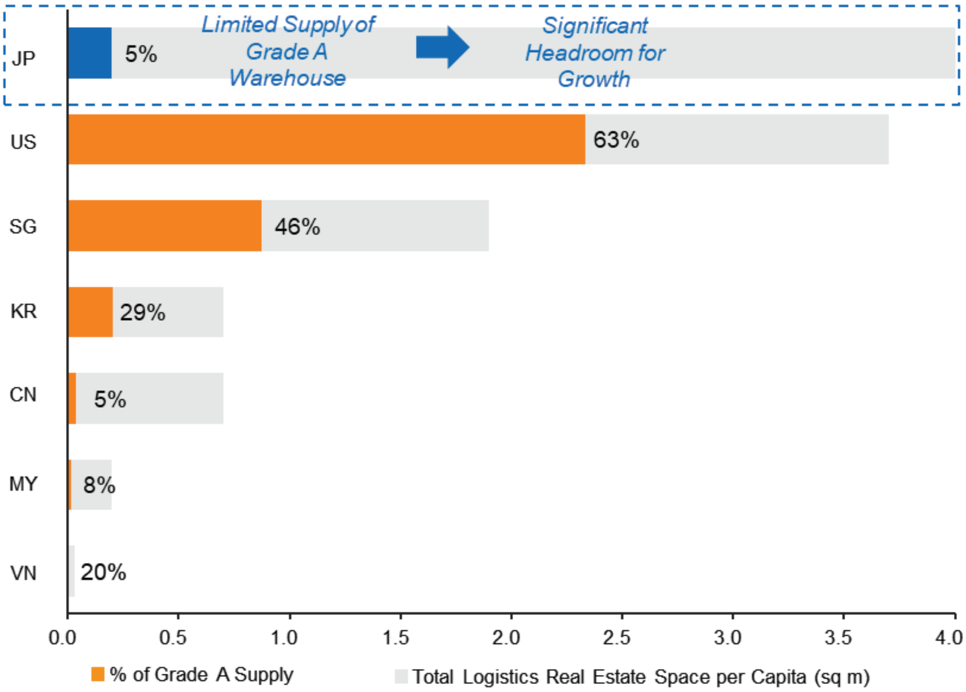
Source: Independent Market Research Consultant.

The Independent Market Research Consultant expects growth in the 3PL market to be sustained as companies continue to drive supply chain efficiency. It is estimated that 3PLs contributed approximately 45% of net absorption of Grade A warehouses in 2018 and the contribution from the 3PL market is estimated to grow to over 60% in 2019.

3.1.2 Limited Supply of Grade A Warehouse Space

While Japan has a large stock of logistics facilities, only 5% of total stock are of Grade A specifications, according to the Independent Market Research Consultant.

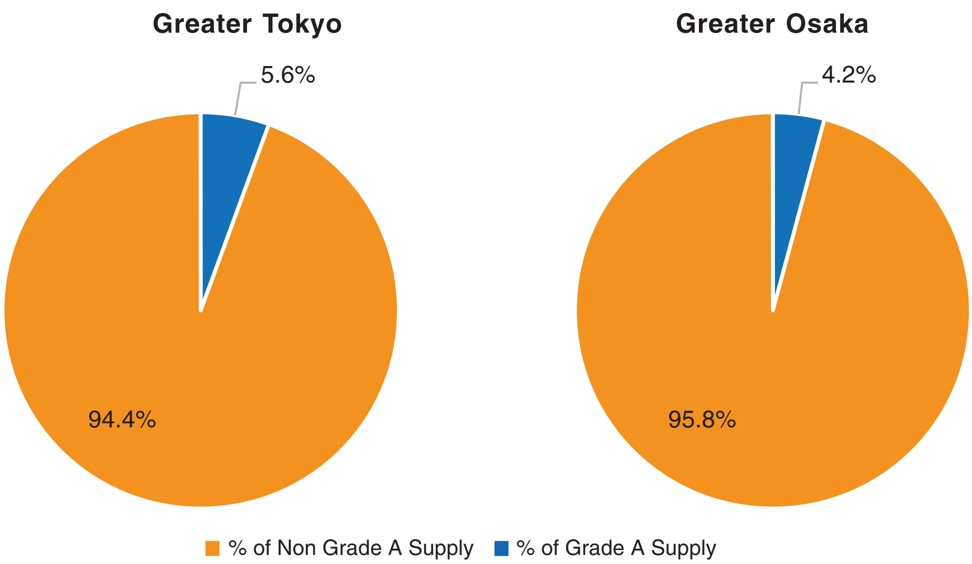
Logistics Real Estate Space per Capita and Grade A Warehouse Supply as % of Total Stock (sq m,%)



Source: Independent Market Research Consultant and MLT's Circular to Unitholders dated 1 November 2019.

Notably, modern Grade A warehouse stock as a proportion of total warehouse stock in Greater Tokyo and Greater Osaka is estimated at only 5.6% and 4.2%, respectively. The scarcity of Grade A warehouses in Japan has enabled them to command a sizeable premium, averaging 10% to 30% higher than traditional warehouses.

Modern Logistics Facilities Relative to Overall Warehouse Stock



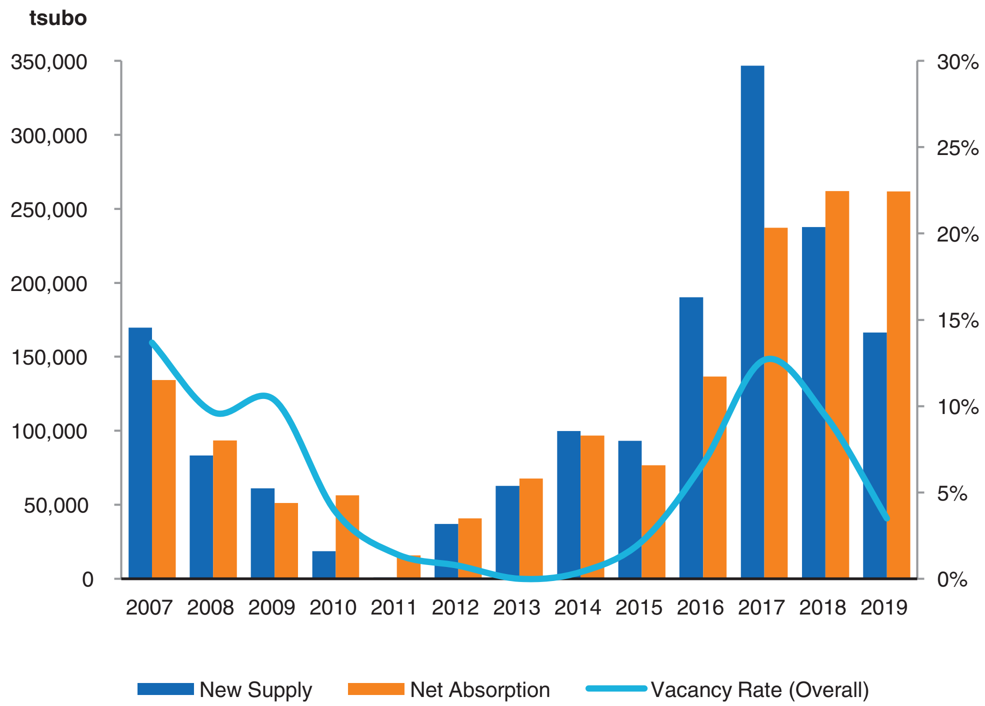
Source: Independent Market Research Consultant.

In Japan, modern logistics real estate space is characterised by, among other things, large floorplates, high ceilings, wide column spacing, rampways and other value-added features.

3.1.3 Strong Net Absorption Led to Falling Vacancy Rates

According to the Independent Market Research Consultant, overall net absorption for logistics facilities in Greater Osaka remains robust despite increasing supply, with total take-up of approximately 262,000 sq m achieved in 2018, representing a year-on-year growth of 10.5%.

Trends in the Greater Osaka Area Logistics Market (Tsubo, %)

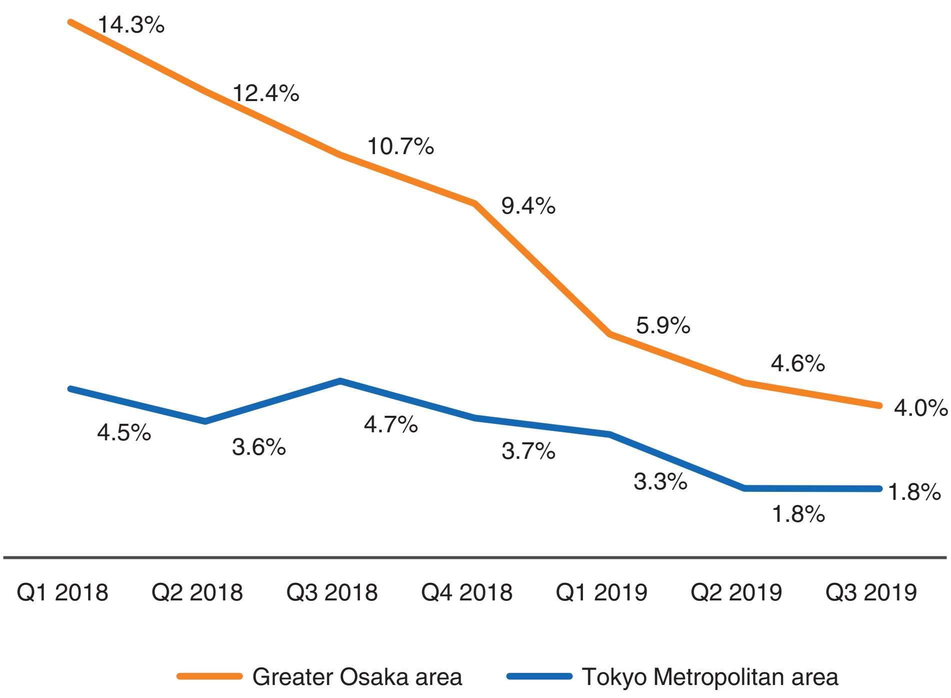


Leasable logistics facilities with Gross Floor Area of 5,000 sq m and above

Source: Independent Market Research Consultant.

In Greater Osaka, sustained demand for logistics space led to a decline in vacancy rate for six consecutive quarters from 14.3% in 1Q 2018 to 4.0% in 3Q 2019. This trend is expected to continue as demand for modern warehouse space continues to be supported by the growth in e-commerce and 3PL companies.

Vacancy Rate in the Greater Osaka Logistics Market (%)



Source: Independent Market Research Consultant.

3.2 Expansion into Kobe Deepens MLT's Network Connectivity in Japan

The Proposed Acquisition will extend MLT's footprint to Western Japan, deepening its network connectivity in Japan and complementing its existing platform of 16 logistics facilities, the majority of which are located in the Greater Tokyo area.

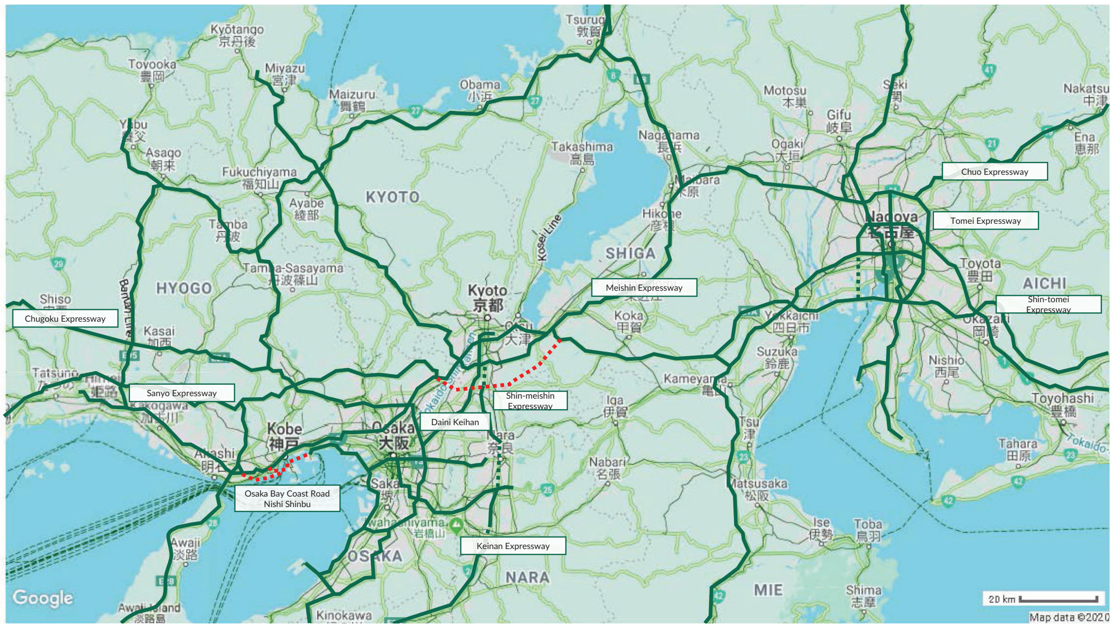
Expansion into Kobe, a prime logistics hub in Western Japan

Kobe is a prime logistics hub in Western Japan. Gaining access to this market will allow MLT to serve the large consumption zone of over 23 million people in Greater Osaka while tapping on Kobe's growing consumer market. According to the Independent Market Research Consultant, consumption expenditure per capita in Kobe grew at a healthy CAGR of 2.5%, higher than the national average of 0.08%, between 2014 to 2018. As a major metropolitan area, Kobe has a sustained demand for consumer-goods related logistics, which will underpin demand for logistics facilities. In addition, Kobe is a major manufacturing zone with a high concentration of factories that requires supply chain logistics as well as warehouse space.

Kobe – A Prime Logistics Hub in Western Japan

Source: Independent Market Research Consultant and Company Information.

<u>Major upcoming infrastructure projects</u>



Source: Independent Market Research Consultant.

The upcoming Shin-Meishin Expressway is expected to reduce travelling time between Kobe and Nagoya by 40 minutes and improve logistics efficiency, thereby benefitting logistics players and anchoring demand for logistics properties in this region. The 174 km highway connecting Western Japan (Kobe) to Eastern Japan (Nagoya) is expected to be fully completed by 2023. In addition, within the Greater Osaka area, the Japanese government is also developing the Osaka Bay Coast Road Nishi Shinbu, a 14.5 km 6-lane highway from Higashinada ward to Nagata ward in Kobe City. The highway, which will connect key infrastructure such as the Kansai International Airport, Hanshin Port and Kobe Port, will reduce travelling time from Kobe Nishi to both Kobe Port and Osaka City by 30%.

3.3 Proactive Rejuvenation of MLT's Japan Portfolio

The Proposed Acquisition is in line with the Manager's strategy to rejuvenate MLT's portfolio through selective divestments of older assets and re-deployment of the capital released into investments of modern facilities with higher growth potential.

In April 2019, MLT divested five older properties with outdated specifications in Japan for approximately S$213 million[1]. The profile of an older warehouse in MLT's Japan portfolio is typically one that is more than 10 years old, with a small floorplate of less than 10,000 sq m and without direct ramp access (for multi-storey buildings). In contrast, the Property, which the Manager is proposing to acquire, is a newly built Grade A 4-storey logistics facility with double rampways and a large floorplate of more than 20,000 sq m that is well positioned to capture the growing demand from 3PL and e-commerce players.

Proactive Rejuvenation of MLT's Japan Portfolio

Gyoda Centre – one of five properties divested on 10 April 2019

	Current MLT Japan Portfolio	Mapletree Kobe Logistics Centre	Post-Acquisition MLT Japan Portfolio
No. of Properties	16	1	17
Total NLA (sq m)	333,906	84,783	418,689
Average Floorplate (sqm)	8,107	21,245	8,925
Weighted Average Age(1)	13.7 years	0.8 year	10.9 years

Source: Company Information.

Note:

(1) By NLA as at 29 January 2020.

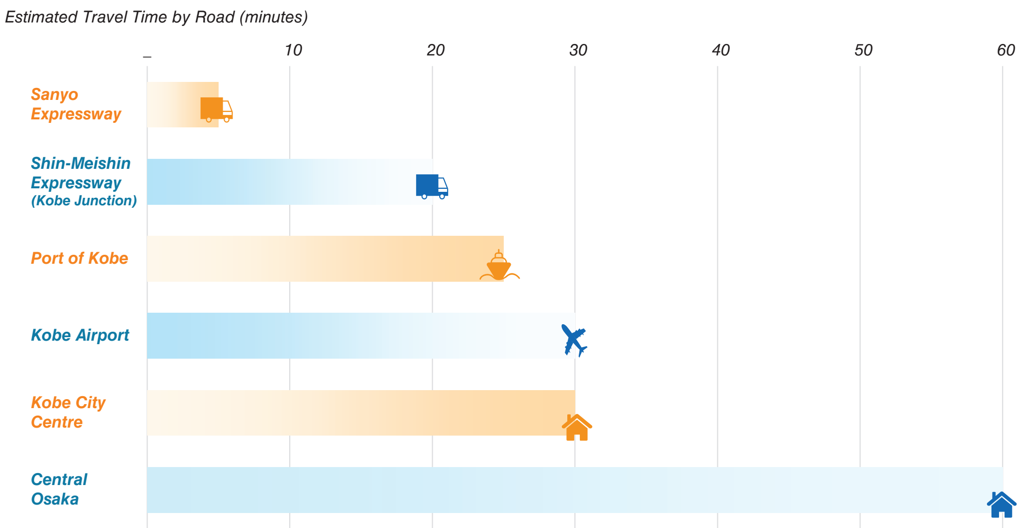
1 The divestment of the five logistics properties on 10 April 2019 was transacted at an implied exit cap rate of 4.65%. On 31 July 2017, MLT had divested another two logistics properties in Japan at an implied exit cap rate of 4.2%.

3.4 Addition of High-Quality Property in Strategic Location

3.4.1 Excellent Connectivity to Transport Infrastructure and Key Population Catchments

The Property is strategically located within an established logistics cluster in Kobe. It is situated close to the Kobe Nishi Interchange entrance of Sanyo Expressway (5 minutes of travel time) and provides excellent connectivity to major transport infrastructure, including the Port of Kobe (25 minutes of travel time) and Kobe Airport (30 minutes of travel time). Importantly, it is also in close proximity to large population catchments in Kobe City (30 minutes of travel time) and Central Osaka (60 minutes of travel time). Proximity to population centres is key for last mile distribution as it brings about operational and cost efficiencies, a key competitive advantage especially for e-commerce players. Warehouse space located near key population catchments would typically enjoy relatively high demand.

Travel Time between The Property and Key Transport Infrastructure/City Centre

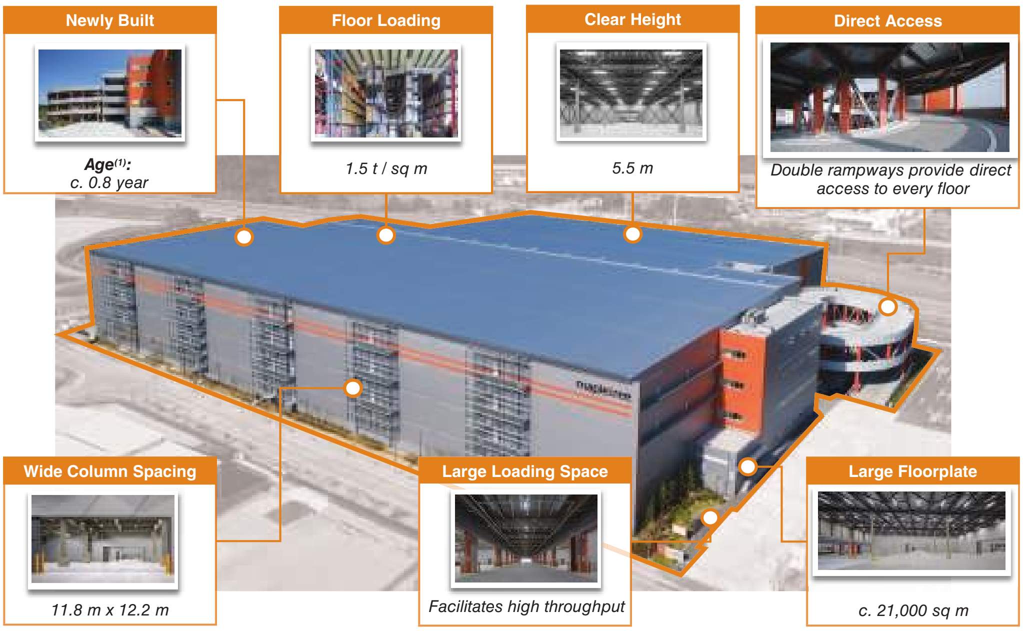


Source: Company Information.

3.4.2 Modern Grade A Specifications with Freehold Land Tenure

Recently completed in April 2019, the Property is a modern 4-storey logistics facility sited on approximately 43,943 sq m of freehold land with a gross floor area of 102,119 sq m. According to the Independent Market Research Consultant, the Property has the best specifications as compared to competing facilities in the same area. It is the only facility with double rampways, which enables large container trucks to have direct access to every floor while allowing for single direction vehicular movement. This results in improved safety and vehicular efficiency. It also has the largest floorplate of about 21,000 sq m, which allows tenants with larger space requirements to conduct their operations within a single floor efficiently. With a clear height of 5.5 metres, floor loading of 1.5 tons per square metre and 11.8 metres by 12.2 metres column-to-column span, the Property allows for optimal space utilisation and high load capabilities, and is designed to be modular and highly versatile to support flexible leasing solutions.

High-Quality Modern Specifications



Source: Company Information.

Note:

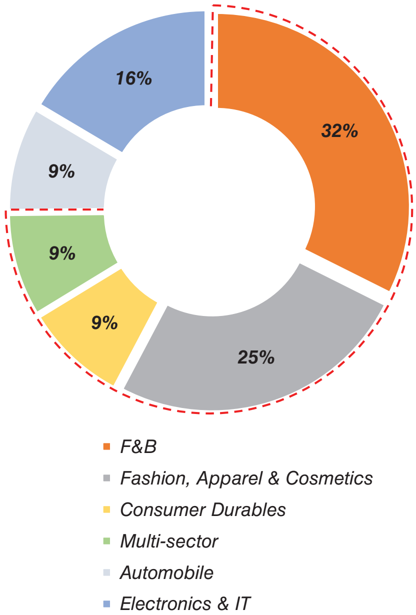
(1) As at 29 January 2020.

3.4.3 High-Quality Tenant Base

The Property has attracted a high-quality and diversified tenant mix comprising seven established and reputable tenants. They include reputable end-users Workman (a leading local apparel retailer) and Kyocera (a major electronics manufacturer), as well as 3PL companies serving leading consumer brands such as Ajinomoto, Suntory and a major e-commerce site in Japan. The majority of the tenants are handling consumer-related goods, which account for approximately 75% of the Property's NLA.

As at the Latest Practicable Date, the Property has an occupancy rate of 99.7%, with a weighted average lease expiry by NLA of 4.2 years and built-in rental escalations.

Tenant Base by Sector[1]
(By % of NLA)



Source: Company Information.

Note:

(1) The trade sector breakdown reflects the nature of the underlying goods that are stored and handled by the respective tenants at the Property.

Tenants of the Property

Name	Trade Sector[1]	Description	% of NLA
Workman Co., Ltd	Fashion, Apparel & Cosmetics (End-user)	A leading manufacturer and distributor of work-related apparel	25.3
F-Line Co., Ltd	F&B (3PL)	Serves Ajinomoto, an established food corporation	24.2
Kyocera Corporation	Electronics & IT (End-user)	A major manufacturer of electronic products	16.4
Ohtomo Unsou Co., Ltd	Automobile (3PL)	Serves Panasonic, an established electronics company	8.7
AST Corporation	Consumer Durables (3PL)	Serves major health and beauty retailers with household paper products	8.5
Nippon Express Co., Ltd	Multi-sector (3PL)	Serves mainly a major-e-commerce site and a major manufacturer of electronic products	8.5
Umeda Logistics, Inc.	F&B (3PL)	Serves Suntory, a leading brewing and distilling group	8.1
Total			**99.7**

Note:

(1) The trade sector breakdown reflects the nature of the underlying goods that are stored and handled by the respective tenants at the Property.

The Proposed Acquisition will further diversify MLT's tenant base and reduce concentration risks with the addition of seven tenants, of which six are new to MLT. Post-acquisition, there will be no change to MLT's existing top ten tenants (see **Appendix A** of this Circular for further details).

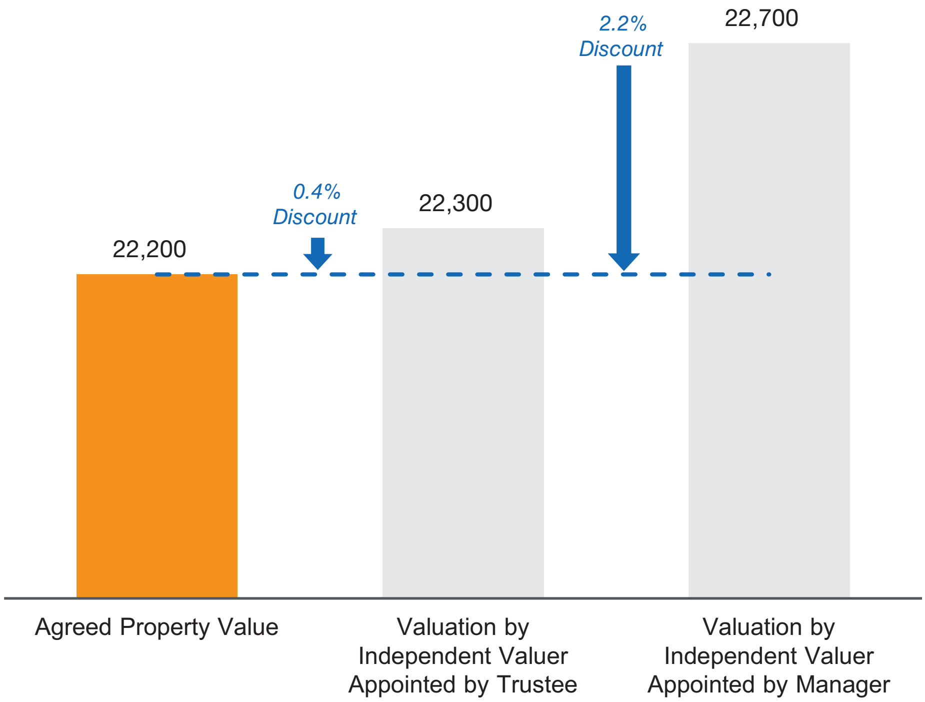
3.5 Attractive Value Proposition

3.5.1 Discount to Independent Valuations

The Manager believes that the Property provides an attractive value proposition in the current market, given the discount to independent valuations.

The Agreed Property Value of the Property is JPY22,200.0 million, representing a discount of approximately 0.4% to the valuation of JPY22,300.0 million by the Independent Valuer (CBRE K.K.) appointed by Trustee and a discount of approximately 2.2% to the valuation of JPY22,700.0 million by the Independent Valuer (International Appraisals Incorporated) appointed by Manager.

Agreed Property Value Relative to Independent Valuations(1)
(JPY million)



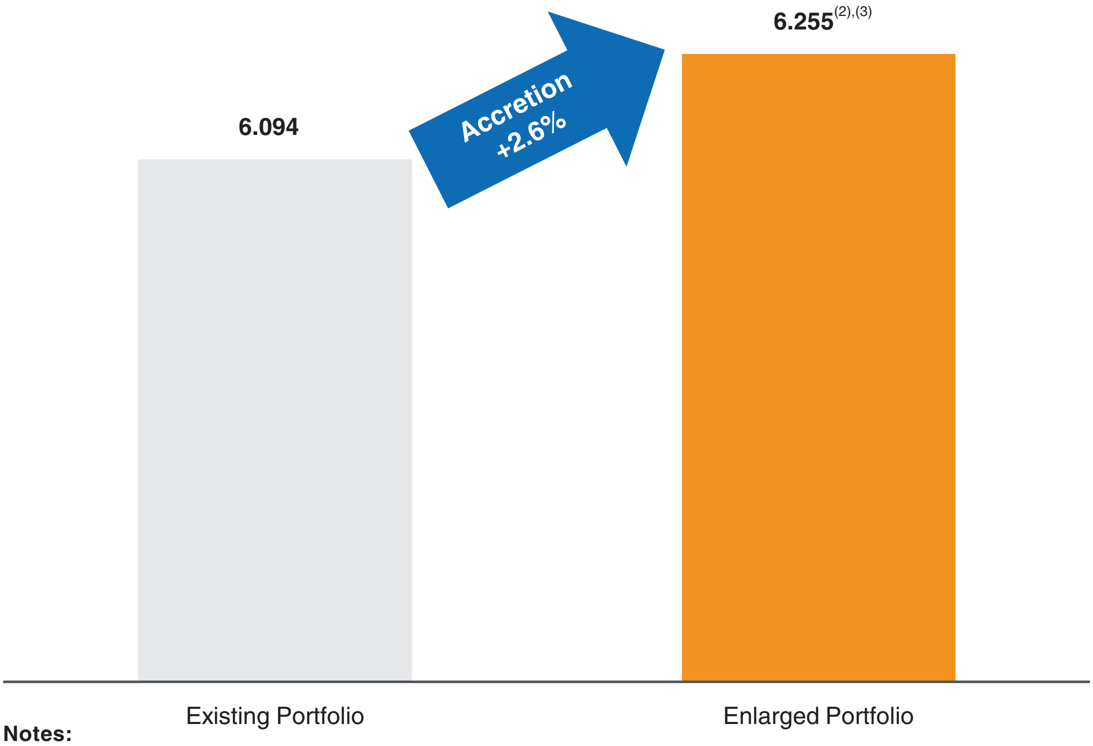
Note:

(1) As at 1 December 2019.

3.5.2 DPU Accretive Acquisition

Unitholders can expect to benefit from the higher distribution per Unit ("**DPU**") as a result of the Proposed Acquisition. On a pro forma basis and based on the proposed method of financing, the DPU will increase by up to 2.6%. The chart below illustrates the accretion to MLT's pro forma DPU in relation to the Existing Portfolio and the Enlarged Portfolio.

Pro Forma DPU (3Q FY19/20)[(1)]
(Singapore Cents)



Notes:

(1) For the three financial quarters ended 31 December 2019.

(2) Assuming that the Proposed Acquisition had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019. All tenants were paying their rents in full. MLT's expenses comprising borrowing costs associated with the drawdown of the Debt Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.

(3) Includes (a) approximately 0.8 million Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an issue price of S$1.70 per Acquisition Fee Unit and (b) approximately 0.7 million new Units issued in aggregate as payment for (i) the base management fee and (ii) the property management and lease management fees for such services rendered to the Property for the financial quarters ended 30 June 2019 and 30 September 2019, based on the volume weighted average price for all trades on the SGX-ST in the last 10 business days of each respective financial quarter.

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1 Discloseable Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by MLT. Such transactions are classified into the following categories:

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

A transaction by MLT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

(i) the net asset value ("**NAV**") of the assets to be disposed of, compared with MLT's NAV;

(ii) the net profits attributable to the assets acquired, compared with MLT's net profits;

(iii) the aggregate value of the consideration given, compared with MLT's market capitalisation; and

(iv) the number of Units issued by MLT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction.

4.2 Relative Figures computed on Bases set out in Rule 1006 of the Listing Manual

The relative figures for the Property using the applicable bases of comparison described in Paragraphs 4.1(ii) and 4.1(iii) above are set out in the table below.

Comparison of	Property	MLT	Relative figure
Net property income (S$ million)(1)	8.3(2)	323.8(3)	2.6%
Consideration against market capitalisation (S$ million)	271.8(4)	6,948.6(5)	3.9%

Notes:

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

(2) Assuming that the Property had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019, all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019, and that all tenants were paying their rents in full throughout the period. The implied net property income yield of the Property is 4.0%.

(3) Based on MLT's latest announced 3Q FY19/20 Financial Statements (as defined herein).

(4) This figure represents the Effective Consideration.

(5) This figure is based on the closing price of S$1.83 per Unit on the SGX-ST as at 24 January 2020, being the market day immediately prior to 28 January 2020, the date the TBI Sale and Purchase Agreement was entered into.

As the relative figures computed on the bases set out above do not exceed 5.0%, the Proposed Acquisition is classified as a non-discloseable transaction.

However, as the Proposed Acquisition constitutes an “interested person transaction” under Chapter 9 of the Listing Manual and an “interested party transaction” under the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of Unitholders.

4.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where MLT 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 MLT’s latest audited net tangible assets (“**NTA**”), Unitholders’ approval is required in respect of the transaction. Based on the audited financial statements of MLT for FY18/19 (the “**FY18/19 Financial Statements**”), the NTA of MLT was S$4,231.7 million[1] as at 31 March 2019. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by MLT 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 in excess of S$211.6 million, such a transaction would be subject to Unitholders’ approval. Given that the Effective Consideration is approximately S$271.8 million, which in aggregate is 6.4% of the NTA of MLT as at 31 March 2019, such value exceeds the said threshold. Thus, Unitholders’ approval is required to be sought pursuant to Rule 906(1)(a) of the Listing Manual.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders’ approval for an interested party transaction by MLT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) exceeds 5.0% of MLT’s latest audited NAV. Based on the FY18/19 Financial Statements, the NAV of MLT was S$4,231.7 million[1] as at 31 March 2019. Accordingly, if the value of a transaction which is proposed to be entered into by MLT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S$211.6 million, such a transaction would be subject to Unitholders’ approval. Given that the Effective Consideration is approximately S$271.8 million, which in aggregate is 6.4% of the NAV of MLT as at 31 March 2019, such value exceeds the said threshold.

