

# Maiden Acquisition of Sandhill Plaza, Shanghai

15 June 2015

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



# Disclaimer

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# Contents

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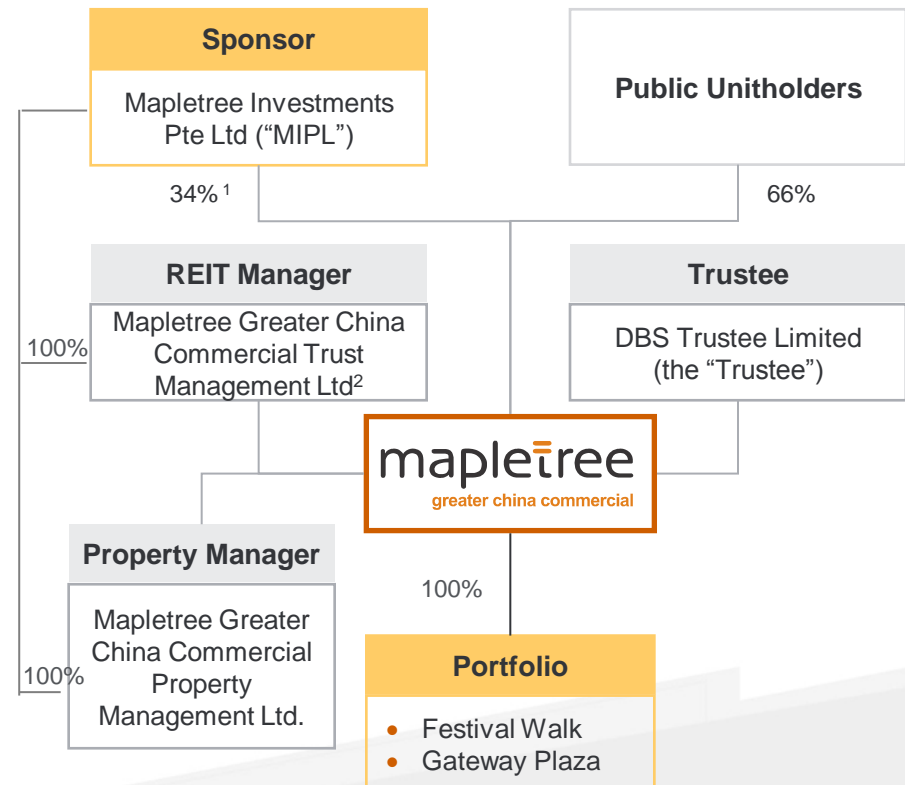
- Overview of Mapletree Greater China Commercial Trust
- Transaction Overview
- Overview of Sandhill Plaza (展想广场)
- Key Rationale for the Acquisition

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

<b>Listing Date</b>	7 March 2013
<b>Investment Mandate</b>	<ul style="list-style-type: none"> <li>Invest in a diversified portfolio of income-producing real estate for commercial purposes in the Greater China region, and real estate-related assets</li> <li>With a focus on Hong Kong, and Tier 1 and key Tier 2 cities in China: <ul style="list-style-type: none"> <li>Hong Kong</li> <li><b>Tier 1:</b> Beijing, Shanghai, Guangzhou and Shenzhen</li> <li><b>Key Tier 2:</b> Chengdu, Chongqing, Foshan, Hangzhou, Nanjing, Suzhou, Tianjin, Wuhan and Xi'an</li> </ul> </li> </ul>
<b>Investment Portfolio</b>	<p><b>Festival Walk in Hong Kong, Kowloon Tong</b></p> <ul style="list-style-type: none"> <li>Best-in-class territorial mall</li> <li>Retail and lifestyle destination of choice</li> <li>Attractive catchment and excellent connectivity</li> <li>100% occupancy since completion in 1998</li> <li>Lettable area: 798,372 sq ft</li> </ul> <p><b>Gateway Plaza in Beijing, 3<sup>rd</sup> Embassy</b></p> <ul style="list-style-type: none"> <li>Premier Grade-A office building</li> <li>Well sought after location amongst international companies and excellent connectivity</li> <li>Quality specifications</li> <li>Lettable area: 1,145,882 sq ft / 106,456 sq m</li> </ul>

- ✓ **First commercial REIT with assets in China & Hong Kong**
- ✓ **Stable and resilient portfolio with significant embedded NPI growth**

Market Capitalisation: S\$2.83 billion<sup>1</sup>



1. As at 31 March 2015

2. Mapletree Greater China Commercial Trust Management (“MGCCTM”)

# Transaction Overview – Maiden Acquisition in Shanghai

<b>Transaction</b>	<ul style="list-style-type: none"> <li>Acquisition of Sandhill Plaza (展想广场)</li> </ul>
<b>Purchase Consideration</b>	<ul style="list-style-type: none"> <li>Purchase Consideration of RMB 1,888.1 million / S\$ 412.2 million<sup>1</sup>, comprise                             <ul style="list-style-type: none"> <li>Property Purchase Price of RMB 1,840.3 million / S\$ 401.8 million for Sandhill Plaza; and</li> <li>Estimated working capital adjustments attributable to the entities being acquired in connection with the acquisition<sup>2</sup></li> </ul> </li> </ul>
<b>Valuation</b>	<ul style="list-style-type: none"> <li>Independent valuation of RMB 1,902.0 million / S\$ 415.3 million, as of 8 June 2015, by Cushman &amp; Wakefield (“<b>CW</b>”)<sup>3</sup></li> <li>Property Purchase Price is ~3.2% lower than CW’s independent valuation</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Funded by existing available banking facilities, with a combination of both RMB<sup>4</sup> and HKD denominated debt facilities</li> <li>MGCCT’s gearing expected to increase from 36.2%<sup>5</sup> to 40.6%<sup>6</sup></li> </ul>

1. Based on exchange rate of S\$1:RMB4.58. Unless otherwise stated, all conversions of RMB amounts into S\$ in this announcement shall be based on the Exchange Rate.

