

## ANNOUNCEMENT

### ACQUISITION OF SANDHILL PLAZA, SHANGHAI, PEOPLE'S REPUBLIC OF CHINA

15 June 2015 – Mapletree Greater China Commercial Trust Management Ltd., as manager (the “**Manager**”) of Mapletree Greater China Commercial Trust (“**MGCCT**”), is pleased to announce the acquisition of a property located at 2290 Zuchongzhi Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai, People's Republic of China (“**Sandhill Plaza**”) by MGCCT.

A conditional sale and purchase agreement (the “**SPA**”) has today been entered into with MSREF VII LEAPHART BV, being an unrelated third party vendor. Pursuant to the SPA, MGCCT will acquire 100.0% interest in *Glamour II Limited* (an entity incorporated in the Cayman Islands), which holds 100.0% interest in *China Orient Limited* (an entity incorporated in Hong Kong), which in turns holds 100.0% interest in *Shanghai Zhan Xiang Real Estate Company Limited* (an entity incorporated in the People's Republic of China), the registered owner of Sandhill Plaza.

The purchase consideration for the acquisition is RMB1,888.1 million (or approximately S\$412.2 million<sup>1</sup>) (“**Purchase Consideration**”) which comprises the property purchase price of RMB1,840.3 million (or approximately S\$401.8 million) for Sandhill Plaza and the estimated working capital adjustments<sup>2</sup> attributable to the entities being acquired in connection with the acquisition (the “**Acquisition**”).

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<sup>1</sup> Based on the exchange rate of S\$1 : RMB4.58 (the “**Exchange Rate**”). Unless otherwise stated, all conversions of RMB amounts into S\$ in this announcement shall be based on the Exchange Rate.

<sup>2</sup> Computed as the net assets less liabilities of the group of entities to be acquired.

## 1. SUMMARY ON SANDHILL PLAZA

<b>Name of Property</b>	Sandhill Plaza 展想广场
<b>Location</b>	2290 Zuchongzhi Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai, People's Republic of China 中国上海市浦东新区祖冲之路 2290
<b>Gross Floor Area (sq m)</b>	83,801.48 sq m
<b>Above Ground Gross Floor Area (sq m)</b>	63,456.64 sq m
<b>Description of Sandhill Plaza</b>	One 20-storey tower, seven blocks of 3-storey buildings <sup>3</sup> and two basement levels of car park
<b>Number of Car Park Lots</b>	460
<b>Title</b>	50-year leasehold commencing on 4 February 2010, on industrial land
<b>Year of Completion</b>	2012
<b>Number of Committed Tenants</b>	58
<b>Committed Occupancy Rate as at 31 March 2015 (%)<sup>4</sup></b>	96.2%

## 2. RATIONALE FOR THE ACQUISITION

### Expands MGCCT's footprint to Shanghai, the first-tier commercial hub in China

Sandhill Plaza is a premium business park property developed on a land plot of about 23,203 square metres ("sq m") in an established area of Zhangjiang Hi-tech Park ("Zhangjiang"), part of Shanghai's Free Trade Zone ("FTZ"). It will be a strategic addition to MGCCT's current portfolio as it will expand MGCCT's footprint to Shanghai, the first-tier commercial hub in the People's Republic of China.

Commonly known as the "Silicon Valley" of Shanghai, Zhangjiang is a premier business park location. The business park enjoys increasing demand from the growing high-tech and information technology ("IT") clusters, as well as companies in manufacturing, trading, research and development ("R&D") and regional headquarters seeking well connected decentralised locations<sup>5</sup>. Zhangjiang is designated as one of China's FTZs which will benefit from applicable government policies for such a zone.

<sup>3</sup> 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 Communication (Shanghai) Co. Ltd, and does not form part of the Acquisition.

<sup>4</sup> 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.

<sup>5</sup> Source: "Shanghai Office Property Market Update" (4Q 2014) report by Colliers International. Colliers International has not provided its consent to the inclusion of the information extracted from the relevant report published by it and is therefore not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Colliers International is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

### **Good Accessibility and Transportation Links**

Sandhill Plaza is one of the newest premium quality business park developments in the mature area of Zhangjiang. It is located between the Middle Ring and Outer Ring Highways of Shanghai and is within a 30-minute drive to Pudong International Airport, Lujiazui Central Business District (“**CBD**”) and People’s Square (city centre in Puxi). It is also within a 5-minute walk (approximately 500 metres) to Metro Line 2 Guanglan Road Station.

### **Established Tenants and High Occupancy Rate**

A majority of the tenants come from the high-tech, industrial, information technology (“**IT**”), manufacturing and research and development (“**R&D**”) sectors. There are a total of 58 tenants and major tenants include leading global companies such as ADI, Axalta, Borouge, Broadcom, Disney, Spreadtrum, Univar and Wincor Nixdorf. As at 31 March 2015, Sandhill Plaza has achieved a committed occupancy rate<sup>4</sup> of 96.2%.