As at the Latest Practicable Date, MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 1,152,197,556 Units, which is equivalent to approximately 30.34% of the total number of Units in issue.

1 Represented by Unitholders’ funds.

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

As MJLD is an associate of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MJLD (being an associate of a “controlling unitholder” and a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of MLT.

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

By approving the Proposed Acquisition, Unitholders will be deemed to have approved all such acts and things and documents required to be executed by the parties in order to give effect to the Proposed Acquisition.

5. THE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the FY18/19 Financial Statements, taking into account the Total Acquisition Cost, the Debt Facilities and assuming that:

(i) the Property had a portfolio occupancy rate of 99.7% for the entire financial year ended 31 March 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2018. All tenants were paying their rents in full;

(ii) the Manager’s Acquisition Fee of S$1.4 million is paid in the form of approximately 799,392 Acquisition Fee Units at an illustrative issue price of S$1.70 per Acquisition Fee Unit; and

(iii) the Debt Facilities used to partially fund the Total Acquisition Cost have an average interest cost of approximately 0.9% per annum (being the expected cost of such financing).

5.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on MLT's DPU for the FY18/19 Financial Statements, as if the Proposed Acquisition, the issuance of the Acquisition Fee Units and the drawdown of the Debt Facilities were completed on 1 April 2018, and as if MLT held the Property through to 31 March 2019, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Total return before tax (S$'000)	499,341	505,646(1)
Distributable income attributable to Unitholders (S$'000)	270,028	277,981
Units in issue at the end of the year (million)	3,622.3(2)	3,624.5(3)
DPU (cents)	7.941(4)	8.174(5)
DPU accretion (%)	–	2.9%

Notes:

(1) On a consolidated basis, based on 100% contribution of the Property. Assuming that the Property had a portfolio occupancy rate of 99.7% for the entire financial year ended 31 March 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2018. All tenants were paying their rents in full. Includes expenses comprising borrowing costs associated with the drawdown of the Debt Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.

(2) Number of Units in issue as at 31 March 2019.

(3) Includes (a) approximately 799,392 Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an illustrative issue price of S$1.70 per Acquisition Fee Unit and (b) approximately 1.3 million new Units issued in aggregate as payment for (i) the base management fee and (ii) the property management and lease management fees for such services rendered to the Property for the financial quarters ended 30 June 2018, 30 September 2018 and 31 December 2018, based on the volume weighted average price for all trades on the SGX-ST in the last 10 business days of each respective financial quarter.

(4) For the financial year ended 31 March 2019.

(5) This includes the corresponding cost of funding incurred on the payment of the value added tax given that the value added tax should be refunded within nine months from the Completion Date.

5.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the NAV per Unit as at 31 March 2019, as if the Proposed Acquisition, the issuance of the Acquisition Fee Units and the drawdown of the Debt Facilities were completed on 31 March 2019, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders' funds (S$ million)	4,231.7	4,232.8
Issued Units (million)	3,622.3(1)	3,623.1(2)
NAV per Unit (S$)	1.17	1.17

Notes:

(1) Number of Units in issue as at 31 March 2019.

(2) Includes approximately 799,392 Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an illustrative issue price of S$1.70 per Acquisition Fee Unit.

5.2 **FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effects of the Proposed Acquisition on the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and were prepared based on the 3Q FY19/20 Financial Statements, taking into account the Total Acquisition Cost, the Debt Facilities and assuming that:

(i) the Property had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019. All tenants were paying their rents in full;

(ii) the Manager's Acquisition Fee of S$1.4 million is paid in the form of approximately 799,392 Acquisition Fee Units at an illustrative issue price of S$1.70 per Acquisition Fee Unit; and

(iii) the Debt Facilities used to partially fund the Total Acquisition Cost have an average interest cost of approximately 0.9% per annum (being the expected cost of such financing).

5.2.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on MLT's DPU for the latest announced 3Q FY19/20 Financial Statements, as if the Proposed Acquisition, the issuance of the Acquisition Fee Units and the drawdown of the Debt Facilities were completed on 1 April 2019, and as if MLT held the Property through to 31 December 2019, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Total return before tax (S$'000)	272,263	276,992(1)
Distributable income attributable to Unitholders (S$'000)	223,870	229,835
Units in issue at the end of the quarter (million)	3,797.0(2)	3,798.5(3)
DPU (cents)	6.094(4)	6.255(5)
DPU accretion (%)	–	2.6%

Notes:

(1) On a consolidated basis, based on 100% contribution of the Property. Assuming that the Property had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019. All tenants were paying their rents in full. Includes expenses comprising borrowing costs associated with the drawdown of the Debt Facilities, the Manager's management fees, Trustee's fees and other trust expenses incurred in connection with the operation of the Property have been deducted.

(2) Number of Units in issue as at 31 December 2019.

(3) Includes (a) approximately 799,392 Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an illustrative issue price of S$1.70 per Acquisition Fee Unit and (b) approximately 0.7 million new Units issued in aggregate as payment for (i) the base management fee and (ii) the property management and lease management fees for such services rendered to the Property for the financial quarters ended 30 June 2019 and 30 September 2019, based on the volume weighted average price for all trades on the SGX-ST in the last 10 business days of each respective financial quarter.

(4) For the three financial quarters ended 31 December 2019.

(5) This includes the corresponding cost of funding incurred on the payment of the value added tax given that the value added tax should be refunded within nine months from the Completion Date.

5.2.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Proposed Acquisition on the NAV per Unit as at 31 December 2019, as if the Proposed Acquisition, the issuance of the Acquisition Fee Units and the drawdown of the Debt Facilities were completed on 31 December 2019, are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders' funds (S$ million)	4,462.4	4,463.5
Issued Units (million)	3,797.0[(1)]	3,797.8[(2)]
NAV per Unit (S$)	1.18	1.18

Notes:

(1) Number of Units in issue as at 31 December 2019.

(2) Includes approximately 799,392 Acquisition Fee Units issued as payment of the Acquisition Fee payable to the Manager at an illustrative issue price of S$1.70 per Acquisition Fee Unit.

5.3 Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma Aggregate Leverage of MLT as at 31 December 2019, as if the Proposed Acquisition, the issuance of the Acquisition Fee Units and the drawdown of the Debt Facilities were completed on 31 December 2019, is as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Aggregate Leverage (Pro forma as at 31 December 2019)	37.1%[(1)]	39.1%[(2)]

Notes:

(1) Based on the Aggregate Leverage of 37.5% as at 31 December 2019 and including the post-quarter utilisation of proceeds from the divestment of Waigaoqiao Logistics Park completed on 31 December 2019 to repay existing loans.

(2) Does not include the value added tax payable in relation to the Proposed Acquisition which should be refunded within nine months from Completion. However, should the value added tax payable in relation to the Proposed Acquisition be included, the Aggregate Leverage will be approximately 39.2%.

6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed the IFA, pursuant to Rule 921(4)(a) of the Listing Manual, as well as 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 Proposed 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 D** of this Circular and Unitholders are advised to read the IFA Letter carefully.

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

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the Latest Practicable Date, certain directors of the Manager (the "**Directors**") collectively hold an aggregate direct and indirect interest in 950,343 Units. Further details of the interests in Units of the Directors and Substantial Unitholders[1] are set out below.

Mr Lee Chong Kwee is the Non-Executive Chairman and Director. Mrs Penny Goh is the Lead Independent Non-Executive Director and Chairperson of the nominating and remuneration committee of the Manager (the "**Nominating and Remuneration Committee**"). Mr Lim Joo Boon is the Independent Non-Executive Director and Chairman of the Audit and Risk Committee. Mr Loh Shai Weng is the Independent Non-Executive Director and Member of the Audit and Risk Committee. Mr Tan Wah Yeow is the Independent Non-Executive Director and Member of the Audit and Risk Committee. Mr Tarun Kataria is the Independent Non-Executive Director and Member of the Nominating and Remuneration Committee. Mr Wee Siew Kim is the Independent Non-Executive Director and Member of the Audit and Risk Committee. Mr Goh Chye Boon is the Non-Executive Director. Ms Wendy Koh Mui Ai is the Non-Executive Director. Mr Wong Mun Hoong is the Non-Executive Director and Member of the Nominating and Remuneration Committee. Ms Ng Kiat is the Executive Director and Chief Executive Officer of the Manager.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Lee Chong Kwee	62,412	0.002	–	–	62,412	0.002
Penny Goh	–	–	203,137	0.005	203,137	0.005
Lim Joo Boon	100,000	0.003	–	–	100,000	0.003
Loh Shai Weng	–	–	–	–	–	–
Tan Wah Yeow	–	–	–	–	–	–
Tarun Kataria	–	–	330,000	0.009	330,000	0.009
Wee Siew Kim	–	–	–	–	–	–
Goh Chye Boon	–	–	–	–	–	–
Wendy Koh Mui Ai	–	–	117,294	0.003	117,294	0.003
Wong Mun Hoong	–	–	–	–	–	–
Ng Kiat	–	–	137,500	0.003	137,500	0.003

Note:

(1) The percentage is based on 3,797,035,968 Units in issue as at the Latest Practicable Date.

1 "**Substantial Unitholder**" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the Register of Substantial Unitholders' 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	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Temasek Holdings (Private) Limited ("**Temasek**")(2)	–	–	1,209,566,769	31.85	1,209,566,769	31.85
Fullerton Management Pte Ltd ("**Fullerton**")(3)	–	–	1,152,197,556	30.34	1,152,197,556	30.34
Mapletree Investments Pte Ltd(4)	–	–	1,152,197,556	30.34	1,152,197,556	30.34
Mulberry Pte. Ltd. ("**Mulberry**")	400,605,230	10.55	–	–	400,605,230	10.55
Meranti Investments Pte. Ltd. ("**Meranti**")	363,004,703	9.56	–	–	363,004,703	9.56
Mapletree Logistics Properties Pte. Ltd. ("**MLP**")	176,579,586	4.65	–	–	176,579,586	4.65
Mangrove Pte. Ltd. ("**Mangrove**")	176,577,431	4.65	–	–	176,577,431	4.65

Notes:

(1) The percentage is based on 3,797,035,968 Units in issue as at the Latest Practicable Date.

(2) Temasek is deemed to be interested in the 176,579,586 Units held by MLP, 176,577,431 Units held by Mangrove, 363,004,703 Units held by Meranti, 400,605,230 Units held by Mulberry, 32,044,445 Units held by the Manager and 3,386,161 Units held by MPM. MLP, Mangrove, Meranti and Mulberry are wholly-owned subsidiaries of MIPL. The Manager and MPM are wholly-owned subsidiaries of Mapletree Capital Management Pte. Ltd. and Mapletree Property Services Pte. Ltd. respectively, which are wholly-owned subsidiaries of MIPL. MIPL is a wholly-owned subsidiary of Fullerton which is in turn a wholly-owned subsidiary of Temasek. In addition, Temasek is deemed to be interested in a further 57,369,213 Units in which its other subsidiaries and associated companies have direct or deemed interests. Each of MIPL and such other subsidiaries and associated companies are independently-managed Temasek portfolio companies. Neither Temasek nor Fullerton is involved in their business or operating decisions, including those involving their positions in Units. Certain indirect wholly-owned subsidiaries of Temasek are also investors of MJLD and Temasek therefore has an interest in the Proposed Acquisition as the Vendor is indirectly held by MJLD.

(3) Fullerton is deemed to be interested in the 176,579,586 Units held by MLP, 176,577,431 Units held by Mangrove, 363,004,703 Units held by Meranti, 400,605,230 Units held by Mulberry, 32,044,445 Units held by the Manager and 3,386,161 Units held by MPM.

(4) MIPL holds an approximate 38.24% stake in MJLD and its indirect wholly-owned subsidiaries, MIJ, is the Japan asset manager of MJLD, with Mapletree Real Estate Advisors Pte. Ltd. as the investment advisor.

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 have an interest, direct or indirect, in the Proposed Acquisition.

8. DIRECTORS' SERVICE CONTRACTS

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

9. RECOMMENDATION

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix D** of this Circular) and the rationale for and key benefits of the Proposed Acquisition as set out in Paragraph 3 above, the Independent Directors and the Audit and Risk Committee believe that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of MLT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 21 February 2020 at 2.30 p.m. at 20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439, for the purpose of considering and, if thought fit, passing with or without modification, the Resolution set out in the Notice of EGM, which is set out on page E-1 of this Circular. The purpose of the Circular is to provide Unitholders with relevant information about the Resolution for which approval by way of an Ordinary Resolution is required.

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 The Central Depository (Pte) Limited ("**CDP**"), as at 72 hours before the time fixed for the EGM.

11. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, MIPL, through MLP, Mangrove, Mulberry, Meranti, Mapletree Capital Management Pte. Ltd., Mapletree Property Services Pte. Ltd., the Manager and MPM, has a deemed interest in 1,152,197,556 Units, which comprises approximately 30.34% of the total number of Units in issue.

As at the Latest Practicable Date, Temasek, through its interests in Fullerton, MIPL and other subsidiaries and associated companies of Temasek, has a deemed interest in 1,209,566,769 Units, which comprises approximately 31.85% of the total number of Units in issue.

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 an associate of MIPL, MIPL and its associates (including the Manager, MLP, Mangrove, Mulberry, Meranti and MPM) will abstain from voting on the Resolution. Further, MIPL will not and will procure that its associates (including the Manager, MLP, Mangrove, Mulberry, Meranti and MPM) will not, accept appointments as proxies unless specific instructions as to voting are given.

As Temasek has an aggregate deemed interest in 1,209,566,769 Units, which includes its deemed interest through MIPL, comprising approximately 31.85% of the total number of Units in issue, Temasek and its associates will abstain from voting on the Resolution. Further, Temasek will not and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given.

For the purposes of good corporate governance, as Mr Lee Chong Kwee, the Non-Executive Chairman and Director of the Manager, Mr Goh Chye Boon, a Non-Executive Director, Ms Wendy Koh Mui Ai, a Non-Executive Director, Mr Wong Mun Hoong, a Non-Executive Director and Member of the Nominating and Remuneration Committee, and Ms Ng Kiat, an Executive Director and Chief Executive Officer of the Manager, are non-independent Directors, he/she will each abstain from voting on the Resolution in respect of Units (if any) held by them and will not accept appointments as proxies unless specific instructions as to voting are given.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders 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/her behalf, he/she should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach MLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2.30 p.m. on 18 February 2020, 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/her from attending and voting in person at the EGM if he/she so wishes.

Persons who have an interest in the approval of the Resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his/her Proxy Form as to the manner in which his/her votes are to be cast in respect of the Resolution. If a Unitholder wishes to appoint Mr Lee Chong Kwee, Mr Goh Chye Boon, Ms Wendy Koh Mui Ai, Mr Wong Mun Hoong and/or Ms Ng Kiat 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 Proposed Acquisition, MLT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this 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 this Circular in its proper form and context.

14. CONSENTS

Each of the IFA, the Independent Market Research Consultant, and the Independent Valuers 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 market research report issued by the Independent Market Research Consultant (the "**Independent Market Research Report**"), the valuation certificates of the Property prepared by each of the Independent Valuers, and all references thereto, in the form and context in which they are included in this Circular.

15. 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:

(i) TBI Sale and Purchase Agreement dated 28 January 2020;

(ii) the full valuation report of the Property dated 1 December 2019 by CBRE K.K.;

(iii) the full valuation report of the Property dated 1 December 2019 by International Appraisals Incorporated;

(iv) the Independent Market Research Report by the Independent Market Research Consultant;

(v) the IFA Letter; and

(vi) the written consents of each of the IFA, the Independent Market Research 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 MLT is in existence.

Yours faithfully

Mapletree Logistics Trust Management Ltd.
(Company Registration No. 200500947N)
As Manager of Mapletree Logistics Trust

Lee Chong Kwee
Non-Executive Chairman and Director

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 MLT is not necessarily indicative of the future performance of MLT.

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.

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, 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 securities of MLT 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 securities 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 MLT in the United States.

GLOSSARY

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

Glossary of Defined Terms

%	:	Per centum or percentage
3PL	:	Third-party logistics
3Q FY19/20 Financial Statements	:	The financial statements of MLT for the three financial quarters ended 31 December 2019
Acquisition Fee	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from MLT upon Completion which is payable fully in Units
Acquisition Fee Units	:	Units to be issued to the Manager as payment of the Acquisition Fee
Aggregate Leverage	:	The ratio of the value of borrowings and deferred payments (if any) to the value of the Deposited Property (inclusive of proportionate share of jointly controlled entities)
Agreed Property Value	:	The agreed property value of the Property
ALP	:	Asset liquidation plan
Audit and Risk Committee	:	The audit and risk committee of the Manager
CAGR	:	Compound annual growth rate
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 5 February 2020
Completion	:	The completion of the Proposed Acquisition
Completion Date	:	The date of Completion
Debt Facilities	:	JPY debt facilities and onshore JPY bonds to finance the Total Acquisition Cost
Deposited Property	:	The gross assets of MLT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit

Effective Consideration	:	98.47% of the TMK Consideration which is estimated to be approximately JPY21,860.3 million (S$271.8 million)
EGM	:	The extraordinary general meeting of Unitholders to be held on 21 February 2020 at 2.30 p.m. at 20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439, to approve the matters set out in the Notice of Extraordinary General Meeting on page E-1 of this Circular
Enlarged Portfolio	:	Comprises the Existing Portfolio and the Property
Entrustment	:	The transfer of legal title of the Property to the Trust Bank by the Vendor to be held on trust
Existing Portfolio	:	The 143 properties held by MLT as at 31 December 2019, unless otherwise stated
FIEL	:	Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended)
Fullerton	:	Fullerton Management Pte Ltd
FY18/19	:	Financial year from 1 April 2018 to 31 March 2019
FY18/19 Financial Statements	:	The audited financial statements for MLT for FY18/19
GFA	:	Gross floor area
GK	:	*Godo Kaisha*, a Japanese company established under Japanese law
GK Distributions	:	The distributions by Hinageshi GK
GK TMK Preferred Shares	:	The preferred shares comprising 51.0% of the total issued preferred share capital of Sazanka TMK which Hinageshi GK shall subscribe for pursuant to the Sazanka TMK Preferred Shares Subscription Agreement
GRI	:	Gross rental income, which consists of fixed rent (comprising base rent, service charges, chilled water charges and promotional levy, where applicable) and turnover rent (which is rent calculated by reference to a pre-determined percentage of the tenant's sales turnover, where applicable), recognised on a cash basis
Gross Revenue	:	Gross revenue of the property(ies) based on the gross revenue of tenants with existing or committed leases as at the relevant date
Hinageshi GK	:	Godo Kaisha Hinageshi

IFA	:	Ernst & Young Corporate Finance Pte Ltd
IFA Letter	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice as set out in **Appendix D** of this Circular
Independent Directors	:	The independent directors of the Manager, being Mrs Penny Goh, Mr Lim Joo Boon, Mr Loh Shai Weng, Mr Tan Wah Yeow, Mr Tarun Kataria and Mr Wee Siew Kim
Independent Market Research Consultant	:	CBRE K.K.
Independent Market Research Report	:	The independent market research report issued by the Independent Market Research Consultant as set out in **Appendix C** of this Circular
Independent Valuers	:	CBRE K.K. and International Appraisals Incorporated
Japan Asset Management Agreement	:	The asset management agreement to be entered into in relation to the Property between Sazanka TMK and MIJ
Japan Asset Management Fee	:	The fees payable to MIJ under the Japan Asset Management Agreement
Japan Property Management Agreement	:	The property management agreement to be entered into in relation to the Property between MMSJ and the Trust Bank
Japan Property Management Fees	:	The fees payable to MMSJ under the Japan Property Management Agreement
JPY	:	Japanese Yen
km	:	Kilometre
kN psm	:	KiloNewtons per square metre
Latest Practicable Date	:	29 January 2020, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The listing manual of the SGX-ST
m	:	Metre
Manager	:	Mapletree Logistics Trust Management Ltd., in its capacity as manager of MLT
Mangrove	:	Mangrove Pte. Ltd.
Market Price	:	Has the meaning ascribed to it in the Trust Deed
Meranti	:	Meranti Investments Pte. Ltd.

MIJ or **Japan Asset Manager**	:	Mapletree Investments Japan Kabushiki Kaisha
MIPL or **Sponsor**	:	Mapletree Investments Pte Ltd
MJLD	:	MJLD Pte. Ltd.
MLP	:	Mapletree Logistics Properties Pte. Ltd.
MLT	:	Mapletree Logistics Trust
MMSJ or **Japan Property Manager**	:	Mapletree Management Services Japan Kabushiki Kaisha
MPM or **Property Manager**	:	Mapletree Property Management Pte. Ltd.
MREAL	:	Mapletree Real Estate Advisors Pte. Ltd.
Mulberry	:	Mulberry Pte. Ltd.
NAV	:	Net asset value
NLA	:	Net lettable area
Nominating and Remuneration Committee	:	The nominating and remuneration committee of the Manager
NTA	:	Net tangible assets
Ordinary Resolution	:	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
Overseas Properties Property Management Agreement	:	The Overseas Properties Property Management Agreement (as amended and restated) dated 18 January 2006 and entered into between the Trustee, the Manager and the Property Manager
Preferred Shareholders	:	Refers to SGCo1 and Hinageshi GK as holders of the Preferred Shares pursuant to the Sazanka TMK Preferred Shares Subscription Agreement
Preferred Shares	:	Comprises (i) the SGCo1 TMK Preferred Shares and (ii) the GK TMK Preferred Shares
Property	:	Mapletree Kobe Logistics Centre
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore

Proposed Acquisition	:	The proposed acquisition of an effective interest of 98.47% in the Property
Proxy Form	:	The instrument appointing a proxy or proxies as set out in this Circular
Qualified Institutional Investor	:	Qualified institutional investor (*tekikaku-kikan-toshika*) status as provided in Article 2, Paragraph 3, Sub-paragraph 1 of the FIEL and Article 10 of the Cabinet Ordinance regarding Definitions as Provided in Article 2 of the FIEL (Ministry of Finance Ordinance No. 14 of 1993, as amended)
Resolution	:	The Ordinary Resolution in respect of the Proposed Acquisition
S$ and **cents**	:	Singapore dollars and cents
Sazanka TMK	:	Sazanka Tokutei Mokuteki Kaisha
Sazanka TMK Preferred Shares Subscription Agreement	:	The subscription agreement to be entered into between SGCo1, Hinageshi GK and Sazanka TMK
Securities Act	:	U.S. Securities Act of 1933, as amended
SGCo1	:	MapletreeLog Sazanka Pte. Ltd.
SGCo1 Subscription Price	:	The amount of JPY3,151.4 million (approximately S$39.2 million) which will be contributed by SGCo1 into Sazanka TMK through the subscription for the SGCo1 TMK Preferred Shares
SGCo1 TMK Preferred Shares	:	The preferred shares comprising 49.0% of the total issued preferred share capital of Sazanka TMK which SGCo1 subscribed for pursuant to the Sazanka TMK Preferred Shares Subscription Agreement
SGCo2	:	MapletreeLog Hinageshi Pte. Ltd.
SGCo2 GK Distributions	:	The distributions by Hinageshi GK to SGCo2
SGX-ST	:	Singapore Exchange Securities Trading Limited
SH1	:	Ippan Shadan Hojin Hinageshi, a non-profit association which is a bankruptcy remote entity established under Japanese law, known as an "*Ippan Shadan Hojin*"
Silent Partnership Agreement	:	The silent partnership agreement (*Tokumei Kumiai* agreement) entered into between SGCo2 and Hinageshi GK under which their *Tokumei Kumiai* relationship will be formed and governed

Singapore-Japan DTA	:	Singapore Japan Double Taxation Agreement
Specified Shares	:	*Tokutei shusshi*, the specified shares of Sazanka TMK (also known as the common shares)
sq m	:	Square metre
Substantial Unitholder	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
TBI Sale and Purchase Agreement	:	A conditional trust beneficial interest sale and purchase agreement entered into between Sazanka TMK and the Vendor
Temasek	:	Temasek Holdings (Private) Limited
TK Business	:	The acquisition, holding and eventual disposal of the GK TMK Preferred Shares held by Hinageshi GK
TK Investment	:	The amount of JPY3,181.6 million (approximately S$39.6 million) to be invested into Hinageshi GK by SGCo2 pursuant to the Silent Partnership Agreement
TK Investor	:	SGCo2 as the *Tokumei Kumiai* investor
TK Operator	:	Hinageshi GK as the *Tokumei Kumiai* operator
TMK	:	*Tokutei mokuteki kaisha*
TMK Consideration	:	The purchase consideration of JPY22,200.0 million (approximately S$276.0 million) for the trust beneficial interest of the Property which is based on the Agreed Property Value
TMK Distributions	:	The distributions by Sazanka TMK
Total Acquisition Cost	:	The total cost of the Proposed Acquisition as set out in Paragraph 2.8 of the Letter to Unitholders
Trust Bank	:	Sumitomo Mitsui Trust Bank, Limited, a licensed trust bank
Trust Deed	:	The trust deed dated 5 July 2004 constituting MLT, as supplemented, amended and restated from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of MLT
Unit	:	A unit representing an undivided interest in MLT
United States	:	United States of America
Unitholder	:	The Depositor whose securities account with CDP is credited with Unit(s)

USD	:	United States dollar
Vendor	:	Ajisai TMK
WALE	:	Weighted average lease expiry

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. Figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them. Where applicable, figures and percentages are rounded to one decimal place.

INFORMATION ABOUT THE PROPERTY AND THE ENLARGED PORTFOLIO

1. THE PROPERTY

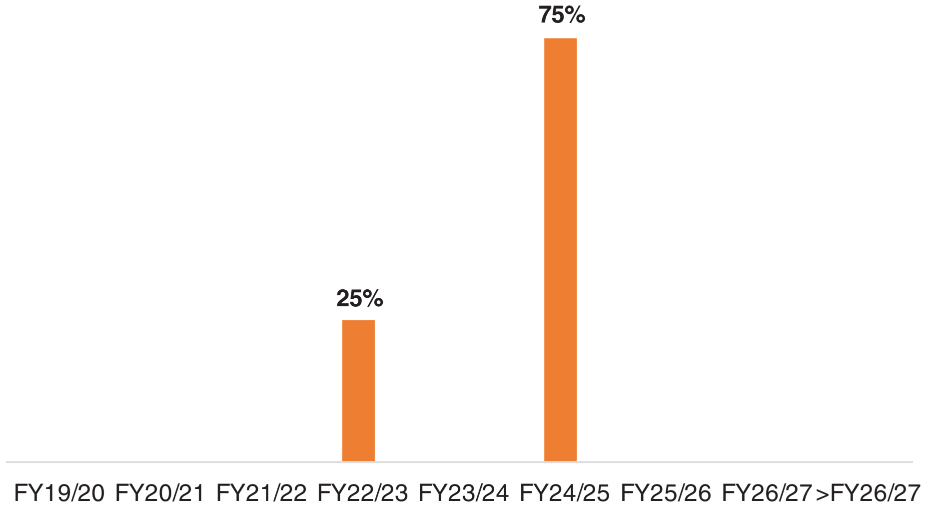
1.1. Description of the Property

The table below sets out a summary of selected information on the Property as at 29 January 2020 (unless otherwise indicated).

Mapletree Kobe Logistics Centre	
Address	7-1-3, Mitsugaoka, Nishi-ku, Kobe-shi, Hyogo
Description	Four floors steel frame seismic structure
Land Tenure	Freehold
Land, Gross Floor and Net Lettable Area	Land area: 43,943 sq m GFA: 102,119 sq m NLA: 84,783 sq m
Building Specifications	Clear ceiling height: 5.5 m Floor loading: 15 kN psm Column grid: 11.8 m by 12.2 m
Building Completion	25 April 2019
Occupancy as at 29 January 2020	99.7%
Key Tenant(s)	Workman Co., Ltd. F-Line Co., Ltd. Kyocera Corporation Ohtomo Unsou Co., Ltd. AST Corporation, Nippon Express Co., Ltd. Umeda Logistics, Inc.
Number of Tenants	7
Independent Valuation by CBRE K.K. as at 1 December 2019	JPY22,300.0 million (approximately S$277.3 million)
Independent Valuation by International Appraisals Incorporated as at 1 December 2019	JPY22,700.0 million (approximately S$282.2 million)

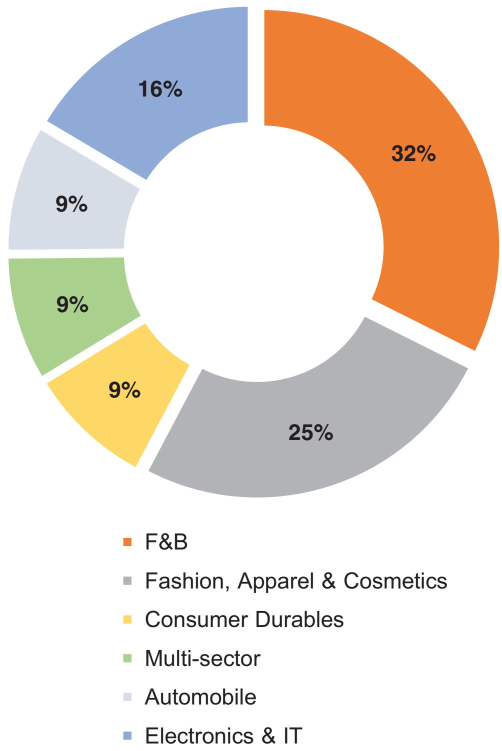
1.2. Lease Expiry Profile of the Property

The chart below illustrates the committed lease profile of the Property by NLA. As at 29 January 2020, the WALE by NLA for the Property is 4.2 years.



1.3. Trade Sector Analysis for the Property

The chart below provides a breakdown by NLA of the different trade sectors represented in the Property as at 29 January 2020.



1.4. Tenants of the Property

The table below shows the tenants of the Property by NLA as 29 January 2020.

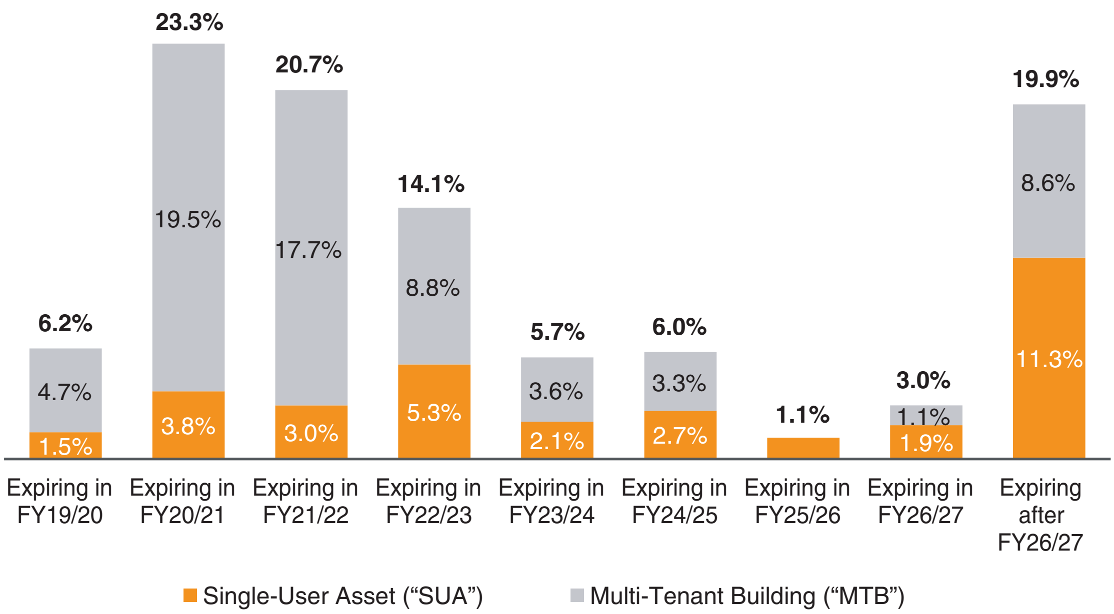
Tenants	% of NLA	Trade Sector (Business Nature)
Workman Co., Ltd.	25.3	Fashion, Apparel & Cosmetics (End-user)
F-Line Co., Ltd.	24.2	F&B (3PL)
Kyocera Corporation	16.4	Electronics & IT (End-user)
Ohtomo Unsou Co., Ltd.	8.7	Automobile (3PL)
AST Corporation	8.5	Consumer Durables (3PL)
Nippon Express Co., Ltd.	8.5	Multi-sector (3PL)
Umeda Logistics, Inc.	8.1	F&B (3PL)
Total	**99.7**	–

2. EXISTING PORTFOLIO

As at 31 December 2019, MLT's portfolio comprised 143 properties located in Singapore, Hong Kong SAR, Japan, Australia, South Korea, the People's Republic of China, Malaysia and Vietnam. The graphs and charts set out in this Paragraph 2 are based on MLT's portfolio as at 31 December 2019, which comprised 143 properties.