2. This is computed as the net assets less liabilities of the group of entities to be acquired.

3. The Valuer – Cushman & Wakefield Valuation Advisory Services (HK) Ltd - has estimated the open market value of Sandhill Plaza using the direct comparison approach, capitalisation analysis, and discounted cash flow analysis.

4. The Property is free from all encumbrances other than the existing onshore encumbrance in relation to the existing RMB349million debt facility

5. As at 31 March 2015

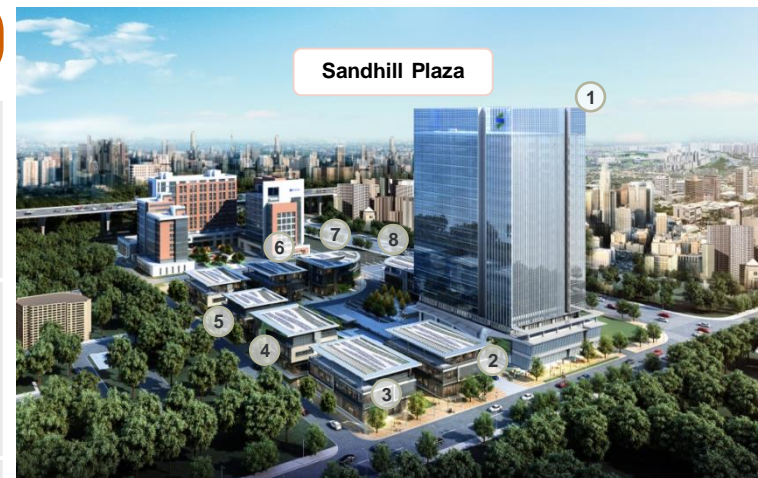
6. Within the aggregate limit (up to 60%) as set out in Appendix 6 of the Code on Collective Investment Schemes



# Overview of Sandhill Plaza (展想广场)

## Property Statistics<sup>1</sup>

<b>Description</b>	One 20-storey tower, seven blocks of 3-storey buildings <sup>2</sup> and two basement levels of carpark
<b>Location</b>	2290 Zuchongzhi Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai, People's Republic of China
<b>GFA<sup>3</sup> (overall):</b>	83,801.48 sq m
<b>GFA (aboveground):</b>	63,456.64 sq m
<b>Car Park Lots</b>	460
<b>Title</b>	50-year leasehold commencing on 4 February 2010, on industrial land
<b>Building Completion</b>	December 2012
<b>Number of Committed Tenants</b>	58



Source: Colliers International, MGCCTM



Source: Colliers International

1. Property statistics as at 31 March 2015.
2. Please note that there are eight blocks of low-rise (3-storey) buildings within the subject premises. However, one block is separately owned by Shanghai Fumingshun, a related company of Spreadtrum Communications (Shanghai) Co. Ltd, and does not form part of the Acquisition.
3. Please note "GFA" represents Gross Floor Area.

# Overview of Sandhill Plaza (展想广场)

## Premier Grade A Quality Building Specifications with Supporting Amenities

### Building Specifications

- Slab to slab height of ~4.2m to 5.5m<sup>1</sup>
- Clear ceiling height of 2.85m, with raised floor provision of 150mm<sup>2</sup>
- Floor efficiency of > 80%
- Column free space per floor<sup>2</sup>
- High tech security system (CCTV, turnstiles, access cards)
- High quality finishing



Source: Colliers International, MGCCTM

### Supporting Amenities

- Comprehensive amenities available including:
  - Starbucks
  - Food Court
  - FamilyMart
  - Chinese Restaurant



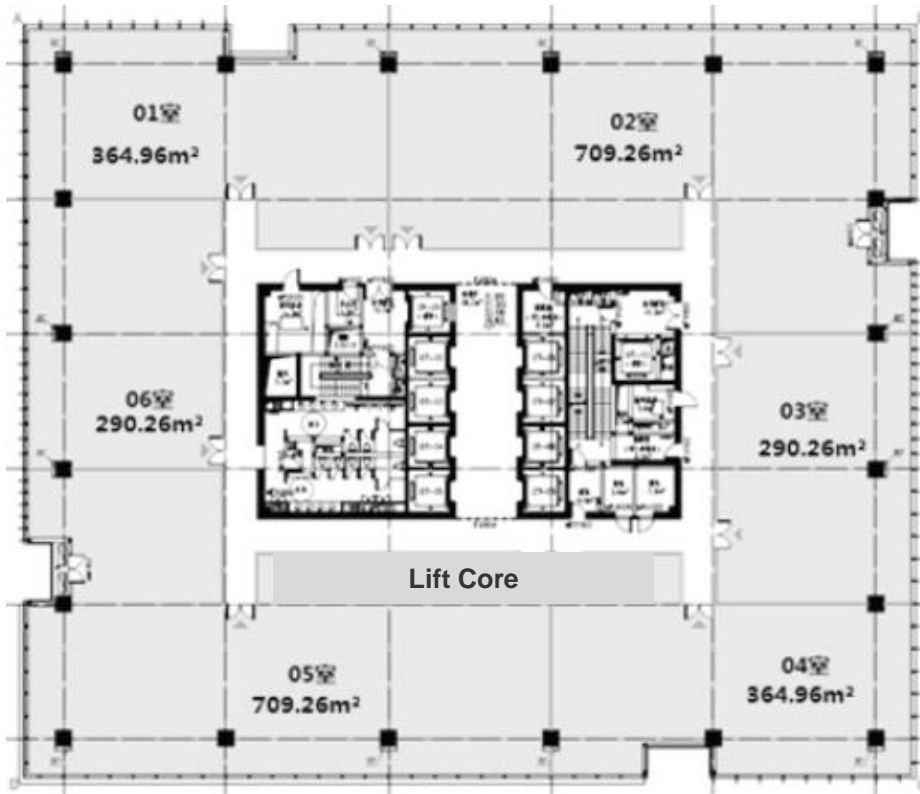
- **Sandhill Plaza is one of the newest premium quality business park developments in Zhangjiang**
- **Buildings with high quality specifications able to command higher rental rates and occupancy**