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

With the maturing of Shanghai’s transportation network and improved connectivity, business parks in decentralised locations are attracting companies in manufacturing, trading, R&D and regional headquarters. Sandhill Plaza is well positioned to benefit from the growing decentralisation trend and to enjoy robust and sustainable rental growth.

### **Acquisition Fits into the Manager’s Investment Strategy**

The Acquisition is in line with the Manager’s principal investment strategy which is to invest in a diversified portfolio of income-producing real estate for commercial purposes in the Greater China region, as well as real estate-related assets, whilst providing Unitholders with an attractive rate of return through regular and stable distributions and long-term growth in distribution per unit (“**DPU**”) and net asset value (“**NAV**”) per unit. Upon completion of the Acquisition, MGCCT’s total assets will increase by 7.8% from approximately S\$5,488.1 million as at 31 March 2015, being the date of valuation of the properties within the existing portfolio, to S\$5,916.2 million. MGCCT’s lettable area will also increase by 37% from 1.9 million sq ft to 2.6 million sq ft.

### **Expected Accretive Acquisition**

The Acquisition is expected to be accretive at the distribution level, and to contribute to the stable and steady growth of the MGCCT portfolio. The financial impact of the Acquisition on the DPU of MGCCT based on pro forma results, for the 12 months ended 31 March 2015, would be approximately 6.550 Singapore cents per unit in MGCCT (“**Unit**”) which is 0.007 Singapore cents per Unit higher than the actual FY14/15 DPU of 6.543 Singapore cents per Unit. The pro forma impact of the Acquisition on

the NAV per Unit as at 31 March 2015 is not material as the Acquisition is fully debt funded. (Please see paragraph 4 for further details on the financial effects of the Acquisition.)

### **3. PURCHASE CONSIDERATION**

The Purchase Consideration of RMB1,888.1 million (or approximately S\$412.2 million) comprises the property purchase price of RMB1,840.3 million (or approximately S\$401.8 million) for Sandhill Plaza and the estimated working capital adjustments attributable to the entities. The Purchase Consideration has been arrived at on a willing buyer and willing seller basis, as well as taking into account the valuation of Sandhill Plaza by Cushman & Wakefield Valuation Advisory Services (HK) Ltd (the "Valuer"), and would be fully paid in cash.

#### Valuation

Sandhill Plaza has been appraised by the Valuer, which is an independent valuer appointed by DBS Trustee Limited (in its capacity as trustee of MGCCT), and its valuation of Sandhill as at 8 June 2015 is RMB1,902.0 million (or approximately S\$415.3 million). The property purchase price of Sandhill Plaza of RMB1,840.3 million (or approximately S\$401.8 million) is about 3.2% lower than the independent valuation conducted by the Valuer. The Valuer has estimated the open market value of Sandhill Plaza using the direct comparison approach, capitalisation analysis, and discounted cashflow analysis.

#### Payment Terms

10% of the Purchase Consideration in the form of cashier's order has been delivered in accordance with the terms of the SPA.

### **4. METHOD OF FUNDING AND FINANCIAL EFFECTS**

#### **4.1. Method of Funding**

The Acquisition will be fully debt funded by existing available banking facilities, with a combination of both RMB<sup>6</sup> and HKD denominated debt facilities. The gearing of MGCCT is expected to increase from 36.2% to 40.6%, assuming that the Acquisition is completed on 31 March 2015.

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<sup>6</sup> The Property is free from all encumbrances other than the existing onshore encumbrance in relation to the existing RMB349 million debt facility.

## 4.2. Financial Effects

### 4.2.1 Assumptions

The pro forma financial effects of the Acquisition on DPU and NAV per Unit of MGCCT presented **are strictly for illustrative purposes only** and were prepared based on (1) the audited financial statements of MGCCT for the financial year ended 31 March 2015 and (2) the information available to the Manager, namely the unaudited management accounts as at 31 March 2015 and property expenses of Sandhill Plaza for the 12 months ended 31 March 2015, assuming that:

- (i) the Purchase Consideration and transaction costs are funded by external debt;
- (ii) the acquisition fee payable to the Manager for the Acquisition is 100% paid in cash;
- (iii) 100% of the management fee is paid to the Manager in Units; and
- (iv) 100% of the property management fee is paid to Mapletree Greater China Property Management Limited, the property manager, in cash.