2.1. Lease Profile for the Existing Portfolio (as at 31 December 2019)

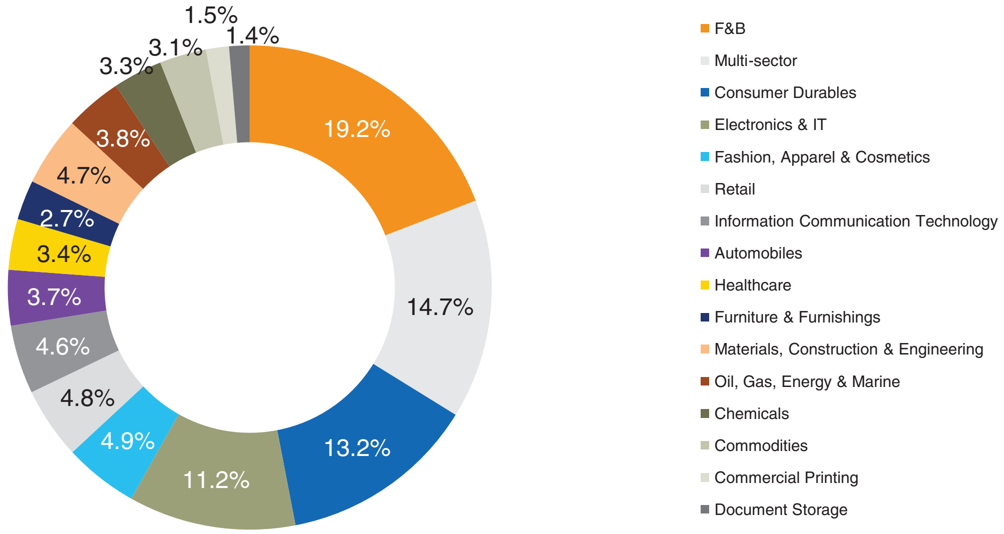
The chart below illustrates the committed lease profile of the Existing Portfolio by NLA. As at 31 December 2019, the WALE by NLA for the Existing Portfolio is approximately 4.4 years[1].



1 WALE by Gross Revenue is 4.1 years.

2.2. Trade Sector Analysis for the Existing Portfolio (as at 31 December 2019)

The chart below provides a breakdown by Gross Revenue of the different trade sectors represented in the Existing Portfolio.



2.3. Top 10 Tenants of the Existing Portfolio (as at 31 December 2019)

The table below sets out the top 10 tenants by Gross Revenue of the Existing Portfolio (as at 31 December 2019).

Top 10 Tenants	% of Gross Revenue	Trade Sector
CWT	9.0	Multi-sector (3PL)
Coles Group	4.0	F&B (End-user)
Equinix	4.0	Information Communication Technology (End-user)
adidas Hong Kong Limited	1.8	Fashion, Apparel & Cosmetics (End-user)
XPO Worldwide Logistics	1.7	Multi-sector (3PL)
Nippon Access Group	1.7	F&B (End-user)
Nippon Express	1.6	Multi-sector (3PL)
Ever Gain Company Ltd	1.6	Consumer Durables (3PL)
Bidvest Group	1.4	F&B (End-user)
Taiun Co., Ltd	1.2	Electronics & IT (3PL)
Total	**28.0**	

3. ENLARGED PORTFOLIO

The table below sets out selected information on the Enlarged Portfolio.

	Existing Portfolio(1)	Property(2)	Enlarged Portfolio
GFA (sq m)	4,914,589	102,119	5,016,708
NLA (sq m)	4,885,514	84,783	4,970,297
Number of Tenants	670	7	677
Assets Under Management (S$)	8,270,314,437	278,775,378(3)	8,549,089,815
Occupancy Rate (%)	97.7	99.7	97.8

Notes:

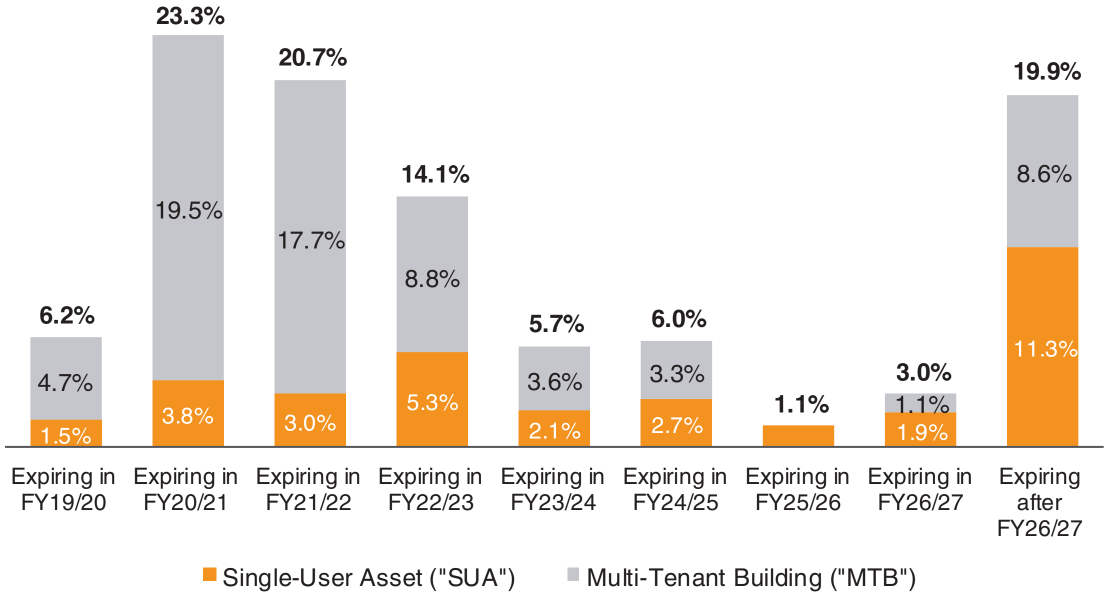
(1) As at 31 December 2019 and takes into account MLT's 50.0% interest in 15 properties in China.

(2) As at 29 January 2020.

(3) Based on the Agreed Property Value and any capitalised costs.

3.1. Lease Profile for the Enlarged Portfolio

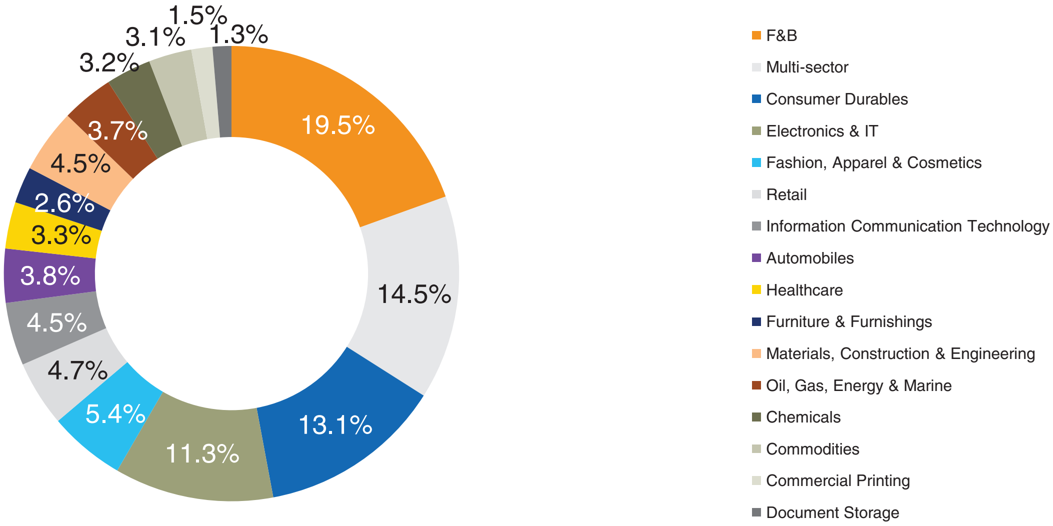
The chart below illustrates the committed lease profile of the Enlarged Portfolio by NLA. The WALE by NLA for the Enlarged Portfolio is approximately 4.4[1] years.



1 WALE by Gross Revenue is 4.1 years.

3.2. Trade Sector Analysis for the Enlarged Portfolio.

The chart below provides a breakdown by Gross Revenue of the different trade sectors represented in the Enlarged Portfolio.



3.3. Top 10 Tenants of the Enlarged Portfolio.

The table below sets out the top 10 tenants (by Gross Revenue) of the Enlarged Portfolio.

Top 10 Tenants	% of Gross Revenue	Trade Sector
CWT	8.7	Multi-sector (3PL)
Coles Group	3.9	F&B (End-user)
Equinix	3.9	Information Communication Technology (End-user)
Nippon Express	1.8	Multi-sector (3PL)
adidas Hong Kong Limited	1.7	Fashion, Apparel & Cosmetics (End-user)
XPO Worldwide Logistics	1.7	Multi-sector (3PL)
Nippon Access Group	1.6	F&B (End-user)
Ever Gain Company Ltd	1.6	Consumer Durables (3PL)
Bidvest Group	1.4	F&B (End-user)
Taiun Co., Ltd	1.2	Electronics & IT (3PL)
Total	**27.5**	

SUMMARY VALUATION CERTIFICATES

Valuation Certificate

Property:	Mapletree Kobe Logistics Centre 1-3, Mitsugaoka 7-chome, Nishi-ku, Kobe-shi, Hyogo
Prepared For:	HSBC Institutional Trust Services (Singapore) Limited (as trustee of Mapletree Logistics Trust) 21 Collyer Quay #13-02, HSBC Building Singapore 049320
Purpose:	To understand the market value of the subject property (trust beneficiary interest) for the purpose of acquisition
Interest Valued:	Land: Fee simple Building: Fee simple
Type of Value:	Market value
Registered Owner:	Ajisai Tokutei Mokuteki Kaisha
Land Area:	43,942.60 sqm
Gross Floor Area:	102,118.54 sqm
Lettable Area:	84,783.41 sqm
Valuation Approaches:	Cost Approach and Income Approach (DCF Method and Direct Capitalization Method)
Key Assumptions:	Income Approach (Direct Capitalization Method) The direct capitalization method applies a capitalization rate to the net cash flow (NCF) generated over a single period. It reflects long-term stable profitability based on stabilized rental income. In this valuation, NCF is estimated based on the rent and vacancy rate in the standardized conditions, based on the expected changes from the current rent level. Cap Rate: 4.2% Income Approach (Discount Cash Flow Method) The DCF method clearly specifies each year's NCF and the subject property's reversionary value, as well as the time they are generated. In this valuation, NCF changes toward stabilization are appropriately projected with the current lease agreement, current market level and future market conditions. Terminal Cap Rate: 4.2% Discount Rate: 4.0% Cost Approach Value indicated by cost approach estimates the reproduction cost of the subject property as of the date of value, and then the reproduction cost is adjusted with depreciation. Land Value as though Vacant: 68,000 yen per sqm of Land Area Building Reproduction Cost: 106,785 yen per sqm of Gross Floor Area Building Depreciation Rate: 4% per annum

Date of Valuation: 1 December 2019

Concluded Value: 22,300,000,000 yen

This valuation is exclusive of consumption tax.

Prepared By: CBRE K.K. Valuation Advisory & Consulting Services

Munehito Hashimoto
License No. 9010
Licensed Real Estate Appraiser of Japan
Associate Director

International Appraisals Incorporated

Prepared for :

Mapletree Logistics Trust Management Ltd.
(as Manager of Mapletree Logistics Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

VALUATION CERTIFICATE ※

Prepared by :
International Appraisals Incorporated
3-23-5 Nishi Shinbashi, Minato-ku
Tokyo 105-0003 Japan

Effective Date of Value	:	01 December 2019
Name of Property	:	Mapletree Kobe Logistics Centre
Registered Address	:	1-3, Mitsugaoka 7-chome, Nishi-ku, Kobe City, Hyogo Prefecture
Property Interest Valued	:	Leased Fee Interest
Registered Owner of Land and Building	:	Ajisai TMK
Land Area	:	43,942.60 square meters
Gross Floor Area	:	102,118.54 square meters
Net Lettable Area	:	84,783.41 square meters
Brief Description of Building	:	A 4-story warehouse with steel structure and alloyed steel plate roof
Valuation Approach and	:	(1) Cost Approach
key assumptions		· Land value – 59,000 yen/sqm of Land Area
		· Building replacement cost – 110,000 yen/sqm of Gross Floor Area
		(2) Sales Comparison Approach
		· Unit price – 248,000 yen/sqm of Floor Area
		(3) Income Approach (Direct Capitalization Method)
		· Capitalization rate – 4.2%
		Income Approach (Discounted Cash Flow Method)
		· Discount rate – 4.2%
		· Terminal yield – 4.2%
Market Value (Japanese Yen)	:	22,700,000,000 yen

In order to confirm the title to the property, we have reviewed extracts of the land and building register. According to our review, the title of property is with Ajisai TMK as further described in detail in the appraisal report.

International Appraisals Incorporated

Kayoko Mitsui

C. E. O. Kayoko Mitsui

Notice : ※ This Valuation Certificate should be read in conjunction with the original unabridged appraisal report, which specifies the assumptions and conditions under conditions for this assignment.

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Prepared for and on behalf of:
HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as trustee of Mapletree Logistics Trust); and

Mapletree Logistics Trust Management Ltd.
(in its capacity as manager of Mapletree Logistics Trust)

Logistics Market Report

Mapletree Kobe Logistics Centre
December 2019

CBRE

Table of Contents

1. JAPAN MACROECONOMIC OVERVIEW

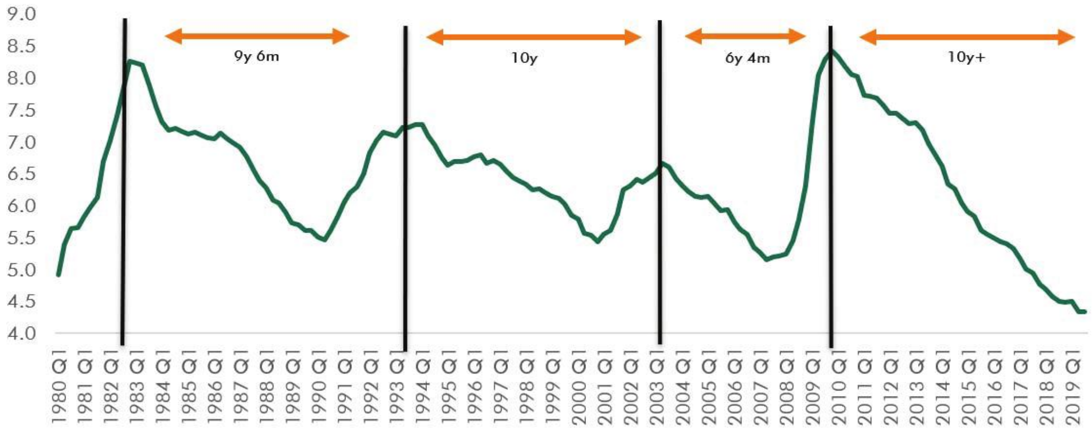
1.1. JAPAN OVERVIEW

1

1.2. ECONOMIC OVERVIEW

The global economy performed well in 2018, surpassing original expectations. However, the unemployment rate cycle implies that the global economy is late in the cycle (Figure 1), and the US-China trade dispute could be one of the major forces to drive down the global economy from here onwards.

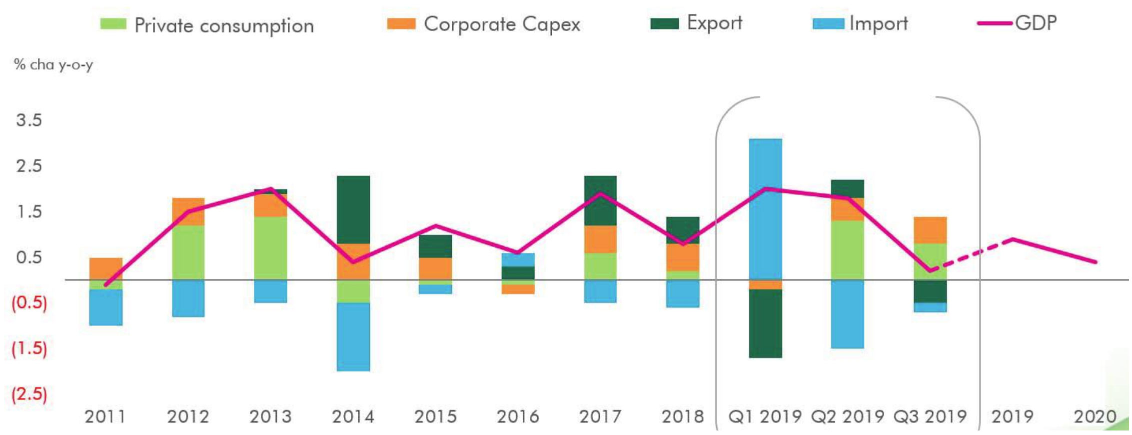
Figure 1: Unemployment Rate Trends of G7



Source: Oxford Economics, CBRE Research

In Japan, GDP grew by 0.2% q-o-q (annualised) in Q3 2019. Corporate capital expenditure (capex) has been the main driver of growth in the last several years. Consumer spending had shown weakness since 2014, when the consumption tax rate was raised from 5% to 8%. Another consumption tax hike, in October 2019 from 8% to 10%, pushed private consumption to increase temporarily in Q2 2019.

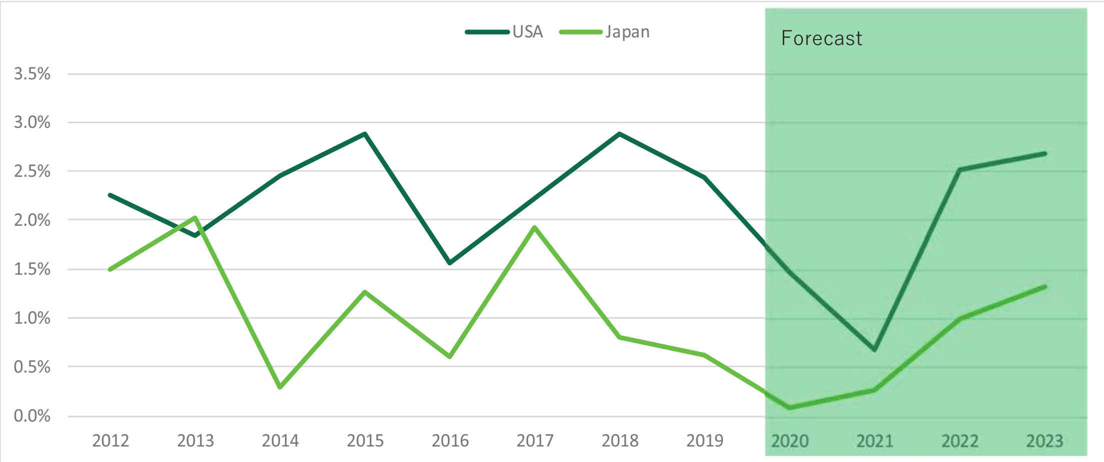
Figure 2: Japan GDP Growth and Contribution by Items



Source: Cabinet Office

CBRE forecasts that the Japanese economy will grow by approximately 1% y-o-y in 2019, approximately the same pace as 2018. However, the growth rate is expected to slow to around +0.4% y-o-y in 2020 due to the consumption tax hike since October 2019, and the potential slowdown in the U.S. economy nearing the end of 2019. Our forecast for slow-down in the US economy assumes receding effect of tax cuts, higher inflation on the back of trade issues and the tight labor market. We would note that the slowdown could commence sooner if U.S.–China trade conflict intensifies.

Figure 3: GDP Growth Comparison: Japan vs. U.S.



Given the increasingly uncertain economic outlook, Japan's interest rates look set to remain at an extremely low level. Following its monetary policy meeting in July 2019, Bank of Japan (BOJ) introduced forward guidance for policy rates and said it would continue expanding the monetary base until the core CPI exceeds 2% and stays above the target in a stable manner, effectively committing to maintaining its extremely loose monetary policy for the time being. Growing global macro uncertainty and low interest rate mean that there is likely to be continued strong demand for investment in Japan real estate as investors seek safe haven assets.

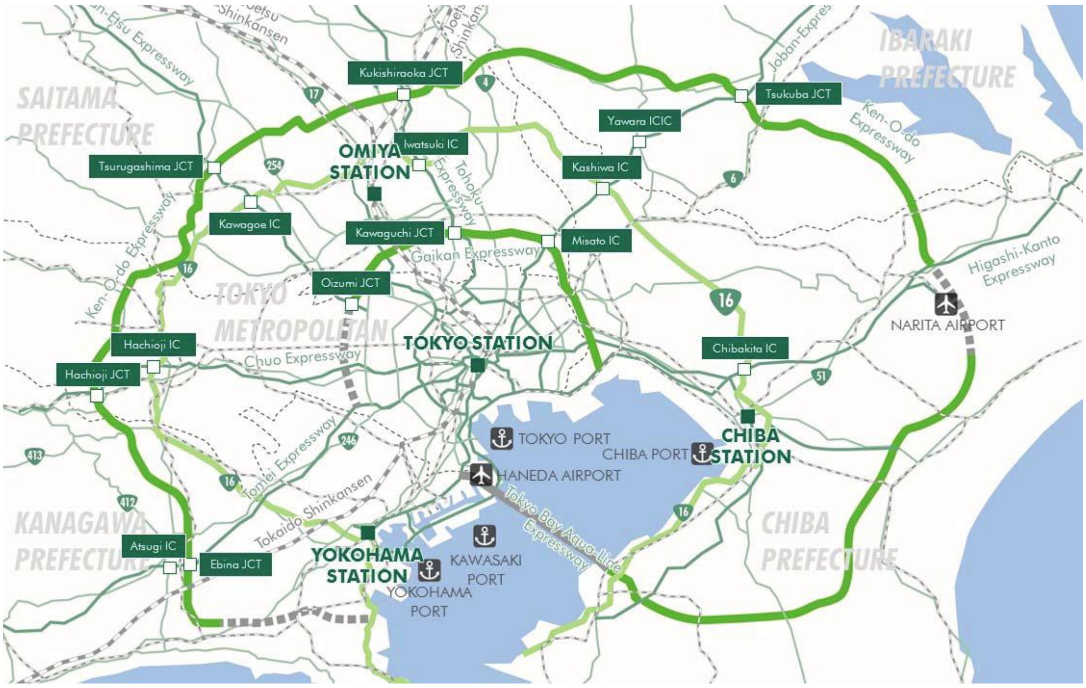
1.3. GOVERNMENT PLANNING AND POLICIES

The City Planning Law, which was created by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), exists to regulate urban development. The law divides land of Japan into mainly two parts: a City Planning Area, which is regulated by the City Planning Law and a Non-City Planning Area, which is not regulated by the law. A City Planning Area is mainly divided into Urbanization Promotion Areas, where development is promoted and Urbanization Restricted Areas, where development is basically restricted. The City Planning Law requires developers to have permission from local government before undertaking a project within an Urbanization Promotion Area. The City Planning Law defines twelve zoning districts within the Urbanization Promotion Areas. Specific regulations for each district are defined by the Building Standards Law. Use, site coverage ratio, floor area ratio, etc. are specified in the Building Standard Law.

1.4. INFRASTRUCTURE DEVELOPMENTS

1.4.1. DEVELOPMENT OF KEN-O EXPRESSWAY (TOKYO METROPOLITAN AREA)

The Ken-O Expressway (or Metropolitan Inter-City Expressway) is a ring road that is currently under development in the Tokyo metropolitan area. Located around 40 km to 60 km from central Tokyo, it is an arterial high-standard highway with a projected total length of approximately 300 km. Linking cities such as Yokohama, Atsugi, Hachioji, Kawagoe, Tsukuba, Narita, and Kisarazu and integrated with roads such as the Tokyo Bay Aqua-Line and Tokyo Outer Ring Road, the new ring road will form part of an extensive highway network covering the Tokyo metropolitan area. Development has been progressing rapidly during the past few years, and with the opening of the Ibaraki section in February 2017, the vast majority of the Ken-O Expressway is now operational.

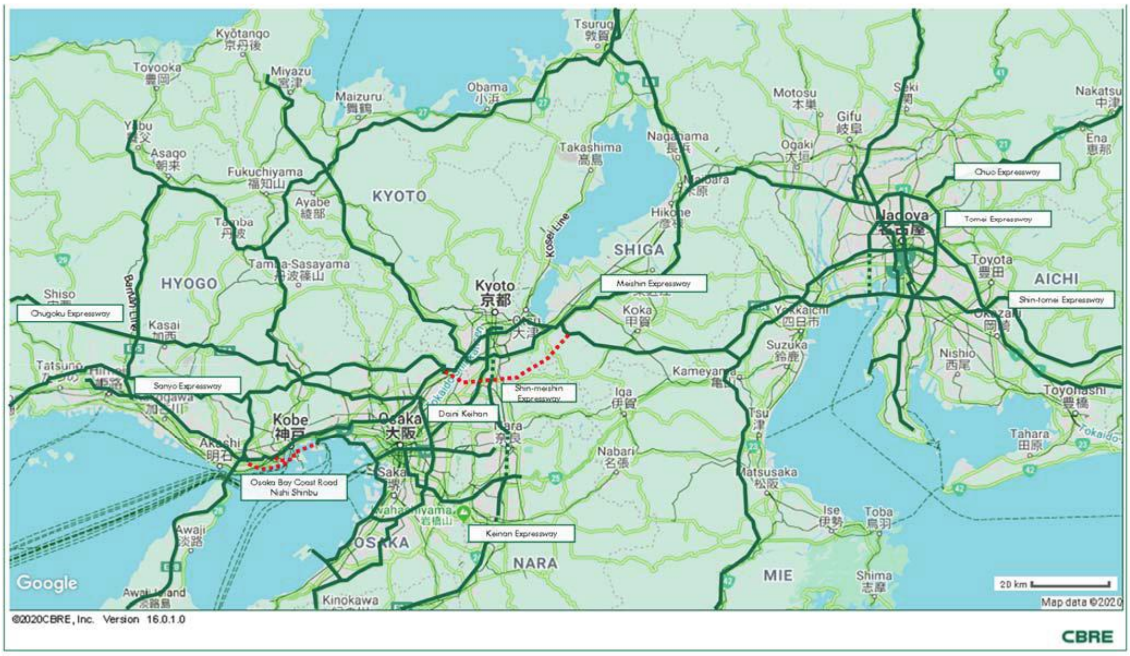


As new sections of the expressway open, companies are establishing themselves in the vicinity, and developments of large-scale logistics facilities by real estate investment companies are underway. Meanwhile, the Government who views the improved location potential as an opportunity to attract businesses is moving forward with the creation of industrial parks and initiatives such as deregulation so as to drive investments in these areas.

1.4.2. DEVELOPMENT OF SHIN-MEISHIN EXPRESSWAY (KINKI AREA)

Running from Nagoya City to Kobe City, the Shin-Meishin Expressway has a total length of 174 km. In the Kinki area, a 26.2-km section from the Takatsuki Junction to the Kawanishi Interchange opened in December 2017, followed by a 16.9-km section between the Kawanishi Interchange and Kobe Junction in March 2018. As a result, the expressway is fully operational in the section from the Takatsuki Junction to the Kobe Junction. The development of the Shin-Meishin Expressway has facilitated access to an extensive inland area. As a result, demand from logistics companies targeting the entire Kinki area, the Chubu area, the Chugoku area, etc., is expected to increase.

The upcoming Shin-Meishin Expressway is expected to reduce travelling time between Kobe and Nagoya by 40 minutes and improve logistics efficiency, thereby benefitting logistics players and anchoring demand for logistics properties in this region. The 174 km highway connecting Western Japan (Kobe) to Eastern Japan (Nagoya) is expected to be fully completed by 2023. In addition, within the Greater Osaka area, the government is also developing the Osaka Bay Coast Road Nishi Shinbu, a 14.5 km 6-lane highway from Higashinada ward to Nagata ward in Kobe city. The highway, which will connect key infrastructure such as the Kansai International Airport, Hanshin Port and Kobe Port, will reduce travelling time from Kobe Nishi to both Kobe Port and Osaka city by 30%, respectively.



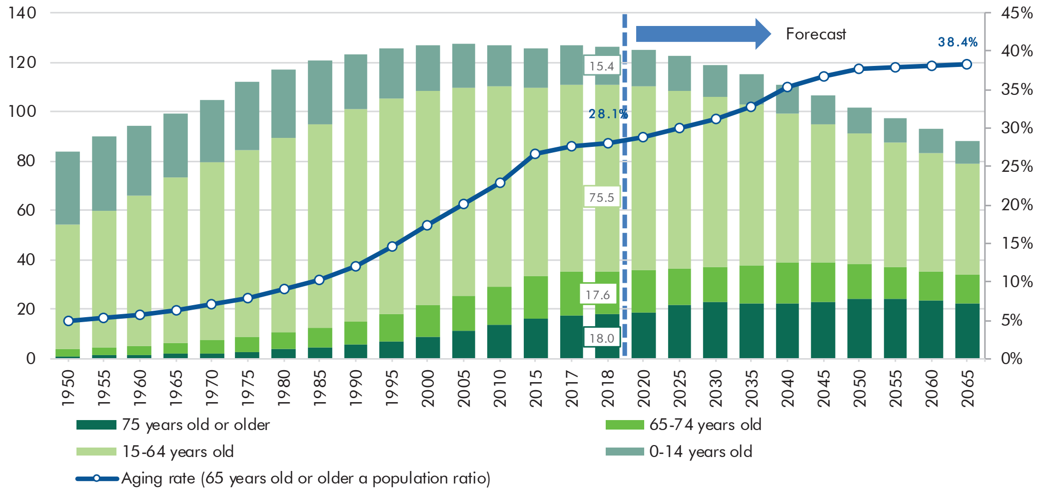
2. JAPAN LOGISTICS MARKET OVERVIEW

2.1. JAPAN LOGISTICS MARKET OUTLOOK

2.1.1. STRUCTURAL TRENDS SUPPORTING RISING DEMAND FOR MODERN WAREHOUSE SPACE

A) Ageing and Shrinking Population

Figure 4: Japanese Population By Age



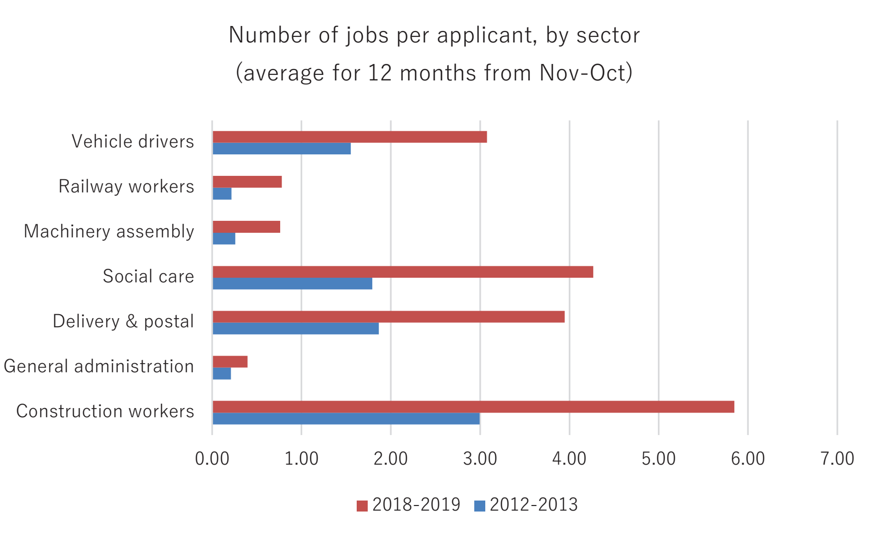
Source: Cabinet Office "Annual Report on the Aging Society"

Out of Japan's total population of 126.44 million (data as of October 1, 2018), 35.58 million are seniors aged 65 and over, accounting for 28.1% of the total population, according to the annual report "Aging Society 2018" released by the Cabinet Office of Japan. The aging of the population is expected to accelerate even further; the report estimates that, in 2065, one in every 2.6 persons will be 65 years old and above and one in every 3.9 persons will be 75 years old and above.

The comparison of the percentage of seniors among developed countries shows that Japan's senior population percentage was one of the lowest in the 1980s but it increased to the middle in the 1990s and then became one of the highest in 2005.

It is expected that the increase in healthcare facility users and demand in Japan will continue for some time to come because approximately 80% of the users of the care insurance-covered services are 75 years old and over. A declining and ageing population means fewer people in the workforce which has led to an acute shortage of labor.

Figure 5: Japan's Worsening Labour Shortage



Source: Ministry of Health, Labour and Welfare

B) Rising Automation in Response to Labour Shortage

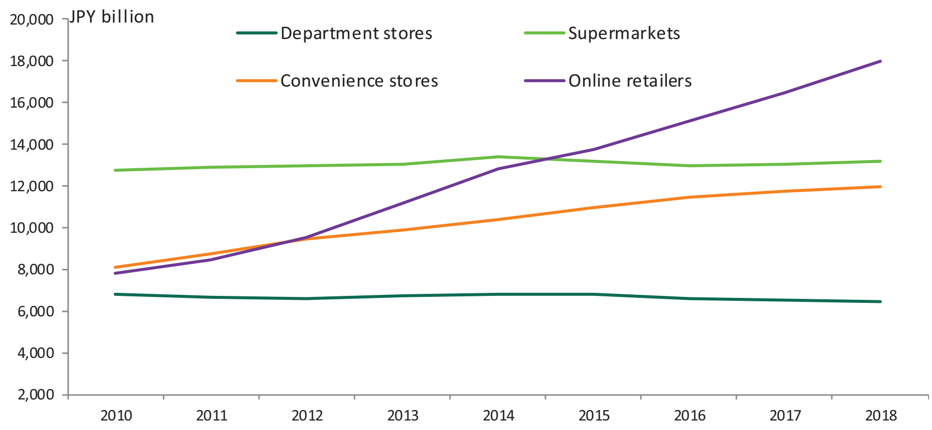
Labor shortage is transforming logistics functions through relocations and investment in automation. Logistics companies which run on a labour-intensive business model are endeavouring to overcome the ongoing labour shortage (for example, truck drivers and warehouse operatives) through automation. This movement has accelerated the revolution of the shape, size and capability of logistics facilities in the last decade. This has boosted demand from tenants wanting to upgrade from old-style warehouses, which are less convenient to use. The automation of warehouse space requires logistics facilities that are built to modern Grade A specifications, which encompass features such as high floor-loading capacity, high floor-to-ceiling height and high electrical loading to support heavy machinery, as well as super-flat floors to enable the deployment of automated guided vehicles for higher efficiency. Large-scale logistics property market is expected to see solid growth in the years to 2020 as it caters to growing demand for higher quantity and quality of logistics services.