1. Slab to slab height for 20-storey tower is 4.2m, whilst for 3-storey building: 4.5m to 5.5m  
2. Applicable only for 20-storey tower

# Overview of Sandhill Plaza (展想广场)

## For 20 Storey Tower<sup>1</sup>

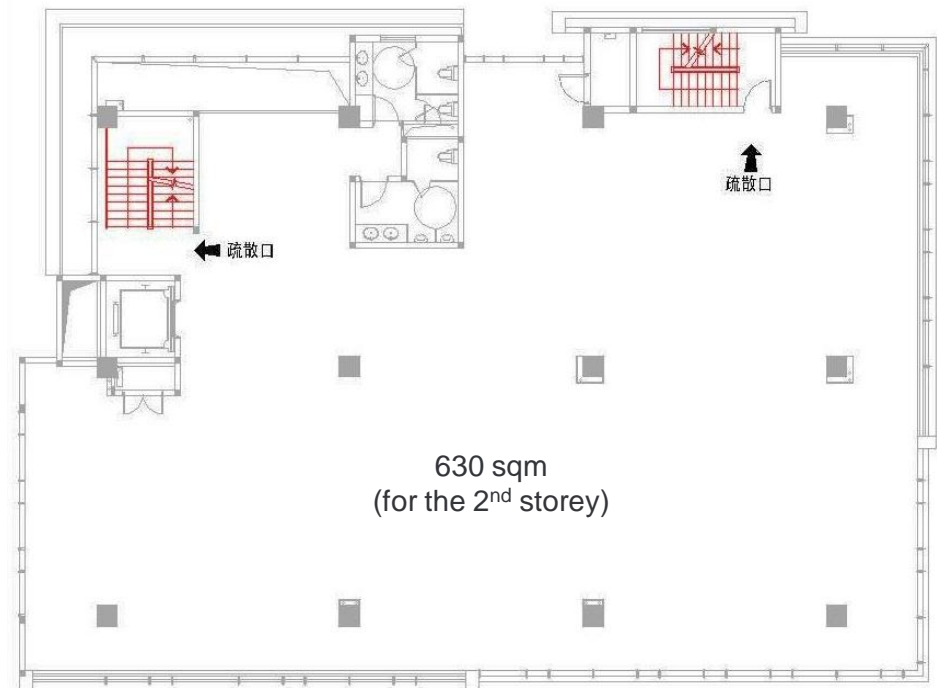
- Column Free Floor plate: ~2,728sq m
- Allows flexibility in leasable size, ranging from 145 sq m to whole floor
- Floor plates built around a central core



## For 3 Storey Buildings<sup>1,2</sup>

- Various floor plate sizes: ~1,100 to 2,140 sq m
- Low rise standalone office block's layout and size is attractive for single tenant and regional Headquarters

### Sample Floor Plan of one of the 3-Storey Buildings



1. Please note that floor plans are not drawn to scale, and the floor plan shown is a sample  
2. The various 3 storey buildings have different floor plate sizes and layouts.



# Key Acquisition Rationale

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1

**Expands Footprint to Shanghai**

2

**Good Accessibility and Transportation Links**

3

**Established Tenants and High Occupancy Rate**

4

**Captures Growing Demand for Business Park due to Decentralisation Trend in Shanghai**

5

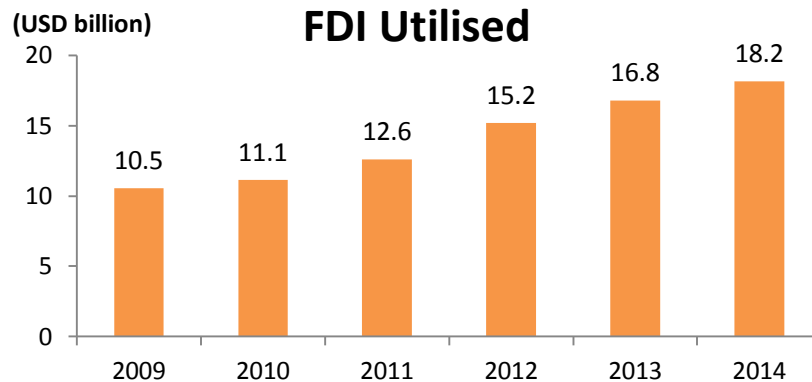
**Fits into the Manager's Investment Strategy**