**The pro forma effects are for illustrative purposes only and do not represent MGCCT's actual DPU and NAV per Unit following the completion of the Acquisition.**

### 4.2.2 Pro Forma Financial Effects for the 12 months ended 31 March 2015

#### (i) Pro Forma DPU

**FOR ILLUSTRATIVE PURPOSES ONLY:** 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, is as follows:

	Pro Forma Financial Effects of the Acquisition for the 12 Months ended 31 March 2015	
	Before the Acquisition	After the Acquisition
Net Property Income (S\$'000)	229,310	245,200
Distributable Income (S\$'000)	178,039	178,224
DPU (cents)	6.543	6.550
DPU Yield (%) <sup>7</sup>	6.29%	6.30%

<sup>7</sup> Based on MGCCT's closing price of S\$1.040 on 12 June 2015, the market day preceding the date of the SPA for the Acquisition.

(ii) **Pro Forma NAV per Unit**

**FOR ILLUSTRATIVE PURPOSES ONLY:** The pro forma financial effect of the Acquisition on NAV per Unit as at 31 March 2015, as if MGCCT had completed the Acquisition on 31 March 2015, is as follows:

	<b>Pro Forma Financial Effects of the Acquisition as at 31 March 2015</b>	
	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
NAV (S\$'000)	3,260,185	3,260,185
No. of Units ('000)	2,721,033	2,721,033
NAV per Unit (S\$)	1.198	1.198

**5. OTHER INFORMATION**

**5.1. Relative Figures Computed on the Bases Set Out in Rule 1006**

The relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Securities Exchange Trading Limited ("**SGX-ST**") are as follows:

- (i) the net profits attributable to the assets acquired, compared with MGCCT's net profits; and
- (ii) the aggregate value of the consideration given, compared with MGCCT's market capitalisation.

<b>Comparison of:</b>	<b>Sandhill Plaza</b>	<b>MGCCT</b>	<b>Relative Figure</b>
Net Property Income <sup>8</sup> (S\$'000)	15,890	229,310	6.9%
Purchase Consideration against MGCCT's market capitalisation <sup>9</sup> (S\$'000)	412,242	2,840,188	14.5%

<sup>8</sup> 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. The net property income of Sandhill Plaza is based on the occupancy rate for Sandhill Plaza for the 12 months ended 31 March 2015 and the net property income of MGCCT is based on the audited financial statements of MGCCT for the financial year ended 31 March 2015 and taking into account the assumptions as set out in paragraph 4.2.1 above.

<sup>9</sup> Based on the weighted average price of MGCCT units of S\$1.0394 on 12 June 2015 and for purposes of this computation, the transaction costs of the Acquisition is excluded.

As the relative figures in relation to the Acquisition for the basis of comparison above exceeds 5.0% but does not exceed 20.0%, the Acquisition is a transaction which requires disclosure under Chapter 10 of the Listing Manual of the SGX-ST.

## **5.2. Interest of Directors and Controlling Unitholders**

None of the directors of the Manager ("**Directors**") has an interest, direct or indirect, in the Acquisition. The Directors are also not aware of any Controlling Unitholder (as defined in the Listing Manual of the SGX-ST) having any interest, direct or indirect, in the Acquisition, and have not received any notification of interest in the Acquisition from any Controlling Unitholder.

## **5.3. Director's Service Contracts**

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

## **5.4. Completion**

The Acquisition is expected to be completed within one week from the execution of the SPA.

## **5.5. Acquisition Fee**

Upon completion of the Acquisition, an acquisition fee<sup>10</sup> of RMB18.4 million (or approximately S\$4.02 million) is payable to the Manager pursuant to the trust deed dated 14 February 2013 constituting MGCCT ( the "**Trust Deed**") which the Manager has elected to be paid in cash.

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<sup>10</sup> A one-off fee of 1% of the Purchase Consideration is payable to the Manager.

## 5.6. Appointment of Legal Representative

The Manager would also like to announce the appointment of Lilian Lee Hui Ngoh as the legal representative of *Shanghai Zhan Xiang Real Estate Company Limited*. Upon completion of the Acquisition, *Shanghai Zhan Xiang Real Estate Company Limited* (an entity incorporated in the People's Republic of China), being the owner of Sandhill Plaza, will be an indirectly wholly-owned subsidiary of MGCCT.

## 5.7. Documents for Inspection

Copies of the conditional SPA dated 15 June 2015 and the valuation report on Sandhill Plaza by the Valuer dated 8 June 2015 are available for inspection by prior appointment during normal business hours at the registered office of the Manager at 10 Pasir Panjang Road #13-01 Mapletree Business City Singapore 117438 for three months from the date of this announcement.

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

By order of the Board  
Wan Kwong Weng  
Joint Company Secretary  
Mapletree Greater China Commercial Trust Management Ltd.  
(Company Registration No. 201229323R)  
As Manager of Mapletree Greater China Commercial Trust

### Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in MGCCT ("**Units**"). This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

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 of MGCCT 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 MGCCT and the Manager is not necessarily indicative of the future performance of MGCCT and the Manager.