Meanwhile, shortage of truck-drivers and rising transportation costs are prompting logistics firms to locate their bases closer to major consumption hubs. Also in the regional cities, many logistics firms view the present moment as a good opportunity to increase inventory capacity by expanding the scale of their logistics centers. Against this backdrop, firms are increasingly seeking out properties before completion. The pace of take-up at well-located high-spec properties is accelerating. As the current demand is based on structural change, rather than just from the economic recovery, the supply-demand balance is unlikely to deteriorate for the time being in the Greater Tokyo, Greater Osaka and Greater Nagoya areas, despite the large volume of new supply.

C) Retail Sector: Growing Popularity of Convenience Stores and E-Commerce

Looking at changes in the retail sector, department store, once the sector leader, are in decline, and starting in the late 2000s, convenience stores and e-commerce companies have emerged as a force. The rising trend of convenience to cater for time-strapped single and dual-income households as well as the needs of the elderly has led to strong sales growth momentum in convenience stores and e-commerce companies. Convenience stores and e-commerce sales have grown at a compound annual growth rate ("CAGR") of 5.0% and 11.0% from 2010 to 2018, respectively.

Figure 6: Trends in Sales Value by Sector

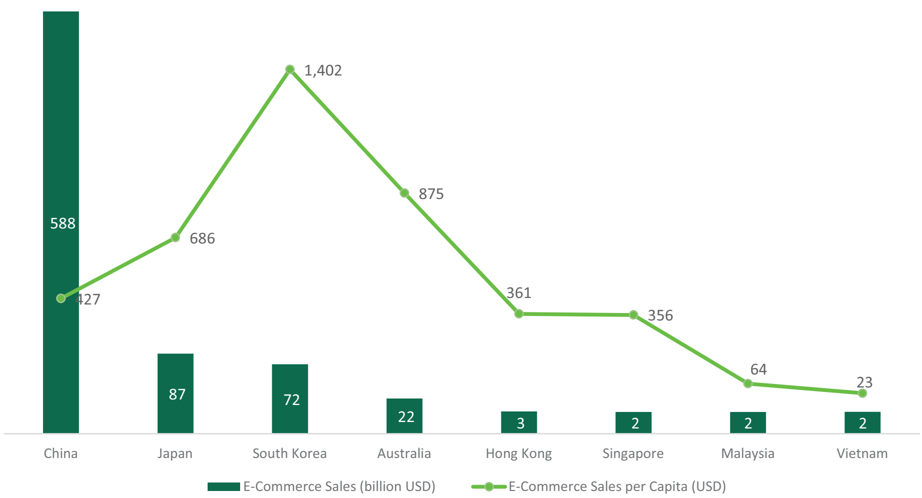


Source: Ministry of Economy, Trade and Industry

Reflecting changes in consumer behavior, e-commerce companies have also expanded from electronics and clothing to food products. The mainstay of demand is online shopping/e- commerce, of which the leading examples include Amazon, Rakuten and Yahoo (Askul). With major supermarkets eager to strengthen their online business, further growth is anticipated.

High-spec logistics operations are essential for the e-commerce sector, which by its very nature, involve a wide range of small deliveries and requires shorter delivery times. E-commerce players, on the other hand, require 2 to 3 times as much warehouse space as traditional retailers due to more extensive product offerings, higher inventory levels and greater outbound and reverse logistics space requirements.

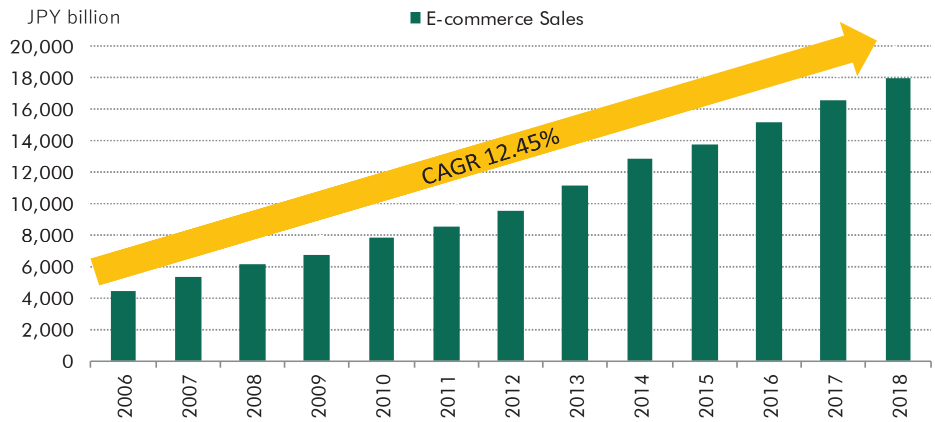
Figure 7: E-Commerce Sales in Asian countries



Source: Passport and Euromonitor

Japan is the second largest e-commerce market in Asia Pacific with sales value of USD 87 billion in 2018 and the third highest per capita e-commerce spending/sales of USD 686. Looking ahead, e-commerce sales is expected to grow at a healthy compound annual growth rate ("CAGR") of about 10% from 2018 to 2023.The growing and sizeable e-commerce market in Japan have had a significant impact on demand for modern logistics facilities as e-commerce activities require comprehensive logistics and warehousing support.

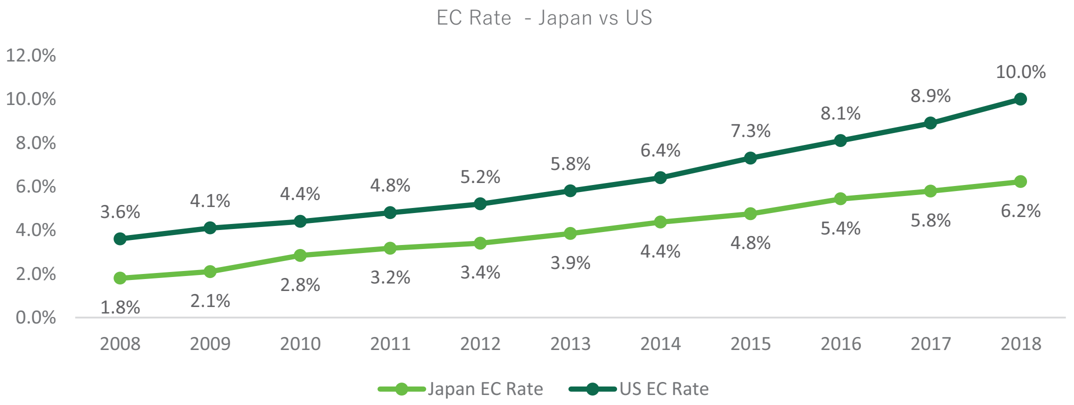
Figure 8: Trends in E-commerce Sales



Source: Ministry of Ecconomy, Trade and Industry

Domestic e-commerce sales exceeded JPY 17.9 trillion in 2018, with the e-commerce penetration rate increasing to 6.2% (METI). However, this is still low compared to the e-commerce penetration rate of approximately 10% in the U.S. (U.S. Census), suggesting that the Japanese e-commerce market still has considerable scope for growth.

Figure 9: Trends in EC Rate



Source: Ministry of economy, Trade and Industry
Retail Indicators, U.S. Census Bureu

Major e-commerce players continue to expand their product base, while brick-and-mortar retailers and manufacturers expand the line-up of products they offer online, and convenience stores and drugstores continue to open new stores – all of which are driving demand for logistics facilities. For convenience stores, having an efficient logistics distribution near key population catchments to facilitate high throughput allow stores to improve in-store availability of products.

In addition to the convenience of online shopping, consumers also tend to value the rapid speed of delivery. As a result, securing high-quality logistics facilities is a necessity for online stores retailers. Given online retailer revenue growth in recent times, more leasing space in high-quality logistics facilities are owned by real estate developers, and it is anticipated that need for logistics facilities in locations near major cities where it is easy to recruit workers and equipped with specifications that facilitate efficient distribution (e.g., ramps) will increase in the future.

Cases of Online Shopping Companies Moving into Large Rental Facilities in Recent Years

No.	Tenant	Property name	Owners	Location	Site area (m²)	Total floor area (m²)	Relocation period	Type
1	Amazon Japan	Redwood Fujiidera Distribution Center	ESR	Osaka	82,930	181,999	Mar. 2017	Multi
2	Senshukai	SOSiLA Nishi-Yodogawa Ⅱ	Sumitomo Corporation	Osaka	23,635	51,287	May 2017	Multi
3	Askul	GLP Suita (ASKUL Logi PARK Kansai)	GLP Japan	Osaka	75,065	163,956	Aug. 2017	Multi
4	Rakuten	Prologis Park Ichikawa 3	Prologis	Chiba	26,457	64,406	Dec. 2017	Multi
5	Amazon Japan	DPL Kawaguchi Ryoke	Daiwa House Industry	Saitama	44,843	71,448	Feb. 2018	Multi
6	Amazon Japan	DPL Sapporo Higashi-Kariki	Daiwa House Industry	Sapporo	61,610	65,653	Feb. 2018	BTS
7	Amazon Japan	i Missions Park Inzai	Itochu	Chiba	54,615	111,527	Mar. 2018	BTS
8	Rakuten	GLP Nagareyama Ⅱ	GLP Japan	Chiba	42,000	96,360	May 2018	Multi
9	Amazon Japan	D Project Sendai Nagamachi	Daiwa House Industry	Miyagi	24,284	33,448	May 2018	BTS
10	Start Today	Prologis Park Tsukuba 1-A	Prologis	Ibaraki	32,807	70,356	Sap. 2018	BTS
11	Rakuten	GLP Hirakata Ⅲ	GLP Japan	Osaka	48,618	119,000	Sap. 2018	Multi
12	Amazon Japan	Ibaraki North Logistic Techno Park	Daiwa House Industry	Osaka	-	63,802	Sap. 2018	BTS
13	Start Today	Prologis Park Tsukuba 1-B	Prologis	Ibaraki	32,804	71,595	Sap. 2019	BTS
14	Askul	(Tentative name) Miyoshi Distribution Center (rebuilding)	Tokyu Land	Saitama	51,818	72,116	Winter 2019	BTS

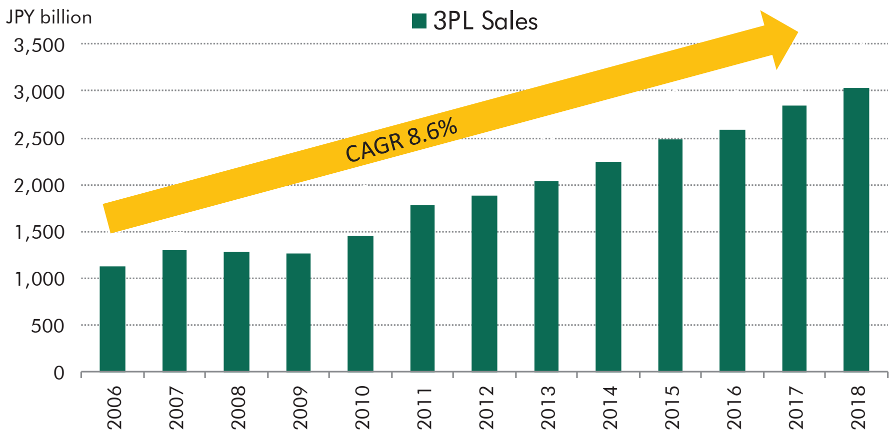
Online shopping companies that moved in in 2017 or after (including prospects for uncompleted property)

D) Growing Third Party Logistics (3PL) Market

Since the early days of the logistics investment market, Third Party Logistics (3PL) operators have been the leading users of large-scale logistics facilities and have grown in tandem with the market. From 2005 to 2016, the 3PL market expanded in size by a factor of around 2.5, from 1 trillion yen to 2.5 trillion yen.

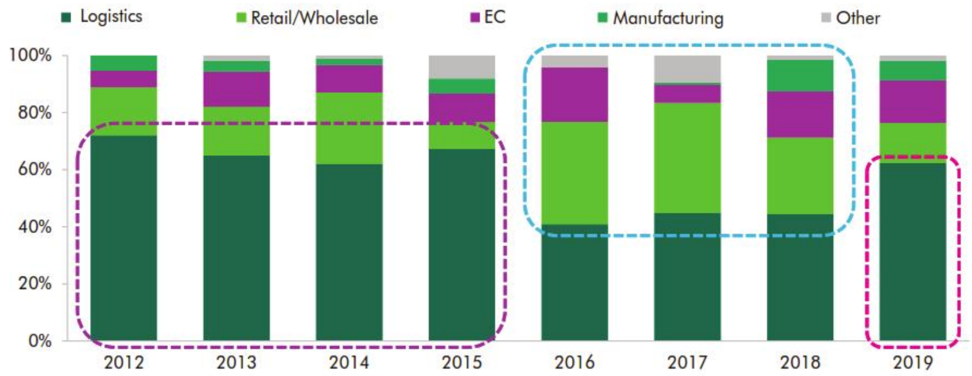
The market is expected to expand further in the future, in light of market growth in Western countries and changes in the logistics structure that have existed to date (e.g., companies outsourcing logistics work). Rather than having various companies for different tasks such as storage, freight handling, and distribution as in the past, the streamlining of logistics activities (cost reduction) through an integrated approach is becoming necessary. Since 2009, the 3PL market has grown at a GAGR of 9.5% from 2010 to 2018.

Figure 10: Trends in 3PL Sales



3PL is estimated to contribute 45% of net absorption of LMT and it is expected to increase to over 60% in 2019.

Figure 11: Occupier Contribution to LMT



Source: CBRE

2.2. GENERAL OVERVIEW OF LOGISTICS MARKET

2.2.1. LANDSCAPE

Two types of lease structures exist in Japan: traditional and fixed-term leases. Traditional Japanese lease usually lasts for two years, is perpetually renewable, and offers security of tenure to occupiers. As long as a tenant is not in breach of the lease, the tenant can retain occupancy. Fixed term leases, which were introduced to the market in 2000, most commonly last for five years. They are not renewed automatically.

Fixed term leases give landlords greater control over rental rates. Landlords of large scale buildings prefer fixed-term leases, but the traditional lease prevails in the market overall. Tenants familiar with the old market practice of traditional leases should consider the impact of a fixed-term lease on their long-term real estate cost, and should weigh the loss of termination flexibility against long-term lower rent.

In general, fixed-term lease is common among large scale logistics facilities while traditional lease remains common among office and residential properties.

2.2.2. MARKET CONVENTION OF LEASING AND SALES

TO LEASE

Terminology	Building lease contract
Transparency	Transparency is low and details of comparable leasing transactions are difficult to obtain
Lease Registration	Not required
Term	Typically fixed term leases of 3-5 years
Terms of payment	Monthly in advance
Termination or Break	An option to terminate is by negotiation before the lease is signed. A tenant may terminate a lease at any time by paying a penalty as agreed in the lease
Option to renew	The landlord and tenant may negotiate a lease re-contract six months prior to the current lease expiry
Renewal	The landlord and tenant may negotiate the rent determined by market rate
Rental Incentive	Depends on market circumstances
Right to sub-let	Common, but with approval of landlord

SPACE MEASUREMENT

Units	Per tsubo or square meters per month of rentable area 1 tsubo = 3.3057 square meters = 35.58 square feet
Definitions	Typically net floor area
Efficiency	Contracted space is normally exclusive tenant space, so efficiency is almost 100% (* Contracted space refer to space rent by tenant, excluding common area.)

TRANSACTION COST

Agency Fees	Tenant pays one month face rent
Legal Fees	Each party bears own
Other Transaction Costs	Stamp Duty typically shared 50/50 between Landlord and Tenant. JPY10,000 to JPY500,000 @ JPY200 JPY500,000 to JPY1,000,000 @ JPY500 JPY1,000,000 to JPY5,000,000 @ JPY1,000 JPY5,000,000 to JPY10,000,000 @ JPY5,000 JPY10,000,000 to JPY50,000,000 @ JPY10,000 JPY50,000,000 to JPY100,000,000 @ JPY30,000 JPY100,000,000 to JPY500,000,000 @ JPY60,000 JPY500,000,000 to JPY1billion @ JPY160,000 JPY1billion to JPY5billion @ JPY320,000 Up to JPY5billion to JPY @ JPY480,000 The rate is applied till May 31, 2018

OCCUPANCY COST

Average Rental	Distribution Centre (prime area) JPY6,000-6,500 per tsubo per month exclusive Distribution Centre (popular area) JPY3,800-4,300 per tsubo per month exclusive Generally the rental rate is fixed for the period of the lease term Free rent is negotiable and typically is 3-6 months
Service Charges/ Management Fees	Management fees payable by tenant at circa JPY200-400 per tsubo Management charges are paid monthly in advance and cover the cost attributed to the maintenance and management of the property
Taxes	Tenants pay 8% consumption tax charged on rental payments
Utilities	At tenant's cost
Fit-Out	Landlords deliver ceiling lights and common restroom
Restoration	Tenants are required to restore the premises to its original condition at the end of the lease
Security Deposits and Guarantees	3-6 months rent
Car Parking	At tenant's cost. Prime area: JPY10,000-15,000; Popular area: JPY3,000-5,000
Truck Parking	At tenant's cost. 2 ton truck: approximately 1-2 times cost of car park; 10 ton truck: approximately 3-4 times cost of car park
Other Occupancy Costs	Insurance costs, cleaning of the tenant space. At tenant’s cost.

PURCHASE AND SALES

Land Tenure	Majority is freehold, but may be leasehold. Different types of leasehold are as follows: General Use Fixed Term Lease: 50 years or over Business Use Fixed Term Lease: 10-20 years Normal Lease: >30 years with multiple renewals (can be perpetual)
Market Practice	No restrictions on foreign ownership Industrial properties mostly sold en-bloc, very limited strata-titled options
Terminology	Purchase sales agreement
Completion of Sale	For Selling Property, Non-Bid Process: Preparation (Confidentiality Agreement, Information Package, etc.): 1-3 weeks Marketing including pre-marketing: 6-8 weeks Buyer selection: 1-2 weeks Due Diligence parallel with PSA negotiation: 8-10 weeks Closing after PSA execution: 1-2 weeks
Average Cost	For Investment: Middle size conventional facility (typically single-tenant): JPY 1 billion – JPY 5 billion Large size modern facility (multi-tenant/ single-tenant): JPY 5 billion – JPY 20 billion For Owner Use/ Development: Land (Popular area): JPY 350,000 per tsubo – JPY 800,000 per tsubo Building: JPY 380,000-450,000 per tsubo
Agency Fee	Up to 3% of transaction value. Seller and buyer each pay their own agent
Typical LTV	Senior Loan: 60-70%
Borrowing Rate	Base Rate plus 60-120 bps
Mode of payment	In most cases, investors make a contract through “TMK” and they will pay 100% after two weeks. (* TMK refers to tokutei mokuteki kaisha, which is similar to special purpose company)
Transaction Costs	Stamp Duty (refer to Transaction Cost) Real Estate Acquisition Tax 3% Registration Tax 0.4- 3% Consumption Tax 8% Paid by purchaser
Holding Cost	Fixed Asset Tax: The annual tax rate is 1.4%. The municipal governments are allowed to apply a higher tax rate, up to 2.1%. City Planning Tax: The tax rate is 0.3% of the value of land and houses. Insurance premium, Property Management Fee, CAPEX Maintenance and Utility costs in certain cases
Exit Costs	Capital Gains Tax only payable when making a profit on the sale

2.3. JAPAN LOGISTICS PROPERTIES

2.3.1. SEGMENTATION

Medium-to-large logistics facilities:

Rental logistics facilities with a total floor area of at least 5,000 square meters owned by a real estate investment company or similar business

Large multi-tenant properties (LMT):

Facilities with a total floor area of at least 10,000 tsubo (33,000 square meters) which, as a rule, were planned and designed based on the assumption of occupancy by multiple tenants during development stage (targeting large multi-tenant properties unless otherwise specified).

What are high-spec (Grade A) logistics facilities?

Warehouses and distribution centers in the widest sense, including LMTs, can be broadly divided into three types: (1) traditional warehouses, (2) conventional storage-based warehouses, and (3) high-spec (Grade A) logistics facilities, or LMTs, which have become the major catalyst for the expansion of the logistics real estate market.

Type 1: Traditional warehouses

These are mostly single-storey buildings of generally less than 1,000 tsubo in GFA, used by a single company. They are designed for trucks to be loaded using forklifts, meaning that it is difficult to load more than one truck at a time.

Type 2: Conventional storage-based warehouses

Multi-storey warehouses, consisting of two to five storeys. The largest of these warehouses have a GFA of around 10,000 tsubo. They are capable of loading several trucks at the same time from canopies and truck berths with raised floors on the first floor. They are suited to storing high-volume cargoes as these can be moved between floors by elevators.

Type 3: High-spec (Grade A) logistics facilities

These are buildings of anywhere between three to six storeys or more, ranging in size from 8,000 tsubo GFA to 50,000 tsubo GFA. Rampways and slopes allow trucks to be driven directly to the upper floors, and all floors have wide passages and raised-floor truck berths. Dozens of trucks can be loaded at the same time. Also, facilities can be easily subdivided to house multiple tenants. Basic specifications are a ceiling height of at least 5.5 m and floor load of at least 1.5t per sq.m. They usually have large floor plates allowing the efficient processing of goods within the warehouse. Some have state-of-the-art equipment such as mobile racks and automatic sorting machines, which make them suitable for high-frequency deliveries. Many of the recent completions have been designed to make them more comfortable for the people working in them, and include canteens, convenience stores and rest areas, and entrances and office areas more like those found in office buildings. It is also becoming standard for facilities to guarantee operational continuity, with earthquake-resistant features and emergency backup generators and satellite phones. Of note, CBRE Research data on LMTs mainly covers type 3 facilities (High-spec (Grade A) logistics facilities) with some type 2 facilities (Storage-based warehouses) included.

High-spec (Grade A) Building Specification

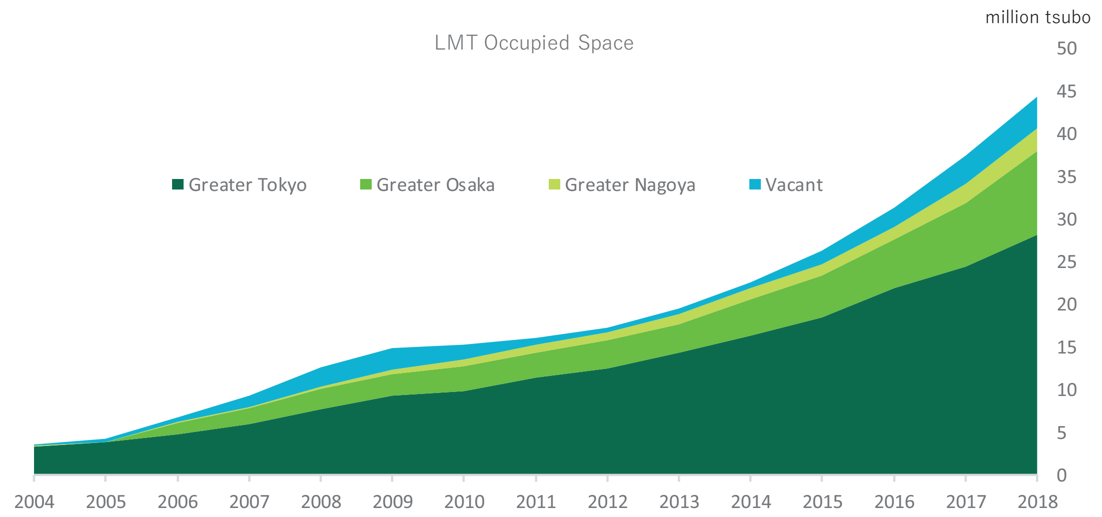
Floor loading	Upper Floors: 1.5 tons per sq. m. Ground: 1.5 tons per sq. m. * Ground floor: assume raised floors made by concrete.
Clear height	5.5 m
Floor plate	Typically 3,000 tsubo (Equivalent to about 10,000 sqm)
Column grid	Approx. 10 m x 11 m
Power supply/provision	2,000 kVA (* Logistic facilities less than GFA 20,000 tsubo or 66,116 sq. m.)
Fire protection & fighting	Fire prevention unit : Less than 1,500 sq. m. Automatic fire alarm system Fire Hydrant/Hose reel systems Fire Extinguisher (1 per 20 m) (* Sprinkler systems is NOT generally installed in Japan logistic facilities)

2.3.2. SUPPLY SITUATION

CBRE has been collecting data on LMTs in the primary market area including Greater Tokyo, Greater Osaka and Greater Nagoya since 2004. The data covers warehouses and distribution centers designed for multiple tenants with a GFA of 10,000 tsubo or more. The development by Prologis in Chiba Prefecture completed in 2003 heralded the beginning of an era for warehouses to be increasingly treated as commercial real estate, subdivided to be leased to multiple tenants in the same way as office buildings are rented out.

The figure below shows the total area of LMTs available for rent at the end of each year. Demand for LMTs in the market has grown almost constantly over the last 15 years, irrespective of the economic environment.

Figure 12: Trends in LMT Occupied Space



The development of LMTs began with two facilities completed in 2003 by foreign-owned specialist logistics property developers. This marked the first stage in the growth of high-spec facilities with rampways, in response to increasing occupier demand for these types of features. The Japanese economy had been strong during this period, which also encouraged Japanese developers to embark on the development of such facilities. 14 large facilities were completed in 2008, providing 280,000 tsubo of new supply, a record annual total at the time.

Towards the end of that year, however, the real estate market as a whole cooled dramatically following the onset of the global financial crisis. The vacancy rate for LMTs in the Greater Tokyo Area temporarily rose to just below 20%. While the overall vacancy rate was inflated by newly completed facilities that were slow to be filled, the vacancy rate for existing buildings (more than one year old) remained low. This led to the gradual recognition that logistics properties benefited from a relatively high proportion of longer, fixed-term leases and solid demand. This was because the goods stored were generally directly linked to daily consumption, such as food and sundries.

During the economic slowdown, companies streamlined by consolidating or outsourcing their logistics functions, in order to cut costs. This resulted in an increase in requirements for large distribution centers with bigger floor plates to meet companies' needs.

Another turning point was the Great East Japan earthquake in March 2011. Immediately after the earthquake, vacant space in high-spec (Grade A) logistics facilities was rapidly filled by short-term, emergency leases taken by companies whose warehouses had become unusable because of structural damage or damage to equipment such as automatic sorting machines. The next stage of expansion came as companies attempted to relocate facilities or build new ones to modify or strengthen their logistics network to comply with their Business continuity planning (BCP). As such, more attention was put on the safety of the buildings, which high-spec (Grade A) logistics facilities provided, and the vacancy rate for LMTs rapidly fell at the end of 2011.

This was also a period when online retailers such as Amazon and Rakuten recorded strong growth. Such firms began to display strong interest in large distribution centers capable of handling a large number of deliveries of a wide variety of products. The economic slowdown that preceded the earthquake also coincided with the increasing prevalence of 3PL companies, which raised the profile of large distribution centers.

Thus, the logistics market entered its second expansion phase from around 2012. In 2012 and 2013, a total of four developers which engaged in development of logistics facilities (including Daiwa House, Global Logistics Properties, Prologis and Nomura Real Estate) each listed a J-REIT, which specialised in logistics facilities, or included logistics facilities as one of the main investment asset types. This led to improved information transparency and more liquidity, and logistics grew to be the third largest sector in terms of transaction volume, after offices and retail.

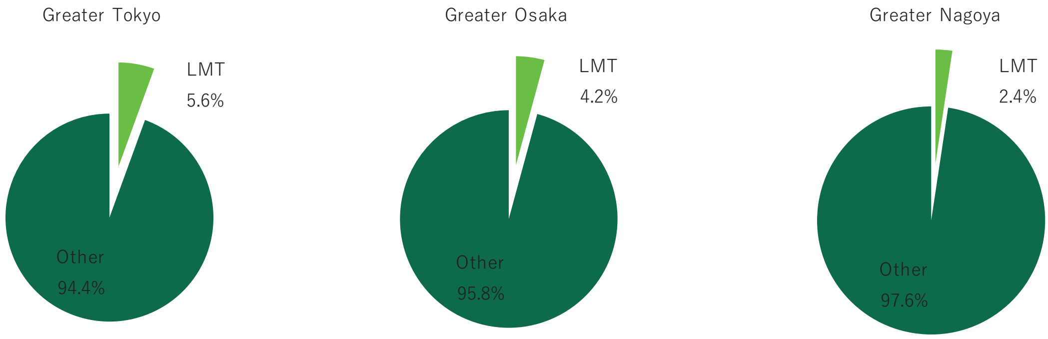
There are two main reasons behind such solid demand. The first is that the availability of high-spec (Grade A) logistics facilities in Japan is still limited. As a proportion of the estimated total stock of logistics facilities, including traditional warehouses and conventional storage-based ones, which is about 4-5 sqm per capita, the total amount of space available for rent in LMTs is less than 5% in Japan.

The second reason is that the shape, size and capability of logistics facilities have been revolutionised in the last decade. This has boosted demand from tenants wanting to upgrade from old-style warehouses, which are less convenient to use.

Development of LMT by real estate development companies began in the early 2000s, and at present, LMT have around a 5.6%, 4.2% and 2.4% share of all stock in Greater Tokyo, Greater Osaka and Greater Nagoya respectively. The average rent of a high-spec (Grade A) logistics facility is generally 10% to 30% higher than a non high-spec (Grade A) logistics facility.

In the past few years, in conjunction with the arrival of more players on the market and the boom in online shopping companies, this share has been growing more rapidly, but a large proportion of facilities still have conventional specifications. There is likely scope for the market to continue expanding for some time.

Figure 13: Share of LMT in Each Region



Source:

Total floor area for all warehouses across Japan, including those owned by the user, as of March 2019 calculated by CBRE using the "Summary Report on Fixed Property Prices" (Fixed Property Tax Division, Local Tax Bureau, Ministry of Internal Affairs and Communications) and "Annual Report on Construction Statistics" (Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism).

LMT as of December 2018 calculated by CBRE.

2.3.3. KEY PROVIDERS & PLAYERS

Providers (Investors)

No.	Company name	Area owned (m^2)	No.	Company name	Area owned (m^2)
1	Nippon Prologis REIT	2,704,322	11	Mitsui Fudosan Logistics Park	896,658
2	GLP Japan	2,669,592	12	Diamond Realty Management	886,489
3	Daiwa House Industry	2,518,236	13	Industrial & Infrastructure Fund	789,788
4	GLP J-REIT	2,472,373	14	Nomura Real Estate Master Fund	755,091
5	Daiwa House REIT	1,571,961	15	Mitsui Fudosan	626,291
6	Japan Logistics Fund	1,332,772	16	SG Realty	594,108
7	LaSalle LOGIPORT REIT	1,046,518	17	Prologis	530,623
8	Mapletree	1,045,175	18	Mitsubishi Estate Logistics REIT	515,363
9	ESR	936,196	19	Itochu	438,585
10	Goodman Japan	934,046	20	Sumitomo Corporation	385,783

Source: Prepared by CBRE based on public information

Targeting properties completed as of June 2018.

Co-ownership interest in properties are recorded in duplicate.

Occupiers (3PL Companies)

No.	Company name	Sales from 3PL (million yen)	No.	Company name	Sales from 3PL (million yen)
1	Hitachi Transport System	462,700	11	Nichirei Logistics Group	76,811
2	Senko Group Holdings	258,040	12	Mitsui & Co.	55,000
3	Yusen Logistics	175,656	13	SBS Holdings	54,700
4	Nippon Express	165,000	14	Hamakyorex	50,434
5	Kintetsu World Express	151,680	15	Trancom	46,822
6	Nippon Access	146,779	16	Maruwa Unyu Kikan	45,000
7	K.R.S.	123,499	17	Mitsubishi Corporation LT	41,516
8	SG Holdings	110,400	18	Seino Holdings	39,107
9	Yamato Holdings	108,643	19	Suzuyo	35,491
10	Sankyu	83,830	20	Asahi Logi	30,242

Source: "Monthly magazine LOGI-BIZ" August 2017 edition

Surveyed sales from 3PL business in fiscal 2016 by interviewing each company

Occupiers (E-commerce Companies)

No.	Company name	Main sales products	Sales (million yen)
1	Amazon Japan	General	1,176,800
2	Yodobashi Camera	Consumer electronics	108,000
3	Start Today	Clothing	76,393
4	Senshukai	General	73,782
5	Rakuten Direct	Household goods	60,000
6	Dinos/Cecile	General	58,260
7	Joshin Denki	Consumer electronics	55,000
8	Dell	PC	50,000
9	Japanet Takata	Consumer electronics	49,840
10	Ito-Yokado	Food	47,396
11	Uniqlo	Clothing	42,167
12	Kitamura	Camera related goods	40,478
13	Askul	Household goods	39,016
14	Jupiter Shop Channel	General	38,730
15	Nissen	General	35,500
16	BicCamera	Consumer electronics	35,000
17	MouseComputer	PC	32,615
18	QVC Japan	General	29,430
19	MOA	Consumer electronics	28,935
20	Seven-Meal Service	Food	26,678

Source: Tsuhanshinbunsya "The 69th Mail Order /Home Study Sales Ranking Survey 2017 Edition"

Sales posted for the fiscal periods ended between June 2016 and May 2017

Survey was conducted during July and August 2017 targeting approximately 1,000 companies engaged in mail-order sales or home study sales. For non-respondent companies, estimated values have been calculated based on interview data, published materials and credit surveys conducted by private credit research companies.