6

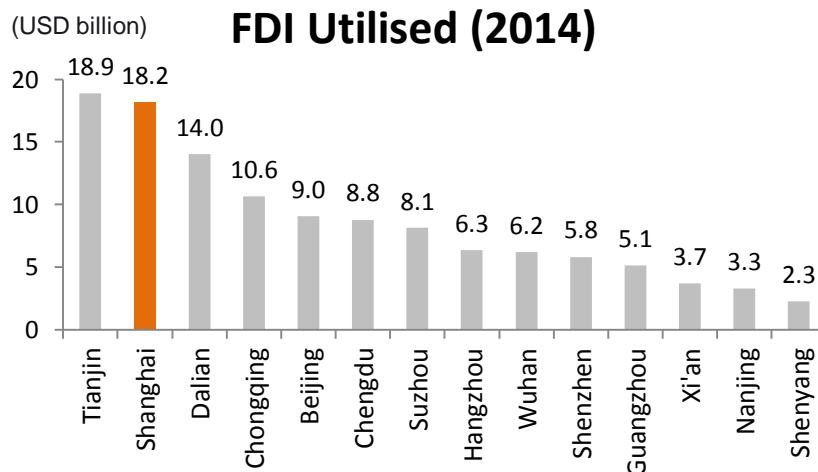
**Expected Accretive Acquisition**

## Shanghai: the first-tier commercial hub in China

### Foreign Direct Investment ("FDI")



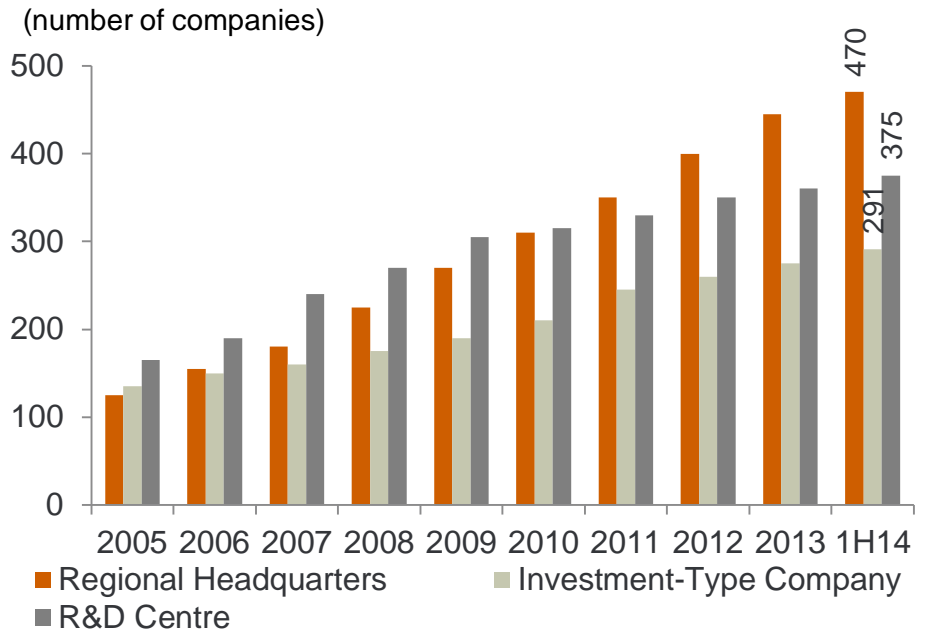
Source: Shanghai Statistics Bureau



Source: Statistics Bureau of the respective cities

### Number of New Foreign Companies Set Up

#### Steady growth in regional HQ and R&D centres in Shanghai

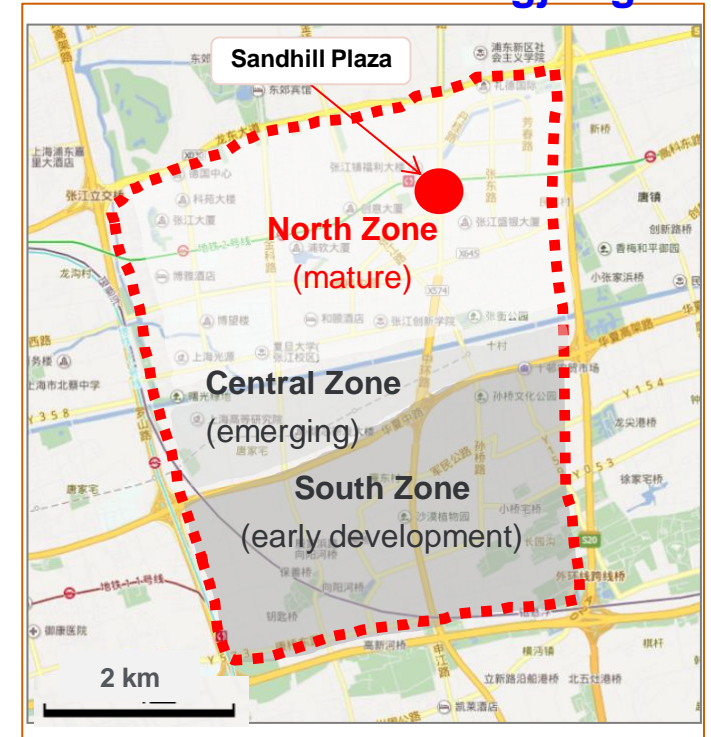
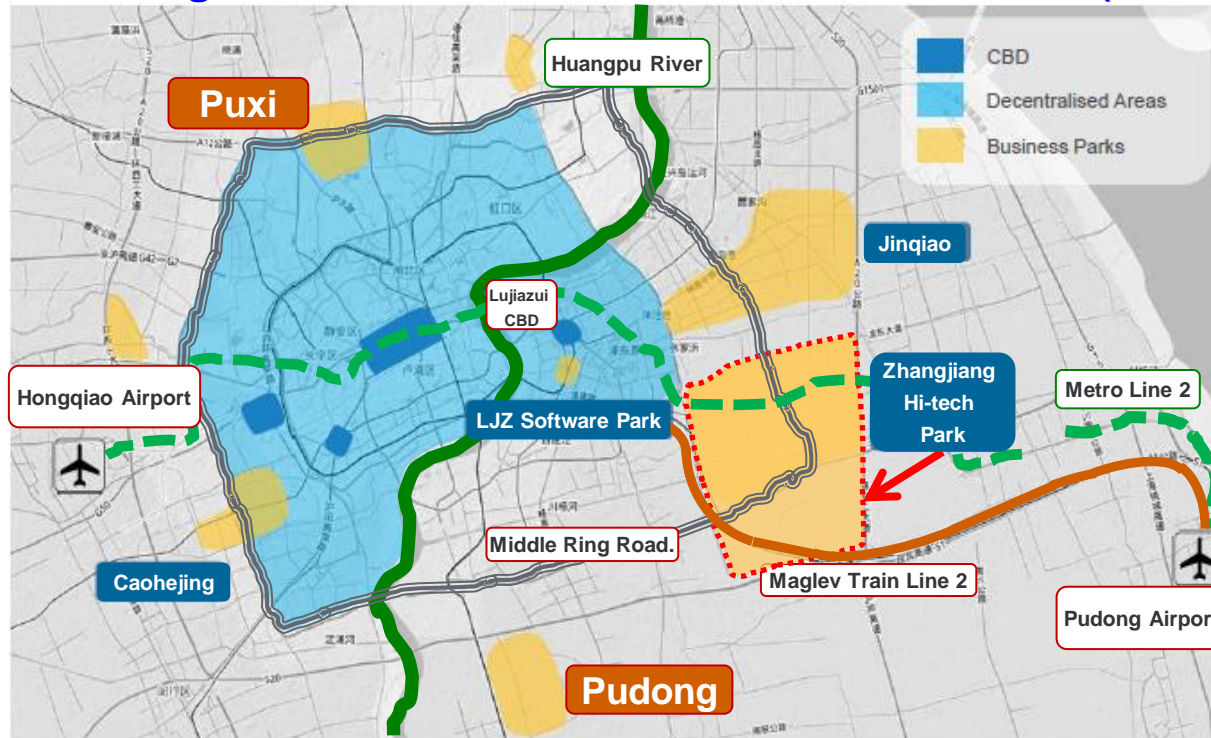


