Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Mapletree North Asia Commercial Trust Management Ltd.

Security: Mapletree North Asia Commercial Trust

Meeting details:
Date: 18 July 2018
Time: 2.30 p.m.
Venue: 10 Pasir Panjang Road, Mapletree Business City, Town Hall - Auditorium, Singapore 117438

Company Description

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 March 2013, Mapletree North Asia Commercial Trust ("MNACT") (formerly known as Mapletree Greater China Commercial Trust) is the first real estate investment trust ("REIT") that offers investors the opportunity to invest in best-in-class commercial properties situated in prime locations in Hong Kong SAR, China and Japan2. At a market capitalisation of approximately S$3.6 billion as at 25 May 2018, MNACT is also the fourth REIT sponsored by Mapletree Investments Pte Ltd ("MIPL" or the "Sponsor"), a leading real estate development, investment and capital management company headquartered in Singapore. MNACT aims to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in Greater China and Japan which is used primarily for commercial purposes (including real estate used predominantly for retail and/or offices), as well as real estate-related assets.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=RW0U)

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1. On 16 January 2018, the REIT manager notified unitholders of the expansion of its investment mandate to include Japan, with effect from 30 days following the announcement. On 28 March 2018, the manager announced the proposed acquisition of six freehold office properties in Greater Tokyo, Japan. The acquisition was completed on 25 May 2018 and the trust was renamed "Mapletree North Asia Commercial Trust".

The mandate of the trust has been expanded to allow the trust to invest, directly or indirectly, in a diversified portfolio of income-producing real estate in the Greater China region and Japan.

(i) **Does the REIT have a long term target allocation for its portfolio by geographical segment? If so, what is the target allocation?**

(ii) Under its investment mandate, the REIT listed its key markets that include major urban centres such as Pearl River Delta, and the beneficiaries of the "Go- West" policies (i.e. Chengdu, Chongqing, Wuhan and Xi'an). **Has the manager evaluated any potential targets in these regions?**

(iii) The REIT has also stated that it will leverage on the sponsor's right of first refusal (ROFR) to the REIT. **What are the pipeline properties under the ROFR?**

2. The REIT carried out and completed the asset enhancement initiatives (AEIs) at Gateway Plaza and Festival Walk in FY15/16 and FY16/17 respectively.

(i) **During the planning stage for such AEIs, what were the manager's projected returns on investment (ROI) for the AEIs?**

(ii) **Did the realised ROI meet management's target?**

(iii) **Are there opportunities for the manager to unlock more value for unitholders through accretive AEIs at Sandhill Plaza and/or at the newly acquired Japanese assets?**

3. On 25 April 2018, the REIT manager announced an equity fund raising for approximately $325 million by way of a private placement of 311,602,000 new units (with an option to upsize the placement by a further $35 million).

The final issue price for the private placement was S$1.06 per New Unit. The placement was carried out at a 7.1% discount to the volume weighted average price on 25 April 2018 and a 23% discount to the net asset value (NAV) per unit of $1.376 as at 31 March 2018.

(i) **Would the board and the manager elaborate further on the deliberations it has had on the decision to carry out a private placement at such a huge discount to the net asset value per unit?**

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(ii) Did the manager estimate the real cost of the private placement to the then-existing unitholders when new units were issued at $1.06 compared to the NAV of $1.376 per unit?

(iii) Was a renounceable rights issue considered by the board? Can the board help unitholders understand why a renounceable rights issue was not the preferred method to raise funds? Does the board/ manager have a robust framework to evaluate the various funding options?

(iv) What is the expected increase in the total fees to the manager due to the newly acquired assets?