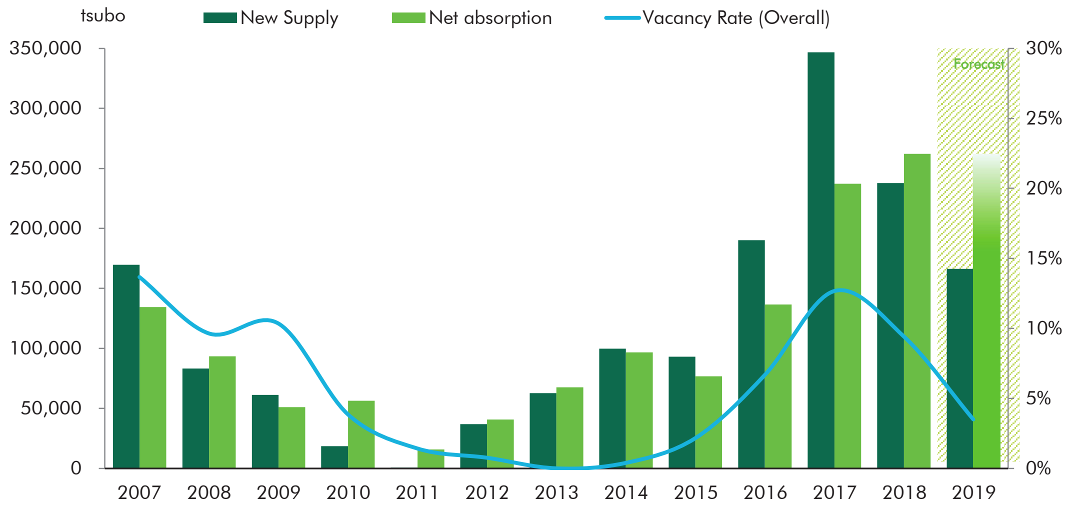
2.3.4. REGIONAL MACRO TRENDS THAT UNDERPIN THE LOGISTICS MARKET IN JAPAN

Greater Osaka Area

The vacancy rate of leasable logistics facilities with 5,000 sqm or more of gross floor area in the Greater Osaka Area fell 0.6 points q-o-q to 4.0% in Q3 2019, marking the first time that the vacancy rate has fallen below 6% since Q3 2016. The one new LMT building completed this quarter, which is situated in the inland area of Kobe, was fully occupied upon completion. Although the property is located far from the central area of Greater Osaka, it allows for wide-area distribution to both the east and west via the Chugoku Expressway. The property has also attracted attention as it is a rare single-level LMT facility. In terms of demand, two existing LMT properties in the waterfront area, which has seen prolonged vacancy, achieved full occupancy this quarter. As a result, there are now just three LMT properties in the Greater Osaka Area overall with large-scale vacant space available.

New demand in 2019 and 2020 is expected to remain strong. Overall net absorption for logistics facilities in Greater Osaka remains robust despite increasing supply, with total take-up of approximately 262k sq m achieved in 2018, representing a year-on-year growth of 10.5%. We expect low vacancy going forward based on steady high demand.

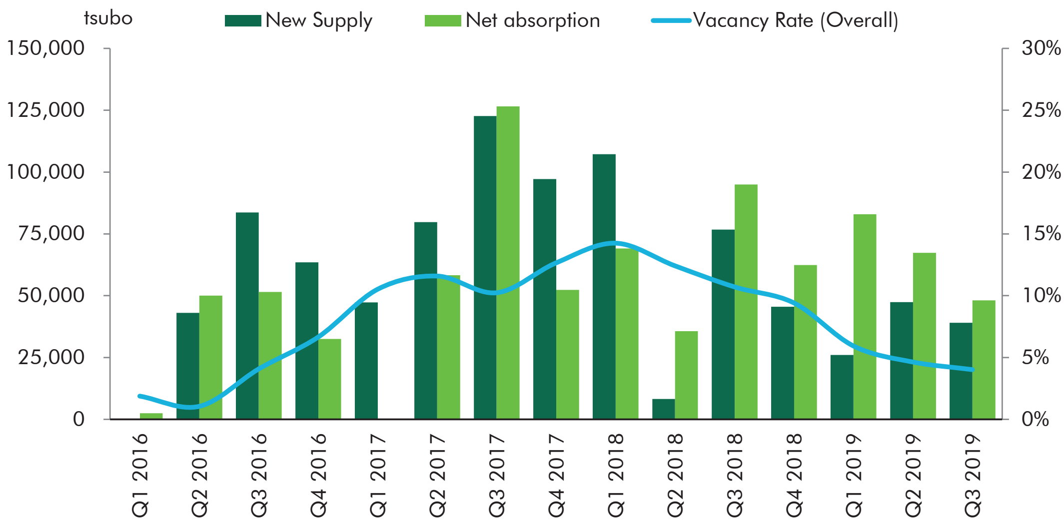
Figure 14: Trends in the Greater Osaka Area by Year



Leasable logistics facilities with 5,000 sqm or more of gross floor area
Source: CBRE

Vacancy rate has been decreasing over the last 6 consecutive quarters from 14.3% in 1Q 2018 to 4.0% in 3Q 2019.

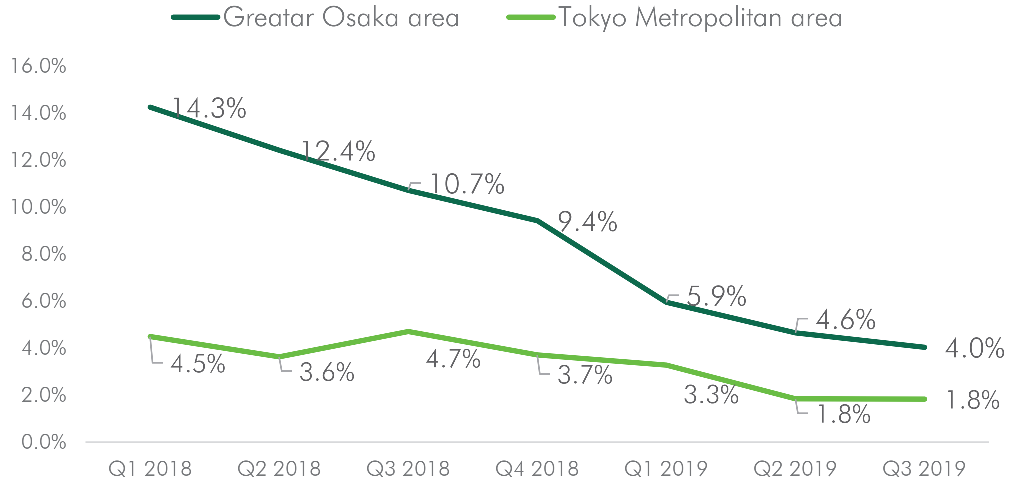
Figure 15: Trends in the Greater Osaka Area by Quarter



Leasable logistics facilities with 5,000 sqm or more of gross floor area
Source: CBRE

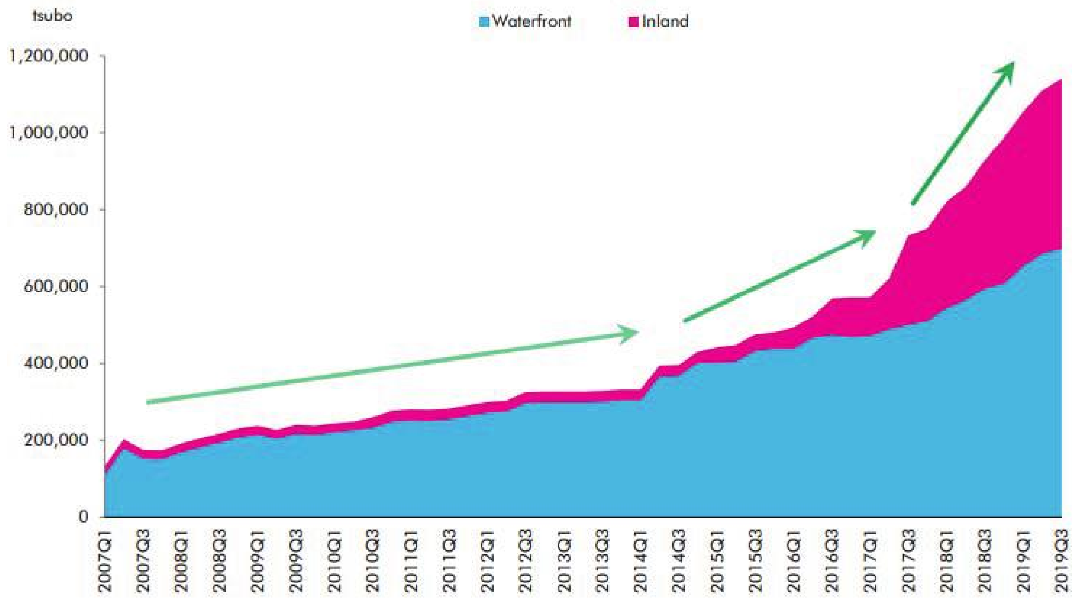
Marketing already appears to have ended at four of the seven properties due to be completed by Q4 2020. Well-located properties are attracting tenant enquiries at an increasingly early stage. CBRE expects vacancy rate to fall further over the next two quarters.

Figure 16: Vacancy rate of leasable logistics facilities with - 5,000 sqm or more of gross floor area



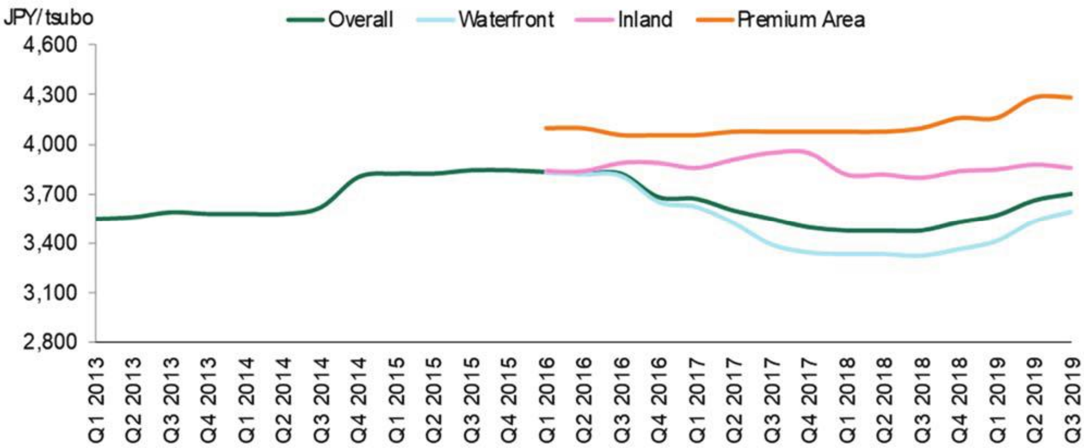
Source: CBRE

Figure 17: Trends in LMT Space Occupancy by Area



In terms of demand, two existing LMT properties in the waterfront area, which have seen prolonged vacancy, achieved full occupancy this quarter. As a result, there are now just three LMT properties in the Greater Osaka Area overall with large-scale vacant space available. Since 2018, rental rates have risen in all areas of Greater Osaka, with effective rents rising by 1.1% q-o-q to JPY 3,700 per tsubo in 3Q 2019 and 6.3% y-o-y compared to JPY 3,480 per tsubo in 3Q 2018, reflecting the limited options available to tenants.

Figure 18: Trends in Effective Rents by Area



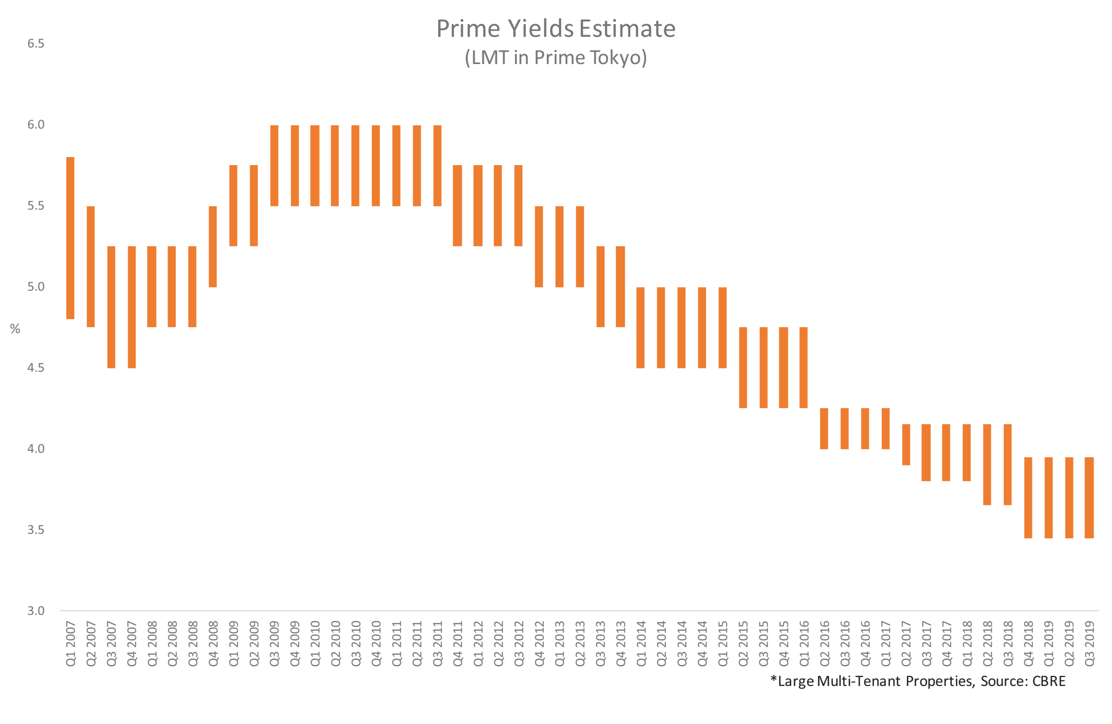
Source: CBRE

2.3.5. INVESTMENT MARKET FOR LOGISTICS FACILITIES

Real estate transaction volume between Q1 2019-Q3 2019 (deals worth JPY 1 billion or more) stood at JPY 2.4 trillion, an increase of 6.5% y-o-y. While the total number of transactions fell y-o-y, an increase in large transactions led to the higher overall transaction volume. Amid a continued shortage of properties, capital is focusing on larger properties and portfolio deals. Large deals are again expected to drive transaction volume in 2020 as capital from institutional investors flows into the property market.

In such circumstances, the yields for logistics facilities are forecast to fall further throughout 2020, potentially to below 3.5% for Grade A properties. In our research, the cap rates for Grade A logistics facilities in J-REIT acquired as inter-company transaction tend to be higher by 30-100bps compared to a third-party transaction.

Figure 19: Prime Yields Estimate for LMT


Prime Yields Estimate
(LMT in Prime Tokyo)
6.5
6.0
5.5
5.0
%
4.5
4.0
3.5
3.0
Q1 2007
Q2 2007
Q3 2007
Q4 2007
Q1 2008
Q2 2008
Q3 2008
Q4 2008
Q1 2009
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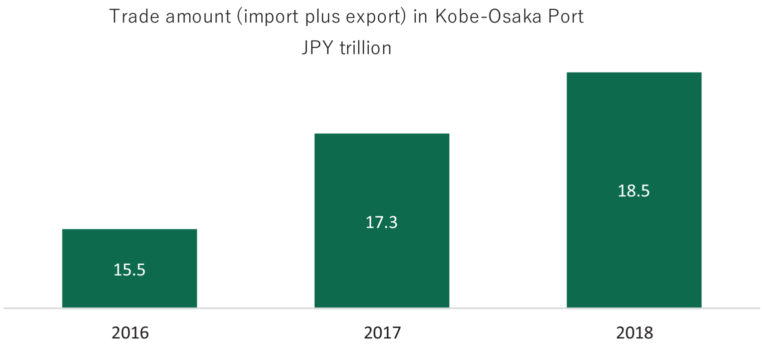
Q3 2013
Q4 2013
Q1 2014
Q2 2014
Q3 2014
Q4 2014
Q1 2015
Q2 2015
Q3 2015
Q4 2015
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
*Large Multi-Tenant Properties, Source: CBRE

Kobe-Osaka Port

Kobe-Osaka Port is one of the most important hubs for international trade routes accounting for over 11% trade volume in Japan. The trade amount (import plus export) in Kobe-Osaka Port has shown increasing trend in the last three years from JPY 15.5 trillion to 18.5 trillion.

Figure 18: Trends in Trade Amount in Kobe-Osaka Port



Source: Kobe Customs

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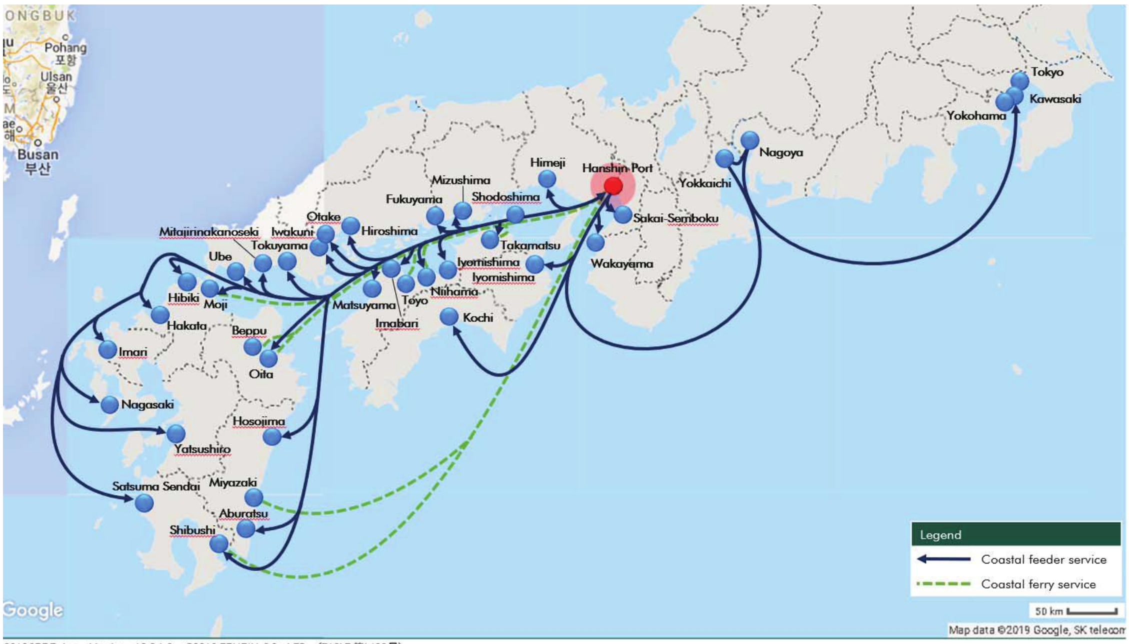
CBRE

Kobe-Osaka Port boasts of the extensive coastal feeder and ferry network to the ports in Western Japan including Chugoku, Shikoku and Kyushu area. Feeder network offers 102 regular services per week to 30 ports, and ferry network offers 90 services per week to 10 ports, forming an eco-friendly maritime transportation network.



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3. SPECIFIC LOGISTICS MARKET OVERVIEW

3.1. KOBE

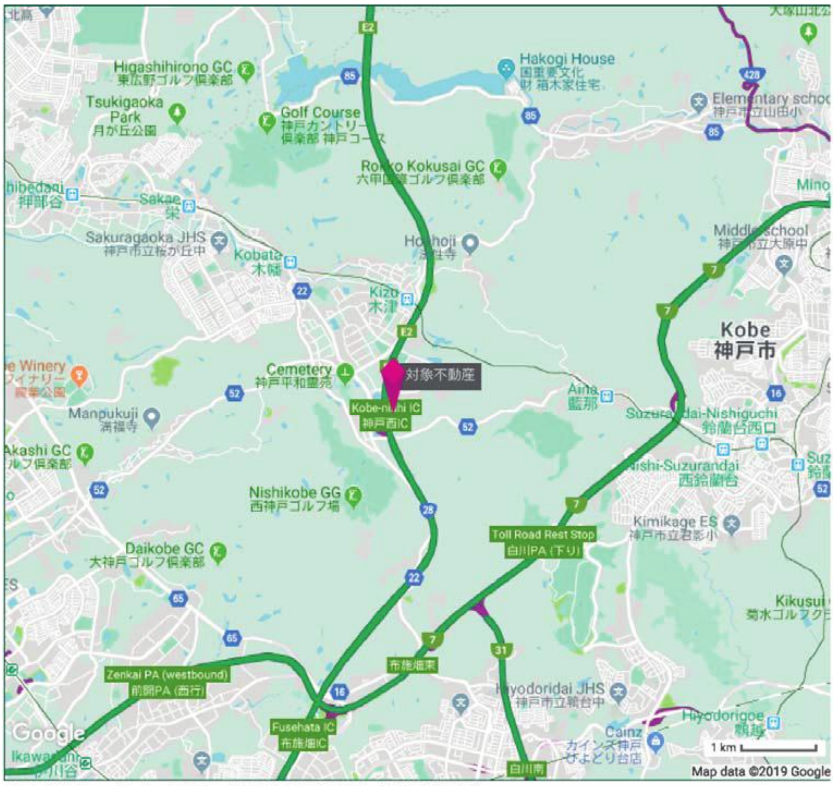
3.1.1. OVERVIEW OF TARGET PROPERTY

・ Name	:	Mapletree Kobe Logistics Centre	
・ Address	:	7-1-3 Mitsugaoka, Nishi Ward, Kobe City, Hyogo Prefecture	
・ Structure/size	:	Steel / 4 floors	
・ Completion date	:	25 April 2019	
・ Lot area	:	43,942.60 (m^2)	Approx. 13,292.63 (tsubo)
・ Gross floor area	:	102,118.54 (m^2)	Approx. 30,890.85 (tsubo)
・ Regulations	:	Semi-industrial zone, building to land ratio: 60%, floor area ratio: 200%, etc.	

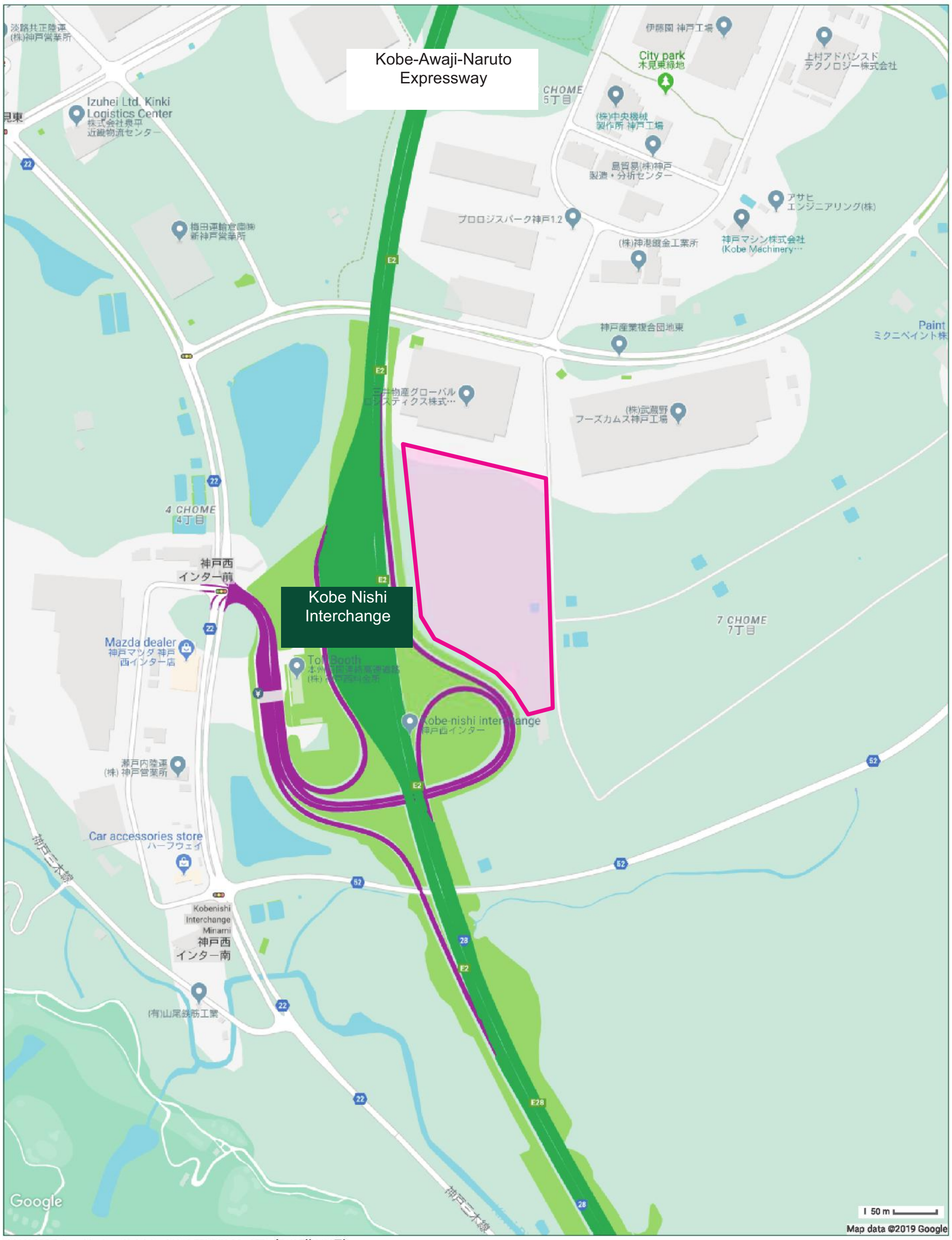
*Based on materials provided by Mapletree Investments Japan

*Based on materials provided by Mapletree Investments Japan

Map of Target Property's Location (Wide)



Map of Target Property's Location (Narrow)



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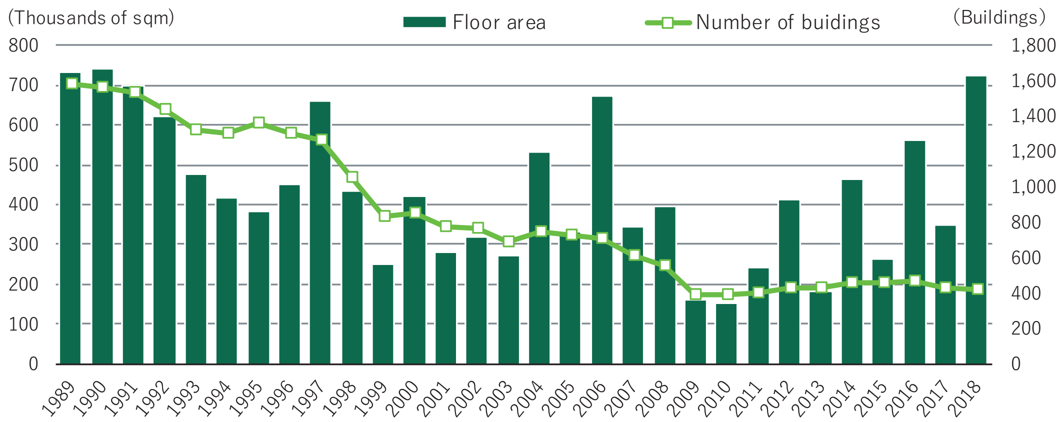
3.1.2. MACRO ANALYSIS

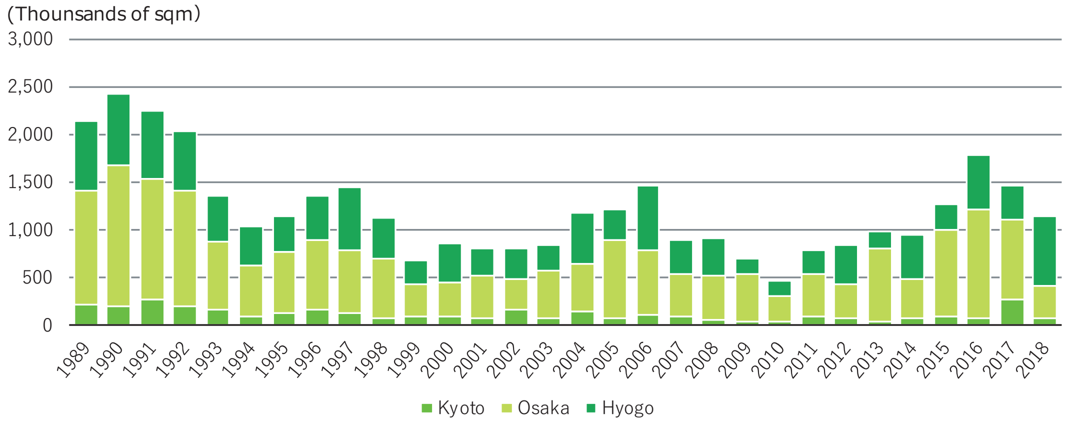
The construction start area for logistics facilities in Hyogo Prefecture increased substantially in the mid-2000s, and although there was a slump from 2009 to 2011, it has been rising every other year since 2012, with significant increases due to large-scale developments in 2012, 2014, 2016, and 2018. In 2013, 2015, and 2017, there was some fluctuation as development was dispersed throughout the surrounding area, including Osaka Prefecture, but in terms of trends for the various prefectures combined, the market has remained relatively healthy. The large-scale development area in Hyogo Prefecture is expanding, and the construction start area should continue to trend upward in the future.

Figure 20: Trends in Construction Start Area of Logistics Facilities (Hyogo Prefecture)



For the Greater Osaka as a whole, Osaka Prefecture and Hyogo Prefecture account for the majority of construction starts and these two prefectures continue to drive new supply. From 2004 to 2006, the construction start area increased due to investment in large-scale developments. It then dropped below 1 million m^2, but it has remained above 1 million m^2 since 2015. In 2016, the construction start area recovered to its highest level in the past 20 years, surpassing the figures in the late 1990s and 2006.

Figure 21: Trends in Construction Start Area of Logistics Facilities (Greater Osaka)



Source: Building Starts Statistics Survey (Ministry of Land, Infrastructure, Transport and Tourism)
Number of construction starts and gross floor area for buildings with steel-frame, steel-reinforced concrete, or steel-frame reinforced concrete structures and classified as warehouses.
Total construction start area of all company-owned or rented logistics facilities.

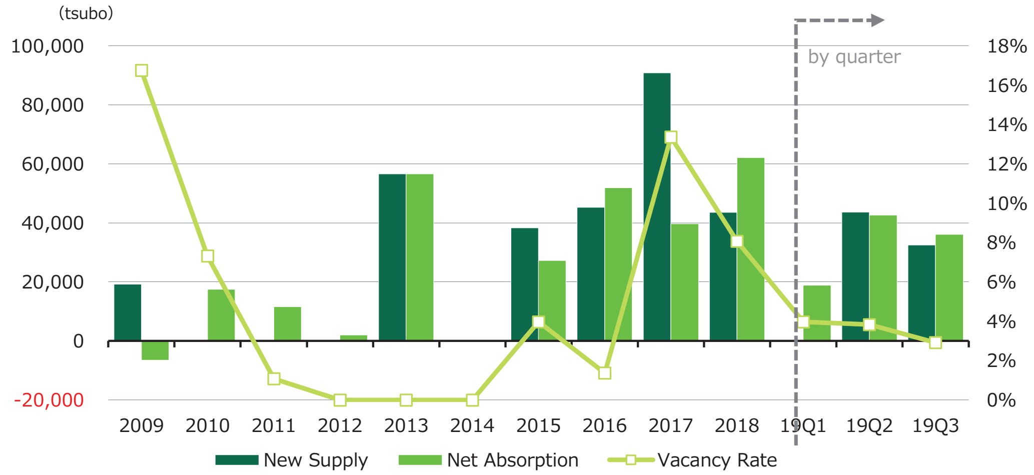
The Greater Osaka has a population of over 23 million people. Within this area, Hyogo Prefecture, with a population in excess of 5.5 million people (Osaka Prefecture: over 8.8 million), is a massive consumption zone. The consumption expenditure per capita in Kobe has been growing at a CAGR of 2.5% from 2014 – 2018, which is much higher than the national average of 0.08%. As a major metropolitan area, it is expected to generate sustained demand for consumer good-related logistics. At the same time, this area also has a high concentration of manufacturing sites, resulting in logistics needs associated with relay functions in the metropolitan area, and there has long been a sizeable warehouse stock established here.

With regards to supply trends, demand for facilities in the inland area has been growing in recent years due to factors such as recruitment, BCP, the growth of the logistics investment market, and booming investment in large-scale facilities. When it comes to demand trends, companies continue to consider reorganizing their bases for the purpose of improving freight movement and making their logistics operations more efficient. Moreover, along with the marked growth of the e-commerce market, it is expected that the shift toward leasing and upgrading of aging warehouse facilities will continue. Given this, it is presumed that demand for logistics facilities will increase going forward. However, careful attention should be paid to this trend, since it could be impacted by various factors in the future, such as a decrease in the working-age population, automation, and the consumption tax hike.