Source: Colliers Shanghai Business Park Overview report (Q4 2014)

- Over 479 regional HQ of MNCs, 375 R&D centres and 291 investment firms set up in 1H of 2014

# 1 Expands Footprint to Shanghai

## Strategic and Premier Location – Free Trade Zone (“FTZ”) and Mature area of Zhangjiang



Source: Map from Colliers International “Shanghai Business Park Update (4Q2014), MGCCTM

### • Situated within Zhangjiang Hi-Tech Park

- The largest<sup>1</sup> and most established<sup>2</sup> business park in Shanghai
- Designated as one of China’s FTZ in March 2015
- Commonly known as the “Silicon Valley” of Shanghai

### • Benefit from applicable government policies for FTZ

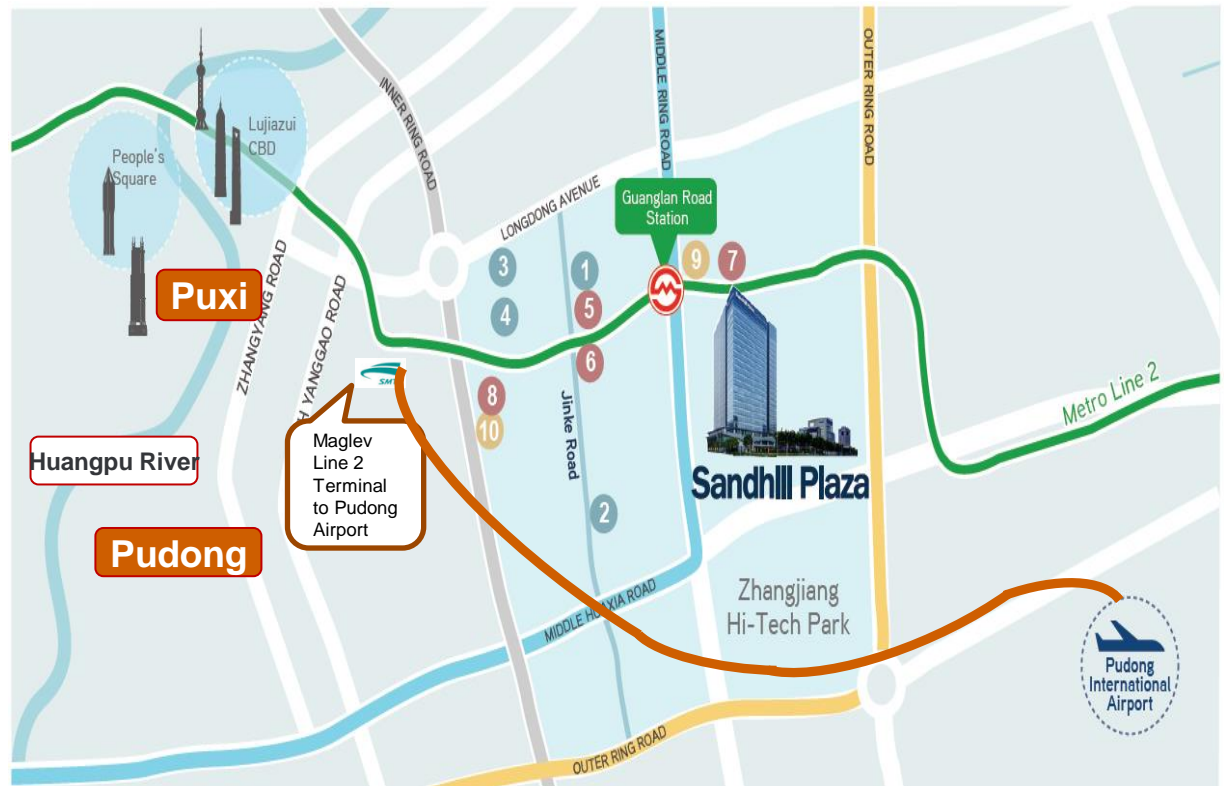
1. Source: “Shanghai Office Property Market Update” (4Q 2014) report by Colliers International.
2. Zhangjiang Business Park website – Zhangjiang Business Park ranked 1<sup>st</sup> in Investment Environment and Innovation for Shanghai Business Parks

### Major Tenants in Zhangjiang, North Zone

- EBay, Lenovo, Sony, HP, SAP, IBM, Pfizer, Novartis, GE, Dupont, Honeywell
- Largely from Information Technology, High Tech, Industrial, Research and Development sectors