In terms of rental trends, average asking rents in Hyogo Prefecture have been on recovery. Facilities for rent are typically aging warehouses, with vacancies in recently constructed, large-scale facilities with general-purpose specifications continuing to be successfully filled and occupied. If we consider changes in the average asking rent for medium/large warehouses, there are periods when it has dipped, but in real terms, it gradually rose after bottoming out in 2011, and in recent years, it has remained more or less flat. In terms of the reasons for these dips, the primary factor was likely the overall lack of high-quality warehouses with area for rent, meaning that those properties seeking tenants were mainly warehouses with a comparatively weak market competitiveness. For large facilities on the other hand, which have strong market competitiveness, occupancy levels are high and the rent levels for new leases have remained stable.

Demand for functional facilities is rising with an increase in freight (consumer goods, etc.), driven by the stable regional economy, globalization, the growth of e-commerce, and other factors. Meanwhile, new investment in inland locations is expected to stimulate latent demand, so it is assumed that rent levels will remain stable going forward. Given the manifestation of increased demand for new facilities, overall asking rents for new tenants at newly constructed properties is expected to rise, and the new rent level for Hyogo Prefecture as a whole should maintain its recovery/upward trend.

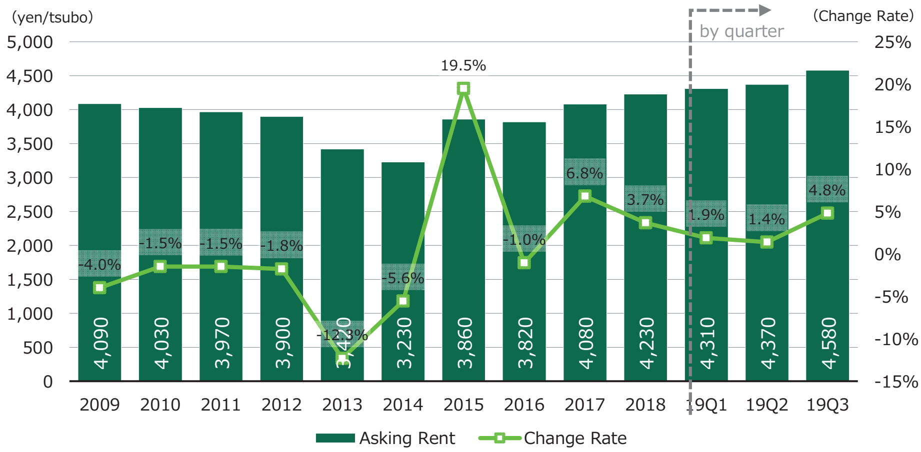
Figure 22: Supply-Demand Balance for Medium/Large Facilities (Hyogo Prefecture)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
New Supply (tsubo)	19,189	0	0	0	56,588	0	38,308	45,187	90,818	43,558
Net Absorption (tsubo	-6,558	17,465	11,552	1,979	56,588	0	27,221	51,829	39,674	62,113
Vacancy Rate	16.8%	7.3%	1.1%	0.0%	0.0%	0.0%	4.0%	1.4%	13.4%	8.1%

	2019Q1	2019Q2	2019Q3
New Supply (tsubo)	0	43,668	32,477
Net Absorption (tsubo	18,807	42,636	36,104
Vacancy Rate	4.0%	3.8%	2.9%

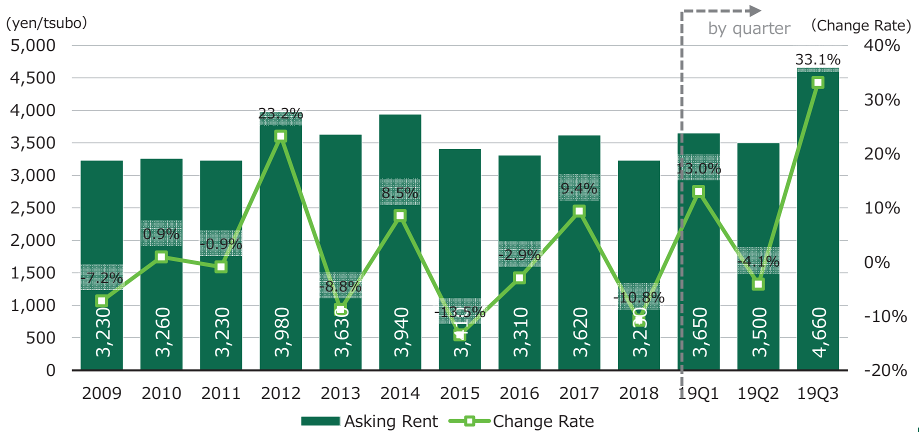
Figure 23: Trends in Average Asking Rent and Fluctuation Rate (Hyogo Prefecture)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Asking Rent	4,090	4,030	3,970	3,900	3,420	3,230	3,860	3,820	4,080	4,230
Change Rate	-4.0%	-1.5%	-1.5%	-1.8%	-12.3%	-5.6%	19.5%	-1.0%	6.8%	3.7%

	2019Q1	2019Q2	2019Q3
Asking Rent	4,310	4,370	4,580
Change Rate	1.9%	1.4%	4.8%

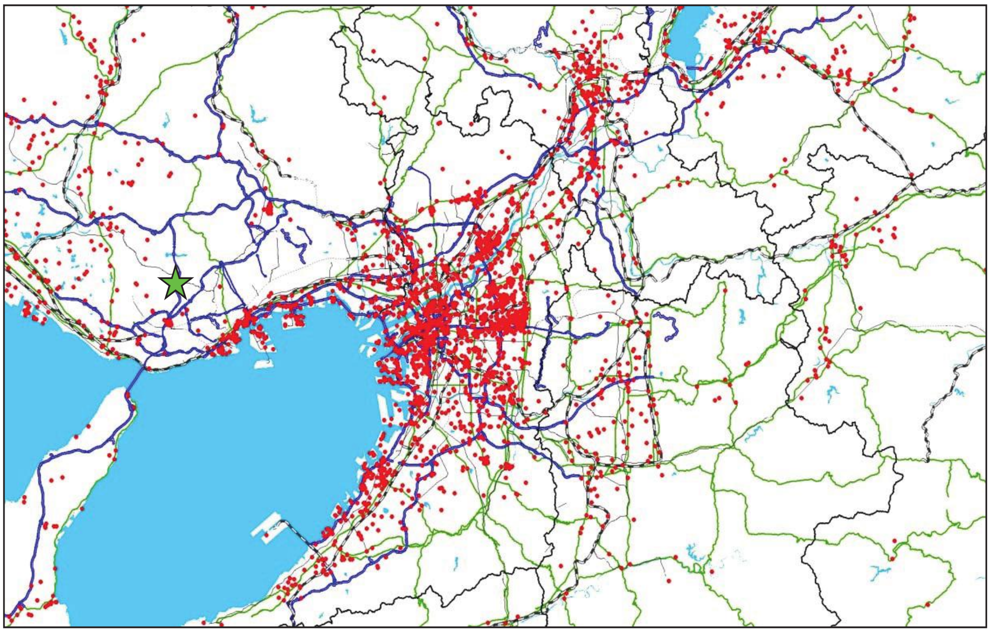
Figure 24: Trends in Average Asking Rent and Fluctuation Rate (Hyogo Prefecture; Medium/Large Warehouses with 1,000+ Tsubo for Rent)

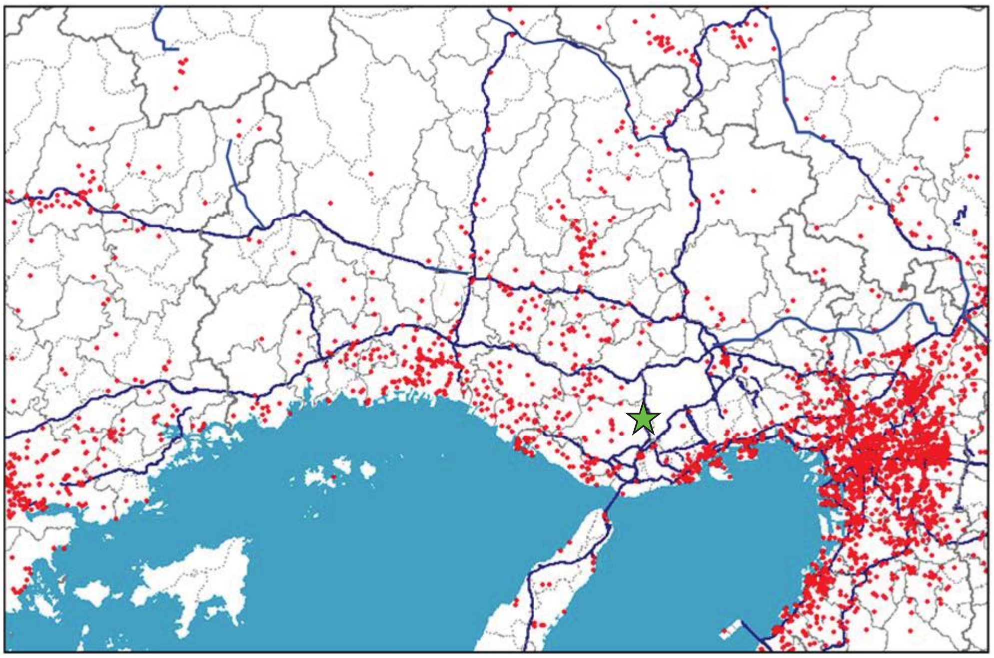


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Asking Rent	3,230	3,260	3,230	3,980	3,630	3,940	3,410	3,310	3,620	3,230
Change Rate	-7.2%	0.9%	-0.9%	23.2%	-8.8%	8.5%	-13.5%	-2.9%	9.4%	-10.8%

	2019Q1	2019Q2	2019Q3
Asking Rent	3,650	3,500	4,660
Change Rate	13.0%	-4.1%	33.1%

Below diagrams show warehouses and distribution centers colored in red dots on Greater Osaka area.





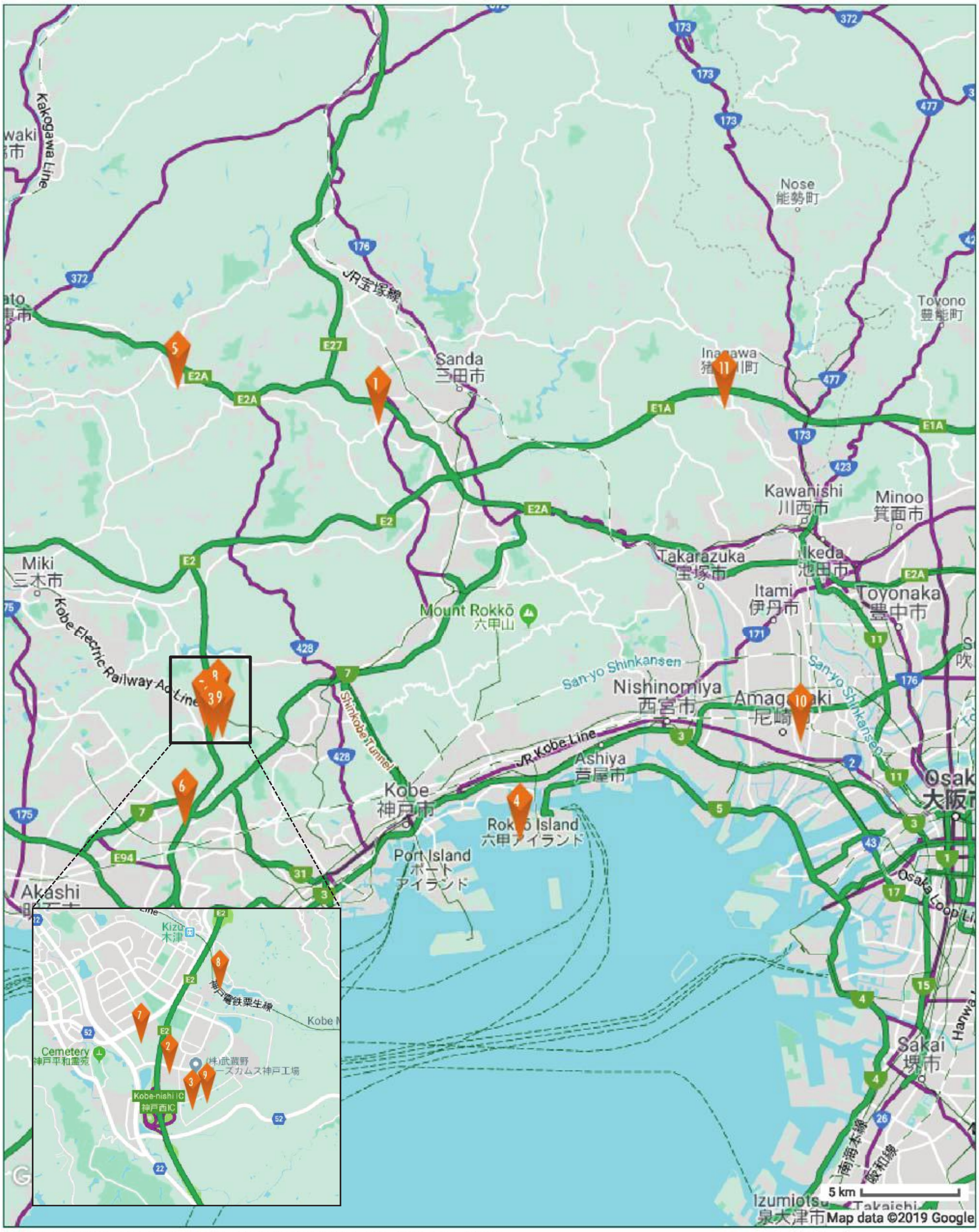
★ Target property ● Warehouse/distribution center

Source: Electronic directory (Nippon Software Co., Ltd.) and PASCO digital maps

The latest new supply and future project in Hyogo is as follows.

No	Property Name	Company	Address	Lot Area ('000 sqm)	Gross Floor Area ('000 sqm)	Completion Date
1	Goodman Akamatsudai 2	Goodman Japan	1-1-8 Akamastudai, Kita Ward, Kobe City, Hogo Prefecture	25	44	2019/May
2	Mapletree Kobe Logistics Center	Mapletree Investments Japan	7-1-3 Mitugaoka, Nishi Ward, Kobe City, Hogo Prefecture	44	102	2019/May
3	Prologis Park Kobe	Prologis	7-6-1 Mitugaoka, Kobe City, Hogo Prefecture	13	25	2019/June
4	GLP Rokko III	GLP Japan	6-14 Koyocho-nishi, Higashinada Ward, Kobe City, Hogo Prefecture	16	32	2019/September
5	Hyogo Tojo Development Project	ES Con Japan	6-9-1 Minamiyama, Kato City, Hyogo Prefecture	115	42	2019/September
6	Seishin Distiribution Center Phase II	Mitsubishi Logisitics	4-4-1, Yasakadai, Suma Ward, Kobe City, Hogo Prefecture,etc.	56 (incuding 1st FP)	56 (incuding 1st FP)	2019/November
7	Prologis Park Kobe 3	Prologis	4 Mitugaoka, Nishi Ward, Kobe City, Hogo Prefecture	19	39	2021/March
8	LogiSqure Kobe Nishi	CRE	Mitugaoka, Nishi Ward, Kobe City, Hogo Prefecture	13	16	2020/May
9	Prologis Park Kobe 5	Prologis	7 Mitugaoka, Nishi Ward, Kobe City, Hogo Prefecture	33	69	2020/November
10	LOGIFRONT I	Nippon Steel Kowa Real Estate	1-21 Fusocho, Amagasaki City, Hyogo Prefecture	40	44	2020/January
11	Inagawa-cho Project	Prologis	Inagawa-cho, Kawabe-gun, Hyogo Prefecture	452 (all buildings combined)	266 (all buildings combined)	2021-25/-

Below map show the latest supply and future project in Hyogo.



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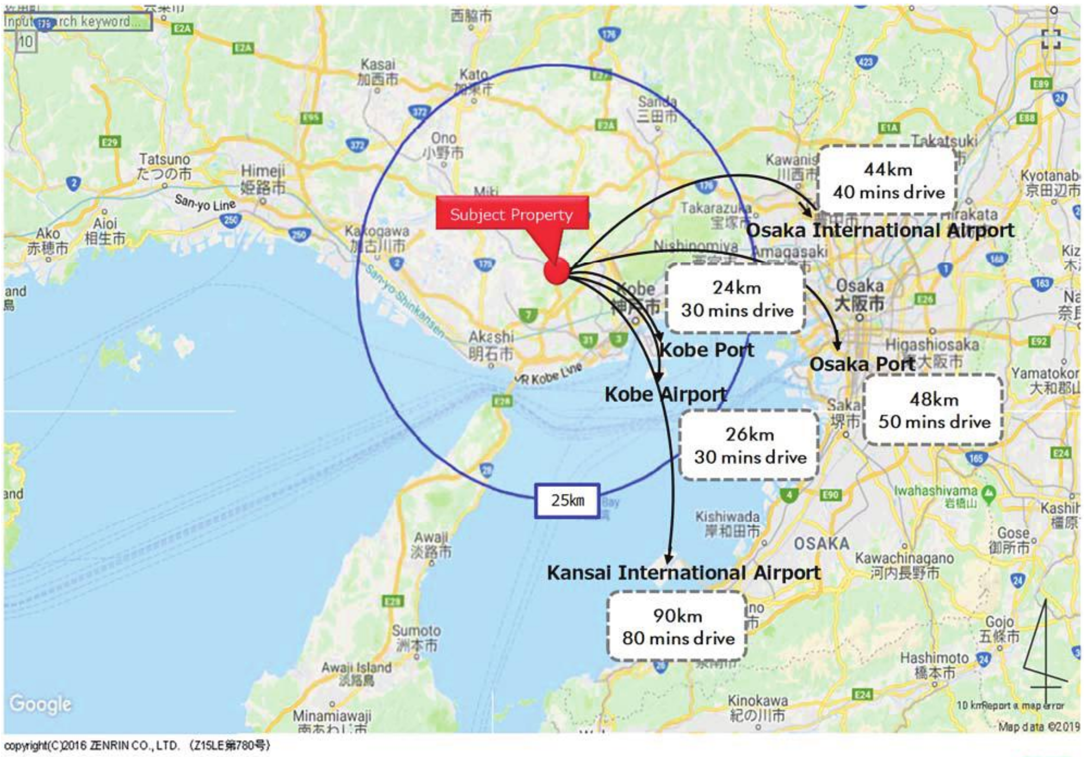
3.1.3. SEMI-MACRO ANALYSIS (KOBE)

1. Regional Characteristics

➤ Regional Overview

Kobe is crisscrossed by various Hanshin Expressway routes, the Daini Shinmei Road, and the Sanyo Expressway (branch road), with industrial estates and complexes with clusters of business facilities located in the vicinity of highway interchanges. Representative examples include the Kobe Techno Logistic Park, Kobe Distribution Center, and Seishin Industrial Park. Access to central Kobe City and the Port of Kobe is favorable, and the area is served by a highway network, including the Sanyo Expressway and Chugoku Expressway, that allows distribution between major cities in the wider region, making it a prime logistics hub in Western Japan.



- Transportation Access

  Major highways: Hanshin Expressway Kobe Yamate Route and Kita-Kobe Route, Daini Shinmei Road, Daini Shinmei Road Kita Route, Sanyo Expressway (Seishin Branch Road), Kobe-Awaji-Naruto Expressway, Hanshin Expressway Bayshore Route, National Route 2 (Kobe Nishi Bypass), National Route 175 and 427, Kakogawa Bypass
  Railway network: JR Sanyo Shinkansen and Sanyo Main Line (connects to Kobe Freight Terminal Station), Kobe Municipal Subway Seishin-Yamate Line, Shintetsu Ao Line, Sanyo Electric Railway Main Line
  Airports/ports: Port of Kobe, Kobe Airport

- Main Businesses

  Kawasaki Heavy Industries, Panasonic, Konica Minolta, NEC, Fuji Electric, Kobe Glico, Pasco Shikishima Corporation, Nabtesco, Sysmex, JCR Pharmaceuticals, Kobe Yakult, Fujitsu, Coca-Cola Bottlers Japan, Kobelco Construction Machinery, Mitsubishi Materials, Lion, Caterpillar Japan, Asahi Soft Drinks, Procter & Gamble Japan, Tocalo, Noritz, iDen, Toyo Suisan, Kohnan Shoji, Shimamura, G-7 Holdings, Senko, Sagawa, Nippon Express, Fukuyama Transporting, Mitsubishi Logistics, Mitsui-Soko, Nippon Konpo Unyu Soko, GLP Japan, Prologis, etc.

2. Rental Warehouse Market

- Supply-Demand Trends

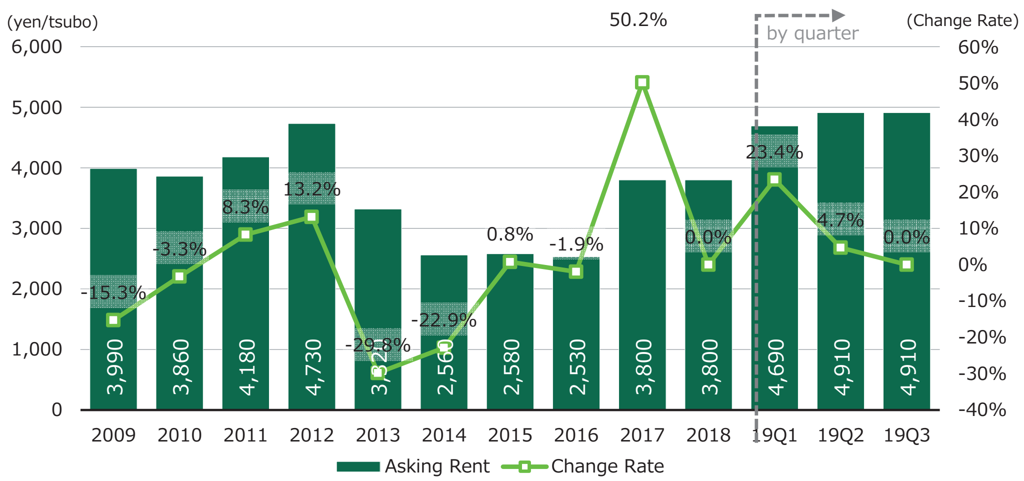
  In the West Kobe zone, there are scattered industrial sites in the vicinity of various Hanshin Expressway and Sanyo Expressway interchanges, where clusters of factories, warehouses, and sales offices may be found. Existing warehouses function mainly as production bases and relay bases for inter-city transportation in the wider region.

  In the Kobe inland area, bases of manufacturing, distribution, processing, and logistics-related companies are concentrated in areas where there are clusters of business facilities, such as industrial estates in Seishin New Town. These range from blue-chip companies to local businesses. However, the majority of these facilities are owned by the company that uses them, so the rental market has not yet fully developed. Since there are not many sites for large-scale developments except for industrial estates, only a few large facilities exist in inland locations (primarily Prologis and GLP Japan). With companies proceeding with reorganization of their sites for the purpose of improving logistics efficiency and expansion into inland locations increasing, the supply of sites in Kobe City industrial estates to be used for logistics purposes has grown significantly, and in recent years, the number of development projects, including in the area near the target property, has been increasing.

➢ Rental Trends

In this zone, the rental market is still developing, and since it has mostly involved medium-scale facilities to date, there is considerable fluctuation in asking rents based on the details of individual properties. In recent years, few rental properties have been available on the general market and vacancies in existing, general-purpose warehouses have been limited, so the proportion of facilities seeking tenants that are warehouses with weak market competitiveness remains high. Lately, however, new supply of high-quality facilities has been observed. Given that cost-consciousness is entrenched among logistics companies, it is unlikely that rents will rise significantly, but it is expected that the rent level will remain broadly flat or trend slightly upward in the near term.

Figure 25: Trends in Average Asking Rent and Fluctuation Rate (West Kobe Zone)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Asking Rent	3,990	3,860	4,180	4,730	3,320	2,560	2,580	2,530	3,800	3,800
Change Rate	-15.3%	-3.3%	8.3%	13.2%	-29.8%	-22.9%	0.8%	-1.9%	50.2%	0.0%

	2019Q1	2019Q2	2019Q3
Asking Rent	4,690	4,910	4,910
Change Rate	23.4%	4.7%	0.0%

➢ Asking Rent Comparables in Area

NO	Address	Structure	Floors	Completion Date	Lot Area	Gross Floor Area	Area for Rent	Deposit	Rent Including Common-Area Fees
1	4-4-1 Yasakadai, Suma Ward, Kobe City	RC/S	4	2018	16,915 tsubo	35,392 tsubo	-	-	3600 yen/tsubo
2	5 Mitsugaoka, Nishi Ward, Kobe City	-	4	-	7,200 tsubo	12,700 tsubo	12,700 tsubo	Negotiable	3700 yen/tsubo
3	1 Akamatsudai, Kita Ward, Kobe City	S	4	2019	7,700 tsubo	13,419 tsubo	10,469 tsubo	Negotiable	3850 yen/tsubo
4	6-7-2 Mitsugaoka, Nishi Ward, Kobe City	S	4	2018	10,134 tsubo	21,624 tsubo	-	-	3600 yen/tsubo
5	4-11 Mitsugaoka, Nishi Ward, Kobe City	S	2	2019	3,032 tsubo	1,872 tsubo	1,200 tsubo	Negotiable	3800 yen/tsubo

Type		Specs, etc.
Comparable 1	Rampway-type	Effective ceiling height - 5.5 m, floor load - 1.5 t/m^2, high floors
Comparable 2	Box-type	Effective ceiling height - 5.5 m, floor load - 1.5 t/m^2, high floors, elevator, vertical conveyor
Comparable 3	Rampway-type	Effective ceiling height - 5.5 m, floor load - 1.5 t/m^2, high floors
Comparable 4	Slope-type	Effective ceiling height - 1st & 3rd floor: 5.5 m, 2nd & 4th floor: 6 m, floor load - 1.5 t/m^2, high floors, elevator, vertical conveyor
Comparable 5	Low-rise	Story height - 7+ m, low floors, 3 vertical conveyors

Map of Asking Rent Comparable Locations

➢ Contracted Rent Comparables in Area

NO	Facility Name	Address	Structure	Floors	Completion Date	Lot Area	Gross Floor Area	Area for Rent	Deposit	Rent Including Common-Area Fees	Lease Date
1	Warehouse A	Suma Ward, Kobe City	Steel	4	A	A	A	C	6 months	3600 yen/tsubo	2017Q4
2	Warehouse B	Nishi Ward, Kobe City	Steel	4	A	A	A	C	6 months	3580 yen/tsubo	2018Q2

Age category	A: <5 years	B: 5 - 9 years	C: 10 - 19 years	D: 20+ years
Lot area category	A: 5,000+ tsubo	B: 2,000 - 5,000 tsubo	C: 500 - 2,000 tsubo	D: <500 tsubo
Gross floor area category	A: 5,000+ tsubo	B: 2,000 - 5,000 tsubo	C: 500 - 2,000 tsubo	D: <500 tsubo
Leased floor area category	A: 5,000+ tsubo	B: 2,000 - 5,000 tsubo	C: 500 - 2,000 tsubo	D: <500 tsubo

Additional Information (Property Overview)

	Type	Specs, etc.
Comparable 1	–	Effective ceiling height - 5.5 m, floor load - 1.5 t/m^2, high floors (2-year lease, 3 months free)
Comparable 2	Rampway-type	Effective ceiling height - 5.5 m, floor load - 1.5 t/m^2, high floors, freight elevator, vertical conveyor

3.1.4. MICRO ANALYSIS (RENT LEVEL)

In estimating the presumed rent level for a logistics facility in Nishi Ward, Kobe City, we have taken into consideration the opinions of experts involved in industrial real estate brokerage at CBRE and the asking rent and contracted rent comparables given above. In determining the surrounding rent market, we have assumed a room-temperature warehouse with a gross floor area of 1,000 tsubo or more. The following estimated contracted rent level for the target property is based on the rent per unit of floor area (including common-area fees), assuming divided use for a standard usage area.

- Location

Kobe Techno Logistic Park (a group of industrial estates), where the target property is situated, is in a hilly area on the west side of the Rokko Mountains. There are many business facilities, logistics centers, and sales offices in industrial parks in the Seishin area. Due to their relative proximity to central Kobe City, residential areas such as Seishin New Town have developed into bedroom communities of Kobe.

The target property is located near the Kobe Nishi Interchange of the Sanyo Expressway (Seishin Branch Road) and Kobe-Awaji-Naruto Expressway, at a distance of around 11 km in a straight line from central Kobe and within roughly 40 km of central Osaka. At around 30 minutes from central Kobe and the Port of Kobe, which is a base for marine transportation, it offers excellent transportation access. Moreover, it can also serve as a base for distribution across a wider area, including Kansai and Chugoku/Shikoku, through links to the Sanyo Expressway, Hanshin Expressway Kita-Kobe Route, and Daini Shinmei Road. This location may therefore be considered suitable for handling a wide variety of freight.

In terms of the operating environment, the property is located in an industrial estate within a semi-industrial zone where many companies ranging from major corporations to local businesses have facilities. It therefore facilitates transit/access for large vehicles and enables 24-hour operation, making it an excellent location for logistics operations. From the perspective of securing labor, workers typically commute by car in this area, but the property is more or less within walking distance of the nearest station (Kizu Station on the Shintetsu Ao Line), and during peak commuting times, a shuttle bus runs between JR Sannomiya Station bus terminal and the industrial estate. Due to the growth of residential areas such as Seishin New Town in the surrounding area, there should be no especially significant issues in recruiting workers compared to other inland industrial estates.

- Supply-Demand Trends

Many large facilities in the inland Kobe area are located in industrial estates near highway interchanges and offer logistics relay functions, storage functions, and the like. While most warehouses are owned by the company that uses them, the large facility rental market is in an expansion phase at present. To date, investment in large facilities has primarily focused on dedicated centers for specific tenants, but the number of multi-tenant facilities is increasing.

The area market is underpinned by demand for wide-area distribution of freight of various kinds, including apparel, food and beverages, pharmaceuticals, daily commodities, electronics, and machinery/equipment and e-commerce businesses' development of regional services, and sustained demand from logistics companies and the like may be observed. Overall, demand for functional facilities that enable efficient distribution and warehouse operations is growing. Demand for large facilities may be anticipated from manufacturers and leading local distributors and retailers (superstores, e-commerce companies, mass retailers, etc.) and logistics companies that handle shipping for them.

As indicated above, with regard to key future development projects, the number of large-scale projects in the Kobe inland area will increase in 2019 and the following years with the growth of emerging markets.

In terms of rental trends, occupancy remains stable, with a lack of large vacancies in existing warehouses in the surrounding area. Reflecting the local supply-demand environment, the rent level remains more or less flat for existing large facilities. Near the target property, as investment in large rental facilities increases and the market continues to develop, the rent level may be expected to remain stable in the near term.

- Building Characteristics

The target property has 4 aboveground floors of around 27,500 tsubo of leasable area designed for versatile use by multiple tenants. As compared to competing facilities in the same area, the property has the best specifications. It is the only facility with double-ramp access, which enables large container trucks to have direct ramp access to upper floors while providing for single direction vehicle movement, resulting in improved safety and vehicular efficiency. It also has the largest floor plate of around 6,500 tsubo, which is highly sought after by tenants with bigger space requirements as it allows them to conduct their operations in one single floor for greater efficiency. The property also comes with fire sprinkler system, which is an additional benefit to the tenants. Located right beside Kobe Nishi interchange, the property also has the most convenient access to Kobe-Awaji-Naruto Expressway, which leads to Kobe city and other parts of Western Japan.

With Grade A specifications like floor loading of 1.5 t/m2 and an effective ceiling height of 5.5 meters, together with a wide pillar span of 12.2 x 11.8 meters, this layout allows for the handling of a wide range of freight goods from various industries. In addition, there are 130 regular parking spaces for passenger vehicles, 8 truck-waiting areas and adequate office functions that allows the facility to serve as a regional base for the tenants. As such, with the best specifications in the location, the target property possesses a strong competitive advantage against other competitors in the vicinity.

- Rent Level Assessment Result

Here, we will consider the target property in comparison to examples of similar large facilities that exist in the surrounding area. In the asking rent comparables above, the asking rent for large facilities near interchanges located in the Kobe inland area is in the range of 3,600 to 3,800 yen/tsubo. At present, the asking rent for large facilities in Kobe City is mainly set at around 3,600 to 3,700 yen/tsubo.

Next, if we consider the contracted rent comparables above, the rent level for recently constructed facilities that are similar in terms of location and features is around 3,500 to 3,600 yen/tsubo. In these examples, the facility is divided into sections, so they provide a reference point for the rent level in the case of divided use.

The target property is deemed to be a facility that meets or exceeds expectations in terms of convenience and possesses a strong competitive advantage. Assuming that the current economic climate is maintained, the rent level may be expected to remain stable.

Based on the above, and taking into account supply-demand trends, the aforementioned comparables, and other factors, we have assessed the contracted rent level for new tenants at the target property, assuming divided use, to be around **3,700 to 3,800 yen/tsubo** including common-area fees.