## Excellent Connectivity

- **Road**
  - Conveniently located next to Middle Ring Highway
- **Subway**
  - Metro Line 2 Guanglan Road Station is about 500m away (approximately 5 min walk)
- **Proximity to Airports**
  - Within 30-min drive to Pudong International Airport
- **Proximity to CBD and City Centre**
  - Within 30-min drive to Lujiazui Central Business District and People's Square (city centre in Puxi)



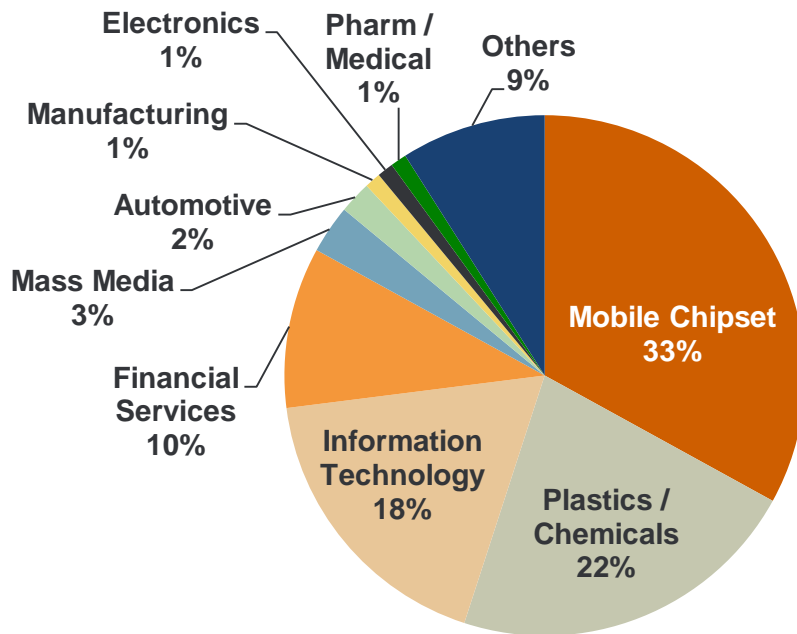
Source: Colliers International, MGCCTM

Please note that map is not drawn to scale. Illustrative purpose only



Stable cashflows underpinned by high credit quality tenants and high occupancy

## Trade Sector Analysis (for month of Mar 2015)



## Tenants

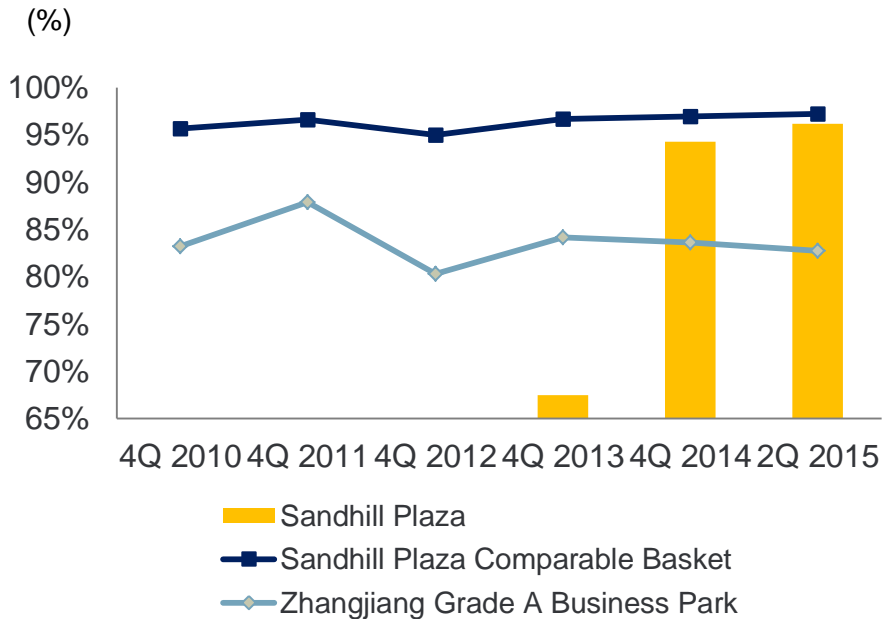
- Total of 58 tenants
- Major tenants include leading global companies such as:
  - ADI,
  - Axalta,
  - Borouge,
  - Broadcom,
  - Disney,
  - Spreadtrum,
  - Univar,
  - Wincor Nixdorf

**High Occupancy Rate<sup>1</sup> of 96.2% as of 31 March 2015**

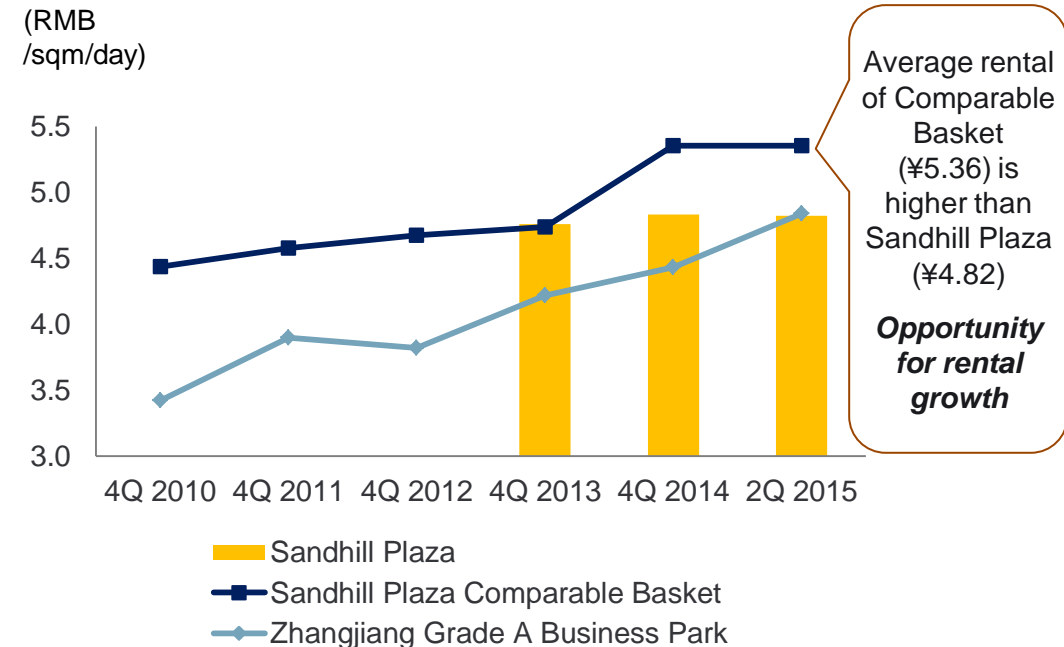
1. Computed as Committed Occupied Area over Above Ground Gross Floor Area. Committed Occupied Area refers to tenants that have already signed or accepted legally binding letters of offer.

## Rental income resilience for Sandhill Plaza reflected by demand for comparable properties

### Occupancy Rates (%)<sup>1</sup>



### Rental Rates (RMB psm per day)<sup>1</sup>



- Properties in the comparable basket (Premier Grade A, higher quality specs) have exhibited higher and more stabilised occupancy and rental rates
- Opportunity for positive rental reversions

1. Source of Comparable Basket and Zhangjiang Grade A Business Park: Cushman & Wakefield

Please note:

- Comparable basket comprises Zhangjiang Mansion, German Center and Changxing Building, all located in the North Zone.
- Comparable basket rental rates are based on asking rents and exclude management fee.

# Captures Growing Demand for Business Parks Due to Decentralisation Trend in Shanghai

With lower occupancy costs and improved infrastructure, decentralisation trend expected to continue

## Demand Drivers for Decentralisation<sup>1</sup>

- Improved transportation network and connectivity
- Tax incentives, such as:<sup>1, 2, 3</sup>
  - Import and export tax incentives to foreign enterprises and domestic research institutions
  - Income and sales tax benefits for certain sectors such as technology incubators
- Lower occupancy costs ~60% vs. CBD<sup>4</sup>
- Low density environments with greenery and landscaping

## Growing Demand for Business Parks

### Increasing Demand from Growing Sectors<sup>2</sup>:

- High-Tech and Information Technology (“IT”) Clusters
- Manufacturing
- Trading
- Research & Development (“R&D”)
- Regional Headquarters

1. Source: “Shanghai Office Property Market Update” (4Q 2014) report by Colliers International.

2. Source: Zhangjiang National Innovation Demonstration Policies and Regulations, Provisional Regulations of Shanghai Caohejing New Technology Development Zone Policy ([www.shanghai.gov.cn](http://www.shanghai.gov.cn))

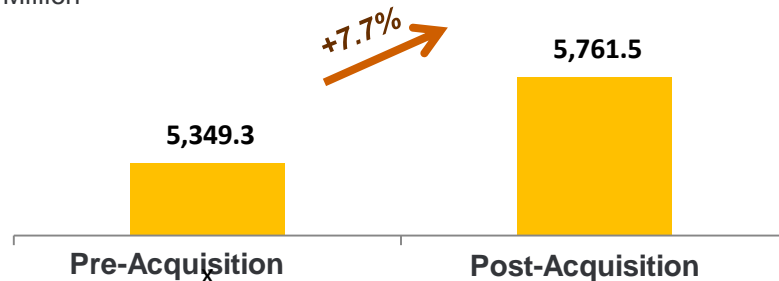
3. Tax incentives vary across different business parks

4. Source: “Shanghai Office Property Market Update” (4Q 2014) report by Colliers International

This marks the beginning of growth through accretive acquisition

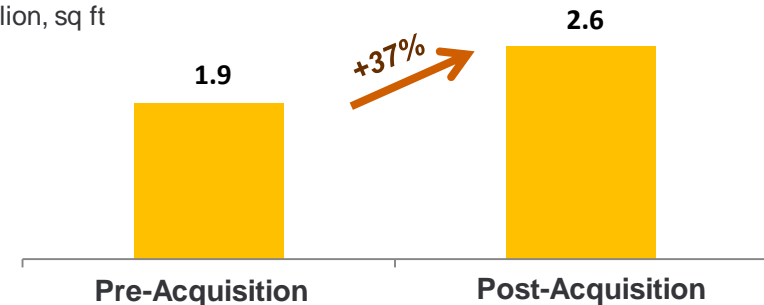
## Asset Under Management ("AUM") Increases by 7.7%<sup>1,2</sup>

S\$ Million



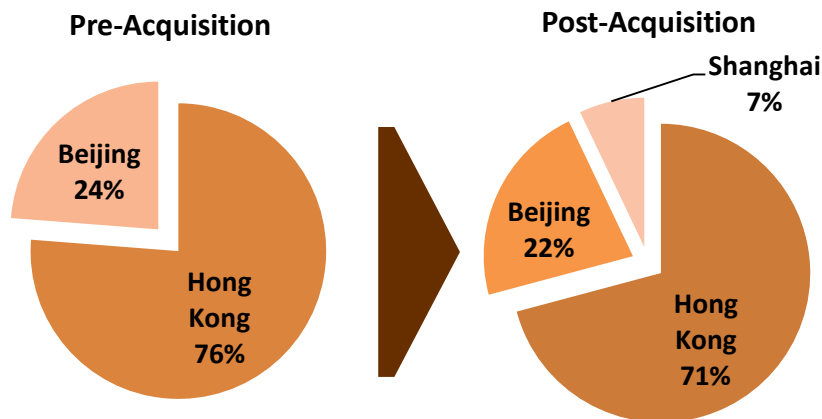
## Lettable Area Increases by 37%<sup>1</sup>