1. Purpose of Valuation

1.1 Purpose of Valuation Request

Market report for market analysis and market rent of the subject property

1.2 Intended Users

1) Client

HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Mapletree Logistics Trust); and Mapletree Logistics Trust Management Ltd. (in its capacity as manager of Mapletree Logistics Trust)

2) Submission of the report other than to the client

Yes / Mapletree Investments Japan K.K.

3) Disclosure of the appraisal value etc. other than to the client

None
However, disclosure is possible to any third-party(s) which has agreed to contract confidentiality agreement with the client, to the extent of the purpose of this report.

4) Publication of Appraisal Value

Yes / Disclosed in a circular to be issued by Mapletree Logistics Trust Management Ltd. In connection with the acquisition.

1.3 Reason why the report does not have a great affect over the third party(s) for disclosure, submission or for publication on their decision makings

This is a valuation not in accordance with the Real Estate Appraisal Standards. This has been agreed with the client, and it is understood by the users that this is a market report on market analysis and market rent based on market professionals such as brokers.

1.4 Confirmation Necessary for Disclosure/Publication after the Issuance of the Report

Though this valuation is not in accordance with the Japanese Real Estate Appraisal Standards, it is deemed appropriate as the report is only for the client's internal use, and will not be published or disclosed to any third-party(s). As such, the report must not be published in any case.

If in the case that the client desires to disclose the report other than the party(s) mentioned above in "Disclosure and Publication", the Client must, prior to the disclosure, obtain approval in writing from CBRE K.K. and the appraiser(s) concerned for the report.

If in the case that a part of the report is to be disclosed or any extra party(s) for disclosure is to be added without previous agreement, it is necessary for the client to obtain consent from all the party(s) for disclosure that the report is a valuation not compliant with the Appraisal Standards (Namely, to obtain consent on details of the engagement letter we submitted to the client (including attachments) and the confirmation letter regarding "Determination of Objectives and Scope of Work" determined based on Valuation Guidelines) and such confirmation must be presented in writing to CBRE K.K. prior to the disclosure.

1.5 Confirmation from Party(s) for Disclosure

This is a valuation not in accordance with the Real Estate Appraisal Standards. Regarding this, we confirmed with the client that parties for disclosure and submission other than the client is aware of this.

1.6 Major difference(s) from an appraisal based on the Japanese Real Estate Appraisal Standards

Following tables show the difference(s) between this appraisal and an appraisal based on the Japanese Real Estate Appraisal Standards, and why the difference(s) deemed appropriate.

(1) Basic Valuation Matters

a. Major Differences

Items	Difference	Major Difference(s)
Requirements for subject identification	□No ■Yes	No independent research was conducted. We have relied on information provided from the client.
Special assumptions	□No ■Yes	We assumed that there were no issues regarding soil contamination, buried cultural assets, underground structures, undetermined boundaries, hazardous substances, and compliance issues.
Date of value	□No ■Yes	No specific date; "present time".
Valuation approach / Type of value	□No ■Yes	As this is a market report not in accordance with the Real Estate Appraisal Standards, there is no application of any types of value specified in the Japanese Real Estate Appraisal Standards.

b. Reasons why it deemed appropriate

It has been confirmed with the client that this appraisal has above difference(s) with an appraisal based on the Japanese Real Estate Appraisal Standards.

(2) Procedures

a.Major Differences

Items	Difference	Major Difference(s)
Identification of the subject property	□No ■Yes	No independent research was conducted. We have relied on information provided from the client.
Gathering/organizing of data	■No □Yes	–
Analysis of data and value influences	□No ■Yes	We will not conduct independent research on soil contamination, buried archaeological artifacts and underground structures of the site and compliance of the building. We assume that these factors have been cured to the extent that they do not have significant influence over the value of the subject property.
Application of valuation approaches	□No ■Yes	Valuation approaches are not applied; estimation is based only on market condition and activities.
Reconciliation and conclusion	□No ■Yes	Since no other valuation approaches applicable is utilized, no reconciliation of the indicated value will be conducted.
Contents of the final report	□No ■Yes	Item that are different from Japanese Real Estate Appraisal Standards will not be incorporated in the report.

b. Reason why it deemed appropriate

Same as for "Basic Valuation Matters"

2. Other Salient Facts

2.1 Limiting Conditions and Assumptions

(1) This valuation is based on an "as is" in use.

(2) We assumed that there is no issue regarding soil contamination of the site, buried archaeological artifacts, land subsidence and underground structures and land boundary.

(3) We assumed that there is no issue regarding compliance for the subject building, the use of hazardous materials and the seismic risk.

2.2 Date of Completion of Valuation Process

January 15, 2020

2.3 Date of Site Inspection

The site inspection was not conducted.

2.4 Property Identification, Data and its Results

We have relied on documents provided from the client to identify physical characteristics, ownership, and interests of subject property.

2.5 Interests of concerned appraisers and/or appraisal firms regarding the subject property and their connection or special ties with parties that have interest in the subject property

None

2.6 Special capital or business ties, and personal relation between client and concerned appraisers and/or appraisal firms

None

2.7 Special capital or business ties, and personal relation between the parties for disclosure/submission, if any, and appraisers and/or appraisal firms concerned.

None

CBRE K.K.
Valuation Advisory & Consulting Services
2-1-1 Marunouchi, Chiyoda-ku, Tokyo
Real Estate Appraisal Registration by the Minister of Land,
Infrastructure, Transport and Tourism (2) No. 261

Disclaimer

1. This is a valuation report (the "Report") that represents the results of an "valuation not in accordance with the Japanese Real Estate Appraisal Standards" ("Valuation") under the "Guideline on the Determination of the Objectives and Scope of Work for Real Estate Valuation by Licensed Real Estate Appraisers and the Matters Required to Be Stated in Reports" stipulated by the Ministry of Land, Infrastructure, Transport and Tourism of Japan.
2. The Report, to which Specifics Chapter 3 "Appraisal of Real Estate Value Subject to Securitization" (the "Securitization Standards") of the Japanese Real Estate Appraisal Standards has not been applicable, cannot be used for transactions relating to real estate securitization, etc.
3. The Report will be treated as an "appraisal report" under Article 39, paragraph 1 of the Real Estate Appraisal Act of Japan.
4. The Report has been prepared by the licensed real estate appraiser(s) with due care and attention. However, in all cases, CBRE K.K. (the "Company") will be responsible for any matter relating to the Report and the licensed real estate appraiser(s) who has assigned to prepare the Report (the "Assigned Appraiser(s)") will not be responsible thereof.
5. The Company has not given the Assigned Appraiser(s) any instruction that may interfere with his/her objectivity and independence as a licensed real estate appraiser. Further, the division of the Company in charge of preparing the Report may, from time to time, conduct real estate market research and other activities on other divisions of the Company. In any case, the Company will maintain strict confidentiality of, and avoid any conflict of interest with, the client of the Report to ensure the objectivity and independence of the division in charge of preparing the Report.
6. The analyses, opinions, conclusions and other descriptions in the Report are valid and in effect only under the valuation conditions and conditions precedent stated in the Report (including the disclaimer).
7. All historical data, etc. stated in the Report are based on the materials provided by the client of the Valuation in the course of preparation of the Report and the Company has used them on the assumption that they are true, correct and complete materials. The Company makes efforts to seek confirmation from the client that they are appropriate materials. However, if the client fails to provide appropriate materials that may be necessary for the Valuation, the Company will not be responsible for anything arising from such failure. After the issuance of the Report, if any error is found in the facts relating to the materials provided by the client, the Company shall reserve the right to amend the Report.
8. Valuation methods adopted in the Report may contain future projections. However, they are the processes of valuation to estimate the value of the subject property and do not warrant the likelihood of materialization of what is projected for the future.
9. The confirmation of the statuses of rights and agreements with regard to the subject property in the Valuation and the investigation of the physical conditions thereof have been conducted based on the records on the register and the maps attached thereto and the materials provided by the client to the Company. The Company will give no assurance, explicit or implicit, with regard to such statuses or conditions.
10. The subject property in the Valuation has only been confirmed by visual inspection of the appearance thereof. No land contamination, underground installation, buried archaeological artifacts, asbestos or any other defect inside the building, excepting those stated in the Report, has been assumed to exist. If it is found to exist in the future, the Company will assume no responsibility thereof.
11. Result of the Valuation does not warrant an actual transaction price or a transaction price to be realized in the future.
12. Opinion of value stated in the Report includes no consumption tax or local consumption tax.
13. If the client desires to have the Report publicized or disclosed, he/she must follow the prior approval procedures of the Company stipulated in the following items. If the client fails to follow the procedures and causes any damages to the Company, he/she shall be liable to the Company for any such damages. The Company will not be responsible, irrespective of reasons, for any dispute, damages or costs suffered or incurred by the client, any party to whom it is submitted or disclosed or any third party as a result of the client's failure to follow the procedures.

(1) The Client, in any case, is not allowed to publish whole or any part of the Report.

(2) If any part of the Report is scheduled to be disclosed, the client must, prior to the disclosure thereof, obtain approval thereof in writing from the Company by presenting the method and content of the disclosure in writing to the Company; provided, however, that if not the extract from, but the whole text of, the report is to be disclosed, no approval from the Company will be required with regard to the method and content of the disclosure. In either case mentioned above, if the party to whom the Report is going to be disclosed is any third party other than a party to whom the Report shall justifiably be disclosed in consideration of the purpose of the request for the Report, the Company will not give approval of the disclosure to the client.

(3) If in the case that a part of the Report is scheduled to be disclosed after the issuance of the Report, the client must, prior to the disclosure thereof, obtain approval thereof in writing from the Company and the Assigned Appraiser(s) by presenting the method and content of the disclosure in writing.

(4) If in the case that a part of the Report is scheduled to be disclosed after the issuance of the Report, the client must, prior to the disclosure thereof, obtain confirmation from the party(s) for disclosure that the Report is a valuation not based on the Japanese Real Estate Appraisal Standards; namely, to obtain confirmation on details of the engagement letter and the confirmation letter regarding "Determination of Objectives and Scope of Work". The client must, prior to the disclosure, obtain approval thereof in writing from the Company of such confirmation.

(5) If any part of the Report is scheduled to be disclosed after the issuance of the Report, the client must, prior to the disclosure thereof, obtain approval thereof in writing from the Company by presenting the method and content of the disclosure in writing to the Company; provided, however, that if not the extract from, but the whole text of, the report is to be disclosed, no approval from the Company will be required with regard to the method and content of the disclosure. In either case mentioned above, if the party to whom the Report is going to be disclosed is any third party other than a party to whom the Report shall justifiably be disclosed in consideration of the purpose of the request for the Report, the Company will not give approval of the disclosure to the client.

14. With regard to the Report, the Company shall only be responsible to the named client (meaning the client who has attached his/her name and seal or his/her signature to the “Request for and Approval of Valuation Service”, the same applies hereinafter) and to no other party than the named client.

15. The Report must be used with the responsibility of, and at the discretion of, the client, any party to whom it is submitted or disclosed or any other third party. The Company will assume no responsibility for the use of the Report or any results thereof to the client or such any party or third party.

16. The Company and the Assigned Appraiser(s) shall not be accountable for the content of the Report to any third party other than the client. If the client makes a request for any explanation, it will be met only for what directly relates to the Report.

17. The Report shall be governed by Japanese law. Any dispute arising from the Report shall be submitted to the Tokyo District Court as the agreed exclusive court of first instance.

CBRE

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INDEPENDENT FINANCIAL ADVISER'S LETTER TO THE INDEPENDENT DIRECTORS AND AUDIT AND RISK COMMITTEE OF THE MANAGER AND THE TRUSTEE

ERNST & YOUNG CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199702967E)
One Raffles Quay, North Tower, Level 18
Singapore 048583

5 February 2020

The Independent Directors and the Audit and Risk Committee of
Mapletree Logistics Trust Management Ltd.
(As Manager of Mapletree Logistics Trust)
10 Pasir Panjang Road
#13-01 Mapletree Business City
Singapore 117438

HSBC Institutional Trust Services (Singapore) Limited
(As Trustee of Mapletree Logistics Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Dear Sirs:

THE PROPOSED ACQUISITION OF A PROPERTY IN JAPAN AS AN INTERESTED PERSON TRANSACTION

1 INTRODUCTION

Mapletree Logistics Trust Management Ltd. (as the manager of Mapletree Logistics Trust ("**MLT**" or the "**Trust**")) (the "**Manager**") has identified Mapletree Kobe Logistics Centre (the "**Property**") as being suitable for acquisition by MLT. MLT is proposing to acquire an effective interest of 98.47% in the Property (the "**Proposed Acquisition**") and the Manager is convening an Extraordinary General Meeting ("**EGM**") of MLT to seek the approval of its unitholders (the "**Unitholders**") for the Proposed Acquisition as an interested person transaction by way of an Ordinary Resolution.

Recently completed in April 2019, the Property is a 4-storey logistics facility strategically located within an established logistics cluster in Kobe. It is a facility with modern Grade A specifications such as double rampways, large floorplate, clear height of 5.5 metres, floor loading of 1.5 tons per square metre ("**sqm**") and 11.8 metres by 12.2 metres column-to-column span. The Property has attracted a high-quality and diversified tenant mix comprising seven established and reputable tenants.

On 28 January 2020, Sazanka Tokutei Mokuteki Kaisha ("**Sazanka TMK**")[1] entered into a conditional trust beneficial interest sale and purchase agreement (the "**TBI Sale and Purchase Agreement**") with Ajisai TMK, an associate of Mapletree Investments Pte Ltd ("**MIPL**" or the "**Sponsor**", and Ajisai TMK, the "**Vendor**") to acquire the trust beneficial interest of the Property for a purchase consideration which is based on the agreed property value of JPY22,200.0 million (approximately S$276.0 million) (the "**Agreed Property Value**") (the "**TMK Consideration**"). MLT will have a 98.47% interest in Sazanka TMK and will be liable to pay 98.47% of the TMK Consideration for its effective interest in the Property (the "**Effective Consideration**"), which will be satisfied fully in cash.

Currently, the legal title of the Property is wholly-owned by the Vendor. To facilitate the Proposed Acquisition, the legal title of the Property will be transferred to Sumitomo Mitsui Trust Bank, Limited (the "**Trust Bank**"), a licensed trust bank, by the Vendor, to be held on trust ("**Entrustment**"). Following Entrustment, the trust beneficial interest in the Property will be held by the Vendor. The trust beneficial interest is a means by which the holder is entitled to the economic interest of the underlying assets. Entrustment shall take place on the date of completion of the Proposed Acquisition (the "**Completion**", and the date of Completion, the "**Completion Date**").

The Vendor is indirectly held by MJLD Pte. Ltd. ("**MJLD**") through a TMK. MJLD is a private real-estate closed-end fund which is managed by Mapletree Investments Japan Kabushiki Kaisha ("**MIJ**" or the "**Japan Asset Manager**") with Mapletree Real Estate Advisors Pte. Ltd. ("**MREAL**") as the investment advisor. Both MIJ and MREAL are indirect wholly-owned subsidiaries of the Sponsor. The Sponsor holds an approximate 38.24% stake in MJLD. Apart from the Sponsor, the remaining investors of MJLD include indirect wholly-owned subsidiaries of Temasek Holdings (Private) Limited.

For the purposes of this letter and the circular to Unitholders dated 5 February 2020 (the "**Circular**"), the term "**Proposed Acquisition**" shall include all the steps taken directly or indirectly by MLT to acquire the effective interest of 98.47% in the Property, including (a) the amount of JPY3,181.6 million (approximately S$39.6 million) to be invested into Godo Kaisha Hinageshi ("**Hinageshi GK**") by MapletreeLog Hinageshi Pte. Ltd. ("**SGCo2**") pursuant to the silent partnership agreement (Tokumei Kumiai agreement) entered into between SGCo2 and Hinageshi GK under which their Tokumei Kumiai relationship will be formed and governed (the "**Silent Partnership Agreement**") (the "**TK Investment**"); (b) the subscription for the preferred shares comprising 49.0% of the total issued preferred share capital of Sazanka TMK which MapletreeLog Sazanka Pte. Ltd. ("**SGCo1**") will subscribe for pursuant to the subscription agreement to be entered into between SGCo1, Hinageshi GK and Sazanka TMK (the "**Sazanka TMK Preferred Shares Subscription Agreement**") (the "**SGCo1 TMK Preferred Shares**"); (c) the subscription for the preferred shares comprising 51.0% of the total issued preferred share capital of Sazanka TMK which Hinageshi GK will subscribe for pursuant to the Sazanka TMK Preferred Shares Subscription Agreement (the "**GK TMK Preferred Shares**"); and (d) the Entrustment.

Additionally, unless otherwise stated, the "**Existing Portfolio**" refers to the 143 properties held by MLT as at 31 December 2019. The "**Enlarged Portfolio**" comprises the Existing Portfolio and the Property. The information contained in this letter and in the Circular on the Existing Portfolio is as at 31 December 2019 and the information on the Property is as at 29 January 2020, being the latest practicable date prior to the printing of the Circular (the "**Latest Practicable Date**").

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1 A *tokutei mokuteki kaisha* ("**TMK**") is a common structure adopted for investment in real estate under Japanese law. The TMK structure is a tax-efficient structure specifically designed for the purpose of issuing asset-backed securities under TMK laws.

While MLT will hold an effective interest of 98.47% in the Property upon Completion, all property and financial-related figures (e.g., gross rental income ("**GRI**")[1], net property income ("**NPI**"), weighted average lease expiry ("**WALE**"), occupancy, trade sector breakdown, valuation, gross floor area ("**GFA**") and net lettable area ("**NLA**") stated in the Circular and in this letter for the Property and the Enlarged Portfolio are based on 100.0% effective interest in the Property, unless otherwise stated.

As at the Latest Practicable Date, MIPL holds, through its wholly-owned subsidiaries, an aggregate interest in 1,152,197,556 units in MLT (the "**Units**"), which is equivalent to approximately 30.34% of the total number of Units in issue. MIPL is therefore regarded as a "controlling unitholder" of MLT under both the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**" and Appendix 6 of the Code on Collective Investment Schemes issued by the MAS, the "**Property Funds Appendix**"). In addition, as the Manager is a wholly-owned subsidiary of MIPL, MIPL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As MJLD is an associate of MIPL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, MJLD (being an associate of a "controlling unitholder" of MLT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of MLT.

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

Under Chapter 9 of the Listing Manual, where MLT 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 the 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 MLT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the audited financial statements of MLT for the financial year ended 31 March 2019 (the "**FY18/19 Financial Statements**"), the NTA of MLT was S$4,231.7 million (represented by Unitholders' funds) as at 31 March 2019. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by MLT 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 in excess of S$211.6 million, such a transaction would be subject to Unitholders' approval. Given that the Effective Consideration is approximately S$271.8 million, which in aggregate is 6.4% of the NTA of MLT as at 31 March 2019, such value exceeds the said threshold. Thus, Unitholders' approval is required to be sought pursuant to Rule 906(1)(a) of the Listing Manual.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by MLT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) exceeds 5.0% of MLT's latest audited net asset value ("**NAV**"). Based on the FY18/19 Financial Statements, the NAV of MLT was S$4,231.7 million (represented by Unitholders' funds) as at 31 March 2019. Accordingly, if the value of a transaction which

1 "GRI" shall mean gross rental income consists of fixed rent (comprising base rent, service charges, chilled water charges and promotional levy, where applicable) and turnover rent (which is rent calculated by reference to a pre-determined percentage of the tenant's sales turnover, where applicable), recognised on a cash basis.

is proposed to be entered into by MLT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S$211.6 million, such a transaction would be subject to Unitholders' approval. Given that the Effective Consideration is approximately S$271.8 million, which in aggregate is 6.4% of the NAV of MLT as at 31 March 2019, such value exceeds the said threshold.

Pursuant to Rule 906(1) of the Listing Manual and the Property Funds Appendix, the Manager is proposing to convene an EGM to seek the approval of Unitholders by way of an Ordinary Resolution in respect of the Proposed Acquisition. By approving the Proposed Acquisition, Unitholders will be deemed to have approved all such acts and things and documents required to be executed by the parties in order to give effect to the Proposed Acquisition.

To comply with the requirements of Chapter 9 of the Listing Manual, Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") has been appointed as the independent financial adviser ("**IFA**") as required under Rule 921(4)(a) of the Listing Manual as well as to advise the directors of the Manager (the "**Directors**") who are considered independent in relation to the Proposed Acquisition (the "**Independent Directors**"), the audit and risk committee of the Manager (the "**Audit and Risk Committee**"), and the Trustee on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of MLT and its minority Unitholders.

This letter sets out, *inter alia,* our evaluation of the Proposed Acquisition and our advice thereon. It forms part of the Circular to be issued by the Manager which provides, *inter alia*, the details of the Proposed Acquisition and the recommendations of the Independent Directors and the Audit and Risk Committee in respect thereof.

Unless otherwise defined or the context otherwise requires, all terms in the Circular shall have the same meaning in this letter. Foreign currency amounts have been translated into Singapore dollars (S$). Unless otherwise indicated, such translations in relation to the Existing Portfolio are as at 31 December 2019 and have been made based on the illustrative exchange rate of S$1.00 = JPY79.89, while such translations in relation to the Property are as at the Latest Practicable Date, and have been made based on the illustrative exchange rate of S$1.00 = JPY80.43.

2 TERMS OF REFERENCE

EYCF has been appointed as required under Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors, the Audit and Risk Committee, and the Trustee in respect of whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of MLT and its minority Unitholders. In opining on the Proposed Acquisition, we have taken into account the documents which are required to be executed by the parties in order to give effect to the Proposed Acquisition, including the TBI Sale and Purchase Agreement.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Proposed Acquisition, as well as information provided to us by MLT and the management of the Manager (the "**Management**"), as at the Latest Practicable Date. Accordingly, we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date. Unitholders should take note of any announcement and/or event relevant to the Proposed Acquisition which may be released by MLT and/or the Manager after the Latest Practicable Date.

We are not and were not involved in any aspect of the discussions and negotiations pertaining to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decisions by the Directors in connection with the Proposed Acquisition. We have not conducted a comprehensive review of the business, operations or financial condition of MLT and its subsidiaries and associates (the "**MLT Group**"). It is not within our terms of reference to assess the rationale for, legal, strategic, commercial and financial merits and/or risks of the Proposed Acquisition, and to comment on such merits and/or risks of the Proposed Acquisition. We have only expressed our opinion on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of MLT and its minority Unitholders. The assessment of the legal, strategic, commercial and financial merits and/or risks of the Proposed Acquisition remains the sole responsibility of the Directors, although we may draw upon their views in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at the opinion set out in this letter.

It is also not within our terms of reference to compare the relative merits of the Proposed Acquisition vis-à-vis any alternative transaction previously considered by MLT and/or the Manager (if any) or that MLT and/or the Manager may consider in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the Proposed Acquisition, we have held discussions with the Directors and the Management. We have also examined and relied on information in respect of MLT collated by us, as well as information provided and representations and assurances made to us, both written and verbal, by the Directors, the Management and/or professional advisers of MLT and/or the Manager, including information contained in the Circular. We have not independently verified such information or any representation or assurance, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors (including those who may have delegated supervision of the Circular) and the Management have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to MLT, the Property, the Proposed Acquisition, and the documents required to give effect to the Proposed Acquisition have been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about MLT, the Property in the context of the Proposed Acquisition, and the documents required to give effect to the Proposed Acquisition, and there is no material information the omission of which would make any of the information contained herein or in the Circular misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Proposed Acquisition have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of MLT and/or the Property. We have also not made an independent evaluation or appraisal of the assets and liabilities of MLT and/or the Property. However, we have been furnished with the independent valuation reports commissioned by the Trustee and the Manager, and issued by the independent valuers, namely CBRE K.K ("**CBRE**") and International Appraisals Incorporated ("**IAI**", and together with CBRE, the "**Independent Valuers**") in connection with the open market value (the "**Market Value**") of the Property as at 1 December 2019 (the "**Valuation Reports**"). We are not experts and do not regard ourselves to be experts in the valuation of the Property, and we have taken into consideration the Valuation Reports prepared by the Independent Valuers.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any individual Unitholder or any specific group of Unitholders. As each Unitholder would have different investment objectives and profiles, any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their Units should consult his or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Circular (other than in connection with this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Circular (other than in connection with this letter).

This letter and our opinion is required under Rule 921(4)(a) of the Listing Manual as well as addressed for the use and benefit of the Independent Directors, the Audit and Risk Committee, and the Trustee in connection with and for the purpose of their consideration of the Proposed Acquisition, and the recommendation made by the Independent Directors and the Audit and Risk Committee to the minority Unitholders shall remain the sole responsibility of the Independent Directors and the Audit and Risk Committee.

Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of this letter and the Circular.

3 DETAILS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition, including details of the Property and the documents required to give effect to the Acquisition, are set out in the Summary section, Section 2 of the Letter to Unitholders of the Circular and Appendix A to the Circular.

3.1 The Proposed Acquisition, Acquisition Structure and Taxation

Recently completed in April 2019, the Property is a 4-storey logistics facility strategically located within an established logistics cluster in Kobe. It is a facility with modern Grade A specifications, such as double rampways, large floorplate, clear height of 5.5 metres, floor loading of 1.5 tons per sqm and 11.8 metres by 12.2 metres column-to-column span. The Property has attracted a high-quality and diversified tenant mix comprising seven established and reputable tenants.

Currently, the legal title of the Property is wholly-owned by the Vendor. To facilitate the Proposed Acquisition, the legal title of the Property will be transferred to the Trust Bank, a licensed trust bank, by the Vendor, to be held on trust. Following Entrustment, the trust beneficial interest in the Property will be held by the Vendor. The trust beneficial interest is a means by which the holder is entitled to the economic interest of the underlying assets. Entrustment shall take place on the Completion Date.

On 28 January 2020, Sazanka TMK entered into the TBI Sale and Purchase Agreement with the Vendor to acquire the trust beneficial interest of the Property for the TMK Consideration which is based on the Agreed Property Value of JPY22,200.0 million (approximately S$276.0 million). MLT will have a 98.47% interest in Sazanka TMK and will be liable to pay 98.47% of the TMK Consideration for its effective interest in the Property, which will be satisfied fully in cash.

Sazanka TMK is currently wholly-owned by SGCo1, a private limited company incorporated in Singapore, which is in turn wholly-owned by MLT. SGCo1 currently holds an issued share capital of JPY400,000 (approximately S$4,973) represented by eight *tokutei shusshi*, the specified shares of Sazanka TMK (also known as the common shares) (the “**Specified**

Shares"). SGCo1 will also hold 49.0% of the total issued preferred share capital of Sazanka TMK upon Completion. Ippan Shadan Hojin Hinageshi, a non-profit association which is a bankruptcy remote entity established under Japanese law, known as an "*Ippan Shadan Hojin*" ("**SH1**"), will hold a golden share in SGCo1 and thus will have voting rights in relation to certain matters, including liquidation and changes to Sazanka TMK's and SGCo1's constitution, for the purposes of making SGCo1 and Sazanka TMK bankruptcy-remote vehicles.

The remaining 51.0% of the total issued preferred share capital of Sazanka TMK will be held by Hinageshi GK[1] upon Completion. Pursuant to the Silent Partnership Agreement, which forms and governs the *Tokumei Kumiai* relationship between SGCo2, a private limited company incorporated in Singapore, and Hinageshi GK, SGCo2 currently holds the *Tokumei Kumiai* interest, which will entitle the holder to the economic interest of the underlying asset upon Completion, in Hinageshi GK which, with a subsequent agreed-upon capital contribution from SGCo2, entitles SGCo2 to 97.0% of the economic interest in Hinageshi GK. Pursuant to the terms of the Silent Partnership Agreement, SGCo2 will be entitled to 97.0% of the profits generated and will be required to bear 97.0% of the losses incurred by Hinageshi GK, provided that SGCo2's liability for the losses shall not exceed its contribution and the share of unpaid profits attributable to SGCo2. SGCo2 is wholly-owned by SGCo1. The balance 3.0% of the economic interest will be retained by Hinageshi GK through the non-managing member interest which MIJ will be subscribing for in Hinageshi GK at or around the same time that SGCo2 contributes the TK Investment (as defined herein). MIJ will be entitled to the balance 3.0% of the economic interest retained by Hinageshi GK.

In addition, SH1 is also the managing member which holds a voting share in Hinageshi GK. In its capacity as managing member of Hinageshi GK, SH1 acts as the holding company of Hinageshi GK, and has no potential income, loss or net worth. In general, unlike a non-managing member which has no right to make any decisions in relation to Hinageshi GK, SH1, as a managing member, has the right to make member's decisions in relation to Hinageshi GK. Additionally, SGCo2 does not have any voting rights as a silent partner, however, through the right of passive veto under the Silent Partnership Agreement, Hinageshi GK cannot proceed with certain key operational matters without first obtaining the prior approval of SGCo2 as the *Tokumei Kumiai* investor (the "**TK Investor**") in compliance with Paragraph 6.5 of the Property Funds Appendix.

The distinctive feature of the *Tokumei Kumiai* relationship is that Hinageshi GK, as the *Tokumei Kumiai* operator (the "**TK Operator**"), will legally own the GK TMK Preferred Shares and SGCo2 will be regarded as a silent partner. Given that it is only Hinageshi GK, as the legal owner of the GK TMK Preferred Shares, which has rights against and obligations to third parties, so long as the *Tokumei Kumiai* relationship is observed and recognised in accordance with the Silent Partnership Agreement, third parties will have no recourse against SGCo2, as the silent partner, and the liability of MLT (through SGCo2) is thus limited to the amount of SGCo2's contribution into Hinageshi GK and the share of unpaid profits attributable to SGCo2. This is similar to a trust structure, whereby the trustee legally owns the trust property for the benefit of the beneficiary. Hinageshi GK, as the operator, is placed in a similar position to that of a trustee holding property under a trust whilst SGCo2 would be in a position similar to that of a beneficiary.

1 A *Godo Kaisha* ("**GK**") is a common structure adopted for investment in real estate under Japanese law. The GK corporate structure is similar to that of a limited liability company, with the members of the GK both owning and managing the GK (or certain member(s) owning but not managing the GK, as specified in its articles of incorporation).

To partly fund the TMK Consideration, MLT will, on or before the Completion Date, through:

(i) SGCo1, contribute JPY3,151.4 million (approximately S$39.2 million) (the "**SGCo1 Subscription Price**") into Sazanka TMK by subscribing for the SGCo1 TMK Preferred Shares pursuant to the Sazanka TMK Preferred Shares Subscription Agreement; and

(ii) SGCo2, contribute JPY3,181.6 million (approximately S$39.6 million) (the "**TK Investment**")[1] into Hinageshi GK pursuant to the Silent Partnership Agreement, and together with the proportionate contribution of JPY98.4 million (approximately S$1.2 million) from MIJ into Hinageshi GK, Hinageshi GK will enter into the Sazanka TMK Preferred Shares Subscription Agreement and subscribe for the GK TMK Preferred Shares.

The balance of the TMK Consideration will be funded out of the proceeds from onshore JPY bonds to be issued and loan facilities to be obtained by Sazanka TMK in Japan.

For the purposes of the Circular and this letter, the "**Preferred Shares**" comprises (i) the SGCo1 TMK Preferred Shares and (ii) the GK TMK Preferred Shares, and "**Preferred Shareholders**" refers to SGCo1 and Hinageshi GK as holders of Preferred Shares pursuant to the Sazanka TMK Preferred Shares Subscription Agreement.

Through SGCo2's 97.0% economic interest in Hinageshi GK and Hinageshi GK's 51.0% preferred shareholding in Sazanka TMK, MLT will effectively have an economic interest in 49.47% of Sazanka TMK and hence the Property. Together with SGCo1's 49.0% preferred shareholding in Sazanka TMK, MLT will have an effective economic interest of 98.47% in Sazanka TMK and hence, the Property, upon Completion. The balance 1.53% effective interest will be held by MIJ through its non-managing member interest in Hinageshi GK.

Post-Completion, the legal title to the Property will continue to be held by the Trust Bank while the trust beneficial interest in the Property will be held by Sazanka TMK.

The Effective Consideration (being 98.47% of the TMK Consideration) shall comprise the SGCo1 Subscription Price and the TK Investment, together with the onshore JPY bonds and loan facilities to be obtained by Sazanka TMK in Japan. The Effective Consideration will be satisfied fully in cash.

As the legal title holder to the Property, the Trust Bank will be responsible for the management of the Property, and in this regard, pursuant to the property management agreement to be entered into in relation to the Property with Mapletree Management Services Japan Kabushiki Kaisha (the "**Japan Property Manager**" or "**MMSJ**", and the property management agreement, the "**Japan Property Management Agreement**", the Japan Property Manager will be appointed as the property manager.

On the Completion Date, Sazanka TMK will also enter into an asset management agreement in relation to the Property with the Japan Asset Manager (the "**Japan Asset Management Agreement**"), pursuant to which Sazanka TMK will sub-contract its day-to-day operations to the Japan Asset Manager. In consideration of the asset management services provided to Sazanka TMK, the Japan Asset Manager will be entitled to receive certain fees under the Japan Asset Management Agreement.

1 This includes the JPY1.0 billion investment by SGCo2 into Hinageshi GK for purposes of application for the status of a Qualified Institutional Investor by SGCo2. "**Qualified Institutional Investor**" refers to tekikaku-kikan-toshika status as provided in Article 2, Paragraph 3, Sub-paragraph 1 of the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended) ("**FIEL**") and Article 10 of the Cabinet Ordinance regarding Definitions as Provided in Article 2 of the FIEL (Ministry of Finance Ordinance No. 14 of 1993, as amended).

A TMK is a tax efficient structure as it is entitled to deduct dividend distributions made to its shareholders in calculating its taxable income even though it is subject to corporate tax in the same manner as other Japanese domestic corporations. The ability to claim a deduction on the dividend paid is contingent on the TMK satisfying certain conditions set forth under the prevailing Special Taxation Measures Law of Japan. If those conditions are met and Sazanka TMK is able to distribute 100.0% of its taxable income, minimal Japanese corporate tax, if any, should be payable by Sazanka TMK.

The distributions by Sazanka TMK (the "**TMK Distributions**") are subject to Japan withholding tax. Provided SGCo1 holds at least 25.0% of the voting shares of Sazanka TMK during the period of six months immediately before the end of the fiscal period for which the distribution of profits takes place, the dividends it receives from Sazanka TMK should be eligible for the reduced withholding tax rate of 5.0% as prescribed under the Singapore-Japan double taxation agreement (the "**Singapore-Japan DTA**").

The TMK Distributions received in Singapore by SGCo1 will be exempt from tax provided:

(a) in the year the dividend income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;

(b) the dividend has been subjected to tax in the jurisdiction from which it is received;

(c) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to SGCo1; and

(d) SGCo1 is a tax resident of Singapore.

The distributions by Hinageshi GK (the "**GK Distributions**") to SGCo2 (the "**SGCo2 GK Distributions**") are subject to Japan statutory withholding tax, which is currently 20.42%. Unlike the TMK Distributions, the SGCo2 GK Distributions are not eligible for the reduced withholding tax rate of 5.0% under the Singapore-Japan DTA.

On the basis that SGCo2 is a tax resident of Singapore, it will be able to claim foreign tax credit for the Japan withholding tax suffered on the GK Distributions received or deemed to have been received by it in Singapore against its Singapore tax payable on such income. The amount of foreign tax credit that can be claimed is the lower of the actual foreign tax paid or the amount of Singapore income tax payable on such income. Hence, there ought not to be incremental tax payable by SGCo2 on the receipt of the GK Distributions in Singapore in view that the withholding tax of 20.42% is higher than the prevailing Singapore corporate income tax rate of 17.0%.

3.2 Valuation

The details of the valuation of the Property are set out in Section 2.2 of the Letter to Unitholders of the Circular and the summary valuation certificates of the Independent Valuers are set out as Appendix B to the Circular.

The Agreed Property Value, for the purposes of the TMK Consideration, was arrived at on a willing-buyer and willing-seller basis, after taking into account the two independent valuations of the Property as at 1 December 2019 and the highest bid received by MJLD (which is equivalent to the Agreed Property Value) in April 2019 from a third party in a competitive bid process.

In this respect, the Trustee and the Manager has each commissioned Independent Valuers to value the Property. In arriving at the open market value of the Property, the Independent Valuers relied on the following methods:

Independent Valuer appointed by the Trustee	Valuation Method of the Independent Valuer appointed by the Trustee	Independent Valuer appointed by the Manager	Valuation Method of the Independent Valuer appointed by the Manager
CBRE	Income Approach and Cost Approach	IAI	Income Approach, Sales Comparison Approach, and Cost Approach

Source: Circular

The Agreed Property Value of the Property is JPY22,200.0 million (approximately S$276.0 million), representing a discount of approximately 0.4% to CBRE's valuation of JPY22,300.0 million (approximately S$277.3 million) as at 1 December 2019 and a discount of approximately 2.2% to IAI's valuation of JPY22,700.0 million (approximately S$282.2 million) as at 1 December 2019.

3.3 TBI Sale and Purchase Agreement

The principal terms of the TBI Sale and Purchase Agreement for the Proposed Acquisition are set out in the Summary section and Section 2.5 of the Letter to Unitholders of the Circular.

In connection with the Proposed Acquisition, Sazanka TMK has on 28 January 2020 entered into the TBI Sale and Purchase Agreement with the Vendor to acquire the trust beneficial interest in the Property.

3.4 Total Acquisition Cost

The details of the total cost of the Acquisition (the "**Total Acquisition Cost**") are set out in the Summary section and Section 2.8 of the Letter to Unitholders of the Circular.

The Total Acquisition Cost is estimated to be approximately S$276.1 million, comprising:

(a) the Effective Consideration which is estimated to be approximately JPY21,860.3 million (approximately S$271.8 million), subject to post-Completion adjustments;

(b) the acquisition fee payable in Units to the Manager for the Proposed Acquisition (the "**Acquisition Fee**") which is estimated to be approximately S$1.4 million (representing 0.5% of the Effective Consideration); and

(c) the estimated professional and other fees and expenses of approximately S$2.9 million incurred or to be incurred by MLT in connection with the Proposed Acquisition[1] and the Debt Facilities (as defined herein).

1 This excludes the value added tax of approximately JPY1,554.0 million (approximately S$19.3 million) payable in relation to the Proposed Acquisition and the corresponding cost of funding its payment given that the value added tax should be refunded within nine months from the Completion Date.

3.5 Payment of Acquisition Fee in Units

The details of the payment of the Acquisition Fee in Units are set out in the Summary section and Section 2.9 of the Letter to Unitholders of the Circular.

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee at the rate of 1.0% of the Effective Consideration (or such lower percentage as may be determined by the Manager in its absolute discretion). The Manager has, at its discretion, elected to receive an acquisition fee of 0.5% of the Effective Consideration.

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

Based on the Trust Deed, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Acquisition Fee at the prevailing Market Price of such Units on the Completion Date.

Based on the illustrative issue price of S$1.70 per Acquisition Fee Unit (the "**Illustrative Issue Price**"), the number of Acquisition Fee Units issued shall be approximately 799,392 Units.

3.6 Method of Financing for the Proposed Acquisition

The details of the method of financing for the Proposed Acquisition are set out in the Summary section and Section 2.10 of the Letter to Unitholders of the Circular.

The Manager intends to fully finance the Total Acquisition Cost through a drawdown of JPY debt facilities and issuance of onshore JPY bonds (collectively, the "**Debt Facilities**") as well as the issuance of the Acquisition Fee Units. The table below sets out 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 gross assets of MLT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed (the "**Deposited Property**", and the ratio of the value of borrowings, the "**Aggregate Leverage**") of MLT assuming that the Total Acquisition Cost, save for the Acquisition Fee, is fully funded through the Debt Facilities.

Aggregate Leverage of MLT before the Proposed Acquisition	37.1%[(1)]
Aggregate Leverage of MLT after the Proposed Acquisition	39.1%[(2)]

Source: Circular

Notes:

(1) Based on Aggregate Leverage of 37.5% as at 31 December 2019 and including the post-quarter utilisation of proceeds from the divestment of Waigaogiao Logistics Park completed on 31 December 2019 to repay existing loans.

(2) Does not include the value of added tax payable in relation to the Proposed Acquisition which should be refunded within nine months from Completion. However, should the value added tax payable in relation to the Proposed Acquisition be included, the aggregate leverage will be approximately 39.2%.

4 EVALUATION OF THE PROPOSED ACQUISITION

In our analysis and evaluation of the Proposed Acquisition, and our recommendation thereon, we have taken into consideration the following:

(a) rationale for and key benefits of the Proposed Acquisition;

(b) the description of the Property;

(c) the basis of the Agreed Property Value;

(d) valuation of the Property by the Independent Valuers;

(e) comparison of the NPI yields ("**NPI Yields**") of the Property with the existing portfolio and enlarged portfolio of MLT;

(f) the Proposed Acquisition as part of MLT's rejuvenation strategy;

(g) comparison of the Property with selected industrial/logistics property portfolio valuation of listed real estate investment trusts ("**REITs**" and each, "**REIT**");

(h) pro-forma financial effects of the Proposed Acquisition; and

(i) other relevant factors that we have considered.

The factors above are discussed in more details in the following sections.

4.1 Rationale for and key benefits of the Proposed Acquisition

The detailed rationale for and benefits of the Proposed Acquisition are set out in Section 3 of the Letter to Unitholders of the Circular, with the key sections set out below.

(a) Increasing exposure to Japan, an attractive logistics market

(i) Rising demand for modern warehouse space underpinned by structural trends

(ii) Limited supply of Grade A warehouse space

(iii) Strong net absorption led to falling vacancy rates

(b) Expansion into Kobe deepens MLT's network connectivity in Japan

(c) Proactive rejuvenation of MLT's Japan portfolio

(d) Addition of high-quality property in strategic location

(i) Excellent connectivity to transport infrastructure and key population catchment

(ii) Modern Grade A specifications with freehold land tenure

(iii) High-quality tenant base

(e) Attractive value proposition

(i) Discount to independent valuations

(ii) Distribution per Unit ("**DPU**") accretive acquisition

We note that the Proposed Acquisition is in line with MLT's principal investment strategy of acquiring good quality logistics properties and managing capital to maintain MLT's strong balance sheet and provide financial flexibility for growth.

4.2 The Description of the Property

We note that the Property is a modern 4-storey logistics facility which, according to the independent market research report issued by CBRE as the Independent Market Research Consultant (the "**Independent Market Research Report**"), has the best specifications as compared to competing facilities in the same area. It is the only facility with double rampways, which offers improved safety and vehicular efficiency. The Property also has a large floorplate of about 21,000 sqm, clear height of 5.5 metres, floor loading of 1.5 tons per sqm and 11.8 metres and 12.2 metres column-to-column span, which allows tenants with larger space requirements to conduct their operations with single floor efficiently as well as allows for optimal space utilisation and high loading capabilities. We understand from the Management that in terms of quality and specifications, there is no property among the Existing Japan Portfolio that is comparable to the Property.

We note that the high-quality and specifications of the Property has been demonstrated in the high occupancy rate of 99.7% as at the Latest Practicable Date, considering that the Property had only been completed in April 2019. The modern Grade A specifications of the Property are also reflected in the rental rates and terms. The Property also has high-quality and diversified tenant mix comprising seven established and reputable tenants. The tenants include reputable end-users Workman (a local apparel retailer) and Kyocera (an electronics manufacturer), and 3PL companies serving leading consumer brands such as Ajinomoto, Suntory and a major e-commerce site in Japan. Majority of the tenants are handling consumer-related goods, which account for approximately 75% of the Property's NLA.

4.3 The Basis of the Agreed Property Value

We note that for the purpose of the TMK Consideration, the Agreed Property Value was arrived at on a willing-buyer and willing-seller basis, after taking into account the two independent valuations of the Property as at 1 December 2019 and the highest bid received by MJLD (which is equivalent to the Agreed Property Value) in April 2019 from a third party in a competitive bid process.

4.4 Valuation of the Property by the Independent Valuers

The Manager and the Trustee have commissioned Independent Valuers to perform independent valuations on the Property.

The appraised values of the Independent Valuers for the Property are as follows:

NLA (sqm)	Independent Valuation by CBRE, the Independent Valuer appointed by the Trustee (in millions)	Independent Valuation by IAI, the Independent Valuer appointed by the Manager (in millions)	Agreed Property Value (in millions)	Discount of the Agreed Property Value to the Independent Valuation
84,783	JPY22,300.0 (S$277.3)	JPY22,700.0 (S$282.2)	JPY22,200.0 (S$276.0)	CBRE: 0.4% IAI: 2.2%

Source: Circular, EY

We have been provided the Valuation Reports for the Property and we note the following in our review:

(a) The basis of valuation is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion, the definition of which is broadly consistent among the Independent Valuers and in line with market definition;

(b) the Independent Valuers have used the same valuation date for the Property, being 1 December 2019;

(c) The methods used by the Independent Valuers are widely accepted methods for the purpose of valuing income producing properties, and the valuations have been prepared in accordance with the valuation standards accepted by the different markets. The details of the methods and valuation standards used by the Independent Valuers are set out below:

Independent Valuer appointed by the Trustee	**Valuation Standards and Method of the Independent Valuer appointed by the Trustee**	**Independent Valuer appointed by the Manager**	**Valuation Standards and Method of the Independent Valuer appointed by the Manager**
CBRE	Japanese Real Estate Appraisals Standards and in compliance with the RICS Valuation – Professional Standards 2017 (Red Book) issued by the Royal Institution of Chartered Surveyors ("**RICS**")/ Discounted Cash Flow Approach	IAI	Japanese Real Estate Appraisals Standards and in compliance with the RICS Valuation – Professional Standards 2017 (Red Book) issued by RICS/ Discounted Cash Flow Approach

Source: Valuation Reports

We note that the Agreed Property Value for the Property is lower than the valuation of the Independent Valuers, with discounts of 0.4% to CBRE's valuation and 2.2% to IAI's valuation. We also note that the Agreed Property Value for the Property is 1.3% lower than the average valuation of the Property by the Independent Valuers of JPY22,500.0 million (S$279.7 million).

4.5 Comparison of NPI Yields of the Property with MLT's Existing Portfolio and Enlarged Portfolio

We have compared the WALE and NPI Yield of the Property with those of MLT's Existing Portfolio.

	Average WALE by NLA (years)	NPI Yield(1)
Existing Portfolio	4.4(2)	5.7%(3)
Existing Japan Portfolio(4)	4.9	5.6%(3)
The Property	**4.2**	**4.0%**
Enlarged Portfolio	**4.4**	**5.7%(5)**
Enlarged Japan Portfolio(6)	**4.7**	**5.2%(7)**

Source: Management, Annual Report, Circular

Notes:

(1) Based on actual committed occupancy.

(2) As at 31 December 2019.

(3) Based on the annualised NPI of the MLT properties for the financial period ended 31 December 2019 and valuation as at 31 March 2019.

(4) The "**Existing Japan Portfolio**" is comprised of 16 properties as at 31 December 2019.

(5) Combined NPI Yield on Enlarged Portfolio is calculated based on the weighted average of the NPI Yields for the Existing Portfolio and NPI Yield for the Property.

(6) The "**Enlarged Japan Portfolio**" is comprised of the Existing Japan Portfolio and the Property.

(7) Combined NPI Yield on Enlarged Japan Portfolio is calculated based on the weighted average of the NPI Yields for the Existing Japan Portfolio and NPI Yield for the Property.

We note that the average NPI Yield of the Property of 4.0% is lower than the average NPI Yields of the Existing Portfolio and Existing Japan Portfolio as at 31 December 2019. We also note that the average WALE of the Property of 4.2 years is shorter than the average WALE of the Existing Portfolio and Existing Japan Portfolio.

On a combined basis, the estimated NPI Yield of 5.7% for the Enlarged Portfolio is expected to be the same as the NPI Yield of the Existing Portfolio, while the estimated NPI Yield of 5.2% for the Enlarged Japan Portfolio is expected to be lower than the NPI Yield of the Existing Japan Portfolio.

In evaluating the impact of the Proposed Acquisition on the NPI Yield of the entire MLT portfolio, we have taken into consideration other benefits to MLT such as the quality of the Property and the expansion into Kobe, as stated in Section 3 of the Letter to Unitholders of the Circular.

4.6 The Proposed Acquisition as part of MLT's Rejuvenation Strategy

We note that the Manager has stated its strategy to rejuvenate MLT's portfolio through selective divestments of older assets and re-deployment of the capital released into investments of modern facilities with higher growth potential, and that the Proposed Acquisition, in terms of the high-quality and specifications of the Property and the location in Kobe, is in line with such strategy.

In July 2017 and April 2019, MLT divested two and five older Japan properties respectively, with outdated specifications. We note that the profile of an older warehouse in MLT's Existing Japan Portfolio is typically one that is more than 10 years old, with a small floorplate of less than 10,000 sqm and without direct ramp access (for multi-storey building). In comparison, we note that the Property is a newly built Grade A 4-storey logistics facility.

The divestment by MLT of the two logistics properties in July 2017 was transacted at an implied exit capitalisation rate of 4.2%, while the five logistics properties divested in April 2019 were transacted at an implied exit capitalisation rate of 4.65%. While the capitalisation rates of the divested properties are higher than that of the Property, we note that the Property has a higher growth potential as compared to the divested properties. We also note that on the Enlarged Portfolio basis, the average NPI Yield of the Enlarged Portfolio remains at 5.7%, which is higher than the range of yields for the Japan REITs and in line with the median and average NPI Yields of comparable REITs listed on the SGX-ST.

4.7 Comparison of the Property with Selected Industrial/Logistics Property Portfolio Valuation of Listed REITs

Based on our discussions with the Management and a search for comparable industrial/logistics property portfolio transactions and valuations on available databases and relevant stock exchanges, we recognise that there is no particular property portfolio that we may consider to be directly comparable to the Property in the aspects of location, construction quality, accessibility, NLA, GFA, profile and composition of tenants, usage of property, age of building, outstanding lease tenure, market risks, track record and other relevant factors.

However, we have extracted the following publicly available information on certain comparable industrial/logistics property portfolios in order to compare the yields implied by the Agreed Property Value for the Property with the yields of the industrial/logistics property portfolios owned by certain REITs that are listed on the SGX-ST (the "**Comparable SG REITs**") and on the Tokyo Stock Exchange ("**TSE**") (the "**Comparable Japan REITs**", and together with the Comparable SG REITs, the "**Comparable REITs**")).

The Independent Directors, the Audit and Risk Committee, the Trustee, and the Unitholders should note that any comparison made with respect to the Comparable REITs are for illustrative purposes only. For the analysis on the Comparable REITs, we have used the available data/information as at the Latest Practicable Date. The conclusions drawn from such comparisons may not necessarily reflect the perceived or implied valuation of the Property as at the Latest Practicable Date. In addition, we wish to highlight that the Comparable REITs are by no means exhaustive.

For the purposes of our evaluation, we have considered the following Comparable REITs:

Comparable SG REITs	**Valuation Date**	**Valuation (S$'m)**	**GFA (sqm)**	**Occupancy Rate (%)**	**WALE by Income as at the Valuation Date (years)**	**NPI Yield[(1)]**
AIMS APAC REIT	31 Mar 19	1,460.0	633,552[(2)]	94.0	2.5	5.4%
Ascendas Real Estate Investment Trust	31 Mar 19	11,410.0	4,353,876	91.9	4.2	5.7%
Cache Logistics Trust	31 Dec 18	1,269.0	798,967	95.0	3.1	7.0%
EC World Real Estate Investment Trust	31 Dec 18	1,329.8	746,177[(2)]	99.3	2.0	6.6%
ESR-REIT	31 Dec 18	3,021.9	1,309,934	93.0	3.8	3.7%
Frasers Logistics & Industrial Trust	30 Sep 19	3,314.8	2,223,452	99.6	6.3	5.6%
Mapletree Industrial Trust	31 Mar 19	4,771.1	2,017,483	88.4	3.6	6.0%
Sabana Shari'ah Compliant REIT	31 Dec 18	929.1	329,262	84.4	2.7	5.7%
Low				84.4	2.0	3.7%
High				99.6	6.9	7.0%
Median				93.5	3.4	5.7%
Average				93.2	3.6	5.7%
The Property – Based on the Agreed Property Value		**276.0**	**102,119**	**99.7**	**4.2**	**4.0%**
Enlarged Portfolio[(3)]		**8,546.3**	**5,016,708**	**97.8**	**4.1**	**5.7%**

Source: Annual reports, Circular and Management

Notes:

(1) Estimated NPI Yield based on NPI for the latest financial year and latest valuation.

(2) Figure stated is NLA.

(3) Including MLT's 50.0% interest in the China properties held in joint venture between MLT and MIPL.

Comparable Japan REITs	Valuation Date	Valuation (JPY'm)	Leasable Area (sqm)	Occupancy Rate (%)	WALE by Income as at the Valuation Date (years)	Yield(1)
GLP J-REIT (75 properties)	31 Aug 19	721,011	2,770,669(2)	99.9	4.1	5.3%(2)
MIRAI Corporation (1 property)	31 Oct 19	9,040	16,834	100.0	15.0	5.5%(3)
Mitsubishi Estate Logistics REIT Investment Corporation (15 properties)	31 Aug 19	121,125	486,285	99.9	N/A	4.8%(3)
Nippon Prologis REIT (46 properties)	31 May 19	693,550	2,714,426	99.0	4.6	5.2%(4)
Low				99.0	4.1	4.8%
High				100.0	15.0	5.5%
Median				99.9	4.6	5.3%
Average				99.7	7.9	5.2%
The Property – Based on the Agreed Property Value		**22,200**	**84,783**	**99.7**	**4.2**	**4.0%**
Enlarged Japan Portfolio		**85,162**	**418,689**	**99.9**	**4.7**	**5.2%**

Source: Annual reports, Circular and Management

Notes:

(1) Based on the acquisition amounts of the properties.

(2) Based on annualised net operating income ("**NOI**") after adjustment of property-related taxes.

(3) "**Appraisal NOI Yield**" is the ratio of appraisal NOI using the direct capitalisation method to the acquisition price of each property in the real estate appraisal report.

(4) Based on weighted average NOI yield.

Based on the tables above, we note that the NPI Yield of the Property of 4.0% is within the range of observed NPI Yields for the Comparable SG REITs, but is lower than the median and average NPI Yields of the Comparable SG REITs. We also note that the average WALE of the Property is within the range of WALEs of those of the Comparable SG REITs, and is longer than the average and median WALEs observed.

On the Enlarged Portfolio basis, the average NPI Yield of the Enlarged Portfolio of 5.7% is within the range of the NPI Yields for the Comparable SG REITs, and equal to the median and average NPI Yields of the Comparable SG REITs. The average WALE of the Enlarged Portfolio is within the range of WALEs of those of the Comparable SG REITs, and is longer than the average and median WALEs observed.

For the Comparable Japan REITs, we note that the NPI Yield of the Property of 4.0% is lower than the range of observed yields for the Comparable Japan REITs. In our analysis, we have taken into account that the NOI yield is typically used by the Comparable Japan REITs instead of NPI Yield, which is generally lower than NOI yield. We have also considered that the properties of the Comparable Japan REITs are located in different prefectures while the Property is located in Kobe. We also note that the average WALE of the Property is within the range of WALEs of those of the Comparable Japan REITs, and is shorter than the average and median WALEs observed.

On the Enlarged Japan Portfolio basis, the average NPI Yield of the Enlarged Japan Portfolio of 5.2% is within the range of the yields for the Comparable Japan REITs and is in line with the median and average yields for the Comparable Japan REITs. We note that the NOI yield is typically used by the Comparable Japan REITs instead of NPI Yield, which is generally lower than NOI yield. The average WALE of the Enlarged Japan Portfolio is within the range of WALEs of those of the Comparable Japan REITs, slightly longer than the median WALE and is shorter than the average WALE observed.

4.8 Pro Forma Financial Effects of the Proposed Acquisition

The details of the pro forma financial effects of the Proposed Acquisition, which are shown for illustrative purposes only, are set out in Section 5 of the Letter to Unitholders of the Circular.

We note the following:

(a) The pro forma financial effects of the Proposed Acquisition were prepared based on the financial statements of MLT for the three financial quarters ended 31 December 2019 (the "**3Q FY19/20 Financial Statements**"), taking into account the Total Acquisition Cost, the Debt Facilities and assuming, *inter alia*, that (i) the Property had a portfolio occupancy rate of 99.7% for the entire three financial quarters ended 31 December 2019 and all leases, whether existing or committed as at the Latest Practicable Date, were in place since 1 April 2019. All tenants were paying their rents in full; (ii) the Manager's Acquisition Fee of S$1.4 million is paid in the form of approximately 799,392 Acquisition Fee Units at the Illustrative Issue Price of S$1.70 per Acquisition Fee Unit; and (iii) the Debt Facilities used to partially fund the Total Acquisition Cost have an aggregate interest cost of approximately 0.9% per annum (being the expected cost of such financing).

(b) The DPU increases from 6.094 Singapore cents to 6.255 Singapore cents, or by 0.161 Singapore cents (approximately 2.6%), for the pro forma financial effects of the Proposed Acquisition on MLT's DPU for the 3Q FY19/20 Financial Statements, assuming the Proposed Acquisition, issuance of Acquisition Fee Units, and drawdown of the Debt Facilities were completed on 1 April 2019, and as if MLT held the Property through to 31 December 2019.

(c) The pro forma NAV per Unit as at 31 December 2019 is expected to remain the same at S$1.18, as if the Proposed Acquisition, issuance of Acquisition Fee Units, and the drawdown of the Debt Facilities were completed on 31 December 2019.

(d) The pro forma Aggregate Leverage as at 31 December 2019 is expected to increase from 37.1% to 39.1%, as if the Proposed Acquisition, issuance of Acquisition Fee Units, and drawdown of the Debt Facilities were completed on 31 December 2019.

4.9 Other Relevant Factors in Our Assessment of the Proposed Acquisition

4.9.1 Expansion into Western Japan

We also note that the Proposed Acquisition will extend MLT's footprint into Kobe, which deepens MLT's network connectivity in Japan and complement its existing platform of 16 logistics facilities, the majority of which are located in the Greater Tokyo area.

Kobe is a prime logistics hub in Western Japan and gaining access to the market will allow MLT to serve the large consumption zone of over 23 million people in Greater Osaka while tapping on Kobe's growing consumer market. We note that as a major metropolitan area, Kobe has a sustained demand for consumer goods related logistics, which underpin demand for logistics facilities. Kobe is also a major manufacturing zone with a high concentration of factories that requires supply chain logistics as well as warehouse space.

4.9.2 The Proposed Acquisition is DPU Accretive

We note that on a pro forma basis and based on the proposed method of financing, the Proposed Acquisition is DPU accretive.

	Before the Proposed Acquisition	After the Proposed Acquisition
DPU (cents)	6.094[(1)]	6.255[(2)]
DPU accretion (%)	–	2.6%

Source: Circular

Notes:

(1) For the three financial quarters ended 31 December 2019.

(2) This includes the corresponding cost of funding incurred on the payment of the value added tax given that the value added tax should be refunded within nine months from the Completion Date.

For illustrative purposes only, for the pro forma financial effects of the Proposed Acquisition on MLT's DPU for the 3Q FY19/20 Financial Statements, assuming the Proposed Acquisition, issuance of Acquisition Fee Units, and drawdown of the Debt Facilities were completed on 1 April 2019, and as if MLT held the Property through to 31 December 2019, the DPU increases by 0.161 Singapore cents or approximately 2.6%.

5 OUR OPINION ON THE PROPOSED ACQUISITION

In arriving at our advice to the Independent Directors, the Audit and Risk Committee, and the Trustee on the Proposed Acquisition, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Proposed Acquisition. The factors we have considered in our evaluation, which are based on, among others, representations made by MLT, the Directors and the Management and discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

(a) rationale for and key benefits of the Proposed Acquisition;

(b) the high-quality and specifications of the Property;

(c) the basis of the Agreed Property Value;

(d) valuation of the Property by the Independent Valuers;

(e) comparison of the NPI Yield of the Property with MLT's Existing Portfolio, Existing Japan Portfolio, Enlarged Portfolio and Enlarged Japan Portfolio;

(f) the Proposed Acquisition being in line with MLT's rejuvenation strategy;

(g) comparison of the Property with the Comparable REITs;

(h) pro-forma financial effects of the Proposed Acquisition;

(i) expansion into Western Japan; and

(j) the Proposed Acquisition being DPU accretive.

Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we are of the opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of MLT and its minority Unitholders.

Accordingly, we advise the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the Proposed Acquisition.

We wish to highlight that by approving the Proposed Acquisition, Unitholders are deemed to have approved all such acts and things and documents which are required to be executed by the parties in order to give effect to the Proposed Acquisition.

The Independent Directors, the Audit and Risk Committee, and the Trustee should note that we have arrived at our opinion based on information made available to us prior to, and including, the Latest Practicable Date. Our opinion on the Proposed Acquisition cannot and does not take into account any subsequent developments after the Latest Practicable Date as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Proposed Acquisition.

We have prepared this letter as required under Rule 921(4)(a) of the Listing Manual as well as for the use of the Independent Directors, the Audit and Risk Committee, and the Trustee in connection with and for the purposes of their consideration of the Proposed Acquisition, but any recommendation made by the Independent Directors and the Audit and Risk Committee in respect of the Proposed Acquisition shall remain their responsibility.

While a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose (other than the intended purpose in relation to the Proposed Acquisition) at any time and in any manner without our prior written consent in each specific case. For the avoidance of doubt, nothing in this letter prevents MLT, the Manager, the Directors, the Trustee or the Unitholders from reproducing, disseminating or quoting this letter without our prior consent for the purpose of any matter relating to the Proposed Acquisition. 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.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Luke Pais	Elisa Montano
Managing Director	Associate Partner

MAPLETREE LOGISTICS TRUST

(Constituted in the Republic of Singapore
pursuant to a Trust Deed dated 5 July 2004 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**") of the holders of units of Mapletree Logistics Trust ("**MLT**", and the holders of units of MLT, "**Unitholders**") will be held on 21 February 2020 (Friday) at 2.30 p.m. at 20 Pasir Panjang Road, Mapletree Business City, Town Hall – Auditorium, Singapore 117439, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION

THE PROPOSED ACQUISITION OF A PROPERTY IN JAPAN AS AN INTERESTED PERSON TRANSACTION

That:

(i) approval be and is hereby given for the proposed acquisition of an effective interest of 98.47% in the property known as Mapletree Kobe Logistics Centre in the manner described in the circular to Unitholders dated 5 February 2020 (the "**Proposed Acquisition**");

(ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and

(iii) Mapletree Logistics Trust Management Ltd., as manager of MLT (the "**Manager**"), any director of the Manager ("**Director**"), and HSBC Institutional Trust Services (Singapore) Limited, as trustee of MLT (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 (the "**Acquisition Documents**")) as the Manager, such Director or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of MLT to give effect to the Proposed Acquisition and all transactions contemplated under the Acquisition Documents, and in this connection, the board of directors of the Manager (the "**Board**") be hereby authorised to delegate such authority to such persons as the Board deems fit.

BY ORDER OF THE BOARD

Mapletree Logistics Trust Management Ltd.
(Company Registration No. 200500947N)
As Manager of Mapletree Logistics Trust

Wan Kwong Weng
Joint Company Secretary

Singapore
5 February 2020

<u>Measures to Minimise Risk of Wuhan Coronavirus</u>

In view of the Wuhan Coronavirus situation, the following steps will be taken for Unitholders and others attending the EGM to minimise the risk of community spread of the Wuhan Coronavirus:

1. All persons attending the EGM will be required to undergo a **temperature check** and sign a **health declaration form** in respect of whether they have been to mainland China during the 14 days prior to the date of the EGM (i.e. commencing from and including Friday, 7 February 2020).

2. Any person who has been in mainland China, irrespective of nationality, during the said 14 days period **<u>will not be permitted to attend</u>** the EGM. This health declaration form will also be used for the purpose of contact tracing, if required.

3. Any person who has fever **<u>will not be permitted to attend</u>** the EGM. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

4. There will not be any food served at the EGM.

Unitholders who are feeling unwell on the date of the EGM are advised not to attend the EGM. Unitholders are also advised to arrive at the EGM venue early given that the above-mentioned measures may cause delay in the registration process.

As the Wuhan Coronavirus situation continues to evolve, the Manager will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to Unitholders and others attending the EGM.

The Manager seeks the understanding and cooperation of all Unitholders to minimise the risk of community spread of the Wuhan Coronavirus.

Important Notice:

1. A Unitholder who is not a Relevant Intermediary (as defined herein) entitled to attend and vote at the EGM 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 EGM 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 in MLT ("**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 deposited at the office of MLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2.30 p.m. on 18 February 2020, being 72 hours before the time fixed for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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, administration and analysis by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data 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.

PROXY FORM

mapletree logistics

(Constituted in the Republic of Singapore
pursuant to a Trust Deed dated 5 July 2004 (as amended))

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 Logistics Trust, this Circular is forwarded to them at the request of their CPF Agent Banks/SRS Operators and is sent solely FOR INFORMATION only.
3. This Proxy Form is not valid for use by CPF/SRS 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 PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), a unitholder of Mapletree Logistics Trust accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 5 February 2020.

I/We ____

______________________________ (Name(s) and NRIC/Passport/Company Registration Number(s))

of ____ (Address)

being a Unitholder/Unitholders of Mapletree Logistics Trust ("**MLT**"), 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 Logistics Trust Management Ltd. (as Manager of MLT) (the "**Manager**") 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 MLT to be held on 21 February 2020 (Friday) at 2.30 p.m. at 20 Pasir Panjang Road, Mapletree Business City, Town Hall - Auditorium, Singapore 117439 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution 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.	The Proposed Acquisition of a Property in Japan as an Interested Person Transaction		

* 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 _________________ 2020

Total number of Units held

____

Signature(s) of Unitholder(s) /
Common Seal of Corporate Unitholder

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Mapletree Logistics Trust ("**MLT**", and a unitholder of MLT, "**Unitholder**") who is not a Relevant Intermediary (as defined herein) 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 in MLT ("**Unit**") or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, it should annex to the Proxy Form (defined below) the proxy, or the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of unitholding (number of units and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note. 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 (defined below).

   "**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 market 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 (defined below). 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 MLT, 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 of MLT, he/she should insert the aggregate number of Units. If no number is inserted, the proxy form will be deemed to relate to all the Units held by the Unitholder.

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mapletree logistics

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 08987

The Company Secretary

Mapletree Logistics Trust Management Ltd.
(as Manager of Mapletree Logistics Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the office of MLT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2.30 p.m. on 18 February 2020, being 72 hours before the time fixed 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 duly certified copy of such power of attorney 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 any 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 and/or attached to the Proxy Form (including any related attachment). In addition, in the case of Unitholders whose Units are entered against their names in the Depository Register, the Manager may reject any 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/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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Mapletree Logistics Trust Management Ltd.

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