Million, sq ft



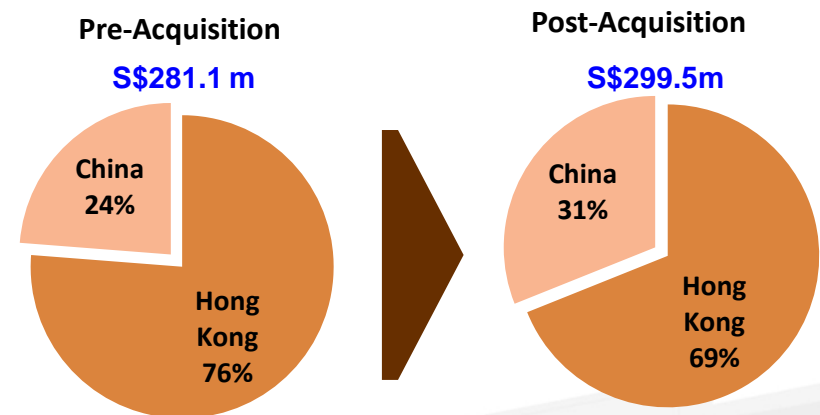
## Start of Shanghai Footprint<sup>1</sup>

### Breakdown of AUM by Geography (%)



## Gross Rental Income Increases by 6.5%<sup>3</sup>

S\$ Million

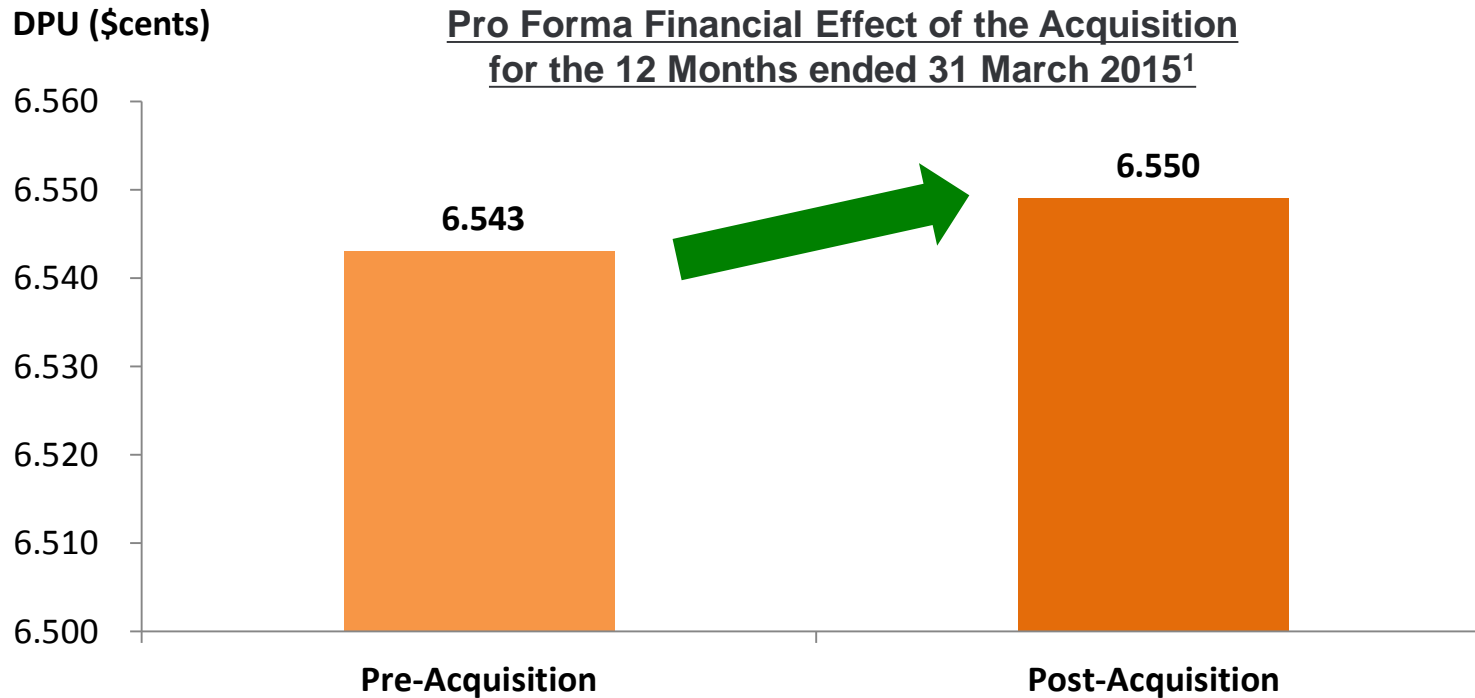


1. Assuming MGCCT has acquired the Property as at 31 March 2015.

2. Asset Under Management represents Investment Property value

3. The pro forma financial effect of the Acquisition on the GRI for the 12 months ended 31 March 2015, as if MGCCT had completed the Acquisition on 1 April 2014 and held and operated Sandhill Plaza through to 31 March 2015





- The Acquisition is expected to be accretive at the distribution level
- The pro-forma impact of the Acquisition on NAV per Unit as at 31 Mar 2015 is not material as Acquisition is fully debt funded.

1. The pro forma financial effect of the Acquisition on the DPU for the 12 months ended 31 March 2015, as if MGCCT had completed the Acquisition on 1 April 2014 and held and operated Sandhill Plaza through to 31 March 2015

# Strategic Addition to MGCCT's Portfolio

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Acquisition expected to be accretive and to contribute to stable and steady growth of MGCCT Portfolio

maple*tree*  
greater china commercial

**Festival Walk**  
*Hong Kong*



**Sandhill Plaza**  
*Shanghai*



**Gateway Plaza**  
*Beijing*



# Thank You

**For further information, please contact:**

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